# SFDR Article 8 and Article 9 Funds: Q2 2025 in Review

## Article 8 fund flows decline amid rising geopolitical tensions and economic uncertainty.

**Morningstar Sustainalytics**
July 29, 2025

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**Executive Summary**

Since the European Union's Sustainable Finance Disclosure Regulation (SFDR) came into force in March 2021, asset managers have been required to provide specific information on the sustainability risks and impact of their investment products sold in the EU. The level of disclosure depends on the sustainability objective of the products — that is, whether these are classified as Article 8 or Article 9 under the SFDR. Funds with no environmental, social, and governance characteristics are classified as Article 6.

This report provides an update on the landscape of Article 8 and Article 9 funds (excluding money market funds, funds of funds, and feeder funds) as at the end of June 2025, examining aspects such as flows, assets, launches, closures, reclassifications, and fund name changes, as asset managers rushed to comply with the European Securities and Markets Authority's guidelines on funds using ESG or sustainability-related terms in their names ahead of the May 21 deadline. We also provide analysis of these funds. Additionally, we examine Article 8 and Article 9 funds' exposure to the defense sector, as recent geopolitical developments and shifts in Europe's defense policy have prompted investors to reassess their stance on the sector. Finally, we provide an update on the regulatory landscape.


**Key Takeaways**

- In the second quarter of 2025, Article 8 funds netted an estimated EUR 43 billion of net new money. This marks a decrease from the EUR 52 billion inflows seen in the prior quarter.
- Article 9 funds continued to experience outflows for the seventh consecutive quarter, though redemptions were limited to EUR 1.3 billion — an improvement from the EUR 8 billion Q1 outflows.
- Article 6 funds continued to dominate flows, with EUR 82 billion in net subscriptions in the second quarter, although these were significantly lower than in the previous quarter.
- Combined assets in Article 8 and Article 9 funds rose by 3% to EUR 6.4 trillion, representing over 59% of the total EU fund market.
- Fund renaming activity accelerated in the second quarter. At least 600 Article 8 and Article 9 funds[1] were renamed, including 382 funds that dropped ESG-related terms, 193 that swapped terms, and 27 that added terms. In the past 18 months, we estimate that at least 1,278 funds have been renamed, representing about 28% of funds in scope of the ESMA fund naming guidelines.
- Active Article 8 European equity funds have seen their exposure to defense companies quadruple since 2022 to an average of 2.5%, narrowing the gap with their Article 6 peers (3.3%), while Article 9 European equity funds have maintained their near zero exposure to the industry.

1 Including money market funds, funds of funds, and feeder funds

**Article 8 and Article 9 Fund Universe**

The Article 8 and Article 9 fund universe in this study encompasses open-end and exchange-traded funds in the scope of the SFDR that state in their prospectuses that they promote environmental and/or social characteristics (Article 8, "light green" funds) or they have a sustainable-investment objective (Article 9, "dark green" funds). We identified these funds using the EU SFDR Fund Type (Article 8 or Article 9) data point in the Morningstar Direct database. Funds within the scope of the SFDR that are neither Article 8 nor Article 9 are Article 6 funds (Not Stated in Morningstar Direct). This report uses SFDR disclosures collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

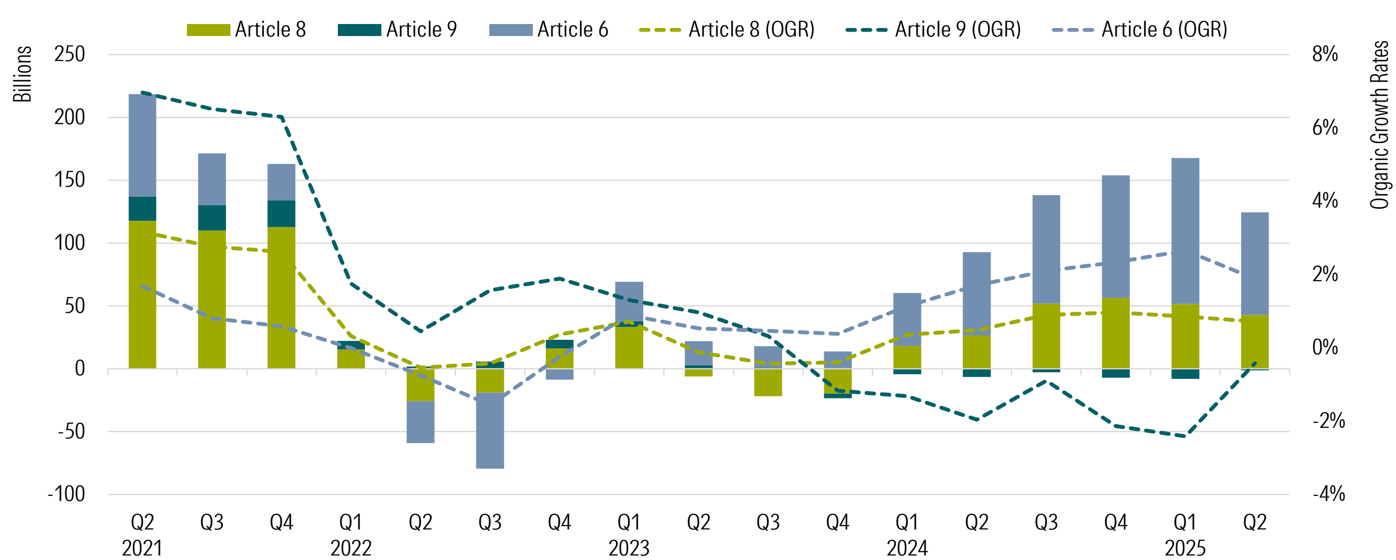
**Article 8 Funds Attract Higher Inflows and Article 9 Funds Significantly Reduce Outflows**

In the second quarter of 2025, Article 8 funds netted EUR 43 billion in new money. This marks a decrease from the EUR 52 billion inflows in the previous quarter. Article 8 fund flows represented 35% of overall EU fund flows in the second quarter of the year.

Meanwhile, Article 9 funds continued to experience outflows for the seventh consecutive quarter, though redemptions were limited to EUR 1.3 billion — an improvement from the nearly EUR 8 billion in outflows seen in the first quarter. By contrast, with EUR 82 billion in net subscriptions, Article 6 funds continued to dominate flows, although these were significantly lower relative to the first quarter, when inflows reached a record high of EUR 116 billion.

Overall, investors were cautious amid rising geopolitical tensions, US tariffs and economic uncertainty. For sustainability-focused investors, this was compounded by the ongoing uncertainty over ESG-related regulations – amid rollbacks and implementation delays in the US and EU.

**Exhibit 1** Quarterly Flows Into Article 8 and Article 9 Funds Versus Article 6 Funds (EUR Billion) and Organic Growth Rates (%)




Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

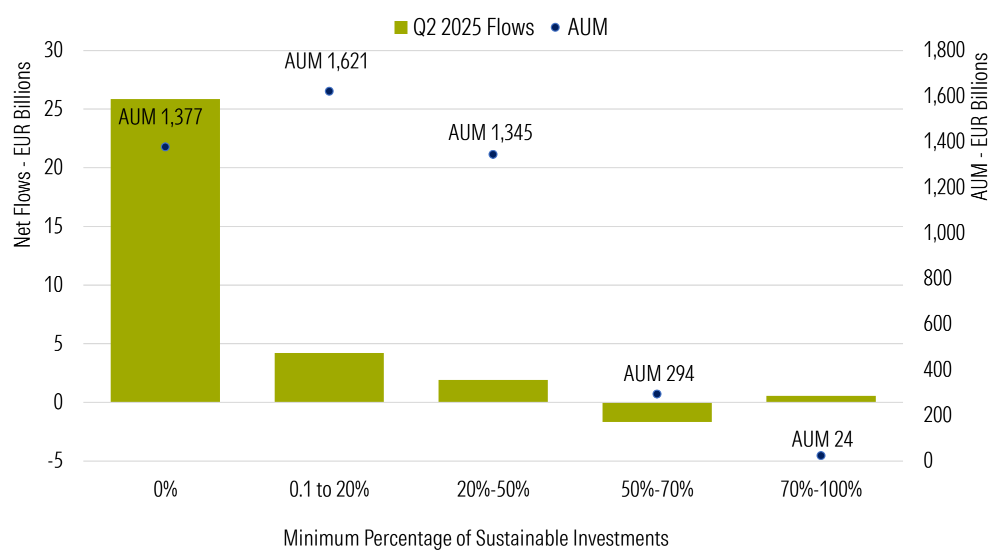
For context, the Morningstar Global Market Index still gained 11.5% over the period, while the Morningstar Global Core Bond Index rose by 4.3%.

Calculated as net flows relative to total assets at the start of the period, the organic growth rate (OGR) of the Article 8 universe showed a minor decline to 0.72% over the last three months. This remains well below the 1.8% OGR of Article 6 funds. Article 9 funds saw their organic growth rate improve slightly to negative 0.4%.

### Article 8 Funds Committing No Sustainable Investments Pull the Most Money

Among the Article 8 funds with positive planned sustainable investments, the most significant inflows last quarter were registered among those targeting no sustainable investments. Meanwhile, Article 8 funds committed to allocating at least 50% of their assets to sustainable investments saw net redemptions. Looking at these numbers, it is difficult to find a trend, as the numbers fluctuate significantly from quarter to quarter. In the first quarter of 2025, the most significant inflows were gathered by those targeting sustainable investments between 20% and 50%, reaching EUR 11.4 billion, followed by funds with 0% commitment, which attracted EUR 10 billion.

**Exhibit 2a** Q2-2025 Net Flows Into Article 8 Funds Per Percentage of Minimum Sustainable Investments (EUR Billion)



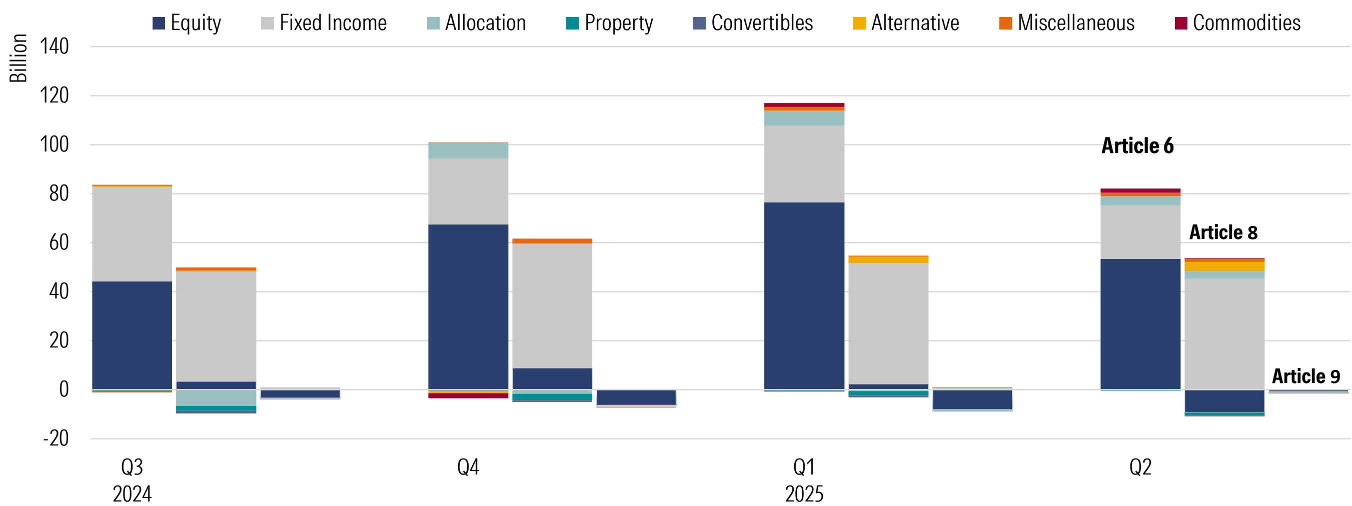

Source: Morningstar Direct. Data as of June 2025, including 9,286 Article 8 funds that reported the EU SFDR Minimum or Planned Sustainable Investments field in the European ESG template. Article 8 funds that didn't report the field amount to EUR 972 billion in assets and registered EUR 24 billion of inflows in the second quarter.

### Fixed Income Remains the Key Contributor to Article 8 Fund Inflows

As in the previous quarter, fixed income strategies continued to dominate Article 8 fund flows in Q2 2025, attracting about EUR 45 billion in net subscriptions — well ahead of the EUR 21.8 billion recorded by Article 6 fixed income funds. In contrast, Article 9 fixed income funds saw inflows decline to EUR 106 million, down from a restated EUR 700 million in the previous quarter.

Fixed income has consistently shown resilience. This trend underscores the bond market's continued role as a key investment focus, as it offers both yield opportunities and defensive positioning for cautious investors.

**Exhibit 2b** Net Flows Into Article 8, Article 9, and Article 6 Funds Per Asset Class (EUR Billion)

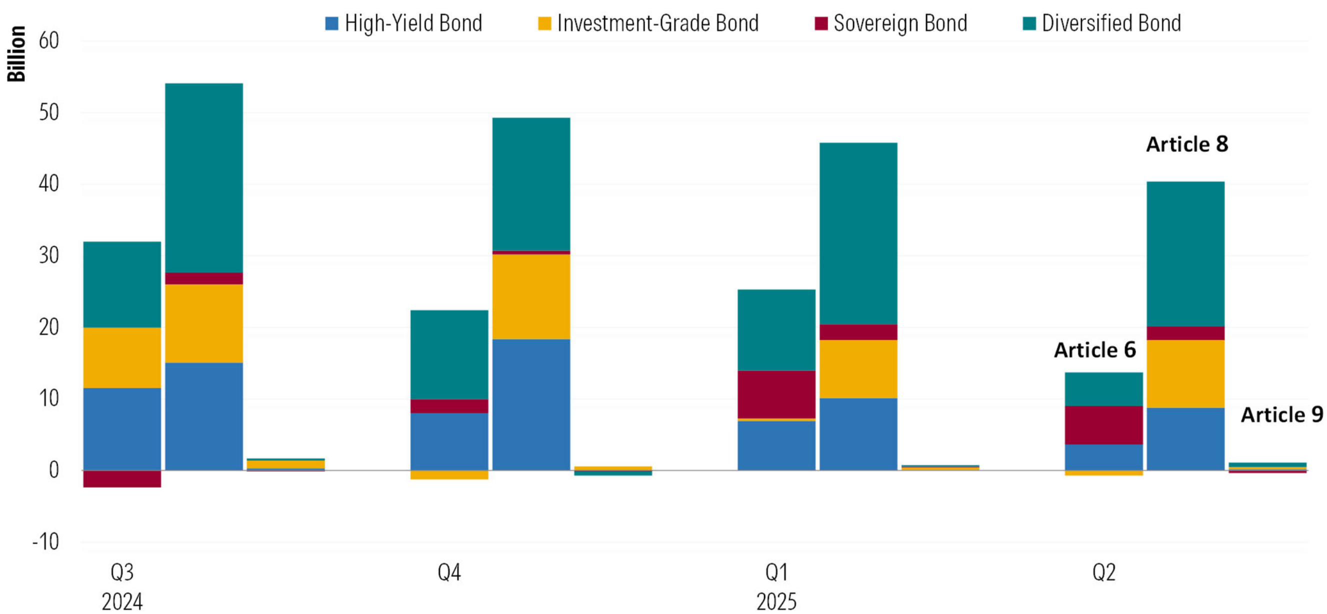



Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Meanwhile, investors withdrew just over EUR 10 billion from equity funds classified under both Article 8 and Article 9 during the second quarter, while Article 6 equity funds garnered close to USD 53 billion, less than in the prior quarter (EUR 76 billion).

Zooming in on the Article 8 fixed income space (see Exhibit 2c), diversified and investment-grade bond funds experienced higher inflows in the last quarter compared to the previous one, garnering EUR 20.3 billion and EUR 9.4 billion, respectively. Meanwhile, Article 8 sovereign bond funds attracted EUR 1.9 billion in the second quarter — a slight decline from EUR 2.2 billion in the first quarter, and a modest amount compared to the EUR 5.4 billion in inflows recorded by Article 6 sovereign bond funds.

**Exhibit 2c** Net Flows Into Article 8, Article 9, and Article 6 Fixed-Income Funds Per Morningstar Global Category (EUR Billion)

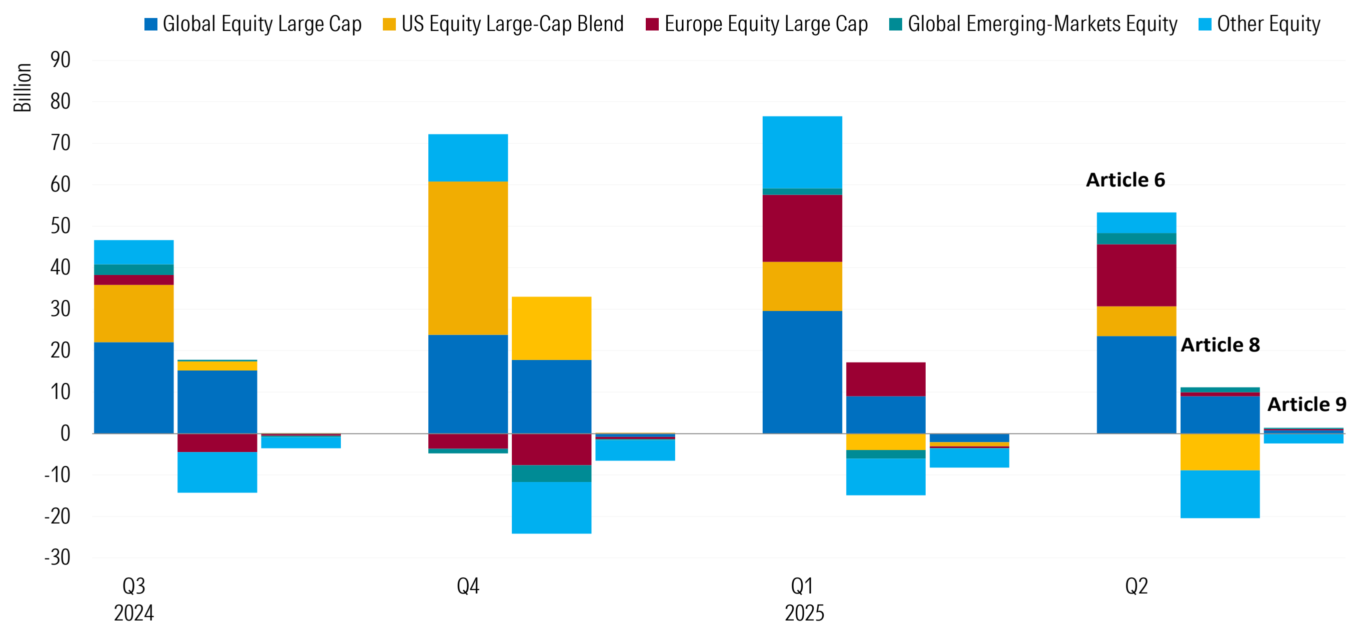



Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Within the equity fund space, Article 8 funds providing exposure to both US large-cap equities and global large-cap equities bled nearly EUR 9 billion in the second quarter. Meanwhile, flows into European equity funds shrank to under EUR 1 billion, in sharp contrast with the continued strong inflows (EUR 15 billion) recorded by their Article 6 counterparts. For context, the Morningstar US Market Index slid by 11.0% over the period, while the Morningstar Europe Index gained 12.0%.

Article 9 funds saw improved flows in three out of five major equity categories, recovering from net redemptions in the previous quarter. However, continued outflows (EUR 2.2 billion) in other equity categories offset these gains.

**Exhibit 2d** Net Flows Into Article 8, Article 9, and Article 6 Equity Funds Per Morningstar Global Category (EUR Billion)

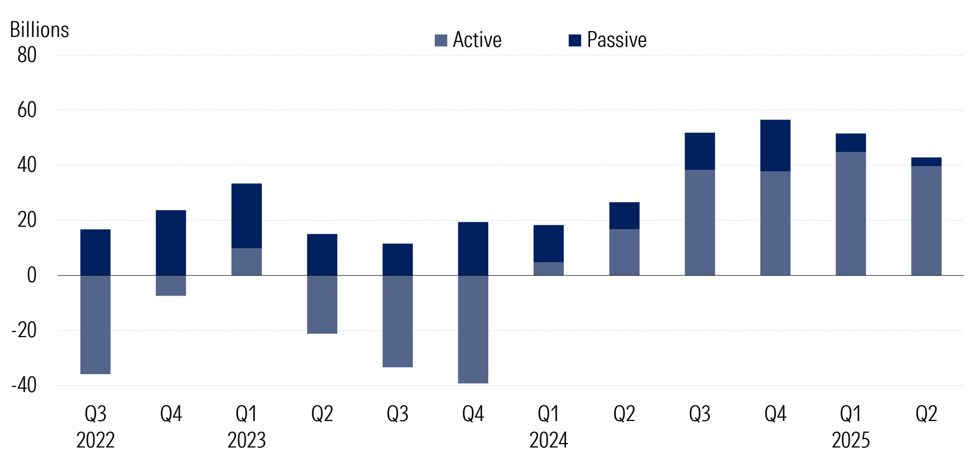



Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

### Passive Article 8 Funds Record Lowest Inflows in at Least Three Years

Actively managed Article 8 funds experienced a decline in inflows to almost EUR 40 billion in Q2, after netting close to EUR 44 billion of new money in Q1. Inflows into passive Article 8 funds also dropped, to EUR 3.2 billion, accounting for less than half of the restated EUR 6.8 billion recorded in the previous quarter.

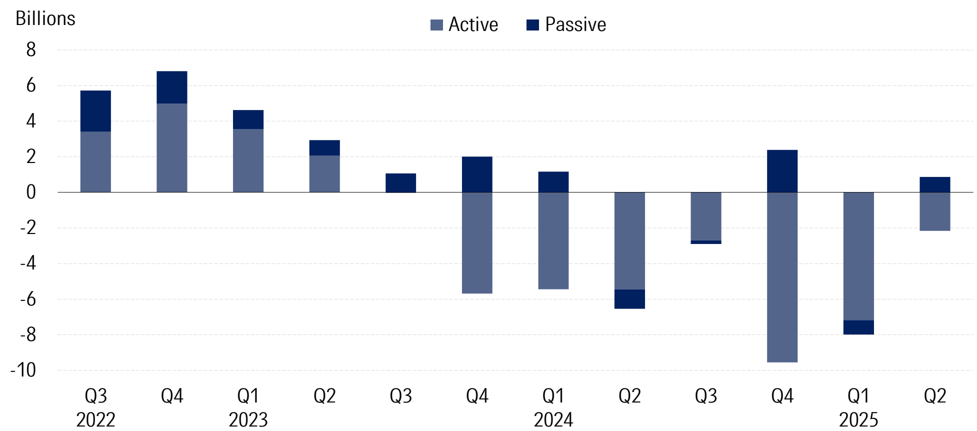
**Exhibit 3a** Net Flows Into Article 8 Funds Divided by Active and Passive (EUR Billion)




Source: Morningstar Direct. Assets as of June 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Meanwhile, redemptions from active Article 9 funds improved, amounting to EUR 2.2 billion, down from the restated EUR 7.2 billion of outflows in the previous quarter. In contrast, passive Article 9 funds showed a rebound, recording inflows of EUR 863 million, up from the restated EUR 811 million of outflows three months earlier.

**Exhibit 3b** Net Flows Into Article 9 Funds Divided by Active and Passive




Source: Morningstar Direct. Assets as of June 2025 Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Overall, actively managed Article 8 and Article 9 strategies recorded inflows exceeding EUR 35 billion. Meanwhile, inflows into passive Article 8 and Article 9 strategies declined to EUR 4 billion, from the restated EUR 6 billion in the previous quarter.

### Flows — Leaders and Laggards

Below are the Article 8 and Article 9 funds that saw the largest inflows and outflows over the second quarter of 2025.

**Exhibit 4** Article 8 Funds With the Largest Inflows and Outflows in the Second Quarter of 2025

| Name | Inflows (EUR Million) | Name | Outflows (EUR Million) |
|---|---|---|---|
| iMGP Dolan McEniry Corporate 2028 Fund | 8,395 | Blackrock Developed World Screened Index Fund | -1,599 |
| iMGP US Core Plus Fund | 4,709 | Mercer Multi Asset Growth Fund | -1,443 |
| KBC Dynamic Responsible Investing | 4,686 | Caixabank Master Renta Fija Advised BY FI | -1,257 |
| AP7 Räntefond | 3,345 | 1895 Wereld Investment Grade Obligaties Fonds | -1,210 |
| iMGP Global Concentrated Equity Fund | 3,108 | T. Rowe Price US Smaller Companies Equity Fund | -1,131 |
| HSBC Ultra Short Duration Bond | 3,051 | Xtrackers S&P 500 Equal Weight ESG ETF | -876 |
| Folksam LO Världen | 2,689 | GAM Star Fund plc - GAM Star Cat Bond | -805 |
| iMGP US Small And Mid Company Growth Fund | 2,427 | AB American Income Portfolio | -739 |
| DNCA Invest Alpha Bonds | 1,926 | Amundi Global Aggregate Bond | -719 |
| iMGP US High Yield Fund | 1,866 | AB Global High Yield Portfolio | -713 |

Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses of 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Among the top-performing funds in the recent period, **iMGP Dolan McEniry Corporate 2028 Fund** stands out, attracting close to EUR 8.4 billion in inflows. The bond portfolio is primarily composed of bonds issued by US corporate issuers, with eligible issuers screened based on their scope 1 and scope 2 carbon intensity as well as their ESG risk profile. The table of flow leaders also features other IMGD funds, including **iMGP US Core Plus Fund**, **iMGP Global Concentrated Equity Fund**, **iMGP US Small And Mid Company Growth Fund**, and **iMGP US High Yield Fund**, which collectively garnered over EUR 12 billion.

On the other hand, notable outflows were seen in funds such as **Mercer Multi Asset Growth Fund**, which bled almost EUR 1.9 billion in redemptions. The fund targets an annualized 6% reduction of carbon emissions, along with an overall reduction of at least 45% from 2019 levels by 2030. Similarly, **AB American Income Portfolio** saw withdrawals of EUR 1.5 billion.

Meanwhile, **Nordea Global Edge Sustainable Equity Fund** topped the bestselling Article 9 fund table after netting almost EUR 550 million over the past three months. The active strategy focuses on companies with validated Paris-aligned greenhouse gas emission-reduction targets.

**Exhibit 5** Article 9 Funds With the Largest Inflows and Outflows in the Second Quarter of 2025

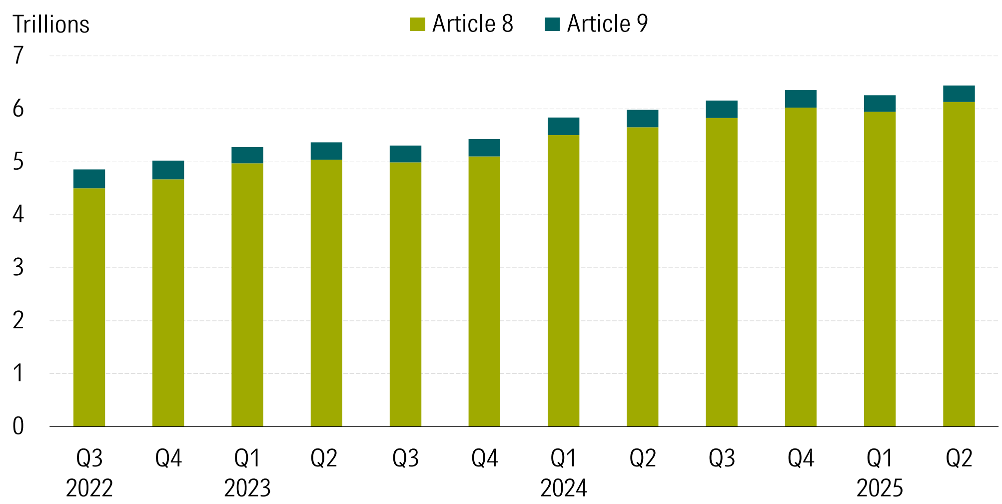
| Name | Inflows (EUR Million) | Name | Outflows (EUR Million) |
|---|---|---|---|
| Handelsbanken Developed Markets Index Criteria | 710 | Pictet Global Environmental Opportunities | -355 |
| Nordea Portefølje Globale Bæredygtige Aktier | 401 | Eurizon Absolute Green Bonds | -221 |
| Sycomore Global Social Impact | 357 | Nordea Global Climate and Environment Fund | -221 |
| Handelsbanken Europa Index Criteria | 284 | Handelsbanken USA Index Criteria | -218 |
| Aikya Global Emerging Markets Fund | 235 | Pictet Clean Energy Transition | -206 |
| Candriam Sustainable Bond Euro Short Term | 183 | BlackRock Sustainable Energy Fund | -178 |
| Mirova Global Thematic Equity | 174 | AXA ACT Green Bonds | -168 |
| BlueOrchard Microfinance Fund | 171 | Wellington Management Global Impact Fund | -168 |
| LocalTapiola USA Climate Index | 145 | EdR Euro Sustainable Equity | -149 |
| Candriam Sustainable Equity World | 141 | Invesco MSCI USA ESG Climate Paris Aligned ETF | -148 |

Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

### Article 8 and Article 9 Fund Assets Unchanged at EUR 6.4 Trillion

Combined assets in Article 8 and Article 9 funds rose by 3% to EUR 6.4 trillion at the end of June, accounting for 59% of the total market share, unchanged from the previous quarter.

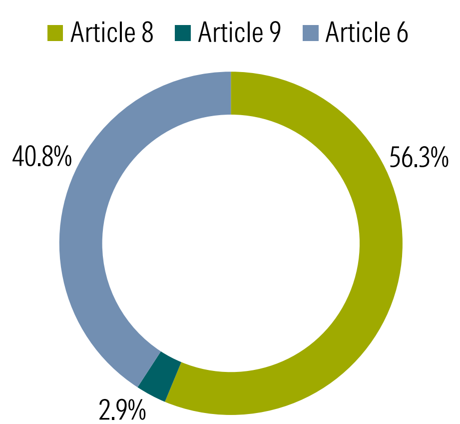
**Exhibit 6** Quarterly Asset Breakdown by SFDR Classification (EUR Trillion)




Source: Morningstar Direct. Assets as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

In terms of assets, Article 8 funds' market share slightly increased to 55.7% from 56.3%.

**Exhibit 7a** SFDR Fund Type Breakdown (by Assets)

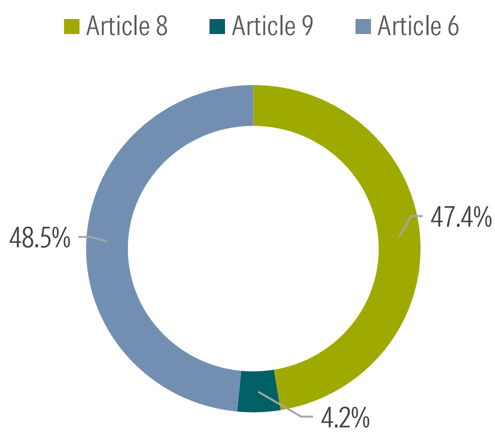



Source: Morningstar Direct. Assets as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Measured by number of funds,[2] the combined market share of Article 8 and Article 9 products showed almost no change compared with the previous quarter. The Article 8 category edged up to 11,902 funds as of June, taking up over 47.4% of the market. Meanwhile, Article 9 funds' market share amounted to 4.2%, showing almost no change compared with the previous quarter.

2 Based on SFDR data collected from prospectuses on 97.6% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

**Exhibit 7b** SFDR Fund Type Breakdown (by Number of Funds)

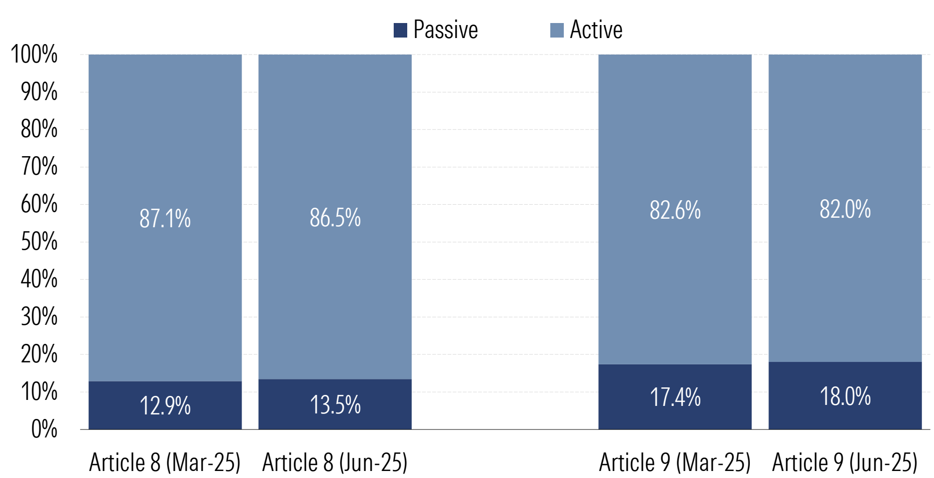



Source: Morningstar Direct. Assets as of March 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

### Passive Article 9 Funds Continue to Gain Ground

Passive Article 8 and Article 9 funds saw increases in market share, reaching 13.5% and 18.0%, respectively. The expansion of ESG ETFs and index funds has been an ongoing trend, as investors seek low-cost exposure to sustainable investments. Sizable funds tracking Paris-aligned and climate-transition benchmarks have largely contributed to the growth of passives in both the Article 8 and Article 9 fund universes.

**Exhibit 8** Market Share of Active and Passive Funds Classified as Article 8 and Article 9




Source: Morningstar Direct. Assets as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

### The Largest Article 8 and Article 9 Funds

The table below lists the largest Article 8 funds by size at the end of June. **AP7 Aktiefond** continues to top the table, at a whopping size of EUR 108 billion. It is closely followed by **Flossbach von Storch Multiple Opportunities**, **AB American Income Portfolio**, and **Fidelity Global Technology Fund**. **KLP AksjeUSA Indeks** and **Swedbank Robur Technology** were two new entries. The latter invests worldwide in large and medium-sized companies in the IT sector, while ensuring the holdings do not seriously and systematically breach international standards, norms and conventions. Other considerations include carbon emissions, water and biodiversity on an ongoing basis.

**Exhibit 9** The 20 Largest Article 8 Funds

| Name | SFDR Fund Type | Morningstar Global Category | AUM (EUR Billion) | Active / Passive | Morningstar Sustainability Rating | Min. % Sustainable Investments |
|---|---|---|---|---|---|---|
| AP7 Aktiefond | 8 | Global Large-Cap Blend Equity | 108.3 | Active | - | - |
| Fidelity Global Technology Fund | 8 | Technology Sector Equity | 24.2 | Active | 🌐🌐🌐🌐 | 5 |
| Flossbach von Storch Multiple Opportunities | 8 | Flexible Allocation | 23.9 | Active | 🌐🌐🌐 | 0 |
| AB American Income Portfolio | 8 | US Fixed Income | 20.9 | Active | 🌐🌐 | 0 |
| DWS Top Dividende | 8 | Global Equity Large Cap | 19.7 | Active | 🌐🌐 | 15 |
| DNCA Invest Alpha Bonds | 8 | Global Fixed Income | 18.4 | Active | — | 0 |
| Deka ImmobilienEuropa | 8 | Property-Direct | 18.3 | Active | — | 0 |
| Morgan Stanley Global Brands Fund | 8 | Global Equity Large Cap | 17.8 | Active | 🌐🌐🌐🌐🌐 | 10 |
| iShares MSCI USA ESG Enhanced CTB ETF | 8 | US Equity Large Cap Blend | 17.6 | Passive | 🌐🌐🌐🌐 | 20 |
| KLP AksjeUSA Indeks | 8 | US Equity Large Cap Blend | 17.4 | Passive | 🌐🌐🌐 | 0 |
| JPMorgan Global Income Fund | 8 | Moderate Allocation | 16.8 | Active | 🌐🌐 | 10 |
| Swedbank Robur Technology | 8 | Technology Sector Equity | 16.1 | Active | 🌐🌐🌐🌐 | 10 |
| UniImmo Deutschland | 8 | Property-Direct | 15.8 | Active | — | 0 |
| hausInvest | 8 | Property-Direct | 15.7 | Active | — | 5 |
| Schroder EURO Corporate Bond | 8 | Europe Fixed Income | 15.7 | Active | 🌐🌐🌐 | 10 |
| Capital Group New Perspective Fund (LUX) | 8 | Global Equity Large Cap | 15.1 | Active | 🌐🌐🌐 | 10 |
| Algebris Financial Credit Fund | 8 | Europe Fixed Income | 14.9 | Active | 🌐🌐🌐 | 0 |
| Northern Trust World Screened Equity Index Fund | 8 | Global Equity Large Cap | 14.6 | Passive | 🌐🌐🌐 | 10 |
| DWS Concept Kaldemorgen | 8 | Flexible Allocation | 14.5 | Active | 🌐🌐🌐🌐 | 10 |
| DWS Vermögensbildungsfonds I | 8 | Global Equity Large Cap | 14.5 | Active | 🌐🌐🌐 | 15 |

Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The league table of the largest Article 9 funds as of June shows little change, with only one new entry: **Robeco Smart Energy**. The fund, though an active strategy, invests globally in companies that provide technologies for clean energy production and distribution, energy management infrastructure, and energy efficiency.

As expected, all Article 9 funds in the table below have mostly high sustainable-investment targets (above 80%), while the rest represent various allocations to cash and hedging instruments. Nine funds have a sustainable investment target of 90%. The majority focus on environmental themes, such as climate, clean energy, and water. Also featured is a handful of passive Paris-aligned strategies, including four offered by Handelsbanken and one provided by L&G Investment Management.

**Exhibit 10** The 20 Largest Article 9 Funds

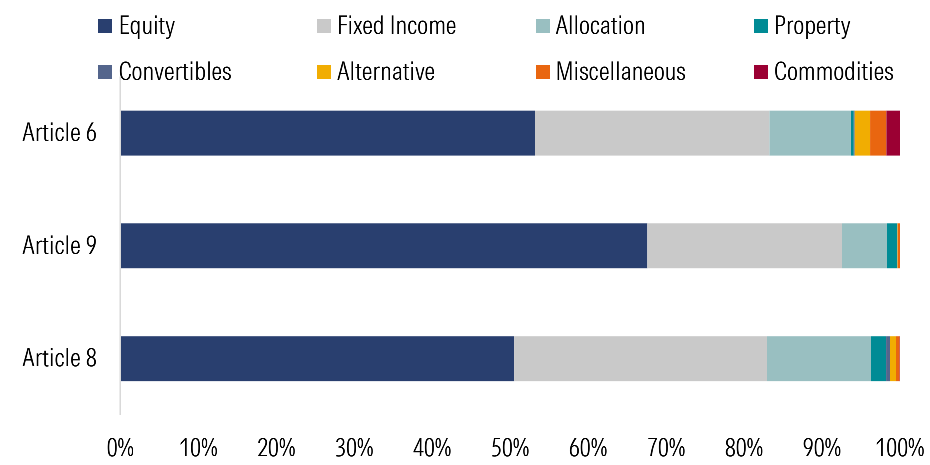
| Name | SFDR Fund Type | Morningstar Global Category | AUM (EUR Billion) | Active / Passive | Morningstar Sustainability Rating | Min. % Sustainable Investments |
|---|---|---|---|---|---|---|
| Handelsbanken Global Index Criteria | 9 | Global Equity Large Cap | 13.3 | Passive | 🌐🌐🌐 | 90 |
| Pictet Water | 9 | Equity Miscellaneous | 7.5 | Active | 🌐🌐🌐🌐 | 80 |
| Nordea Global Climate and Environment Fund | 9 | Global Equity Mid/Small Cap | 7.2 | Active | 🌐🌐🌐🌐 | 85 |
| Pictet Global Environmental Opportunities | 9 | Global Equity Large Cap | 5.5 | Active | 🌐🌐🌐🌐🌐 | 80 |
| Mirova Global Sustainable Equity Fund | 9 | Global Equity Large Cap | 5.2 | Active | 🌐🌐🌐🌐🌐 | 90 |
| Handelsbanken USA Index Criteria | 9 | US Equity Large Cap Blend | 4.4 | Passive | 🌐🌐🌐🌐 | 90 |
| Handelsbanken Developed Markets Index Criteria | 9 | Global Equity Large Cap | 4.2 | Passive | 🌐🌐🌐🌐 | 90 |
| Handelsbanken Norden Index Criteria | 9 | Europe Equity Large Cap | 3.7 | Passive | 🌐🌐 | 90 |
| DPAM Bonds Emerging Markets Sustainable | 9 | Emerging Markets Fixed Income | 3.4 | Active | 🌐🌐🌐🌐 | 80 |
| BlackRock Sustainable Energy Fund | 9 | Energy Sector Equity | 3.3 | Active | 🌐🌐🌐🌐🌐 | 80 |
| BNP Paribas Aqua | 9 | Equity Miscellaneous | 3.2 | Active | 🌐🌐🌐 | 85 |
| Candriam Sustainable Bond Euro Corporate | 9 | Europe Fixed Income | 3.1 | Active | 🌐🌐🌐 | 80 |
| BNP Paribas Funds Aqua | 9 | Equity Miscellaneous | 3.0 | Active | 🌐🌐🌐 | 85 |
| Impact ES Actions Europe | 9 | Europe Equity Large Cap | 2.9 | Active | 🌐🌐🌐🌐 | 90 |
| L&G ESG Paris Aligned World Equity Index Fund | 9 | Global Equity Large Cap | 2.8 | Passive | 🌐🌐🌐🌐 | 0 |
| Pictet Clean Energy Transition | 9 | Energy Sector Equity | 2.7 | Active | 🌐🌐🌐🌐🌐 | 80 |
| BlueOrchard Microfinance Fund | 9 | Fixed Income Miscellaneous | 2.6 | Active | — | 75 |
| Robeco Smart Energy | 9 | Energy Sector Equity | 2.5 | Active | 🌐🌐🌐🌐🌐 | 90 |
| Robeco Sustainable Water | 9 | Equity Miscellaneous | 2.5 | Active | 🌐🌐🌐🌐 | 90 |
| Wellington Global Stewards Fund | 9 | Global Equity Large Cap | 2.5 | Active | 🌐🌐🌐🌐🌐 | 90 |

Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

## Article 8 and Article 9 Funds Per Broad Asset Class

Article 8 funds share a similar asset class distribution with Article 6 funds, whereas Article 9 funds exhibit a stronger inclination toward equity. As of June 2025, equity funds made up almost 68% of Article 9 products, up from 66% three months earlier, while they made up a 51% and 53% share of Article 8 and Article 6 products, respectively. Both Article 6 and Article 8 equity fund shares rose slightly from the previous quarter's levels of 50% and 52%, respectively. These minor market share increases relative to other asset classes can be explained by stock market appreciation. For context, the Morningstar Global Market Index gained 11.5% over the second quarter, while the Morningstar Core Bond Index rose by 4.3%.

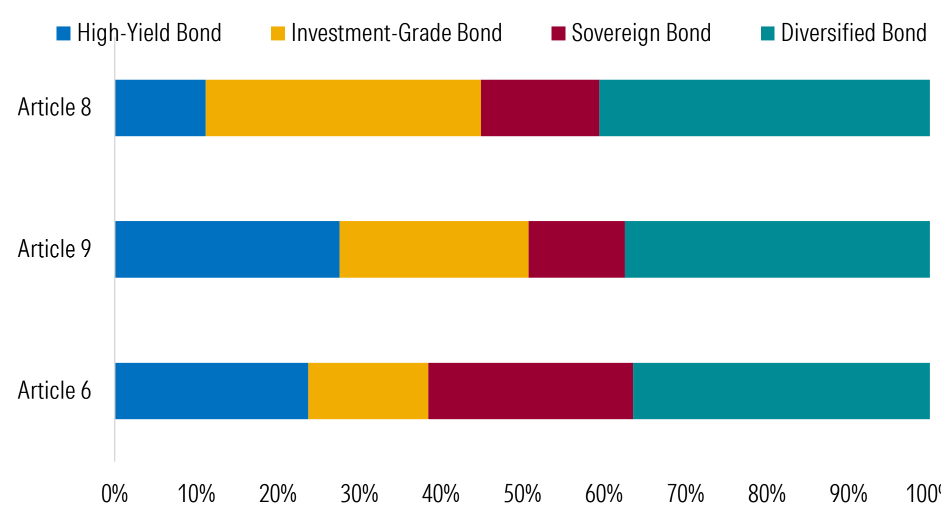
**Exhibit 11** Article 8 and Article 9 Funds Per Broad Asset Class




Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

Zooming in on the fixed-income space, the exhibit below shows an underrepresentation of sovereign bonds in both Article 8 and Article 9 fund categories, relative to Article 6 products. This may not come as a surprise, given the challenges of incorporating ESG factors into evaluations of sovereign issuers. Diversified bond funds (37%) and investment-grade bond funds (23%) make up the bulk of Article 9 fund assets. Diversified bond funds also make up more than 40% of Article 8 fund assets.

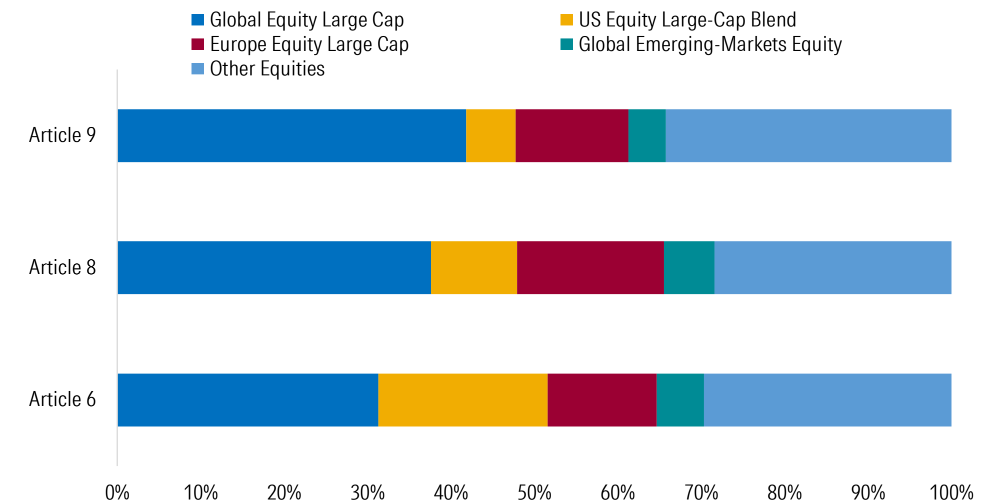
**Exhibit 12** Article 8 and Article 9 Funds Per Broad Asset Class




Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The exhibit below reveals an overrepresentation of global large-cap funds in the Article 8 and Article 9 categories, compared with Article 6 funds, as these represent 38% and 42% of equity funds in these categories, respectively (versus 31% for Article 6 funds). This reflects sustainability-conscious investors' preference for broad, diversified investment strategies focused on global opportunities. US equity large-cap funds are underrepresented within both the Article 8 (10%) and Article 9 (6%) fund categories, compared to Article 6 funds (20%).

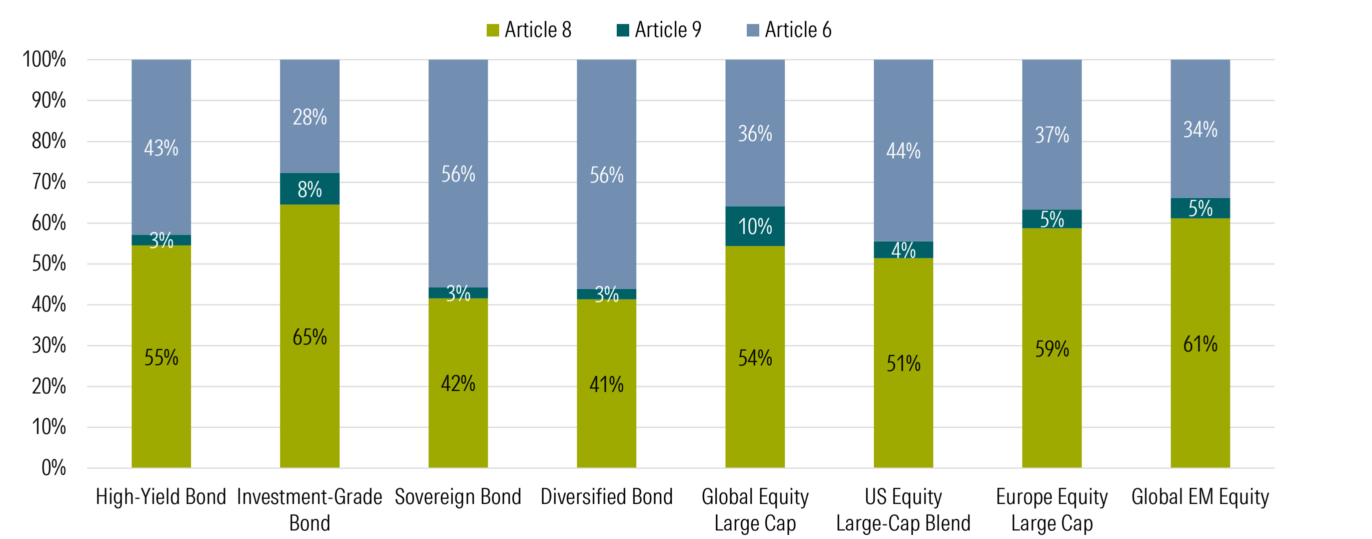
**Exhibit 13** Article 8 and Article 9 Funds Per Broad Asset Class




Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

The exhibit below confirms the underrepresentation of Article 8 and Article 9 funds in diversified and sovereign bond categories and their stronger presence in the investment-grade bond, global emerging-markets equity, and Europe equity large-cap categories, relative to Article 6 funds.

**Exhibit 14** Most Popular Morningstar Categories Split Into Article 8, 9, and 6 Fund Assets

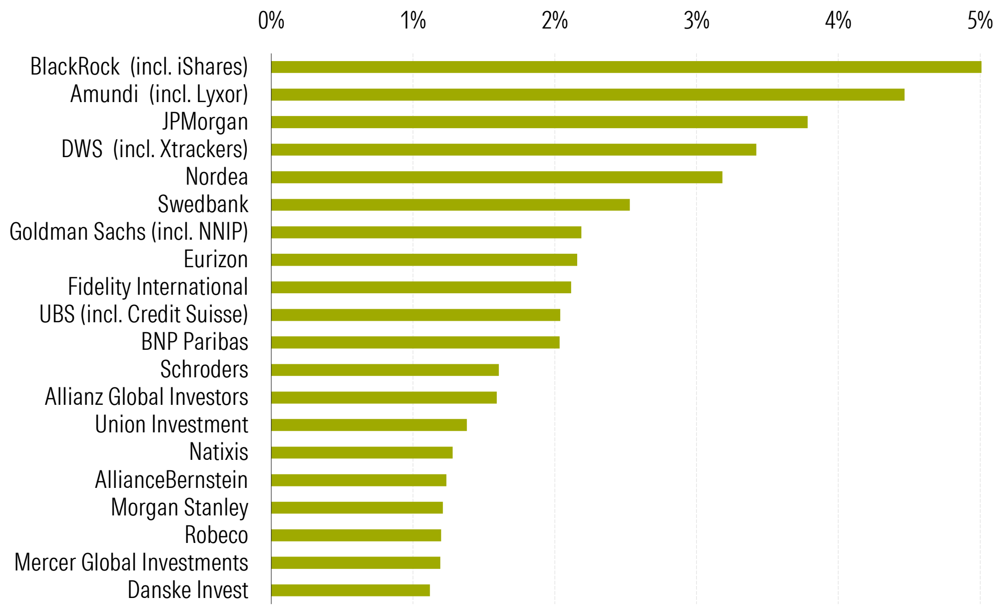



Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

**Provider League Tables**

The exhibits below show the 20 asset managers with the highest market share in Article 8 and Article 9 funds, ranked by assets. BlackRock maintains its leading position in the Article 8 fund market, with a 5.3% share, ahead of Amundi, and JPMorgan keeps its third position with just under 4%.

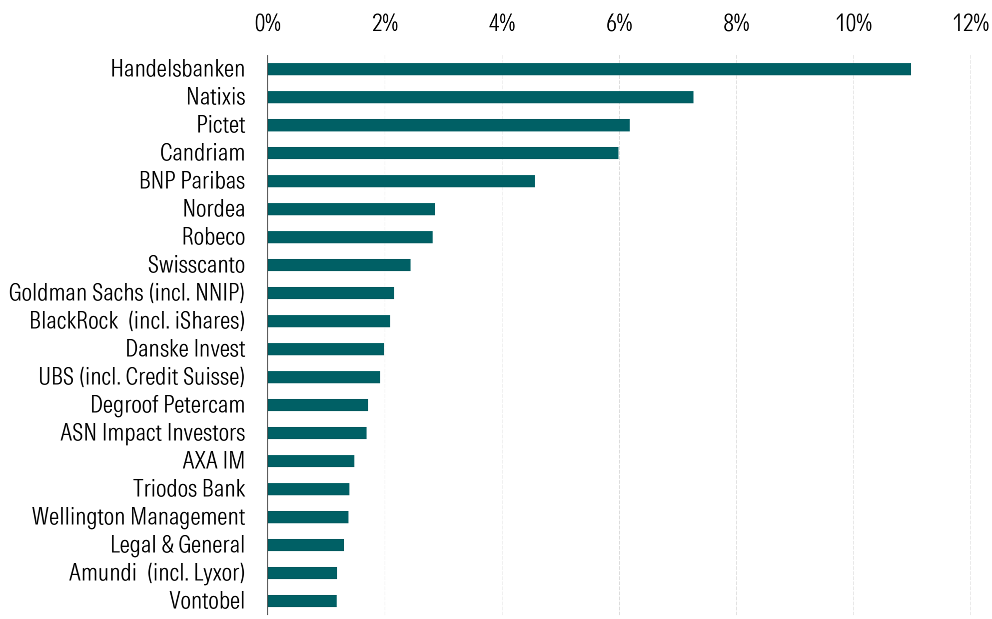
**Exhibit 15** Top 20 Asset Managers by Article 8 Fund Assets




Source: Morningstar Direct. Assets as of June 2025 on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds. Using Branding Name in Morningstar Direct, a manager's market share is calculated as follows: manager's Article 8 fund assets divided by total market Article 8 fund assets.

Meanwhile, thanks to its large range of passive Paris-aligned funds classified as Article 9, Handelsbanken retains its leading position in the Article 9 fund league table, with a market share of 11%. Natixis and Pictet remain in second (7.3%) and third place (6.2%), respectively.

**Exhibit 16** Top 20 Asset Managers by Article 9 Fund Assets

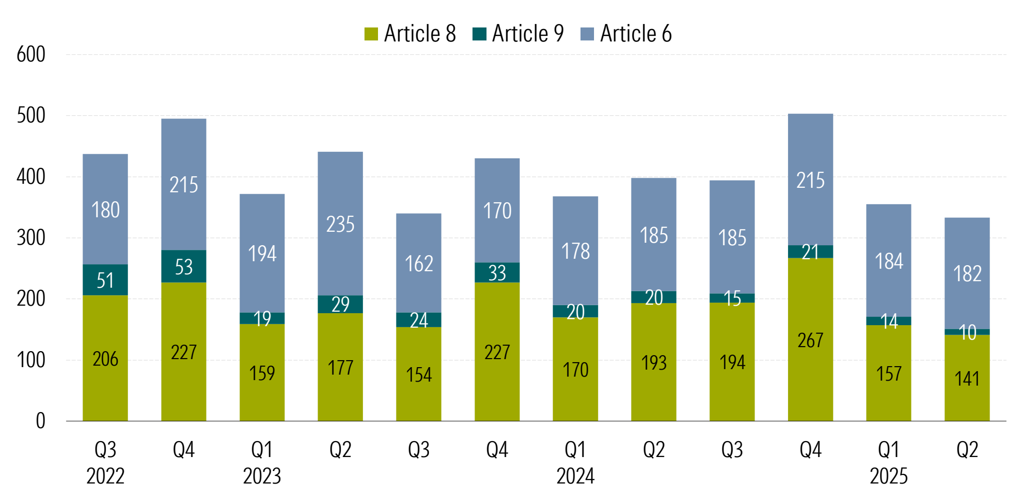



Source: Morningstar Direct. Assets as of June 2025 on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds. Using Branding Name in Morningstar Direct, a manager's market share is calculated as follows: manager's Article 9 fund assets divided by total market Article 9 fund assets.

### Product Development — New Article 8 and 9 Funds Account for Lower Market Share

In the second quarter of the year, 151 new Article 8 and Article 9 funds hit the shelves. This is lower than the 171 new Article 8 or Article 9 products launched in the prior quarter. As we continue to analyze the data and identify additional launches, numbers could be adjusted in the next report.

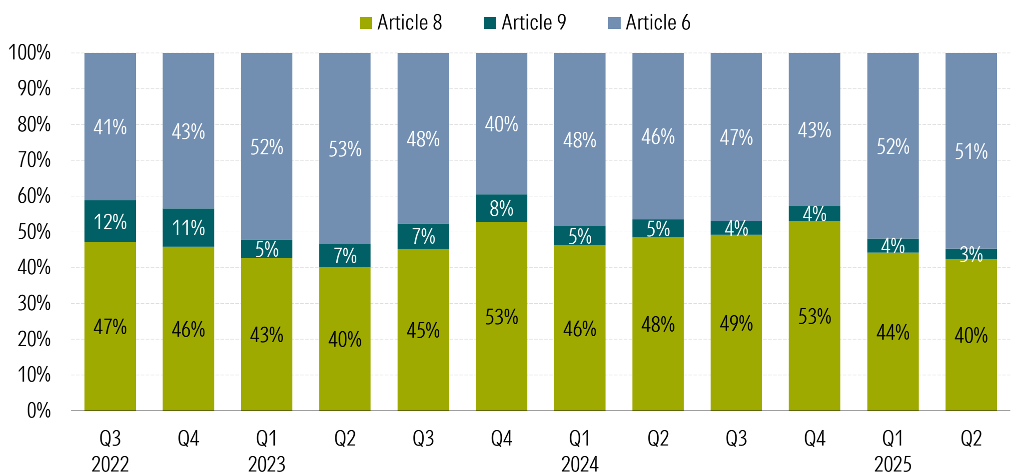
**Exhibit 17** Quarterly Breakdown of Fund Launches




Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

In the second quarter, newly launched Article 8 and Article 9 funds accounted for 43% of all funds launched in the EU — noticeably down from 48% in the previous quarter, confirming a continued downward trend compared to last year.

**Exhibit 18** Quarterly Breakdown of Fund Launches




Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

New Article 8 products continue to span diverse asset classes, market exposures, investment styles, and ESG strategies. The table below showcases the largest newly launched Article 8 funds for the quarter.

**Exhibit 19** Top 10 Newly Launched Article 8 Funds in Second Quarter of 2025

| Name | SFDR Fund Type | Assets (EUR Million) |
|---|---|---:|
| Partners Group Global Senior Loan Master Fund SICAV | Article 8 | 2,311 |
| Eurizon Soluzione Protetta Riserva Ed 2 2025 | Article 8 | 1,234 |
| YourIndex SICAV MSCI North America Universal | Article 8 | 1,200 |
| Eurizon Strateg Obbligazionar High Yield 5 anni - Edizione 1-2025 | Article 8 | 968 |
| Eurizon Soluzione Top Trend Protetta 5 anni Ed 1 | Article 8 | 883 |
| Eurizon Strategia Obbligazionaria 5 anni - Edizione 1-2025 | Article 8 | 676 |
| YourIndex SICAV MSCI Europe Universal | Article 8 | 472 |
| PrivilEdge BlueBay Investment Grade Global Government Bonds | Article 8 | 464 |
| YourIndex SICAV MSCI World Selection | Article 8 | 457 |
| Schroder Special Situations Fund Fixed Maturity Bond 10 | Article 8 | 452 |

Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

At the top of the list, we find **Partners Group Global Senior Loan Master Fund SICAV**, managing over EUR 2.3 billion. The active strategy monitors the fund's exposure to issuers whose primary products or services involve the extraction, transportation, or use of thermal coal for energy generation, as well as issuers directly linked to deforestation or the burning of natural ecosystems for land clearance.

Meanwhile, the fund places a strong emphasis on transparency in environmental, social, and governance data. It leverages Principle Adverse Impact (PAI) indicators to assess the maturity of ESG disclosures by its investments, focusing particularly on the completeness and accuracy of reported data.

**Mirova Global Thematic Equity** emerges as the largest Article 9 fund launched in the second quarter, with EUR 176 million in assets. It targets companies it deems to offer solutions to the demographic, technological, environmental and governance transitions that are expected to transform the world's economies and societies in the coming decades.

In a distant second is **Zurich Global Green Bond Fund**, with EUR 97 million of assets. It was closely followed by **Terra Responsible**, which invests a minimum of 60% of net assets in green, social, and/or sustainable bonds that comply with ICMA guidelines (Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines).

**Exhibit 20** Top 10 Newly Launched Article 9 Funds in Second Quarter of 2025

| Name | SFDR Fund Type | Assets (EUR Million) |
|---|---|---|
| Mirova Global Thematic Equity | Article 9 | 176 |
| Zurich Invest Zurich Global Green Bond Fund | Article 9 | 97 |
| Terra Responsable | Article 9 | 78 |
| LGT CP Impact Equity Global Sub-Fund | Article 9 | 43 |
| Ashmore SICAV Emerging Markets Impact Debt Fund | Article 9 | 17 |
| Portzamparc Carbone Solutions 2030 | Article 9 | 10 |
| IIV Solar Electrification Debt ELTIF | Article 9 | 0 |
| Aktia Prosperity | Article 9 | - |
| Nordea Portefølje Globale Bæredygtige Aktier | Article 9 | - |

Source: Morningstar Direct. Data as of June 2025. Based on SFDR data collected from prospectuses on 98% of funds available for sale in the EU, excluding money market funds, funds of funds, and feeder funds.

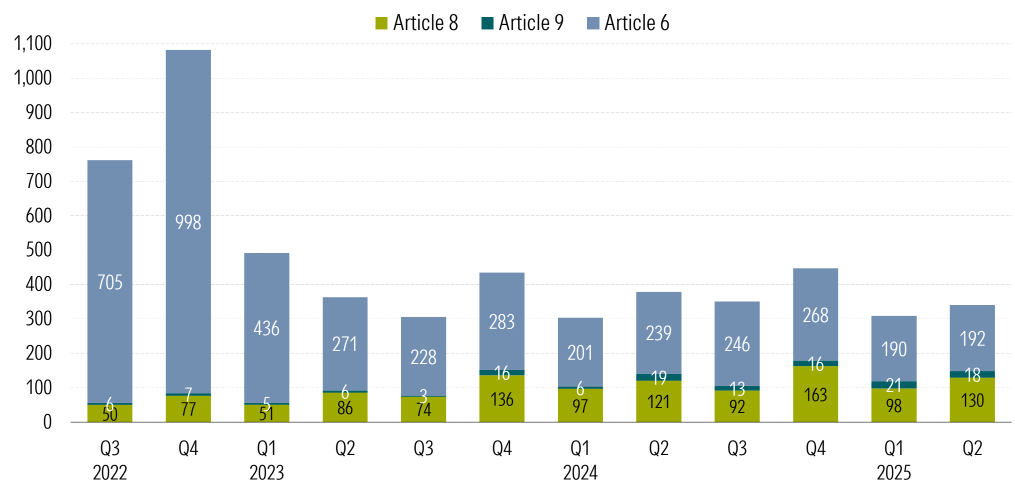
## Article 8 and 9 Fund Closures Slightly Up

The second quarter of 2025 saw 148 Article 8 and Article 9 funds close, an uptick from the 119 closures recorded in the previous quarter.

Among the largest fund closures were **Eurizon Equity USA LTE** and **Eurizon Equity World ESG Leaders LTE**, which together held over EUR 1.1 billion. Meanwhile, Switzerland-domiciled allocation strategy **Raiffeisen Futura Focus Interest & Dividend**, which held EUR 252 million, was merged with another fund.

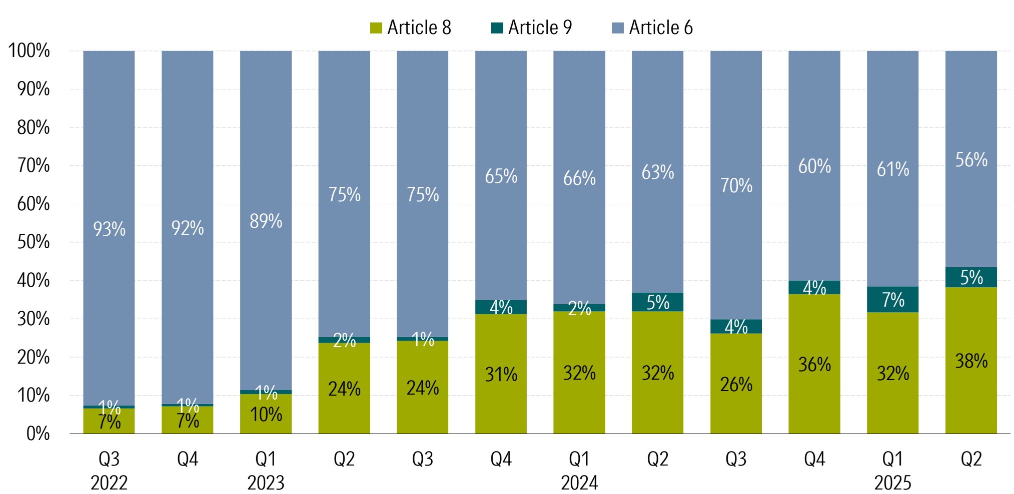
By comparison, Article 6 fund closures totaled 192, almost level from the restated 190 recorded in the previous quarter. They continue to outpace Article 8 and Article 9 closures, which is consistent with the trend of asset managers being more likely to restructure or liquidate Article 6 funds.

**Exhibit 21** Quarterly Number of Fund Closures




Source: Morningstar Direct. Data as of June 2025. Based on over 6,200 Article 8, Article 9, and Article 6 funds that have merged or liquidated since April 2021.

**Exhibit 22** Quarterly Breakdown of Fund Closures




Source: Morningstar Direct. Data as of June 2025. Based on over 6,200 Article 8, Article 9, and Article 6 funds that have merged or liquidated since April 2021.

## SFDR Reclassifications Continue to Slow Down

SFDR reclassification activity remained low in the second quarter of 2025. About 89 funds upgraded their SFDR status, most (85) of which were reclassified from the Article 6 to Article 8 category. This compares with 66 in the previous quarter. Meanwhile, 28 funds were downgraded in the past three months, including 18 Article 8 funds that were reclassified to Article 6 and 10 Article 9 funds reclassified to the Article 8 category.

### Over 600 Article 8 and Article 9 Funds Rename in Q2 2025

After an already busy first quarter, fund renaming activity reached a new high in the second quarter as asset managers rushed to implement the ESMA fund naming guidelines ahead of the May 21 deadline. The guidelines aim to protect investors against greenwashing risk and provide minimum standards for funds that use specific ESG terms in their names. The minimum standards depend on the terms used, as outlined in the table below. Asset managers had until May 21 to align with the new requirements[3] or change their name to ensure compliance. Below is a summary of the requirements.

**Exhibit 23a** Summary of the Categories of Terms and Related Requirements

| Fund Category | Requirement |
|---|---|
| **No ESG word in name** | |
| **Social/Governance term or "transition" in name** | Minimum 80% of investments used to meet E or S characteristics or sustainable investment<br>- CTB exclusion: exclusion of controversial weapons/companies violating social safeguards<br>- If "transition": clear and measurable path to transition |
| **Environmental word or "impact" in name** | Same as #1 + PAB exclusion: fossil fuel sector exclusion<br>If "impact": positive and measurable impact |
| **"Sustainable" word in name** | Same as #2 + invest 'meaningfully' in sustainable investments |

Source: ESMA. ESMA50-524821-3560 Webinar - Fund ESG name changes and net flows. PAB stands for Paris-aligned benchmarks; CTB stands for climate-transition benchmarks.

Exclusions related to the Paris-aligned benchmark[4], which environmental, ESG, sustainable, and impact funds[5] are required to apply, are particularly significant, as they rule out investments in companies that derive a certain proportion of their revenues from fossil fuels.

3 The requirements for funds using ESG or sustainability terms in their name include (1) a minimum of 80% of investments that meet environmental or social characteristics or sustainable investment objectives and (2) exclusions as set by EU regulation for Paris-aligned benchmarks, or PABs, and climate-transition benchmarks, or CTBs.

4 Exclusions for EU Paris-aligned benchmarks include:

(a) companies involved in any activities related to controversial weapons;

(b) companies involved in the cultivation and production of tobacco;

(c) companies that benchmark administrators find in violation of the United Nations Global Compact principles or the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises;

(d) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution, or refining of hard coal and lignite;

(e) companies that derive 10% or more of their revenues from the exploration, extraction, distribution, or refining of oil fuels;

(f) companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing, or distribution of gaseous fuels;

(g) companies that derive 50% or more of their revenues from electricity generation with a greenhouse gas intensity of more than 100 g CO2 e/kWh.

For the purposes of point (a), controversial weapons shall mean controversial weapons as referred to in international treaties and conventions, United Nations principles, and, where applicable, national legislation.

5 ESMA34-472-440 Final Report on the Guidelines on Funds' Names (europa.eu), P. 55.

“Environmental”-related terms mean any words giving the investor any impression of the promotion of environmental characteristics, for example, “green,” “environmental,” “climate,” and so on. These terms may also include the “ESG” and “SRI” abbreviations.

“Sustainability”-related terms mean any terms only derived from the base word “sustainable,” for example, “sustainably,” “sustainability,” and so on.

“Impact”-related terms mean any terms derived from the base word “impact,” for example, “impacting,” “impactful,” and so on.

“Social”-related terms mean any words giving any impression of the promotion of social characteristics, for example, “social,” “equality,” and so on.

“Governance”-related terms mean any words giving any impression of a focus on governance, for example, “governance,” “controversies,” and so on.

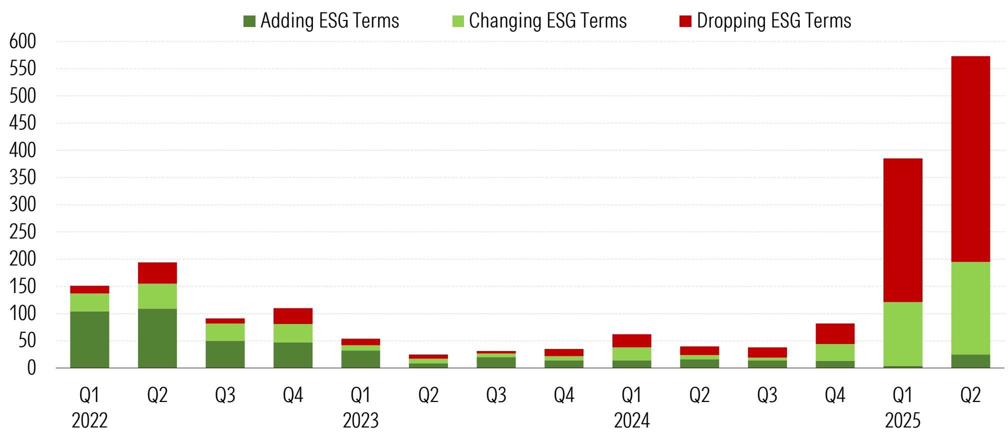
“Transition”-related terms encompass any terms derived from the base word “transition,” for example, “transitioning,” “transitional,” and so on, and those terms deriving from “improve,” “progress,” “evolution,” “transformation,” “net zero,” and so on.

For more details and analysis on the ESMA fund naming guidelines, read: ESMA's Guidelines on ESG Fund Names | Morningstar

As shown in the following two exhibits, renaming activity started to grow in the last quarter of 2024 and reached a record level in the second quarter of 2025. Between April and June, we identified 602 renamed Article 8 and Article 9 funds. This number includes 382 funds that dropped ESG-related terms, 193 that swapped terms, and 27 that added ESG-related terms.

Focusing on Article 8 funds, 378 removed ESG-related terms from their names, 170 swapped terms, and 25 added ESG-related terms.

**Exhibit 23b** Article 8 Funds' Renaming Activity




Source: Morningstar Direct. Data as of June 2025. Based on 1,871 Article 8 funds that have added, dropped, or changed ESG- and sustainability-related terms in the legal names since 2022. Excluding money market funds, funds of funds, and feeder funds.

Out of the 378 Article 8 funds that dropped ESG-related terms in the past three months, the vast majority (280, or 74%) were passively managed. Examples include a group of Article 8 Amundi thematic equity strategies, including **Amundi S&P World Industrials Screened ETF** (formerly known as Amundi S&P Global Industrials ESG ETF), **Amundi S&P World Utilities Screened ETF** (formerly known as Amundi S&P Global Utilities ESG ETF), and **Amundi S&P World Energy Screened ETF** (formerly known as Amundi S&P Global Energy Carbon Reduced ETF), removed the term "ESG" from their names and replaced it with the word "screened". The underlying indexes continue to apply an ESG scoring and screening methodology to tilt toward issuers ranked higher on ESG criteria and green bond issuers, while underweighting or removing issuers that rank lower.

Examples of active Article 8 funds removing ESG-related terms include **Robeco Global Stars Equities Fund** (formerly known as Robeco Sustainable Global Stars Equities Fund), which also left its investment strategy unchanged. The fund continues to "incorporate sustainability into its investment process through the application of exclusions, ESG integration, target setting (ESG and environmental footprint), and voting." Robeco's decision to remove "sustainable" from that fund's name contrasts with its choice to retain the term in its Sustainable Multi-Asset funds, where PAB exclusions were added to the investment universe and the sustainable investment allocation was increased to 50% to meet regulatory requirements.

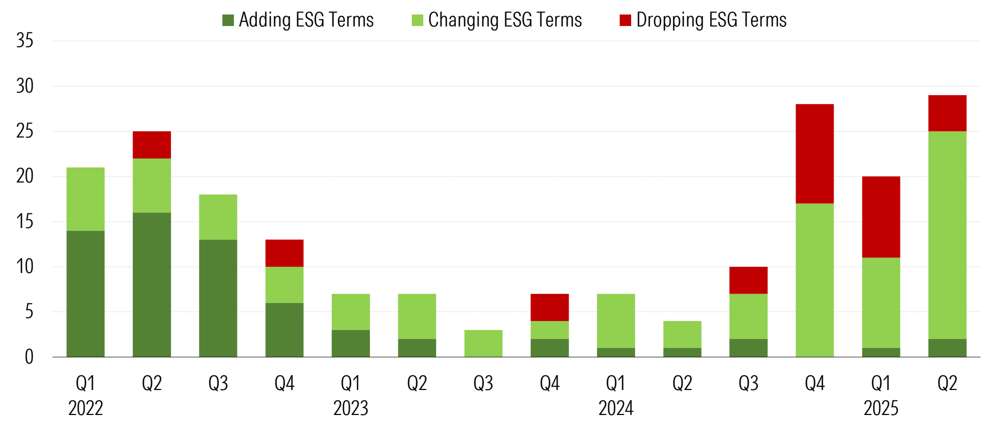
Meanwhile, the number of Article 8 funds that replaced ESG-related terms with others rose sharply to 170 from the restated 117 three months earlier, most (121 out of 170) of which were active strategies. For example, the fund now called **Zurich Climate Focus US Corporate Bond Fund** replaced "carbon neutral" with "climate focus" (it was previously called Zurich Carbon Neutral US Corporate Bond Fund). The active strategy places particular emphasis on achieving an overall carbon footprint aligned with the Paris Agreement, and prioritizes companies that are pioneering clean technology solutions to tackle climate change.

**Nordea Global Climate Transition Engagement Fund** (formerly known as Fund Nordea Global Climate Engagement Fund) added the term "transition" to reflect the managers' belief that today's high-emissions companies play a crucial role in the shift toward a low-carbon economy. The fund emphasizes that active engagement is essential to driving the strategic and operational changes required for these companies to decarbonize — unlocking long-term alpha potential in the process.

Finally, 25 Article 8 funds added the terms "ESG" or "sustainable" to their names, including 17 Nordea strategies, such as **Nordea Global Sustainable Stars Equity Fund** (formerly known as Nordea Global Stars Equity Fund) and **Nordea Global High Yield Sustainable Stars Bond Fund** (formerly known as Nordea Global High Yield Stars Bond Fund). Along with a Paris-aligned fossil fuel exclusion policy, both strategies focus on companies with favorable ESG scores.

Within the Article 9 fund group, funds dropping ESG-related term reduced to four in the second quarter (versus the restated nine in the previous quarter). Examples include **Nuveen Global Infrastructure Fund**, which dropped the term "impact", but maintained its strategy. The Article 9 fund, formerly known as Nuveen Global Infrastructure Impact Fund, offers exposure to clean infrastructure companies that are seeking to mitigate environmental challenges and improve operational characteristics "to achieve intentional, positive and measurable real-world outcomes". Meanwhile, 23 more funds swapped ESG language (versus 10 in the previous quarter).

**Exhibit 24** Article 9 Funds' Renaming Activity



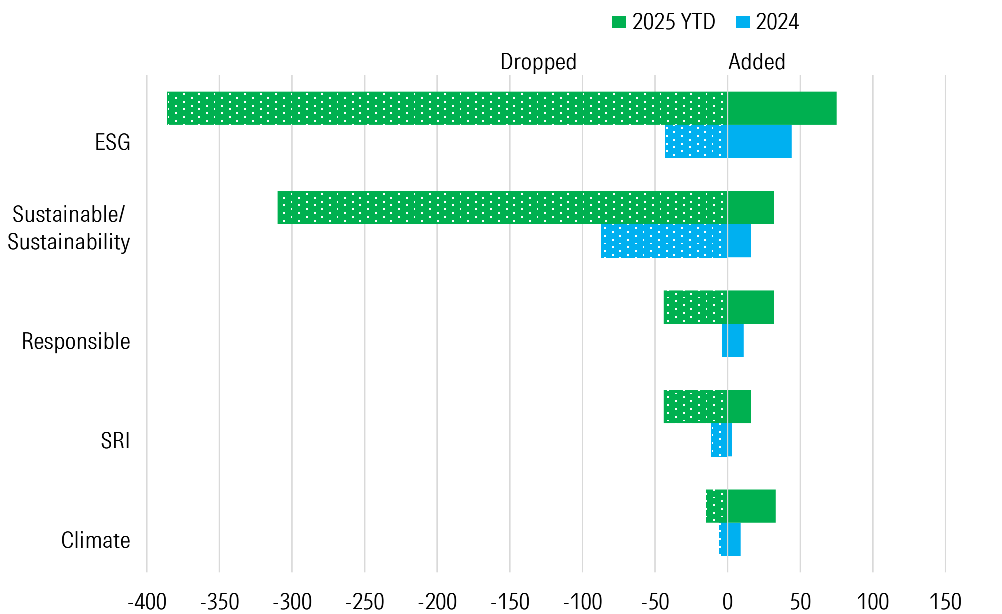

Source: Morningstar Direct. Data as of June 2025. Based on 199 Article 9 funds that have added, dropped, or changed ESG- and sustainability-related terms in the legal names since the first quarter of 2022. Excluding money market funds, funds of funds, and feeder funds.

In the past 18 months, we estimate that at least 1,278 Article 8 and Article 9 funds using ESG- or sustainability-related terms in their names have been renamed. This represents about 28% of funds in scope of the ESMA fund naming guidelines. For context, there were 11,937 Article 8 and 1,041 Article 9 funds as of June 2025.

### ESG and Sustainable Were the Most Popular Key Terms Removed

This section looks at the evolution of the ESG- and sustainability-related terms used in Article 8 and Article 9 fund names since January 2024, highlighting which words are gaining traction and which are falling out of favor.

**Exhibit 25** ESG- and Sustainability-Related Terms With the Most Frequent Changes in the Past 18 Months

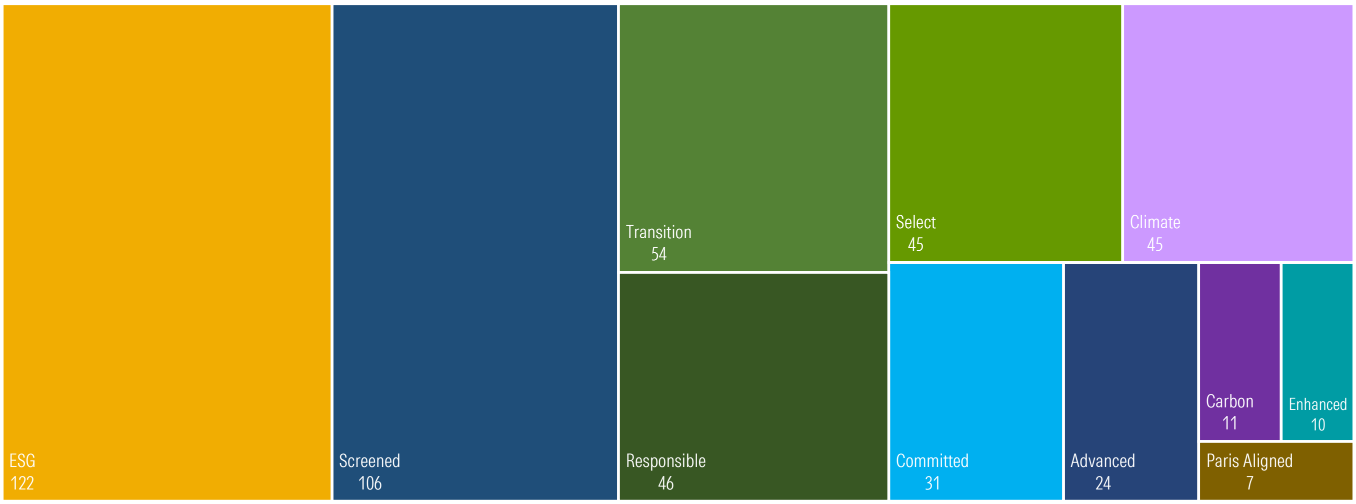



Source: Morningstar Direct. Data as of June 2025. Based on 1,180 Article 8 funds and 98 Article 9 funds adding, dropping, or changing sustainability- or ESG-related terms in the fund names between 2024 and Q2 2025. Among the funds that added ESG key terms, we included those that were not launched as ESG funds but became ESG funds after they added ESG terms, as well as funds that began as ESG funds but swapped their original ESG terms for other ESG-related terms. Similarly, funds that dropped ESG key terms include those that removed key terms and funds that swapped their original ESG terms for other terms. Data excludes money market funds, funds of funds, and feeder funds.

We estimate that, over the past 18 months, close to 390 Article 8 and Article 9 funds with the specific term “ESG” in their names have either replaced that term with another ESG-related word or removed it entirely. Notably, “ESG” also emerged as the most frequently added term across fund names during the same period. Meanwhile, at least 310 funds with “Sustainable” or “Sustainability” have also had the term removed or replaced by other related terms.

As shown in the chart below, “screened” has become another commonly added term to fund names following “ESG”, with “transition” close behind. At the same time, new terms have emerged to replace more contentious language, while subtly indicating ESG-related considerations. Words such as “select”, “committed”, and “advanced” are increasingly used to differentiate strategies, particularly in the context of issuer screening and selection among passive strategies.

**Exhibit 26** A Sample of ESG-Related Terms Most Frequently Added by Article 8 and 9 Funds That Changed Names Between January 2024 and June 2025




Source: Morningstar Direct and Morningstar Sustainalytics Research. Data as of June 2025.

As previously noted, more funds are now incorporating a climate focus into their strategies, as reflected in the addition of terms such as "transition," "climate," and "Paris-aligned" to their names. This trend aligns with growing investor demand to align portfolios with net-zero commitments. These strategies are required to apply the less-stringent CTB exclusions (compared with the more constraining PAB exclusions), while also demonstrating a clear and measurable path to social or environmental transition.

An example of a fund that has recently changed its name to reflect its transition mandate is the Article 9 fund **Etica Transizione Climatica**, previously called Invesco Sustainable Global Income Fund. The fund invests in securities issued by companies or governments that have reduced or are committed to reducing their greenhouse gas emissions to net zero by 2050, debt instruments with sustainable characteristics such as green bonds, sustainability-linked bonds and transition bonds, and securities linked to climate solution activities (including renewable energy, electrification, and low carbon transport).

### Analysis of Funds Grouped Into Categories of ESG Terms

To gain a better understanding of what the EU landscape of funds with ESG-related terms in their name looks like following the implementation of the ESMA fund naming guidelines, we have grouped funds into categories, based on the ESG-related terms used, and examined the seven most prominent ones using a range of metrics. (see how the groupings were built in the source of the exhibit below).

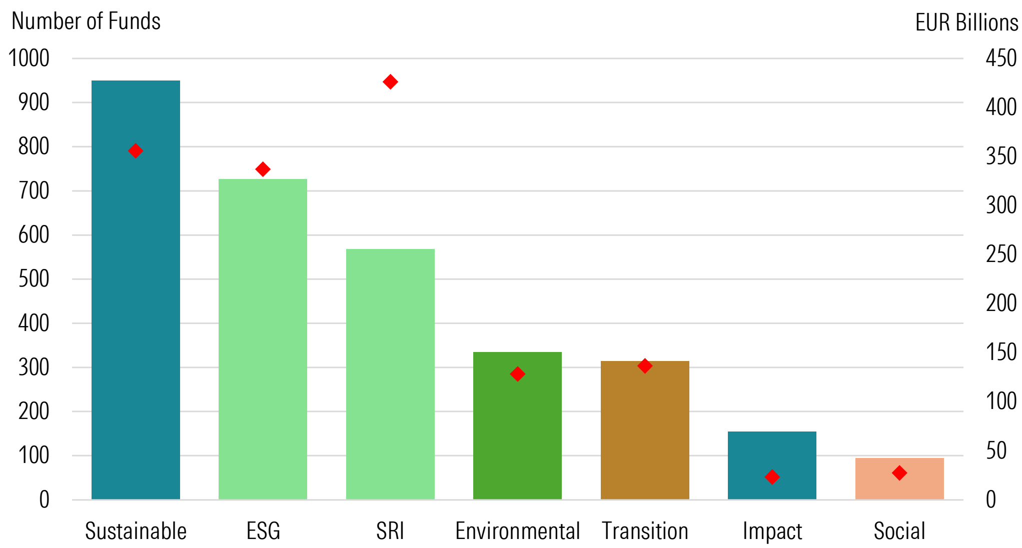
#### "Sustainable" Funds, "ESG" Funds, and "SRI" Funds Dominate the Landscape

As shown below, we found that the largest number of funds (950) falls into the category of "sustainable" funds. These are funds that must not only apply the strict PAB exclusions, but also allocate at least 50% of their assets to sustainable investments. This category is followed by "ESG" funds (727), "SRI" funds (567), and "environmental" funds (334), all of which are also required to apply the PAB exclusions.

It is worth noting that in terms of assets under management, “SRI” funds, in fact, form the largest category, with EUR 356 billion, surpassing both “sustainable” and “ESG” funds.

Meanwhile, we have identified 314 funds with terms related to the transition in their names, which we have categorized as “transition” funds. These are required to apply the CTB exclusions. With EUR 137 billion of assets under management, the “transition” fund category is slightly bigger than the “environmental” fund category. Finally, “impact” and “social” funds, also subject to CTB exclusions, represent smaller categories, both in terms of number of products and assets. Only EUR 23 billion and EUR 28 billion are currently held in these funds, respectively.

**Exhibit 27** Funds per Category of ESG-Related Terms in Names



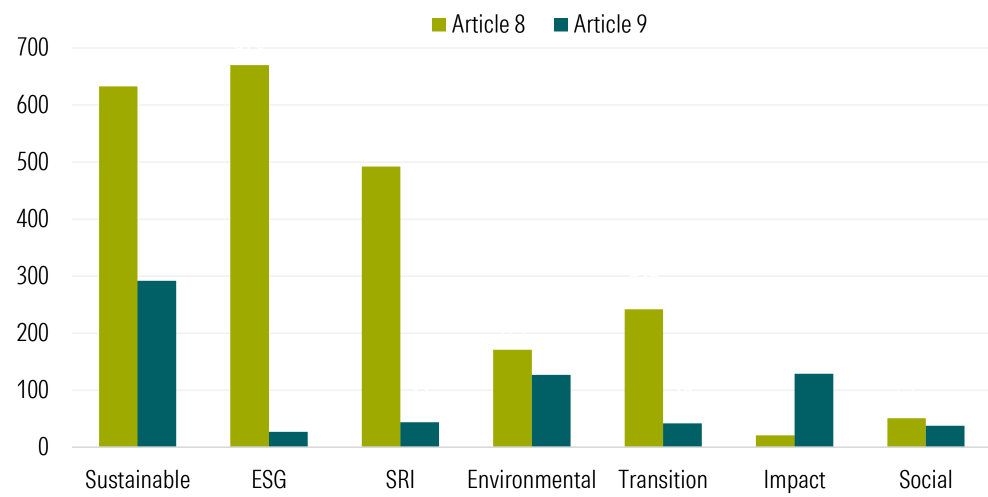

Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of June 2025, consisting of 3,140 funds, including money market funds, funds of funds, and feeder funds. Funds were counted only once and based on key terms in their names in all European languages. In the “Sustainable” category, we included only funds that use the terms “Sustainable”, “Sustainability”, or “SDG” in their names, except when used in combination with “Transition”. For the “ESG” category, we included only funds that use the acronym “ESG”. For the “SRI” category, we included funds that use the terms “SRI”, “ISR”, “Responsible”, and “Ethics”. For the “Environmental” category, we included funds that use the terms “Environmental”, “Environment”, “Climate”, “Earth”, “Ecology”, “Ecosystem” and “Planet”. For the “Transition” category, we included funds that use the terms “Transition”, “CTB”, “Evolution”, “Progress”, and “Net Zero”. For the “Impact” category, we included funds that use only the term “Impact”. For the “Social” category, we included funds that use the terms “Social”, “Solidarity”, “Society”, “Diversity”, “Gender”, “Inclusion” and “Microfinance”. Green bonds funds using any of the terms above are excluded. The qualifying terms used to build the seven categories are not comprehensive.

### More Than Two-Thirds of “Sustainable” Funds are Article 8

The exhibit below shows the breakdown of the seven categories by SFDR fund type. As expected, “ESG” and “SRI” funds are largely made up of Article 8 funds, with only 4% and 8% of Article 9 funds, respectively.

Perhaps surprisingly, less than one-third (32%) of “sustainable” funds are Article 9, the majority (68%) being Article 8 funds. The “environmental” category is more balanced, with 57% of Article 8 funds and 43% of Article 9 funds. Unsurprisingly, the “transition” category is dominated by Article 8 funds (85%), while 86% of “impact” funds are classified as Article 9 funds.

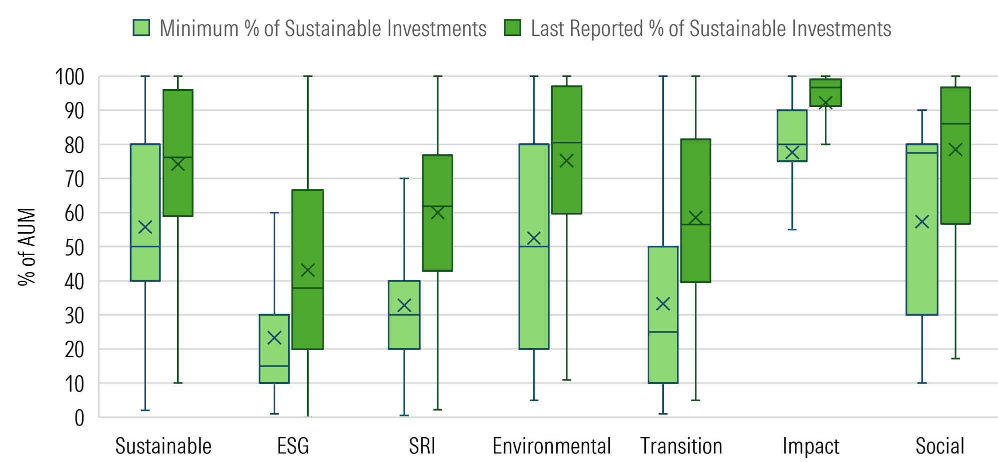
**Exhibit 28** Number of Article 8 and Article 9 Funds per Category of ESG-Related Terms in Their Names




Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of June 2025. including money market funds, funds of funds, and feeder funds.

Below, for each fund category, we show the range of sustainable investment commitment and the actual level of sustainable investments, as reported in the European ESG template (EET). Consistent with the fact that an overwhelming majority are classified as Article 9, which are supposed to hold 100% of sustainable investments, "impact" funds exhibit the highest level of both targeted and actual sustainable investments. This is followed by "Sustainable" funds, which are required to have a minimum of 50% allocation to sustainable investments. The lowest level of committed and reported sustainable investments is found among products with "ESG" in the name.

**Exhibit 29** Committed and Reported Levels of Sustainable Investments per Fund Category

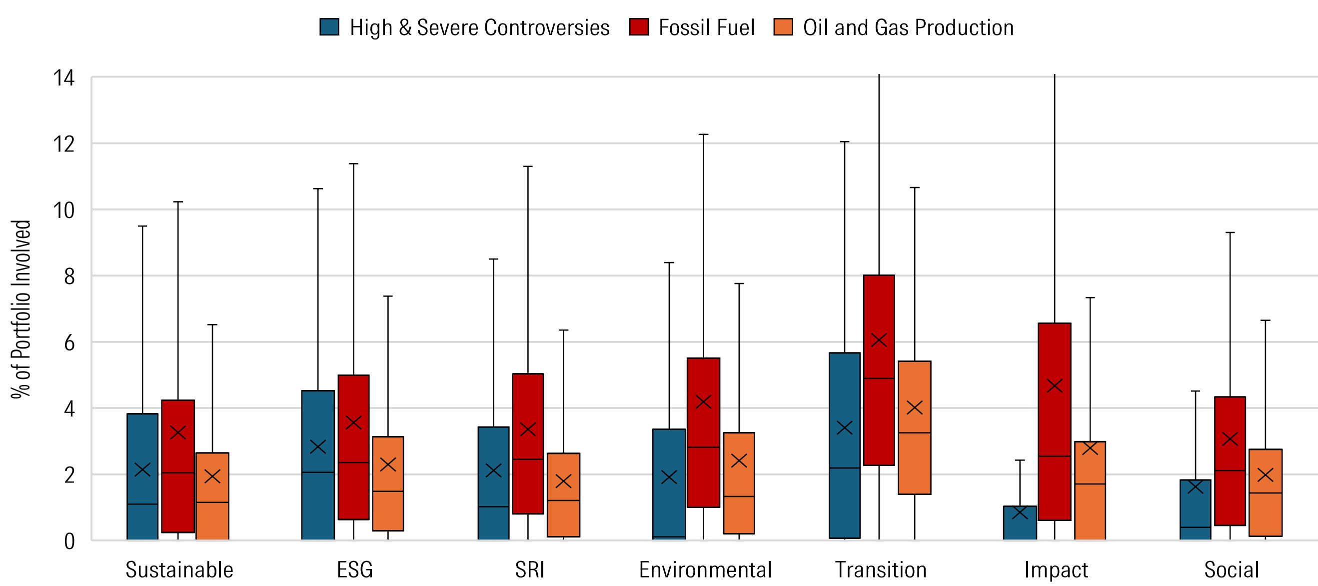



Source: Morningstar Direct. Morningstar Sustainalytics Research. Data collected from European ESG Templates (EET) as of June 2025. Zero and Blank data are excluded. Data includes money market funds, funds of funds, and feeder funds.

**“Transition” Funds Are the Most Exposed to Controversies, Fossil Fuel, and Oil & Gas Production**
We then look at controversies and product involvement levels across the seven fund categories. We find, as expected, that “transition” funds are the most exposed to companies involved in high and severe controversies, fossil fuel, and oil and gas production. According to the ESMA fund guidelines, managers of “transition” funds should make sure the funds are on a clear and measurable path to social or environmental transition.

Controversies and product involvement levels are broadly similar across “sustainable”, “ESG”, and “SRI” funds. In contrast, “environmental” and “impact” funds tend to exhibit higher exposure to companies involved in fossil fuel and oil and gas production. This can be attributed to the fact that these funds often invest in companies that provide products and services aimed at addressing climate change (as evidenced in the following exhibit, these have greater exposure to carbon solutions). However, some of these companies continue to operate legacy fossil fuel businesses, which explains the higher involvement in fossil fuel and oil and gas production.

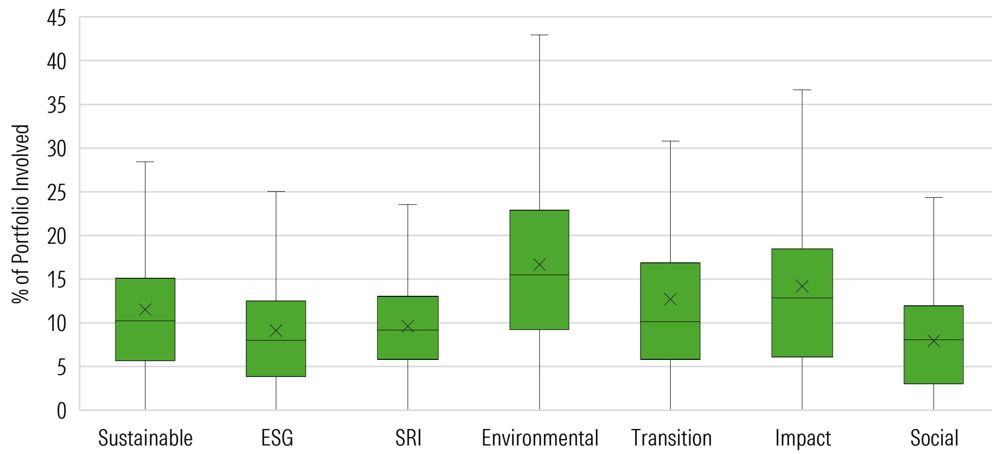
**Exhibit 30** Controversies, Fossil Fuel and Oil & Gas Production Involvement per Fund Category




Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of June 2025. Including money market funds, funds of funds, and feeder funds. Only funds with portfolios updated between April and June are used. For higher and severe controversy involvement, we used the Percent of AUM with High and Severe Controversies data point in Morningstar Direct, which represents the percentage of a portfolio's rescaled covered corporate holdings' Assets Under Management with high and severe company level controversy assessments. For fossil fuel involvement, we used the Fossil Fuel Percentage of Portfolio Involved in Morningstar Direct. It is calculated as the percentage of the long-only portfolio that is exposed to corporations that make any revenue (>0%) from fossil fuels. Companies with fossil fuel involvement are defined as those in the following subindustries: thermal coal extraction, thermal coal power generation, oil and gas production, oil and gas power generation, and oil and gas products and services. For oil and gas production, we used the Oil and Gas Production Percentage of Portfolio Involved data point in Morningstar Direct. It represents the percentage of the long-only portfolio that is exposed to corporations that make any revenue (>0%) from oil and gas production.

For context, the Morningstar Global Market index has a 6.5% involvement in high and severe controversies[6], 9.0% involvement in fossil fuel, 7.5% involvement in oil and gas production, and 14.1% involvement in carbon solutions, as of the end of June.

**Exhibit 31** Carbon Solution Involvement per Fund Category




Source: Morningstar Direct. Morningstar Sustainalytics Research. Data as of June 2025. Data includes money market funds, funds of funds, and feeder funds. Only funds with portfolios updated between April and June are used. We used the Carbon Solutions Percentage of Portfolio Involved data point in Morningstar Direct. It is calculated as the percentage of the long-only portfolio that is exposed to corporations that make any revenue (>0%) from carbon solutions. It measures the exposure to companies involved in products and services focused on carbon solutions that help mitigate or avoid greenhouse gas emissions.

As explained in previous research[7], fund exposure to controversial sectors and activities can vary depending on the data sources used. It may indeed be surprising to see that funds with "sustainable", "ESG, "SRI", "environmental", or "impact" in their name are exposed to companies involved in fossil fuels and oil and gas production, while these are supposed to be excluded under the ESMA guidelines. This can be attributed to the fact that the scope of PAB and CTB exclusions varies across data providers, asset managers, and funds, due to differing interpretations of the regulation and data sources. For instance, Sustainalytics currently considers transportation and consulting services related to fossil fuels to fall within the scope of PAB exclusions.

### Carbon Emission-Reduction Objectives

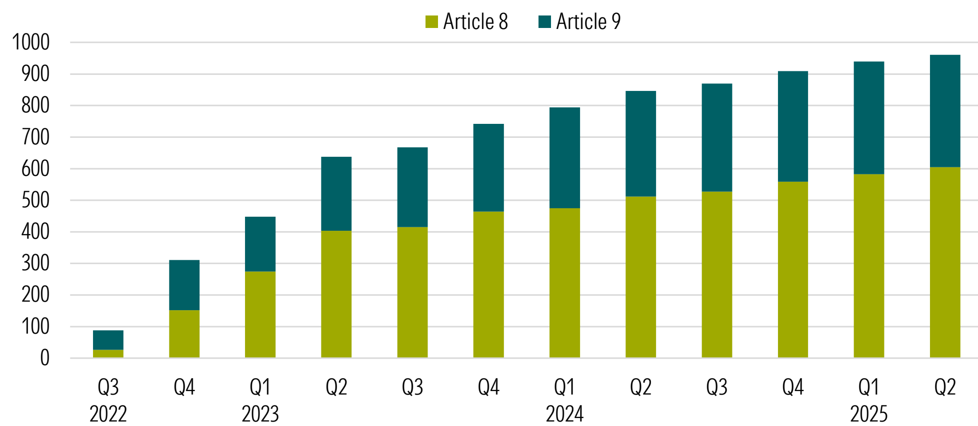
An important, yet voluntary, field in the European ESG template, is the "Carbon Emission Reduction Objective,"[8] which more funds are adding as a feature to their strategies, as evidenced below by the growing number of funds responding "Yes" to the field in the European ESG Template (EET). As of June 2025, about 605 Article 8 funds and 356 Article 9 funds reported having a carbon-reduction objective, accounting for 12% of the Article 8 funds and 37% of the Article 9 funds that have populated the field. These percentages are level with the restated percentages for the previous quarter.

6 High and severe controversies are described as having high & severe impacts on the environment and/or society, posing high & severe business risks to the company. This category typically represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.

7 ESMA's Guidelines on ESG Fund Names | Morningstar

8 EET reference: 20570_Financial_Instrument_With_Objective_Of_A_Reduction_In_Carbon

**Exhibit 32** Number of Article 8 and Article 9 Funds With Carbon Emission-Reduction Objectives




Source: Morningstar Direct. Data as of March 2025, based on a total of 5,291 funds that populated the field, including 4,924 Article 8 funds and 963 Article 9 funds . The increase in the number of funds with carbon-reduction objectives also partly reflects the increase in EET coverage. For Q2 2025, we restated the whole history of the data point based on higher data coverage.

The exhibit above, in fact, encapsulates a wide range of objectives represented in this universe of Article 8 and Article 9 funds with emissions-reduction objectives. The least-constraining goal is to reduce a portfolio's carbon intensity relative to a benchmark or an investment universe with unquantified or relatively low targets. For example, while it does not specify a carbon reduction target relative to its investment universe, **UBS Global Emerging Markets Opportunity Reduced Carbon Fund** aims to maintain an absolute low-carbon emissions profile of below 100 tonnes of $CO_2$ per million US dollars of revenue.

Many other passive strategies choose to track or reference themselves to Paris-aligned benchmarks and climate-transition benchmarks target emissions reductions of 50% and 30%, respectively. For example, **Ossiam Bloomberg Europe ex Eurozone PAB** tracks an index that aims for a 50% greenhouse gas intensity reduction compared with the parent index, while seeking to maintain at least a 7% reduction, on average, per year.

Meanwhile, certain active strategies adopt a more dynamic, transitional approach by considering the contribution or progress made by individual companies, while offering compatible, quantified emissions reductions between 10% and 50%. For example, **La Française Obligations Carbon Impact** seeks to achieve a weighted average of the portfolio's greenhouse gas emissions per euro invested (scopes 1 and 2) at least 50% lower than that of the benchmark. Companies within the investable universe are then classified by quartile within their respective sectors into “low carbon,” (1st quartile, top 25%), “transition on track with the sectoral decarbonization trajectory” (2nd quartile), “transition requiring greater ambition” (3rd quartile), and “laggards” (last quartile) where no investment will be made in the last category.

Another example is **Schroder Carbon Neutral Credit**, which focuses on issuers contributing toward the objective of carbon-emission reduction by one or a combination of the three objectives, including being carbon neutral, being on track to achieve an 80% emissions reduction or equivalent by 2030, and/or demonstrating a contribution to a reduction of carbon emissions.

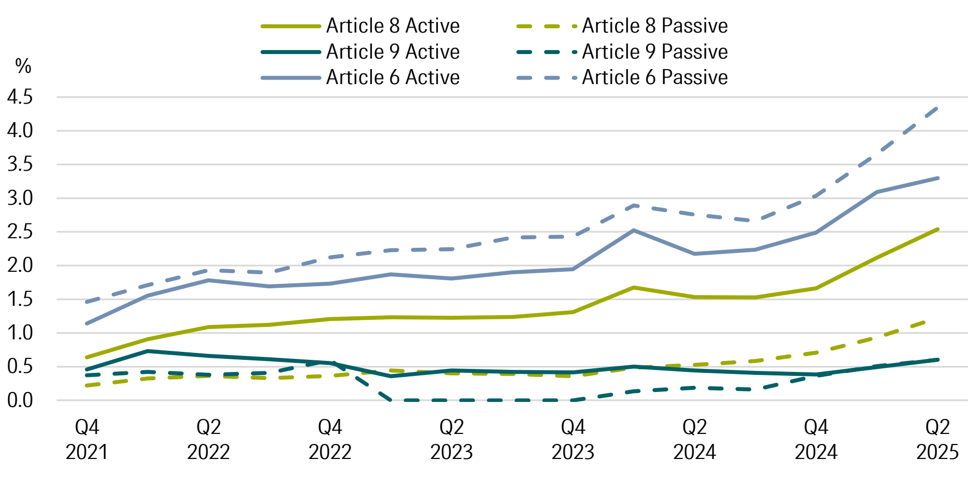
**Article 8 and Article 9 Fund Exposure to Defense**

In this section, we examine the exposure of Article 8 and Article 9 funds to the defense sector and how it has evolved since the start of the war in Ukraine in 2022 and, more notably, since early 2025, when rising geopolitical tensions prompted the European Commission to increase military spending. In March, the European Commission introduced the ReArm Europe Plan / Readiness 2030 initiative, which aims to strengthen the EU's defense capabilities by 2030, with up to EUR 800 billion in funding. To encourage greater capital flows into the defense industry, policymakers have also clarified that such financing is compatible with ESG policies. (See more on this in the regulatory update at the end of this report.)

**Active Article 8 European Equity Funds Have Quadrupled Their Exposure to Aerospace & Defense**

Looking at the exhibit below, it is clear that overall investor interest in the defense sector has grown since 2022. This is partly reflected by the increased exposure to Aerospace & Defense sector stocks across Article 6 and Article 8, although not Article 9 funds. In this section, we focus on funds investing in European equities[9].

**Exhibit 33** Exposure of European Equity Article 8, 9 and 6 Funds to Aerospace & Defense




Source: Morningstar Direct. Data as of June 2025. Article 6, 8, and 9 funds in pan-European and single European country Morningstar Categories.

Passive Article 6 European equity funds, followed by their active equivalents, have seen their average exposure to the Aerospace & Defense sector increase the most over the past three and a half years, to 4.3% and 3.3%, respectively, from 1.5% and 1.1% at the beginning of 2022. The surge has been the steepest this year. For context, the Morningstar Europe index had 4.7% exposure to Aerospace & Defense as of June 2025, up from 1.5% at the beginning of 2022.

9 Article 6, 8, and 9 funds in pan-European and single European country Morningstar Categories.

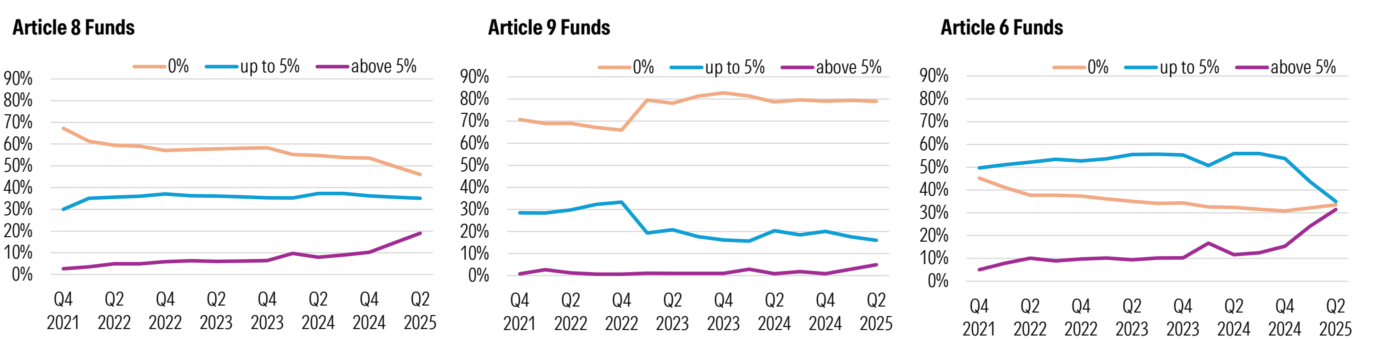
Article 8 European equity funds have seen their A&D exposure rise significantly as well to 2.5% (for active) and 1.2% (for passive), on average, from 0.6% and 0.2%, respectively. However, these exposures remain lower than those of Article 6 funds –particularly passive Article 8 funds, due to the strict exclusion policies of their underlying indexes. Meanwhile, Article 9 European equity funds – both active and passive – have maintained near zero exposure to Aerospace & Defense companies, with little change over time.

The rise in Aerospace & Defense exposure among Article 6 and Article 8 funds can be attributed to two main factors: increased buying by fund managers and the appreciation of defense stocks. While the former is harder to quantify, the latter is evident in the strong performance of defense-related indexes. The Morningstar European Aerospace & Defense sector index gained 249% between January 2022 and June 2025. It beat its US counterpart, which gained 78% over the same period. Meanwhile, the broad European developed equity market benchmark returned 26%.

**54% of Article 8 European Equity Funds Have Some Defense Exposure**

Below we show how the proportion of Article 8, 9 and 6 European equity funds with exposure to Aerospace & Defense change has changed over time.

**Exhibit 34** European equity-focused funds – Evolution of the Number of Funds with Different Exposures to Aerospace & Defense




Source: Morningstar Direct and Morningstar Sustainalytics Research. Data as of June 2025.

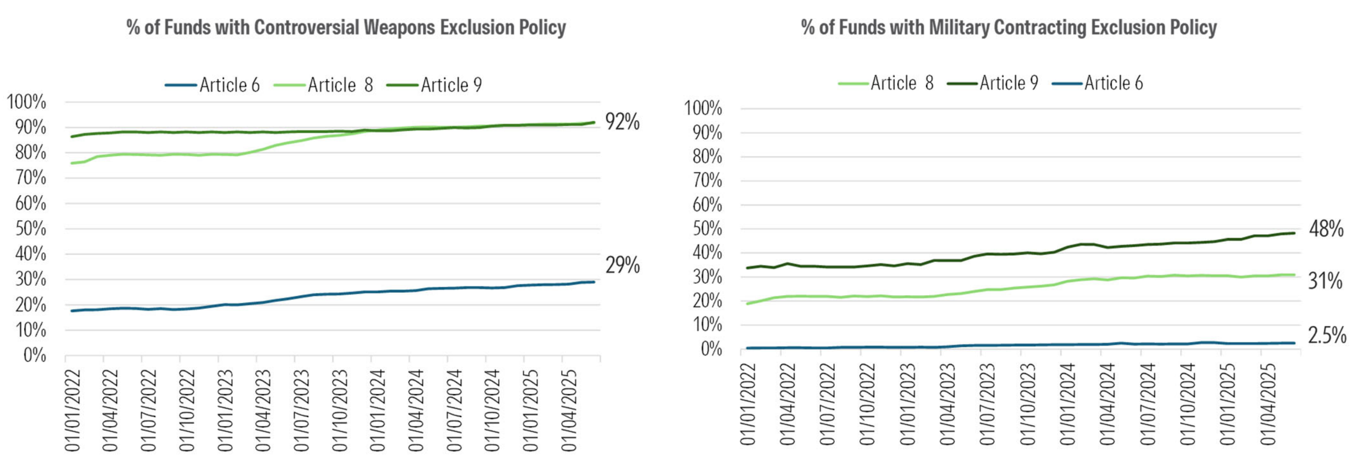
The proportion of Article 8 European equity funds with zero Aerospace & Defense exposure has dropped since 2022, to 46%, from 67% in 2022, while 19% of Article 8 European equity funds now have A&D exposure of at least 5%, compared with 3% in 2022. This shift, however, is not as significant as the one experienced by Article 6 European equity funds, which have seen their share of funds with zero Aerospace & Defense exposure decline to 34% from 45%, while 31% of Article 6 European equity funds now have Aerospace & Defense exposure of at least 5%, six times more than in 2022.

Meanwhile, the proportion of Article 9 European equity funds with zero Aerospace & Defense exposure has remained relatively stable, around 80%, over the past three and a half years (ignoring the uptick observed at the end of 2022 to the beginning of 2023, which was due to a wave of reclassification of funds from Article 9 to Article 8[10]). Still, as of the end of June, 16% of Article 9 funds had Aerospace & Defense exposure of up to 5%, and 5% of those funds had at least 5%.

**"Only" 31% of Article 8 and 48% of Article 9 Funds Have Military Contracting Exclusion Policies**
Morningstar Direct provides 18 exclusion data points to help investors identify funds that align with their sustainability preferences. Two of these exclusions, sourced from fund prospectuses, are Controversial Weapons and Military Weapons.

As shown below, since the start of the war in Ukraine in 2022, the share of Article 8 and Article 6 funds stating in their prospectuses that they exclude controversial weapons has increased, rising from 76% and 19%, to 92% and 29%, respectively. In contrast, the proportion of Article 9 funds applying this exclusion has remained relatively stable, as it was already high at 89%. Today, Article 8 and Article 9 funds have the same proportion (92%) of funds applying controversial weapons exclusions.

**Exhibit 35** Proportion of Article 8 and Article 9 Funds with Controversial Weapons and Military Weapons Exclusion Policies, Compared with Article 6 Funds'




Source: Morningstar Direct and Morningstar Sustainalytics Research. Data as of June 2025.

Due to the lack of universal agreement, though, on what constitutes a "controversial weapon," excluded companies can be expected to vary across funds. For example, some funds exclude all involvement in nuclear weapons, while others make exceptions for companies domiciled in countries that are signatories to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Additionally, some funds only exclude companies that manufacture controversial weapons, while others also exclude companies that provide components, logistics, or support services. All these nuances may create wide variations in the scope of controversial weapons exclusions.

10 Reclassifications reached their zenith in the last quarter of 2022, with close to 420 funds altering their SFDR status. Out of these, 307 were downgraded to Article 8 from Article 9, representing a total size of EUR 175 billion at the time. That large reclassification wave was triggered by the clarification, provided by the European Securities and Markets Authority, of the EU Commission's June 2021 Q&A over the summer of 2021. It specified that funds making Article 9 disclosures may only invest in sustainable investments based on the definition provided by Article 2, No. 17 of the Disclosure Regulation, with the exception of cash and assets used for hedging purposes.

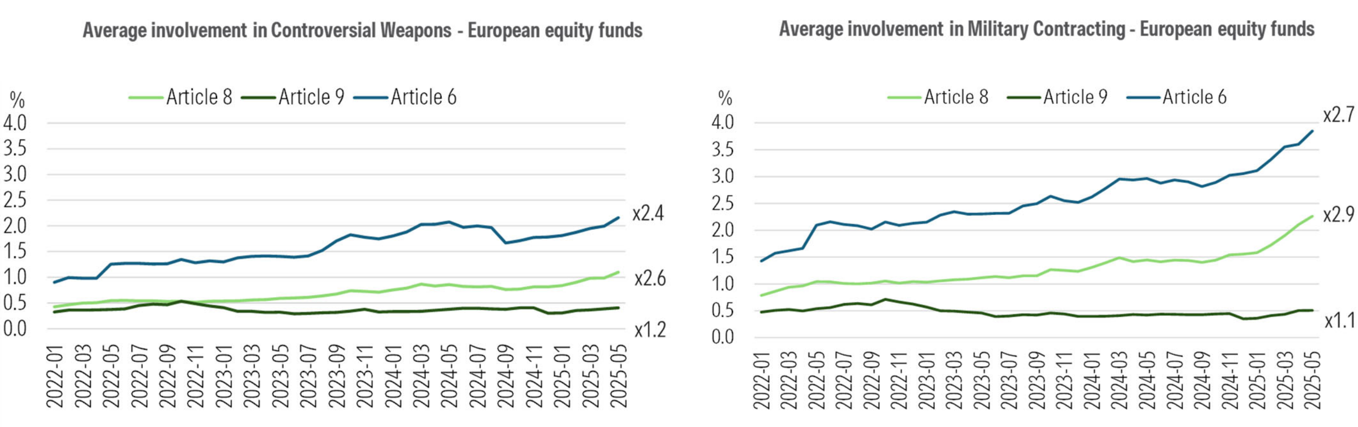
Meanwhile, looking at exclusions related to military contracting – by contrast to controversial weapons – only 31% of Article 8 funds and 48% of Article 9 funds state that they exclude companies involved in military contracting. This is compared with just 2.5% of Article 6 funds. Here again, since 2022, military contracting-related exclusions have increased for both Article 8 and Article 9 funds, while they have remained quasi-unchanged for Article 6 funds.

We acknowledge that these findings do not necessarily reflect recent decisions by several asset managers to amend their weapons exclusion policies to allow investments in certain types of weapons. For example, Allianz Global Investors[11] removed exclusions for its Article 8 mutual funds within two specific areas: military equipment and services and nuclear weapons inside NPT. UBS Asset Management[12] withdrew its policy prohibiting its sustainable funds from investing in companies that generated more than 10% of their revenues from producing conventional military weapons. Meanwhile, Danske Bank Asset Management[13] removed 30 or so defense-related companies from its exclusion lists.

**Article 8 Funds' Involvement in Both Controversial Weapons and Military Contracting Has Increased, But Not for Article 9 Funds**

Now, we look at the actual involvement of Article 8, 9 and 6 funds in controversial weapons and military contracting, using Sustainalytics' product involvement datapoints. Focusing solely on funds that invest in European equities[14], we can see that Article 8 funds have increased their involvement in controversial weapons and military contracting by 2.6 and 2.9 times, respectively, on average, since the start of 2022, to 1.1% and 2.3%, as of May 2025. However, involvement levels are still about 40-50% lower than those of Article 6 funds, on average. Meanwhile, for Article 9 funds, involvement in controversial weapons and military contracting remains much lower and has stayed nearly unchanged over time.

**Exhibit 36** European Equity-Focused Funds – Average Involvement in Controversial Weapons and Military Weapons




Source: Morningstar Direct and Morningstar Sustainalytics Research. Data as of May 2025.

11 https://regulatory.allianzgi.com/-/media/allianzgi/eu/regulatory/2025-march/client-letter-exclusions-policy-changes.pdf?rev=458e225294b94138b41bc863ceb30537&hash=94285E929E0C54628E37FBCE6E40638E

12 UBS sustainable funds can invest in weapons manufacturers - SWI swissinfo.ch

13 Danske Bank expands its investment universe for defense shares

14 These include funds focused on pan-European and European single-country equities.

Below is the list of the defense companies most commonly held by European equity funds. These companies have varying levels of revenue generated from defense-related activities. Companies such as Thales, Rheinmetall and Leonardo generate most of their revenue from military contracting products (between 50% and 100%), while others, such as Safran, Airbus, and Roll-Royce, derive less than 25% of their revenue from military contracting activities.

Some of these companies are also involved in what Sustainalytics classifies as controversial weapons. In the case of Safran, Airbus, Thales, and others, this is due to their involvement in the production of nuclear missiles. As previously mentioned, the vast majority of Article 8 and Article 9 funds exclude companies associated with controversial weapons, but many make exceptions for firms involved in nuclear weapons if they are domiciled in countries that are signatories to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

And finally, most companies on this list carry a Medium ESG Risk Rating, while a few, such as Sweden's Saab and France's Dassault Aviation, are rated High. Two companies, Fincantieri (Italy) and Mildef (Sweden), stand out with a Low ESG Risk Ratings.

**Exhibit 37** European Equity Funds - Commonly Held Defense Stocks

| Company Name | Country | Market Cap ($Mil) | ESG Risk Rating | Sustainalytics Subindustry | Involvement in Military Contracting Weapons | Involvment in Controversial Weapons |
|---|---|---|---|---|---|---|
| Safran SA | France | 124,681 | Medium | Aerospace and Defence | 10%-24.9% | Yes |
| Airbus SE | Netherlands | 145,180 | Medium | Aerospace and Defence | 10%-24.9% | Yes |
| MTU Aero Engines AG | Germany | 21,447 | Medium | Aerospace and Defence | 10%-24.9% | No |
| Thales | France | 62,494 | Medium | Aerospace and Defence | 50%-100% | Yes |
| Rheinmetall AG | Germany | 95,696 | Medium | Aerospace and Defence | 50%-100% | No |
| Leonardo SpA | Switzerland | 1,385 | Medium | Aerospace and Defence | 50%-100% | Yes |
| Kongsberg Gruppen ASA | Norway | 32,117 | Medium | Conglomerates | 25-49.9% | No |
| Rolls-Royce Holdings PLC | United Kingdom | 97,737 | Medium | Aerospace and Defence | 10%-24.9% | Yes |
| Saab AB | Sweden | 27,196 | High | Aerospace and Defence | 50%-100% | No |
| Hensoldt AG | Germany | 12,089 | Medium | Aerospace and Defence | 50%-100% | No |
| Dassault Aviation SA | France | 28,371 | High | Aerospace and Defence | 50%-100% | Yes |
| BAE Systems PLC | United Kingdom | 75,310 | Medium | Aerospace and Defence | 50%-100% | Yes |
| Fincantieri SpA | Italy | 5,423 | Low | Heavy Machinery and Trucks | 25%-49.9% | No |
| QinetiQ Group PLC | United Kingdom | 3,659 | Medium | Aerospace and Defence | 50%-100% | No |
| Mildef Group AB | Sweden | 970 | Low | Aerospace and Defence | 50%-100% | No |
| Avio SpA | Italy | 612 | High | Technology Hardware | 10%-24.9% | No |

Source: Morningstar Direct and Morningstar Sustainalytics Research. Data as of March 2025.

Below is a list of Article 9 European equity funds with exposure to defense companies, most of which are featured in the table above. This list includes funds with a climate-focused mandate, as well as broader sustainable funds, including some with an impact or social focus.

**Exhibit 38** Article 9 European Equity-Focused Funds with Defense Holdings

| Fund Name | SFDR Type | Weighting (%) | A&D Equity Holdings | Total # of Holdings |
|---|---|---|---|---|
| PhiTrust Active Investors France | 9 | 10.4 | Safran SA, Airbus SE, Thales | 40 |
| Ecofi Smart Transition | 9 | 3.8 | Safran SA | 46 |
| Great European Models SRI | 9 | 6.1 | Safran SA, Airbus SE | 38 |
| Best Business Models SRI | 9 | 6.1 | Safran SA, Airbus SE | 45 |
| LFR Euro Développement Durable ISR | 9 | 3.0 | Safran SA | 45 |
| Fideas Smart for Climate Act Eurozone | 9 | 5.0 | Safran SA, Airbus SE, Leonardo SpA, Thales, MTU Aero Engines AG | 212 |
| Alphajet Europe Impact360 | 9 | 3.3 | Kongsberg Gruppen ASA, MTU Aero Engines AG | 72 |
| Ofi Invest ESG Social Focus | 9 | 1.6 | Kongsberg Gruppen ASA | 51 |
| Osmosis Resource Efficient Europe Equity | 9 | 1.3 | Dassault Aviation SA | 48 |
| OSSIAM Bloomberg Eurozone PAB | 9 | 1.9 | MTU Aero Engines AG, Dassault Aviation SA | 87 |
| UBS MSCI Europe Climate Paris Aligned ETF | 9 | 1.3 | Rolls-Royce Holdings PLC, MTU Aero Engines AG, Saab AB, Kongsberg Gruppen | 251 |
| Trea Cajamar RV Europa Sostenible | 9 | 0.5 | MTU Aero Engines AG | 89 |
| DIX Europe Restricted | 9 | 0.7 | Rolls-Royce Holdings PLC, MTU Aero Engines AG | 334 |
| S-Bank Passive Europe ESG Equity | 9 | 0.2 | MTU Aero Engines AG | 196 |
| JPM Europe Research Enhanced Index Equity SRI ET | 9 | 0.2 | MTU Aero Engines AG | 195 |
| Handelsbanken Norden Index | 9 | 0.1 | CTT Systems AB | 353 |
| UBS MSCI EMU Climate Paris Aligned ETF | 9 | 0.0 | MTU Aero Engines AG | 119 |

Source: Morningstar Direct and Morningstar Sustainalytics Research. Data as of March 2025.

For additional information on the Defence Readiness Omnibus, watch our webinar replay: Navigating EU ESG Rules and Defense Financing Priorities.

**Regulatory Update**

Following the publication of the European Commission's Omnibus package in February, the Council of the European Union agreed on its position in June. This sets the Council's negotiating mandate as it relates to scaling back key sustainability regulations, namely the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The mandate does not address the Council's position on changes to the EU Taxonomy, which was mentioned in the Commission's package. For example:

- While the Commission's proposed amendments to the CSRD would narrow the scope of entities from the directive by increasing the employee threshold to 1,000 and removing listed small and medium-sized enterprises (SMEs), the Council added a net turnover threshold of over EUR 450 million.
- In regard to the CSDDD, the Council similarly proposed increased thresholds, which would limit the scope of the directive. The Council amendments would raise the employee threshold to 5,000 and the net turnover threshold to EUR 1.5 billion.

The European Parliament is expected to adopt its position on these issues in October 2025. Once this has been published, trilogue negotiations will begin, with a final agreement on changes to the CSRD, EU Taxonomy, and CSDDD expected towards the end of 2025, or early 2026.

As foreshadowed by its earlier White Paper for European Defence - Readiness 2030, the European Commission published its Defence Readiness Omnibus in June, aiming to establish a defense-readiness mindset across the European Union and laying the groundwork for significant investment in the defense sector. With portions dedicated to defense-specific and non-defense specific legislation, the package includes clarifications on the treatment of the defense sector for ESG-related investments.

In particular, the Commission published a notice on the application of the sustainable finance framework and the corporate sustainability due diligence Directive to the defense sector. This communication highlights the specific language in existing sustainability-related regulations, such as the Sustainable Finance Disclosure Regulation (SFDR), the EU Taxonomy, and the Benchmark Regulation (BMR), that could be perceived as a barrier to investing in the defense sector, and clarifies the scope of restrictions around controversial weapons and the "do no significant harm" (DNSH) principle. In particular, the communication notes that considerations around weapons are focused on controversial weapons, specifically anti-personnel mines, cluster munitions, chemical weapons, and biological weapons, and that the DNSH principle does not preclude investment in the defense sector. For example, implementation of the principle in the EU Taxonomy is specifically connected to the SFDR. In the technical standards for the SFDR, there is a provision for a statement on principal adverse impacts, with one indicator being exposure to controversial weapons. M

**About Morningstar Sustainalytics**

Morningstar Sustainalytics is a leading ESG research, ratings, and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects. For more information, visit www.Sustainalytics.com.