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The EU has developed a comprehensive policy agenda regarding sustainable finance to achieve the goals of SDGs and the Paris Agreement. Our paper first reviews recent sustainable finance strategies in the EU and explores the implementation (particularly focusing on taxonomy), benchmarks, disclosures in the financial service sector, and corporate disclosure, analyzing the impact of these measures on Japanese companies.

Finally, the expectations and suggestions of market participants regarding Japanese policies are discussed taking into account European movements in biodiversity and a circular economy as well as decarbonization, which has just been declared by Prime Minister Suga.

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The EU has established a “taxonomy”, a classification system, for attracting private sector funds necessary for sustainable economic activities, mainly with respect to environmental measures. While there are pros and cons, it is a fact that sufficient information disclosure such as fragmentation and reliability has not been forthcoming, and it takes a great deal of time to understand and interpret the situation. However, according to the adaptive market hypothesis, imperfections and unstructured disclosures are considered to be a business opportunity for securities analysts working to gain a deeper understanding of the business models of investees.

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While summarizing recent trends that are driving sustainability governance, this paper describes sustainability committees as a mechanism for realizing sustainability governance, including best practice in the Europe, the US, and Japan, and suggests future directions.

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<p>In this paper, we argue the relationship between sustainability and corporate value. We show that sustainability is important in a low interest rate environment. Furthermore, we discuss ideal disclosure from advanced corporate practices. While many articles show there is a positive correlation between sustainability and corporate value, some show that a greenwash is revealed by investors and banks. We conclude that corporate value is created by genuinely pursuing sustainability, showing it objectively using KPIs, and disclosing the information and the story showing the relationship between sustainability and corporate value.</p>		
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<p>The purpose of this paper is to examine how Regulation Fair Disclosure (FD) affects analyst forecasts. Following the introduction of FD, analysts cannot access private management information about future earnings, which could thus increase the reliance of analysts on public information. Our investigation suggests that the reliance of analysts on management earnings forecasts increased after the implementation of FD.</p>		
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<p>In this study, by utilizing deep learning techniques, we analyze the informational value of the textual tone of analyst reports. The price reaction triggered by report tone is significant, and statistically and economically significant price drift can be observed. These findings not only supplement empirical evidence regarding their informational value but also support the view that prices underreact to textual information in analyst reports.</p>		
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