ERM SUSTAINABILITY INSTITUTE

RATE THE RATERS 2026

Beyond the score -
Investor views on ESG ratings

October 2026

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CHAPTER 1

Introduction

The ESG data and investment landscape have experienced considerable turbulence since the ERM Sustainability Institute last examined investor perspectives on ESG ratings in 2023. Surging sustainable finance regulation, increasing mandatory corporate disclosure, and direct oversight of ESG ratings providers have intensified scrutiny. Advances in artificial intelligence have also profoundly changed how ESG data can be collected and processed.

Together with other factors, these developments have reshaped how investors access, assess, and use sustainability information.

This report examines how investors perceive ESG ratings and data now.

Our research draws on a survey of 53 investment professionals undertaken between February and July 2026, plus 10 additional interviews with a sub-set of the surveyed investors and other industry leaders. Collectively, the 53 survey participants' organizations represent around $23.5 trillion in assets under management (AUM).

As with previous editions, this report provides readers with an in-depth look at how investors rank ESG ratings on quality and usefulness, how they use ratings and underlying data in investment processes, how their views are evolving over time, and how investor perspectives compare to corporate views on ESG ratings.

Serving as a companion piece to the 2025 corporate edition of Rate the Raters, it compares investor views on ESG ratings organizations with corporate perspectives to explore where expectations align or diverge. The report is part of the ERM Sustainability Institute's multi-year Rate the Raters initiative, deploying surveys, interviews, and market research to understand how companies and investors engage with ESG rating providers. This is the 6th edition of Rate the Raters series, analyzing the shifts in perceptions of ESG raters.

The report begins with a summary of key findings and takeaways, followed by an overview of how the context for ESG ratings and sustainable investing has changed. The majority of the report focuses on detailed survey results and analysis, covering provider quality and usefulness, how investors use ESG ratings data, and the future of ESG ratings. The conclusion presents recommendations for raters, investors, and companies.

WHAT IS AN ESG RATING?

ESG ratings, developed by both for-profit and nonprofit entities, aim to measure how well a company's strategy, operations, and structure align with sustainability priorities.

According to the International Organization of Securities Commissions (IOSCO), **"ESG ratings and data products providers are entities that offer ESG ratings and/or ESG data products to financial market participants, typically to assess the sustainability performance or risk profile of companies, instruments, or portfolios."**

For this report series, we use the following broad definitions:



ESG rating firm: Any provider of ESG ratings. Most ESG ratings firms produce more than one rating product to serve different customer needs.



ESG rating: Assessment of sustainability performance, often numerical scores or letter grades, derived by analyzing ESG data. While ESG ratings can exist for nations, sectors, and non-corporate entities, this research report focuses only on ratings of individual corporations, especially publicly traded companies.



ESG ranking: A type of ESG rating in which companies are not assessed on an absolute scale but instead are ranked "best to worst" relative to other companies.

ESG rating agencies vary in approach. Some are more active, requiring direct data input from companies they rate, while others are passive, collecting public information and inviting corporate review. Most prominent rating agencies cater to the investment community, serving as intermediaries that measure how well companies perform on sustainability metrics and manage sustainability risks. While they remain an essential resource for investors evaluating corporate performance and shaping market outcomes, they are equally relevant to other audiences, including prospective employees, partners, and customers. Other raters specialize in supply chain evaluation, and still others position for public visibility. These ratings help stakeholders gauge corporate ESG risks and achievements.

For a comparative overview of evaluated raters, please refer to Appendix II of the 2025 corporate edition of Rate the Raters.

CHAPTER 2

Key findings

1 ESG ratings remain relevant to investors but have fallen behind as leading sources of information for investment decisions.

- Investors continue to use ESG ratings products and underlying data to support investment analysis and decision-making; more than half of respondents reported using ESG ratings products and services more than once a week.
- However, ratings and underlying data are increasingly treated as one input among many, alongside in-house research, direct company engagement, and sustainability reports.
- The number of investors that consult ESG ratings ‘regularly’ has decreased since 2023, demonstrating how investors are turning to different sources.

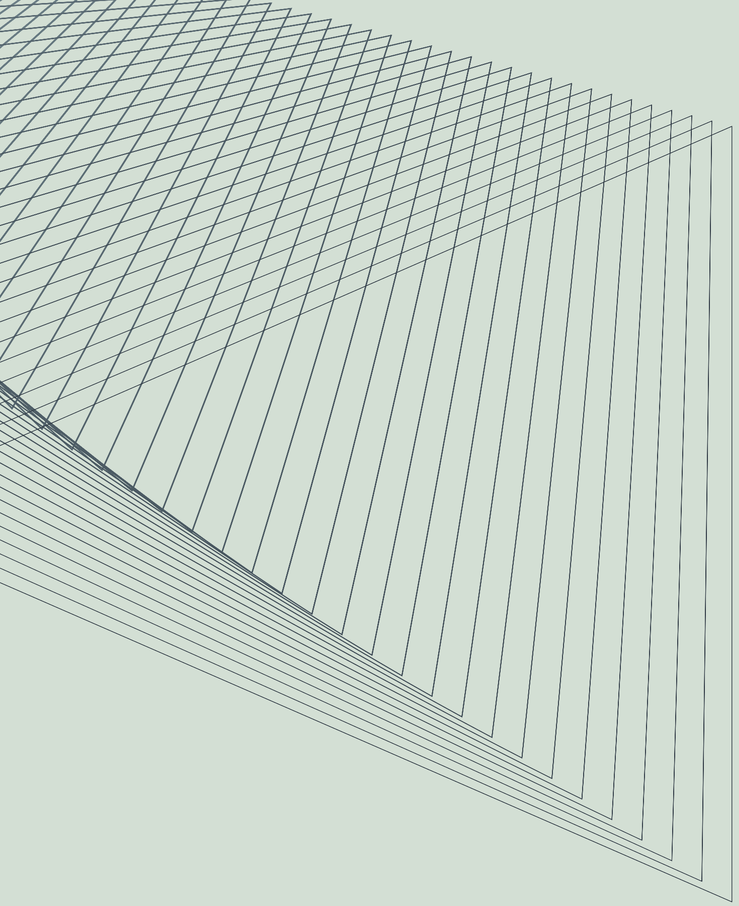
2 ESG data is increasingly regarded as a core input to investment decision-making, with a majority of respondents viewing ESG ratings information as material to investment performance.

- Respondents identified ESG ratings as a credible and high-quality source of information that is material to the investment process as the topmost reasons to use ESG ratings products or data.
- Our interviews also indicate that ESG data is increasingly embedded in conventional investment research, portfolio construction, risk management, benchmarking, and client reporting. Ratings also play an increasing role in IPO preparation processes.

3 MSCI ranks as the leader among ESG ratings in both perceived quality and usefulness but in an environment where investors are more critical of ESG ratings.

- MSCI ranks highest among investors for both perceived quality and usefulness, with an average quality score of 3.50 (out of 5) and average usefulness score of 3.58 (also out of 5). MSCI also has the highest familiarity among respondents, with three out of four investors who responded to the survey choosing to assign MSCI a score.
- At the same time, average perceived quality and usefulness scores declined compared with 2023, suggesting investors are scrutinizing ratings more than in prior survey cycles.
- Trust in ESG ratings also declined, with the average investor trust score falling from 3.31 in 2023 to 3.05 (out of 5) in 2026, though moderate trust remains the dominant position.





4 Investors continue to rely on multiple providers, but increasingly weigh integration, price, coverage, and topic-specific data in their subscriptions.

- Most respondents reported actively engaging with either one-to-two or three-to-five ESG ratings providers, suggesting that investors continue to use more than one source but limit the set of providers.
- In interviews, investors said they are more selective when choosing providers, citing data overlap, high subscription costs, and vendor lock-in as negative factors.
- Investors also indicated interest in smaller providers with differentiated datasets on topics such as climate, nature, or human rights.

5 Investment organizations value underlying data more than high-level scores provided by ESG ratings but the use of both has declined relative to other sources of information on corporate ESG performance.

- Top-level ESG scores fell out of the top three most useful sources of ESG information for investment decisions. Investors prefer to use the underlying data, sub-scores, and company-level information behind ESG ratings as inputs to their own analysis and decision-making.
- Although investors prefer underlying data from ESG providers to top-level ESG scores, use of both has declined since 2023. Corporate sustainability reports saw the largest increase in popularity and are now the third most used source of ESG information among investors.

6 Respondents expect stricter regulation of sustainable investment products to increase their use of ESG ratings and underlying data.

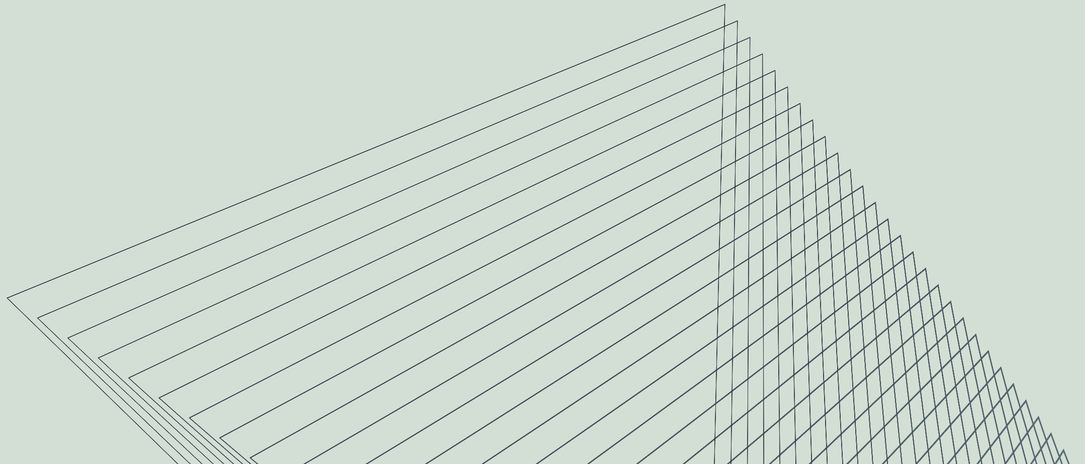
- Despite their growing reservations, most surveyed investors expect their use of ESG ratings and underlying data to increase as sustainable finance regulations place greater emphasis on demonstrating alignment with sustainability-related requirements and definitions.
- Investors' top priorities for improvement reflect these growing regulatory demands: greater focus on material issues, better alignment with mandatory reporting standards, stronger regulation of ESG ratings, and more transparent, higher-quality methodologies.

7 AI is viewed as an important tool to independently verify existing data, automate data collection, and support controversy monitoring.

- The majority of investors expect to use AI to verify data quality, automate the collection and processing of ESG data from multiple sources, and monitor ESG events and controversies. This could reduce some dependence on manual data collection and help investors validate ESG information more efficiently.
- This shift is already visible in the provider landscape. Survey and interview findings suggest that investors use AI-enabled and technology-driven ESG data tools (e.g., Clarity AI and Auquan) more frequently alongside more established ratings providers.

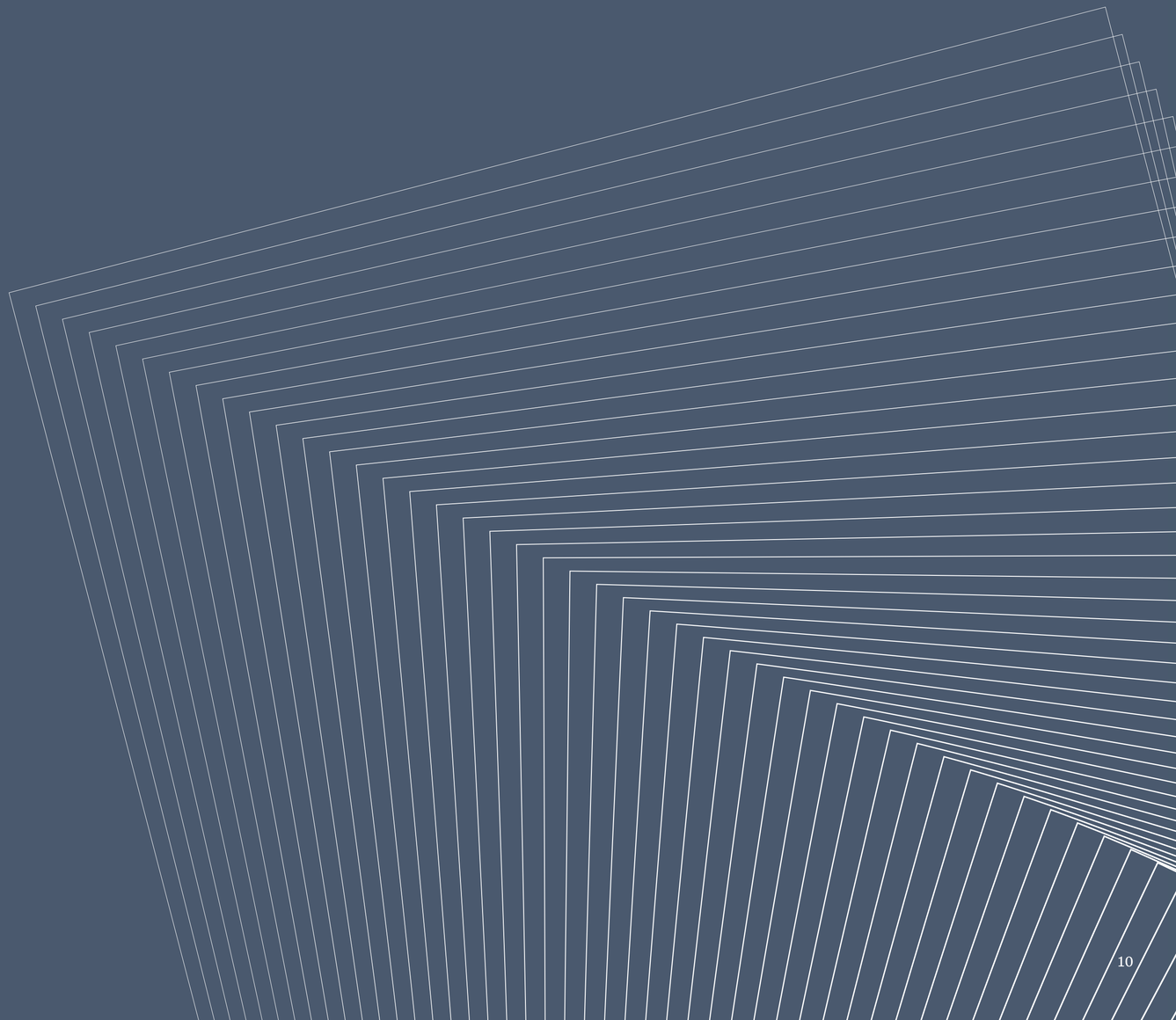
8 Investors are more critical than corporates of ESG ratings, reflecting different use cases and expectations for decision-useful data.

- Investors and corporates broadly agree on leading providers (e.g., MSCI, CDP, S&P Global, and EcoVadis), but investors appear more critical of ratings organizations overall, awarding lower average scores for quality and usefulness than corporate respondents.
- These differences likely reflect distinct use cases. Corporates often use ratings as tools for disclosure, benchmarking, supply chain monitoring, and performance management, while investors prioritize underlying data to integrate into proprietary analysis.



CHAPTER 3

The ESG ratings landscape



Trends in the ESG ratings and investing landscape

The sustainable investing market has entered a more challenging phase since ERM last surveyed investors in 2023. After a period of rapid product growth, the market is now being shaped by greater scrutiny of sustainability claims, new disclosure requirements, more sustainable finance regulation, and increased direct regulation of ESG ratings providers.

Sustainable investing is volatile, varying significantly by region. In 2025, global investors withdrew $84 billion from sustainable investment funds, compared to net inflows of $34 billion in 2024, although the first half of 2026 saw modest net inflows again. This suggests that investors are becoming more selective in their allocation to sustainable investment products, rather than abandoning them altogether.

The fact that the majority of conventional investment funds now use ESG criteria in their investment decisions may be another factor that reduces the demand, and the need, for sustainable investment funds. However, the shift to a broad integration of ESG criteria does not necessarily translate into a reduced interest in ESG ratings or data and could very well increase it.

These developments are changing how sustainable investment products are marketed, how investors use ESG data, and how ratings providers position their services. The current ESG investing and ratings landscape is being shaped by several key trends:

Sustainable finance regulation is raising expectations for credible claims and transparent product classifications.

Regulators increasingly scrutinize the credibility of sustainability-related claims and investment products. Fund naming requirements and sustainable finance taxonomies, including the EU Taxonomy and emerging taxonomies in Asia-Pacific, are tightening expectations for transparency and accountability. Changes in fund names and classifications may complicate comparisons of sustainable fund flows over time. See Appendix I for an overview of relevant global sustainable finance regulations.

Conflicting political signals pull asset managers in two opposing directions.

The anti-ESG movement has put asset managers in a difficult position. Some European pension funds have penalized managers for insufficient climate ambition, while some U.S. states have accused ESG-minded investors of boycotting fossil fuel companies. Nevertheless, a 2025 BNP Paribas survey found that 87% of institutional investors were maintaining their ESG and sustainability objectives, even as many reported becoming less vocal about them.

Regulation of ESG ratings providers is moving from policy development to implementation.

The EU ESG Ratings Regulation came into effect in July 2026 and represents the most significant regulatory intervention in the ESG ratings market to date. By placing ESG rating providers under direct European Securities and Markets Authority (ESMA) supervision and imposing new requirements on governance, transparency, methodology disclosure, and conflicts management, the regulation seeks to address longstanding concerns over the opacity, comparability, and credibility of ESG ratings. The new framework is driving significant changes across the industry as providers adapt methodologies, governance structures, and disclosure practices.

The requirements include authorization, governance frameworks, methodology disclosures, conflict management controls, and ongoing supervision by ESMA. This creates a significantly higher compliance burden than the largely unregulated market that existed previously.

In practice, this is likely to favor established providers, which already have the governance, legal, and compliance infrastructure to implement these requirements; whereas smaller and niche providers face proportionately higher compliance costs.

Table 1 highlights a selection of rater reactions.

Table 1: How ESG ratings providers are responding to new regulatory requirements

Type of change	Example
Restructuring governance and operations	CDP is establishing its consulting activities as a separate legal entity from its ESG ratings activities in response to the EU ESG Ratings Regulation, strengthening independence and management of potential conflicts of interest.
Expanding issuer relations processes and functions	ESG rater Clarity AI has expanded its capacity to engage with issuers of sustainable financial products to allow issuers to discuss their ESG rating, in compliance with the regulation.
Revising methodologies	MSCI's 2026 model update affected approximately 37% of rated issuers and put more emphasis on financially material, quantitative performance indicators.
Adjusting and accelerating disclosure cycles	CDP announced an accelerated 2027 disclosure timeline, which shortens the reporting cycle by approximately one month and moves the scoring deadline from September to June, allowing investors to access updated information earlier.
Refocusing product portfolios	Morningstar Sustainalytics exited the Second Party Opinion (SPO) business, which assessed sustainable debt, illustrating how providers are refocusing their product portfolios and strategic priorities.

Consolidation and investment activity are accelerating across the ESG ratings and data market.

After a quieter 2024, mergers & acquisitions and investment activity among ESG ratings and data providers accelerated again in late 2025 and 2026, continuing a broader trend of private capital investment in the sector. Recently, Apax acquired a controlling stake in Sedex, following LDC's earlier investment, while Permira invested in CDP. The **ESG Book-EthiFinance merger** will create one of Europe's largest independent sustainability and credit ratings agencies. Earlier transactions included General Atlantic's BeyondNetZero **acquiring a majority stake in GRESB** in 2024 and Astorg and BeyondNetZero leading a **$500 million investment** in EcoVadis in 2022. Together, these transactions reflect growing investor interest in scalable ESG data and ratings platforms, with capital being deployed to expand technology, data capabilities, products, and geographic reach.

Providers are becoming more transparent about market impact.

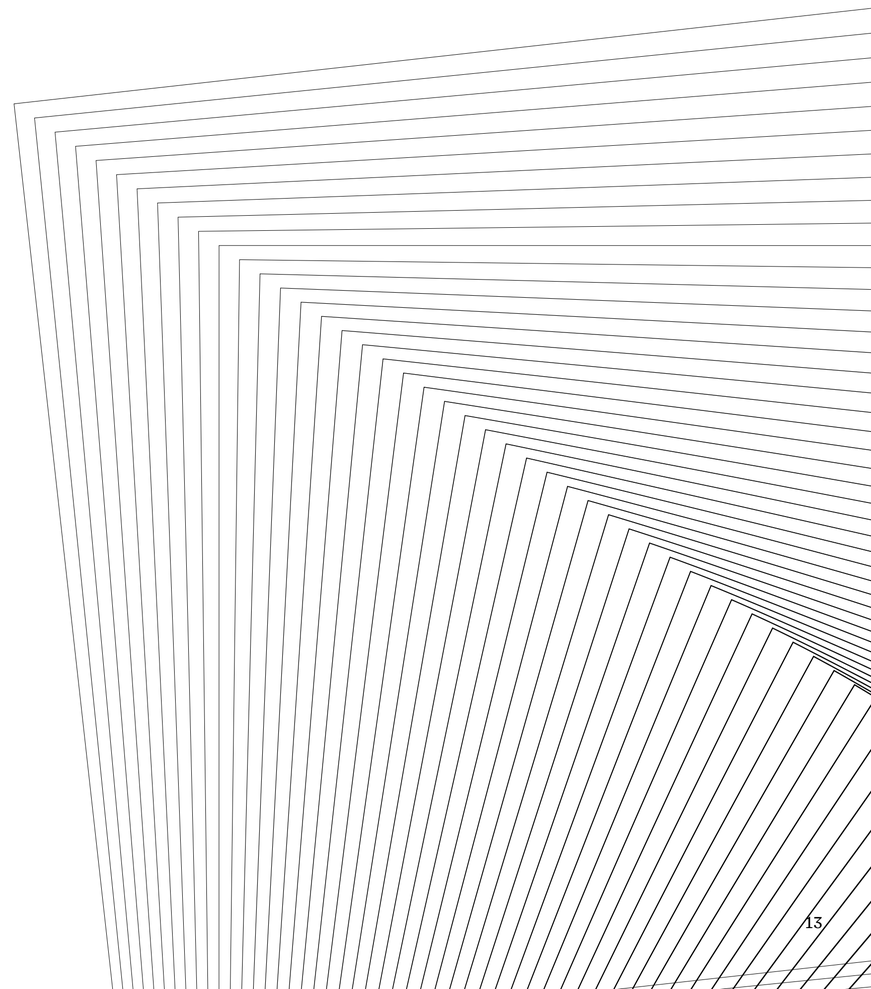
ESG raters are disclosing more information about the scale and influence of their products. For example, MSCI reports that **at least $1.1 trillion** in passive and active investment funds track or reference its sustainability and climate indexes, while EcoVadis links its supplier ratings to more than **$2.5 trillion** in procurement spend.

Specialized providers are gaining traction.

Investors are complementing their core ESG datasets with specialist data sources that provide deeper insight into topics such as climate transition plans, biodiversity, nature, human rights, and geospatial analytics.

ESG ratings providers are embedding AI into their approaches, particularly to support controversy monitoring, data collection, and validation.

ESG ratings providers are embedding AI into data collection, issuer engagement, and controversy monitoring processes. For example, EcoVadis uses AI as part of its controversy screening process, while Morningstar Sustainalytics has expanded its climate risk assessment capabilities through a partnership with an AI-powered data platform. CDP has also introduced AI-enabled features to support disclosure preparation. At the same time, AI-native challengers such as Clarity AI and Integrum are gaining traction, positioning their technology-led models as alternatives to established providers.



CHAPTER 4

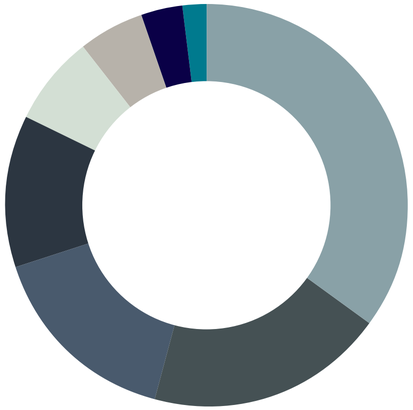
Investor survey results

Demographics

Between February and July 2026, the ERM Sustainability Institute conducted a survey of investment professionals. The findings presented in this report are based on responses from 53 industry professionals, compared with 33 respondents in the 2023 survey, supplemented by 10 interviews with selected survey participants and other industry leaders.

Survey participants represented a broad range of investor types, including asset managers, asset owners, private equity investors, and banks. By comparison, respondents to the 2023 survey were primarily asset managers, banks, and mutual funds.

Survey participants by investor type



- Asset management or investment advisory **(40%)**
- Asset owner **(22%)**
- Private equity **(18%)**
- Bank **(14%)**
- Venture capital **(8%)**
- Pension fund **(6%)**
- Mutual fund **(4%)**
- Insurance company **(2%)**

Note: percents do not sum to 100 as respondents could select more than one option

Four global regions represented by respondent organizations' headquarters



- Europe, Middle East, and Africa (EMEA) **(49%)**
- Asia-Pacific (APAC) **(29%)**
- North America (NA) **(20%)**
- Latin America (LATAM) **(2%)**

10

interviews with select investors from the survey pool and other industry leaders

4

global regions represented with companies in North America, Europe, Asia-Pacific, and Latin America

53

industry professionals

Assets under management



Total estimated AUM: $23.5T+

Section 1: Leaders on quality and usefulness

Summary of survey findings

Investors ranked MSCI highest for both perceived quality and usefulness.

Average perceived quality and usefulness scores declined since 2023, as did investor trust in ESG ratings.

Investor familiarity with ESG ratings remains concentrated among providers that historically have held the largest market share, led by MSCI.

Investors continue to prioritize methodology and data credibility when evaluating raters.

Key takeaways

High rankings for quality and usefulness among the largest and most established ESG ratings providers may reflect their strong brand recognition and deep integration into asset management workflows.

Relative to 2023, investors appear more critical of both ratings quality and usefulness, though they continue to find ESG ratings useful.

Investors are increasingly interested in smaller or specialized providers offering differentiated data or deep expertise on specific sustainability topics.

Investors view MSCI, CDP, and EcoVadis as leaders on quality

QUESTION

Considering all the rating products generated by each rater, please rate the following ESG ratings organizations based on their quality on the scale of 1 to 5, where 1 is very low quality, and 5 is very high quality.

Survey findings:

- MSCI had the highest average quality score at 3.50, followed closely by CDP at 3.45 and EcoVadis at 3.41. MSCI increased in rank since 2023, from 7th to 1st, and was the only provider to achieve a slight quality score increase in 2026.
- Overall, average perceived quality scores declined significantly compared with 2023. The highest average score fell from 4.20 in 2023 to 3.50 in 2026, indicating a marked decline in investor perceptions of ratings quality.

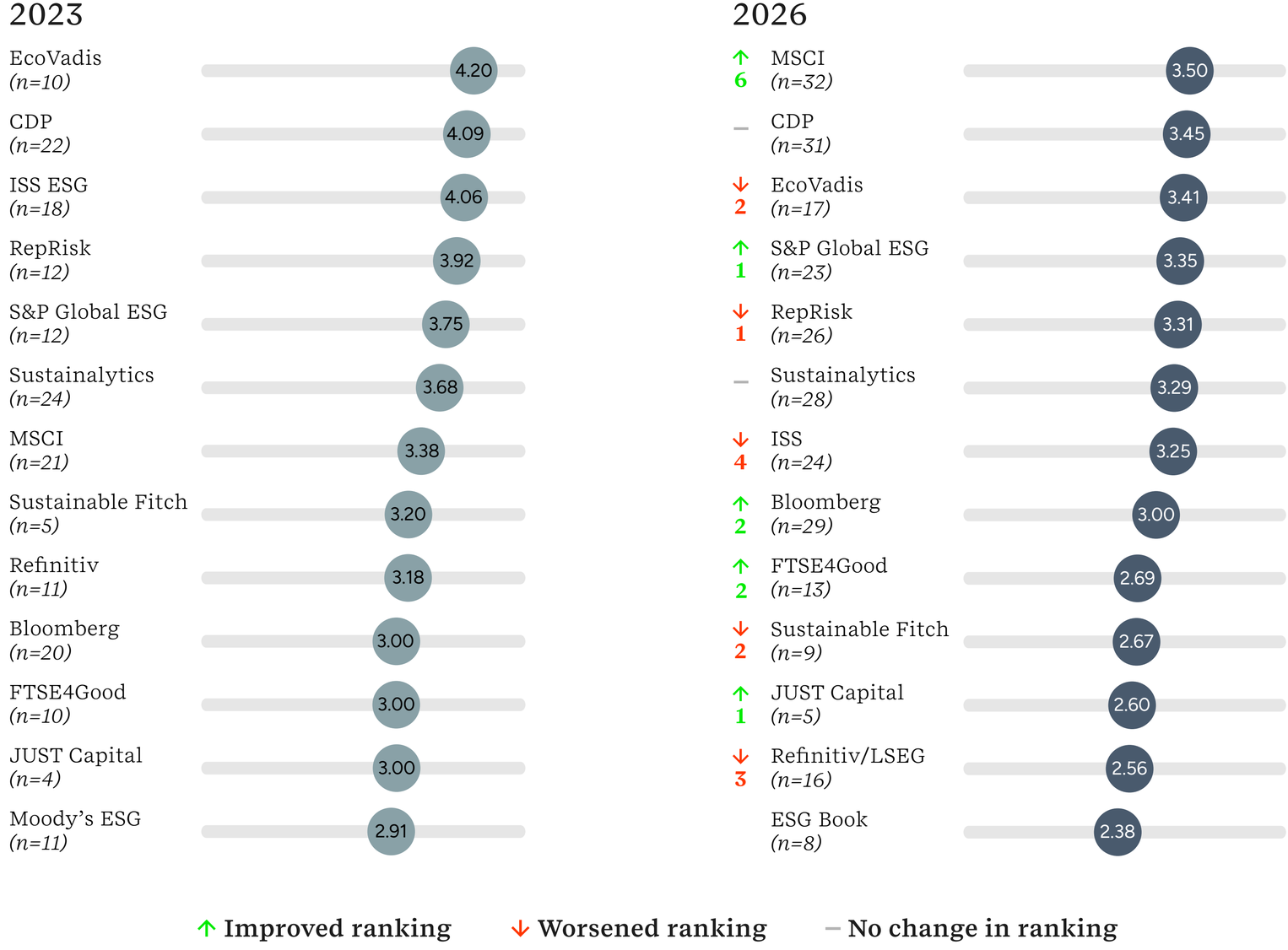
What does this mean?

→ Results suggest that concerns about quality are one of the leading drivers of the drop in overall confidence in ESG ratings compared to 2023.

→ In interviews, investors frequently cited data quality issues and reporting errors, while increased political scrutiny of ESG and growing in-house ESG expertise may have made investors more critical of ratings providers overall.

→ MSCI's top ranking may reflect its deep integration into asset management workflows and portfolio analytics, as well as investor perceptions that it has responded quickly to emerging sustainability topics through new products.

Average perceived quality of ESG ratings in 2023 and 2026 (on a scale from 1 to 5)



MSCI, EcoVadis, and RepRisk lead on usefulness

QUESTION

Considering all of the ratings products generated by each rater, please rate the following ESG ratings organizations based on their usefulness on the scale of 1 to 5, where 1 indicates very low usefulness and 5 indicates very high usefulness.

Survey findings:

- Usefulness scores declined for most providers, with the exception of MSCI and EcoVadis, who jumped to leading positions.
- MSCI again made a notable leap in the rankings, moving from fifth place in 2023 to first place in 2026.

What does this mean?

→ Just like with quality, usefulness ratings fell overall, albeit less, indicating that investors are increasingly critical.

→ The usefulness rankings suggest that investors value different provider strengths. MSCI's top ranking may reflect its integration into portfolio analytics and innovation of new products (e.g., solutions on climate risk, human rights, and biodiversity), while EcoVadis is appreciated for its focus on supply chain sustainability and value chain data.

Average perceived usefulness of ESG ratings in 2023 and 2026 (on a scale from 1 to 5)



“We know that mistakes happen, but we do see sloppy things, especially from some of the bigger providers. This could be because they keep churning out new solutions to meet the market demand but lack detailed focus on existing products and maintenance.”

Germany-headquartered asset manager

“We have concerns from the quality side. We’re all seeing the same kind of quality issues and lack of care.”

U.S-headquartered asset manager

“Third-party ESG data is a specialist service that would require a disproportionate internal resource effort to reproduce.”

U.K.-headquartered asset owner

“Ratings are a really good starting point. They are useful for a quick snapshot and enable us to check relevant information or even automate some of our performance reviews for companies.”

Germany-headquartered asset manager

“Raters provide easy aggregation. When raters consolidate the data, it’s a lot easier for us just to use the API (Application Programming Interface) or pull it directly from them into our own system or model.”

U.S.-headquartered asset manager

“By the time that raters upload the data, it is quite lagged.”

Singapore-headquartered asset manager

Investor familiarity with rating agencies varies

Survey findings:

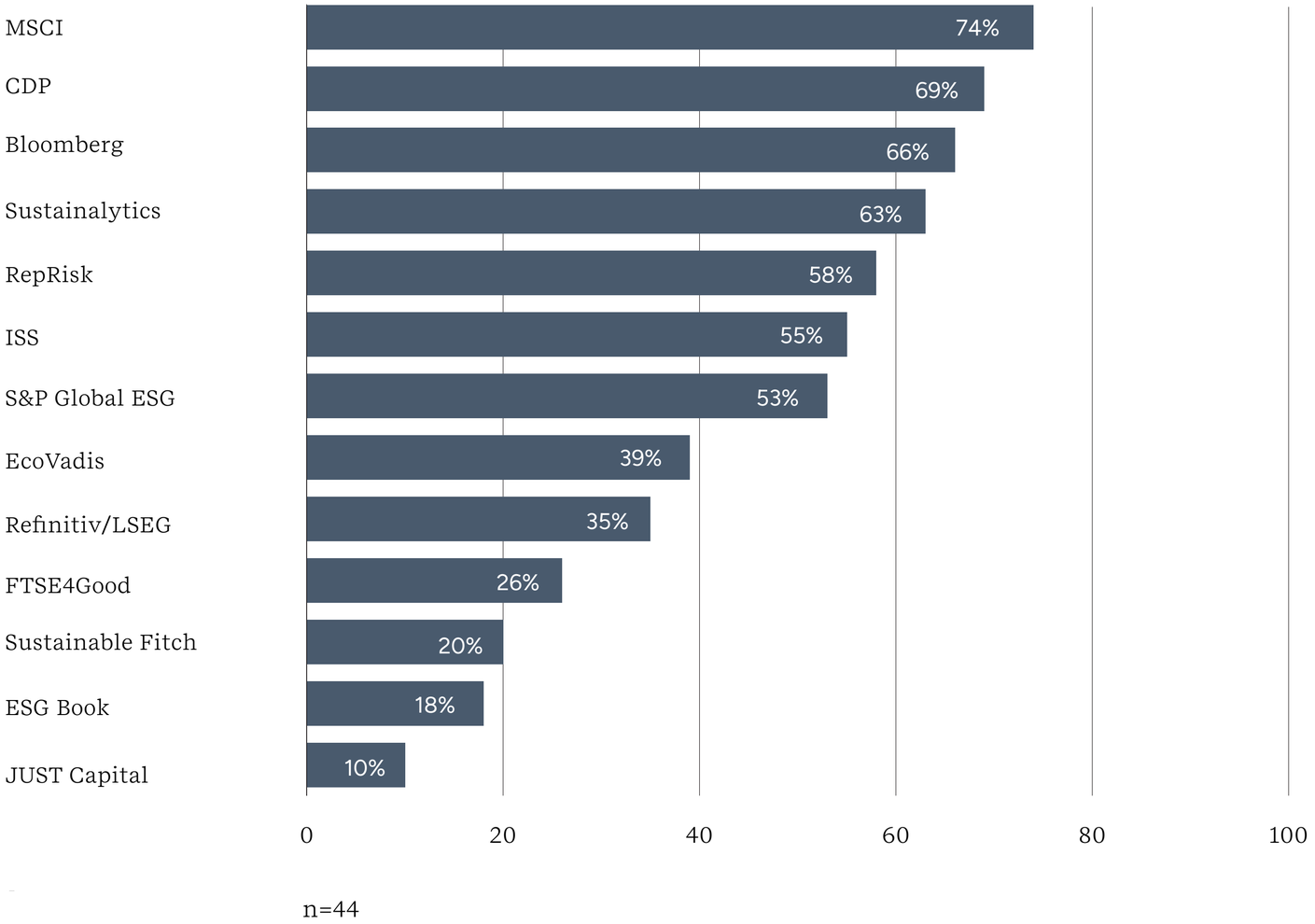
- Investors were more likely to rate a small group of more prominent providers. MSCI received scores from the largest number of respondents. CDP, Bloomberg, and Sustainalytics followed closely, each scored by more than 60% of survey participants.

What does this mean?

→ The survey results reveal that investor familiarity with ESG ratings providers varies widely, consistent with the 2023 results.

→ Familiarity drops noticeably for several providers, reflecting that some raters may remain more specialized or regionally-focused, and therefore may be less well-known by global investors.

Percentage of investor participants providing responses on quality and usefulness of ratings



The chart above indicates the percentage of respondents that chose to score quality and usefulness of the respective ratings providers. Response rates for the quality and usefulness metrics were averaged to calculate the overall percentage above. For the sake of analysis, the research team assumed that if the respondent scored the rating provider, they were familiar with it.

Quality and usefulness: Investor vs. Corporate views

Survey findings:

- Investors and corporates broadly agree on the leading providers for quality, with MSCI, CDP, EcoVadis, ISS, and S&P Global ESG ranking among the top six performers for both groups. However, usefulness rankings diverge more substantially.
- Investors tend to be more critical and rate both quality and usefulness lower than corporates for most of the ESG raters.

What does this mean?

→ The overlap in quality rankings suggests broad agreement between investors and corporates on the leading ESG ratings providers, while usefulness rankings likely reflect the different ways investors and corporates use ESG ratings. Corporates seem to value ratings that support disclosure and performance improvement, while investors prioritize ratings and data that support investment decisions and risk management.

→ The findings may be influenced by timing, as the investor survey was conducted during a period of heightened scrutiny of ESG ratings relative to the 2025 corporate survey.

Quality

Corporate responses 2025

S&P Global ESG *(n=147)*	3.96
CDP *(n=186)*	3.84
EcoVadis *(n=143)*	3.62
MSCI *(n=168)*	3.60
Sustainalytics *(n=165)*	3.58
ISS *(n=130)*	3.45
FTSE4Good *(n=103)*	3.30
Sedex *(n=46)*	3.28
Bloomberg *(n=94)*	3.17
JUST Capital *(n=55)*	3.00
ReRisk, *(n=49)*	2.98
Refinitiv *(n=50)*	2.94
Sustainable Fitch, *(n=39)*	2.92

Investor responses 2026

↑ 3	MSCI *(n=32)*	3.50
–	CDP *(n=31)*	3.45
–	EcoVadis *(n=17)*	3.41
↓ 3	S&P Global ESG *(n=23)*	3.35
↑ 6	RepRisk *(n=26)*	3.31
↓ 1	Sustainalytics *(n=28)*	3.29
↓ 1	ISS *(n=24)*	3.25
↑ 1	Bloomberg *(n=29)*	3.00
↓ 2	FTSE4Good *(n=13)*	2.69
↑ 3	Sustainable Fitch *(n=9)*	2.67
↓ 1	JUST Capital *(n=5)*	2.60
–	Refinitiv/LSEG *(n=16)*	2.56
	ESG Book *(n=8)*	2.38

Usefulness

Corporate responses 2025

EcoVadis *(n=140)*	3.85
CDP *(n=184)*	3.74
S&P Global ESG *(n=148)*	3.72
MSCI *(n=167)*	3.63
Sustainalytics, *(n=164)*	3.56
ISS *(n=129)*	3.33
Bloomberg *(n=94)*	3.12
FTSE4Good *(n=106)*	3.05
Sedex *(n=45)*	2.91
RepRisk *(n=52)*	2.79
Refinitiv *(n=50)*	2.60
JUST Capital *(n=55)*	2.58
Sustainable Fitch *(n=43)*	2.53

Investor responses 2026

↑ 4	MSCI *(n=33)*	3.58
↓ 1	EcoVadis *(n=17)*	3.53
↑ 7	RepRisk *(n=25)*	3.36
↑ 2	ISS *(n=24)*	3.33
↓ 3	CDP *(n=30)*	3.30
↓ 3	S&P Global ESG *(n=24)*	3.17
↓ 2	Sustainalytics *(n=27)*	3.15
↓ 1	Bloomberg *(n=29)*	2.97
↑ 2	Refinitiv/LSEG *(n=15)*	2.80
↓ 2	FTSE4Good *(n=10)*	2.60
↑ 2	Sustainable Fitch, *(n=9)*	2.22
	ESG Book *(n=8)*	2.12
↓ 1	JUST Capital *(n=4)*	2.00

↑ **Improved ranking** ↓ **Worsened ranking** – **No change in ranking**

Methodology and credibility of data are leading factors for investors

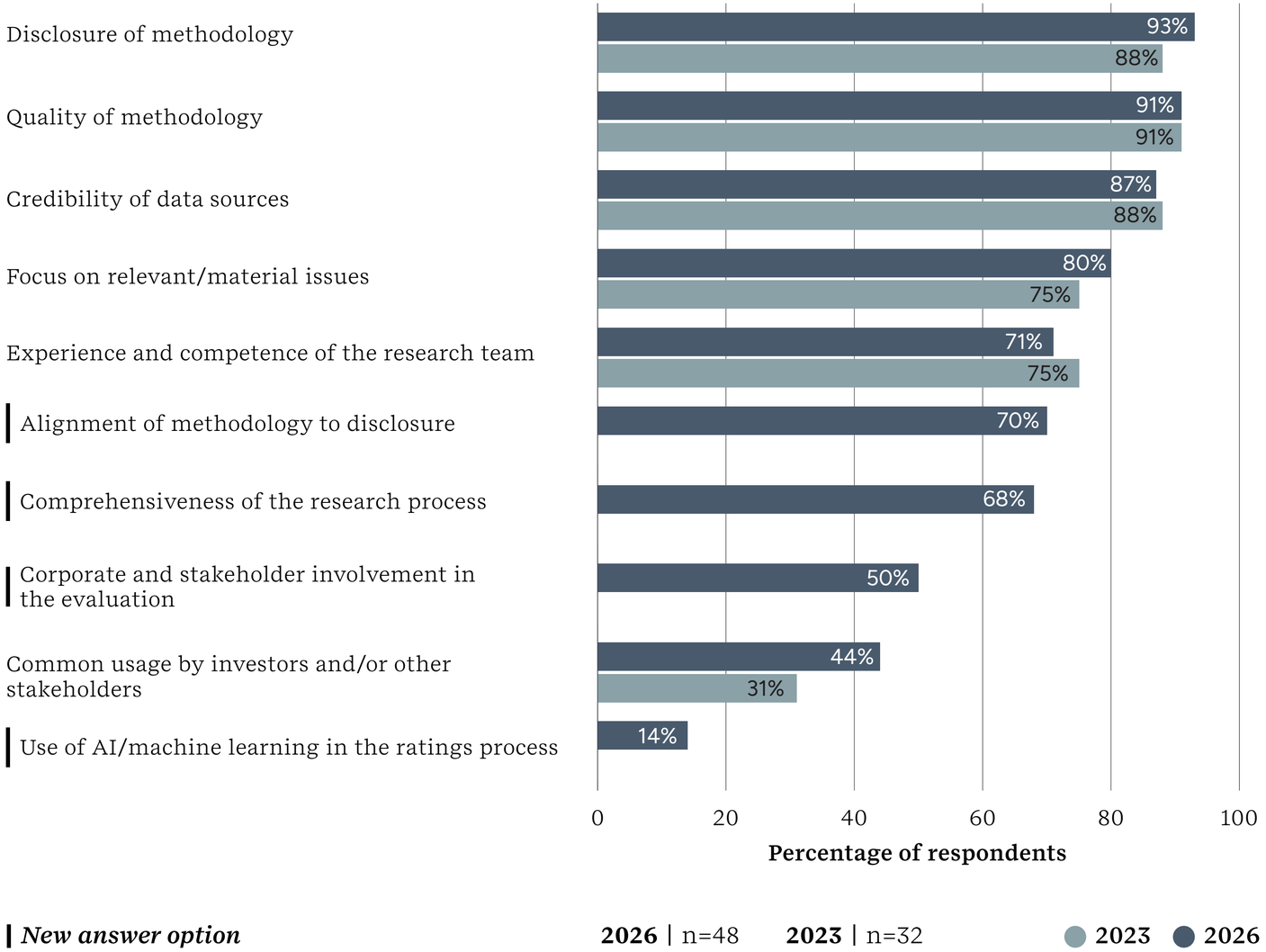
QUESTION

Please rate the importance of each of the following factors when determining the quality, usefulness, and accuracy of an ESG rating. Please use a 5-point scale where 1 is not important and 5 is very important.

Survey findings:

- Disclosure and quality of methodology as well as credibility of data sources remain the top factors for investors for determining the quality and usefulness of ESG ratings year over year.
- Two new factors also ranked highly: alignment of methodology to disclosure frameworks and regulations, and the comprehensiveness of the research process.
- While not reflected in the ranked factors above, write-in responses emphasized the importance of timely data, responsiveness to emerging sustainability topics, and strong customer service. Interviewees emphasized data integration and customer service as important considerations.

Importance of factors for determining the quality and usefulness of ESG ratings in 2026 and 2023



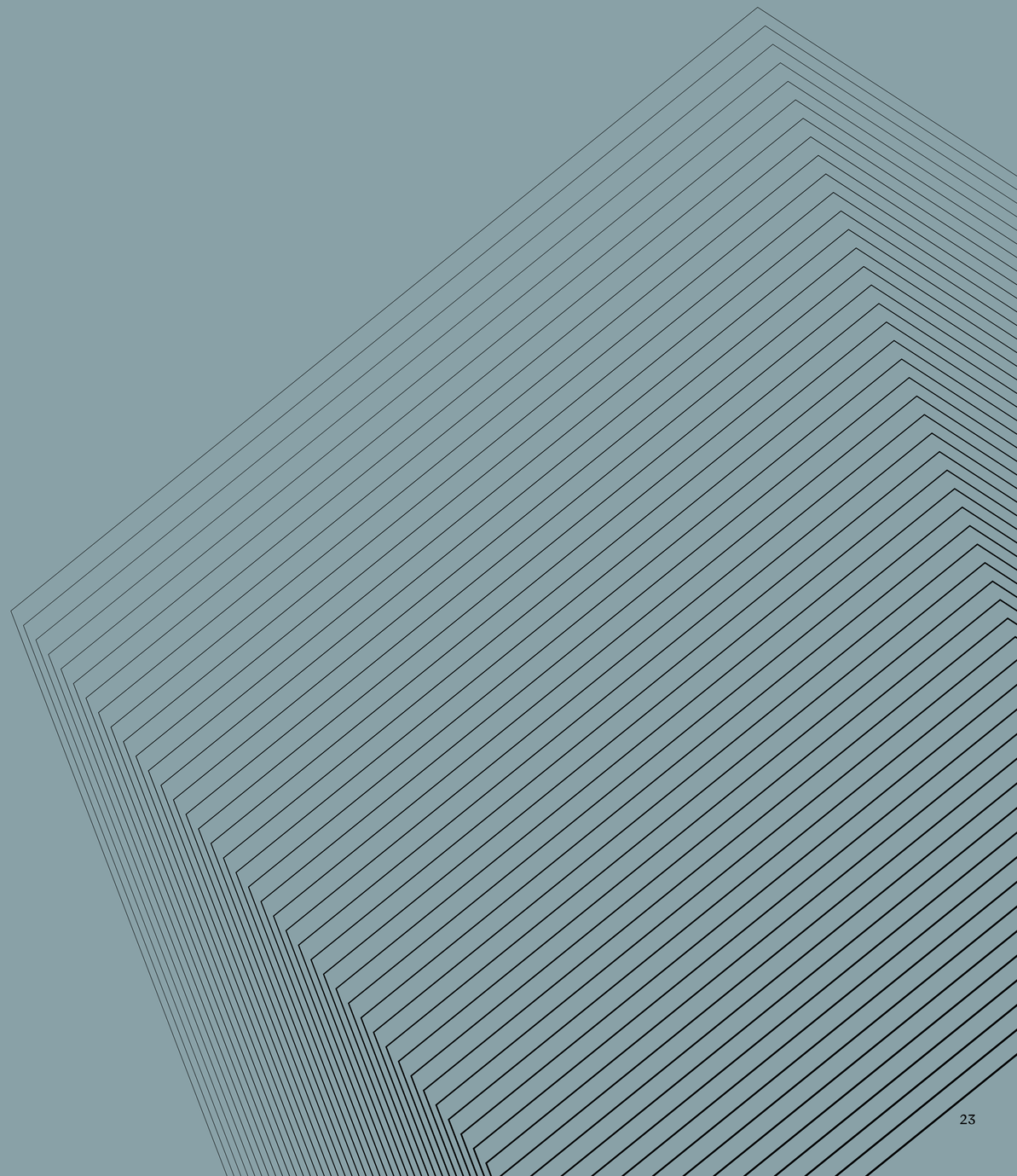
The chart above indicates the percentage of survey respondents who selected high importance by responding with a 4 or 5 on a scale of 1 to 5.

“We thought [rater]’s methodology and data were brilliant in their research approach, but the way they delivered the data was cumbersome. … It could be the best thing in the world, but if you can’t get it into my research database for me, I’m not going to use it.”

U.S.-headquartered asset manager

“Service is extremely important. If we hit a data point issue that’s stopping a trade overnight, we need to know that we’ll have a reasonable service level there.”

U.S-headquartered asset manager



Trust in ESG ratings agencies decreases

QUESTION

On a scale of 1 to 5, with 1 being the lowest and 5 being the highest, how much do you trust ESG ratings to accurately judge a company's sustainability performance?

Survey findings:

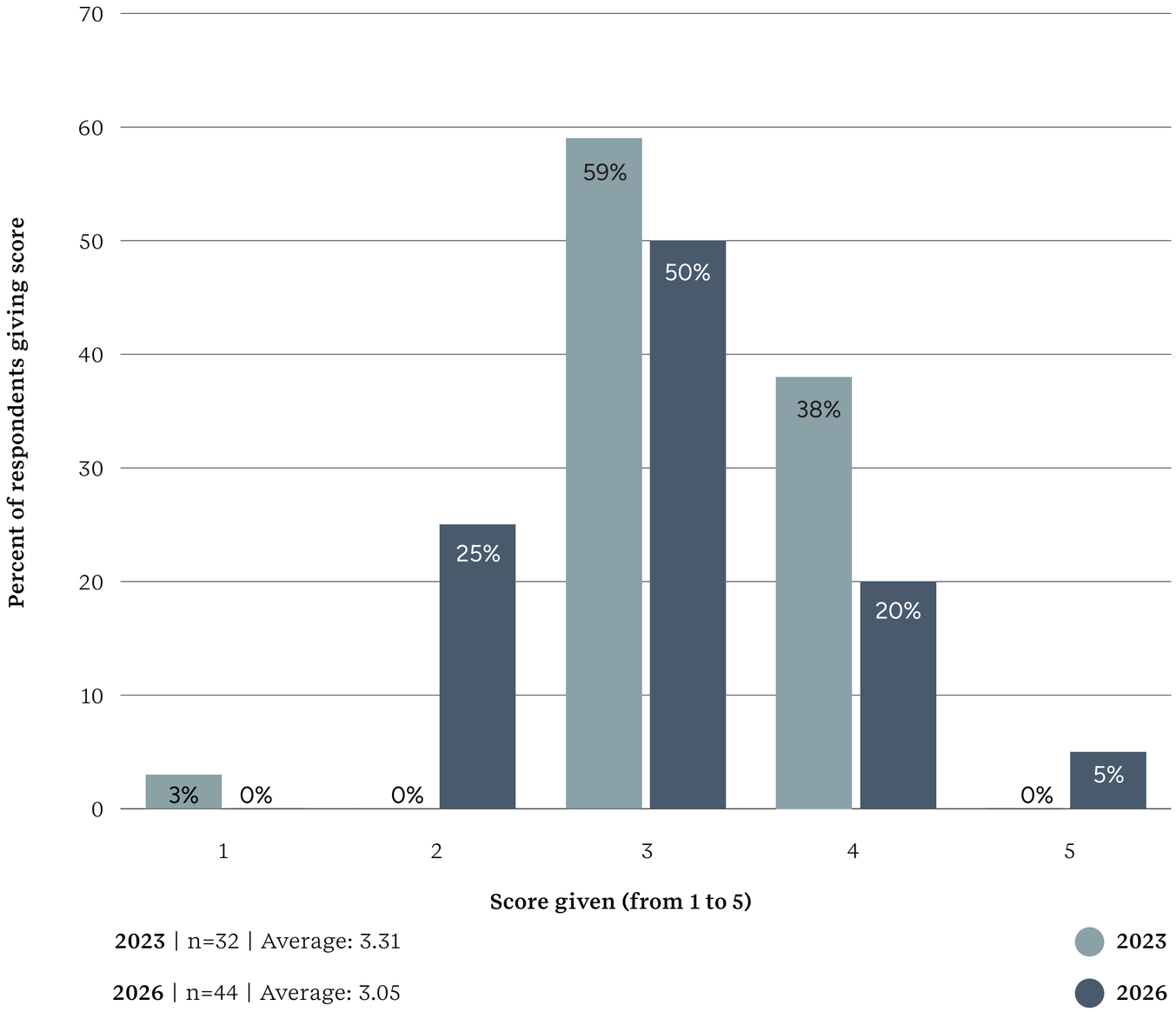
- Half of respondents gave ESG ratings a moderate trust score of 3. The remaining responses were evenly split: 25% gave a lower trust score of 2, while 25% gave higher trust scores of 4 or 5.
- On average, investors' level of trust is 3.05, lower than the 2023 average level of trust of 3.31.
- In the 2025 corporate edition, corporates reported an average trust score of 3.12, slightly higher than investors' average score.

What does this mean?

→ The decline in trust may be the result of a combination of factors including a larger, more global respondent pool, persistent concerns about data quality, increased scrutiny of ESG in capital markets, and frustration regarding pricing.

→ Moderate trust remains the dominant position, aligned with the findings in the 2025 corporate survey. Combined with lower quality and usefulness scores, the findings suggest investors are becoming more critical of ESG ratings overall.

Investor trust in ESG ratings



2023 | n=32 | Average: 3.31

2026 | n=44 | Average: 3.05

Section 2: Use of ESG ratings

Summary of survey findings

Investors primarily use ESG ratings and their data because they view them as material to investment performance.

Corporate ESG ratings are no longer among investors' most valued sources of ESG information, falling from a joint first-place ranking in 2023 to sixth place in 2026.

In-house research, direct company engagement, and sustainability reports are now the most valued sources of ESG information for investment decisions.

Key takeaways

Despite falling trust and quality scores, investors continue to use ESG ratings frequently.

However, investor use has shifted away from top-level ESG ratings scores toward underlying data, direct engagement, and in-house research.

The preference for these sources over ESG ratings suggests that investors place greater value on information that can be incorporated into proprietary in-house analytical tools.

Investors turn to ESG ratings for data that is material to investment performance

QUESTION

What are the top three reasons your firm uses ESG ratings products or data?

Survey findings:

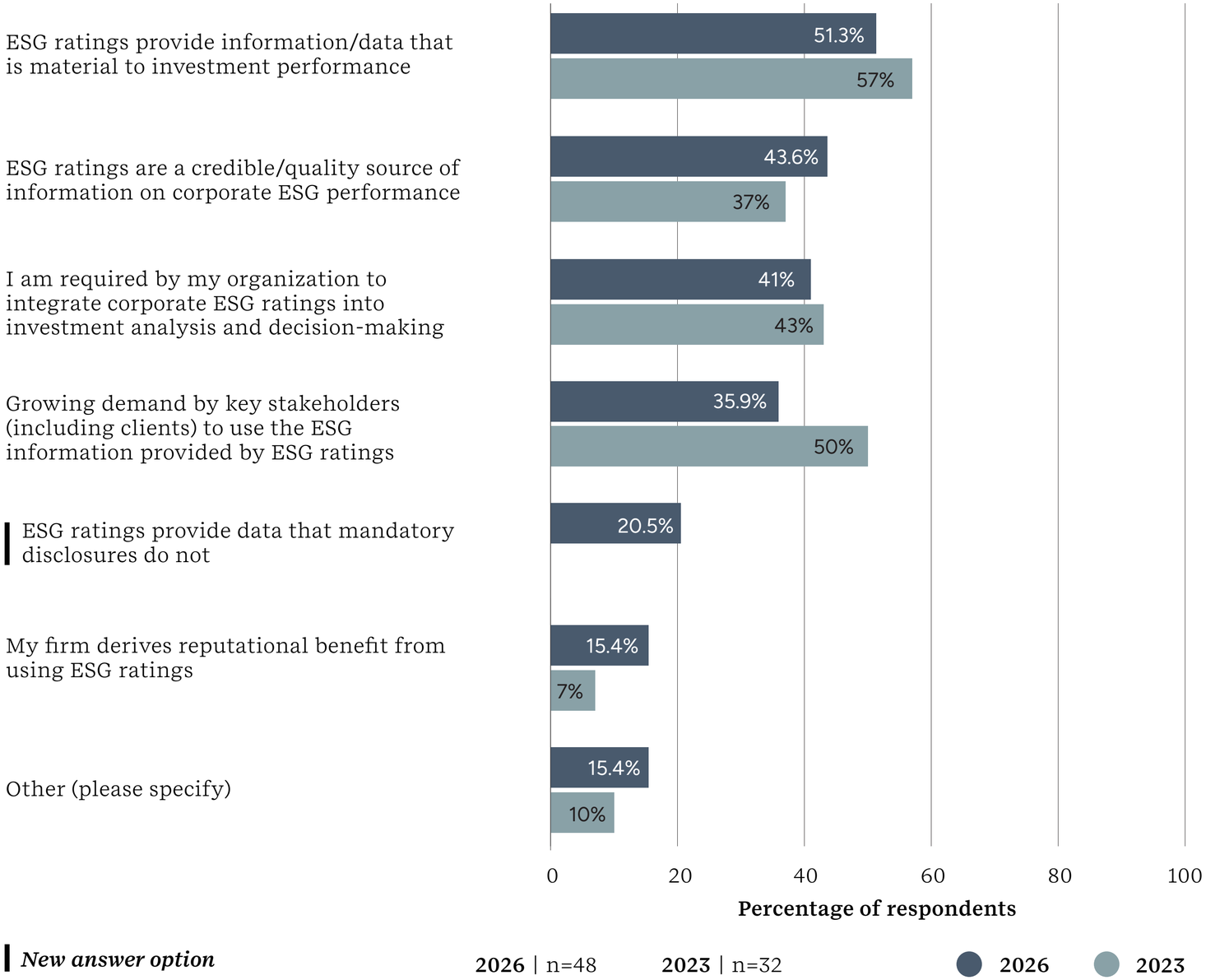
- The topmost reason investors use ESG ratings and data is because they believe this information is material to investment performance. More than 40% of investors also said that ESG ratings are a credible source of information on corporate ESG performance.
- Respondents who selected “Other” as their response most often mentioned benchmarking existing portfolios and support for external reporting as the reason for ESG ratings use.

What does this mean?

→ Materiality to investment performance remains the topmost reason across surveys, suggesting that investors still use ESG ratings products and data because they see them as relevant to investment analysis.

→ Investors have advanced in their understanding and use of ESG data, increasingly considering sustainability performance assessment as part of their fiduciary duty.

Reasons for using ESG ratings products or data



New answer option

2026 | n=48 **2023** | n=32

Investors find their own in-house research on corporate ESG performance most useful for investment decisions

QUESTION

Which sources of information on corporate ESG performance does your firm find most useful when making investment decisions? Select your top 3 options.

Survey findings:

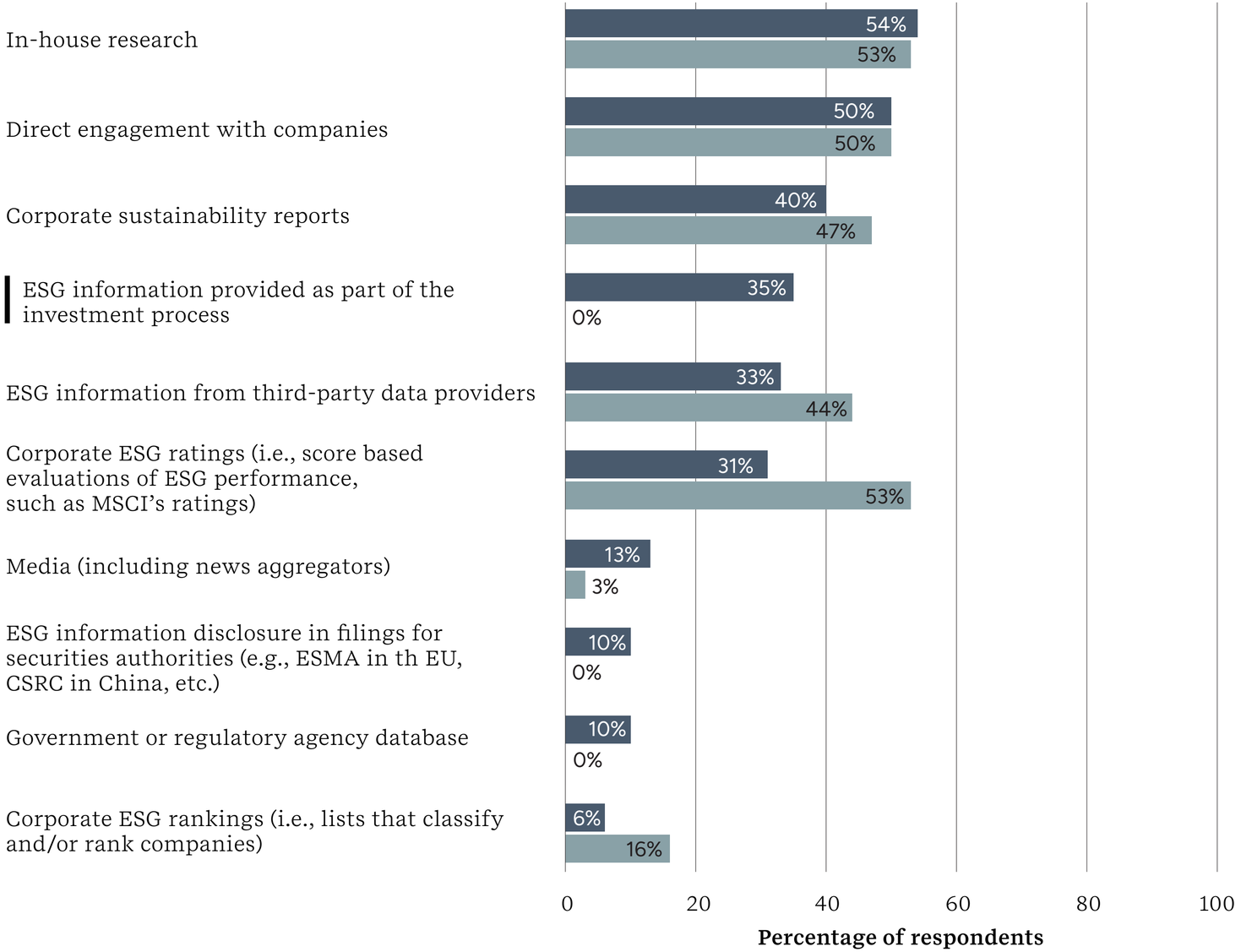
- Investor reliance on corporate ESG ratings, as prepared by ESG raters, has dropped sharply. In 2023, ratings tied for first place as the most useful source of ESG information, selected by 53% of respondents. By 2026, they had fallen to sixth place at 31%.
- In-house research and direct engagement with companies continue to lead as the sources that investors find most useful when making investment decisions.
- Underlying ESG data from third-party providers remained more popular than top-level corporate ESG scores, despite declining from 44% in 2023 to 33% in 2026.

What does this mean?

→ The findings reveal how much more investors have come to value in-house research and direct company engagement over ESG ratings scores. Investors appear to place greater weight on sources that allow for more context, control, and proprietary analysis.

→ Since 2023, the use of media sources, public disclosures, and regulatory databases has increased considerably. This may reflect growing investor use of AI-enabled search, news aggregation, and controversy monitoring tools to gather and interpret public information at greater scale.

Sources of information on corporate ESG performance firms find most useful when making investment decisions



New answer option

2026 | n=48 **2023** | n=32

Frequency of ESG ratings' use slows

QUESTION

How often does your firm use ESG ratings products and services (e.g. raw data, analysis, or scores) in your investment processes?

Survey findings:

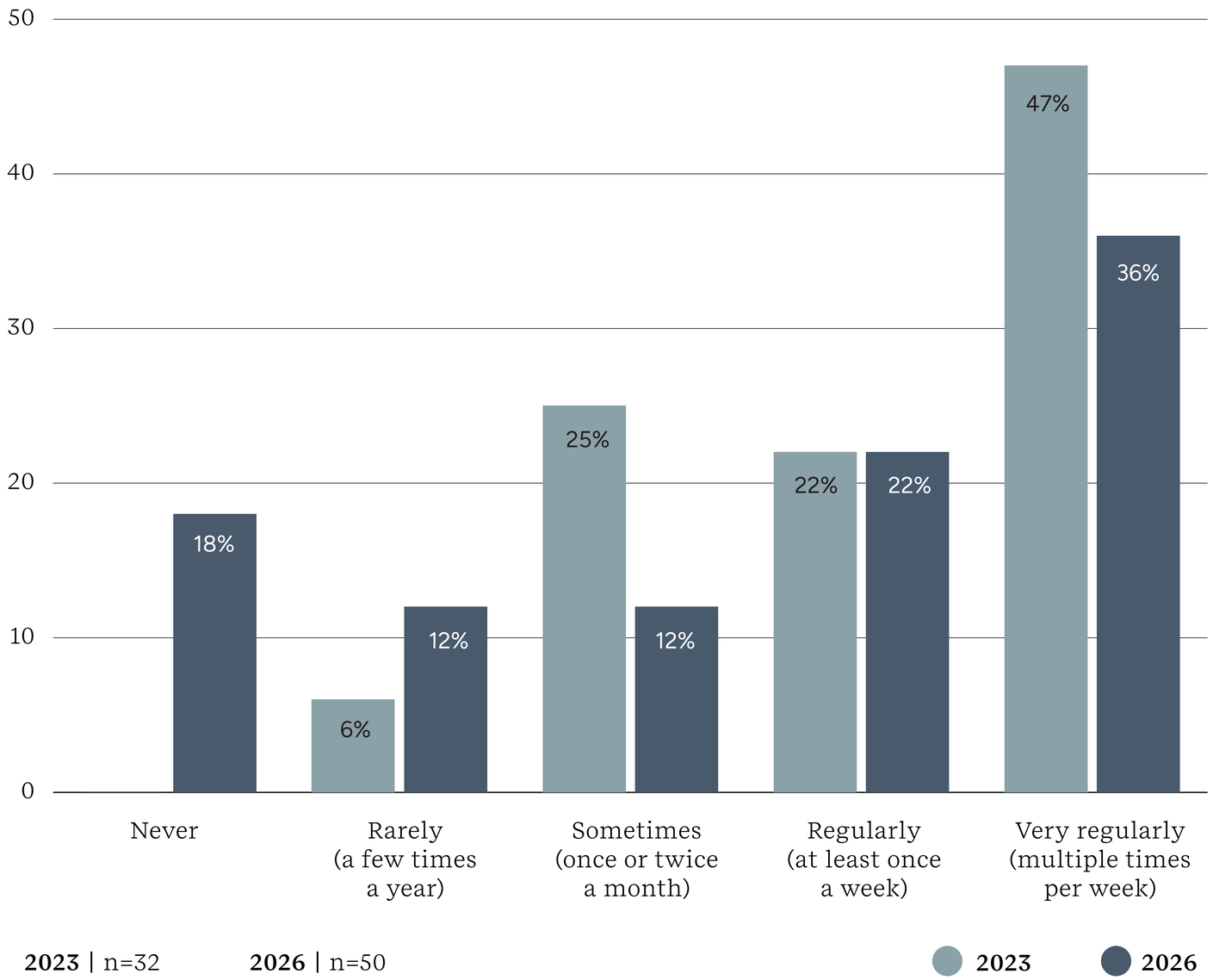
- While investors continue to use ratings products and services, frequency of use has decreased since 2023.
- 58% of respondents indicated they use ESG ratings products and services at least once a week but the percentage of investors who said they engage with ESG ratings several times a week has fallen sharply.
- 18% of investor respondents (largely venture capital and private equity firms) said they never use ESG ratings products and services, compared to 0% in 2023.

Why don't all investors use third party ESG ratings?

→ Question: If your firm does not use third-party ESG ratings, why?

→ Five respondents (representatives of Private Equity and Venture Capital firms) said that they do not use third-party ESG ratings, most frequently citing use of "other sources (e.g., company sustainability reports) to gather information on company ESG performance". This points to a coverage and relevance gap; respondents noted that ESG data for start-ups, small, and medium enterprises are seldom available.

Frequency of use of ESG ratings products and services



“Third party ESG data providers enable us to cover a large cohort of companies, in our case more than 15,000 issuers. Importantly, this approach also allows us to extend our analysis across other asset classes, including sovereign securities, sub-sovereigns, municipal bonds, and securitized assets. This is the primary rationale for their use. Throughout, we remain disciplined in maintaining a clear focus on financial materiality.”

U.S.-headquartered asset manager

“Despite recent pressure, we have become comfortable in our sustainability framework. We believe that many sustainability risks are financially material and they should be integrated into the investment process as we would any other financial material risk.”

U.S.-headquartered asset manager

“ESG factors are considered because they can affect long-term portfolio performance and investment decision-making.”

Singapore-headquartered asset manager

“Some raters do have incredible influence. For example, at some investment firms, if MSCI sets a red flag, it automatically generates sales of stock.”

U.S.-headquartered asset manager

“There comes a point where you should stay in your lane and then rely on the experts to gather ESG information. It’s not just scraping data. We know that these agencies do a lot of work on quality control, making it fit for purpose, mapping to IDs [company and security identifiers], and more we don’t want to do internally.”

U.S.-headquartered asset manager

MSCI and Bloomberg among the most frequently used ESG ratings

Survey findings:

- Investors typically engage a relatively small number of ESG ratings providers, with most respondents selecting either one-to-two or three-to-five providers.
- MSCI, Bloomberg, and Sustainalytics were the providers most frequently selected as current or planned sources of ESG data.

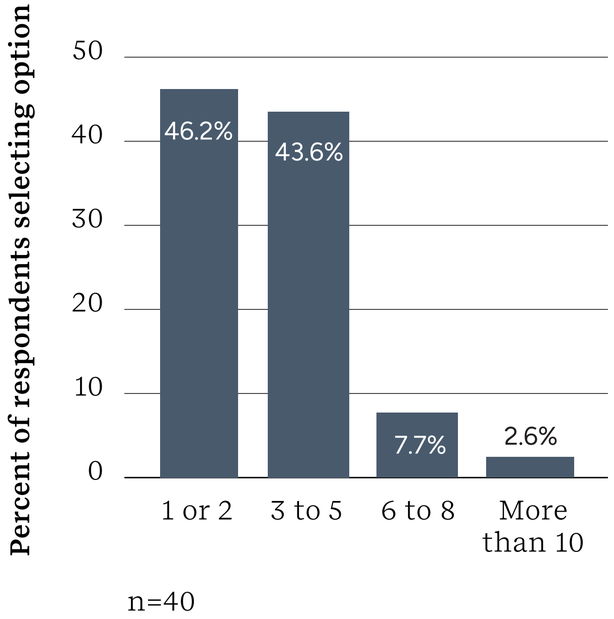
What does this mean?

→ The providers most frequently selected as current or planned data sources broadly align with the quality and usefulness rankings. Bloomberg is a notable exception, likely reflecting the advantage of an incumbent provider with broad offerings, large market share, and deep integration into investor workflows.

→ Investors see significant data overlap across providers and weigh subscription costs carefully, limiting use to a smaller set of providers that offer differentiated value.

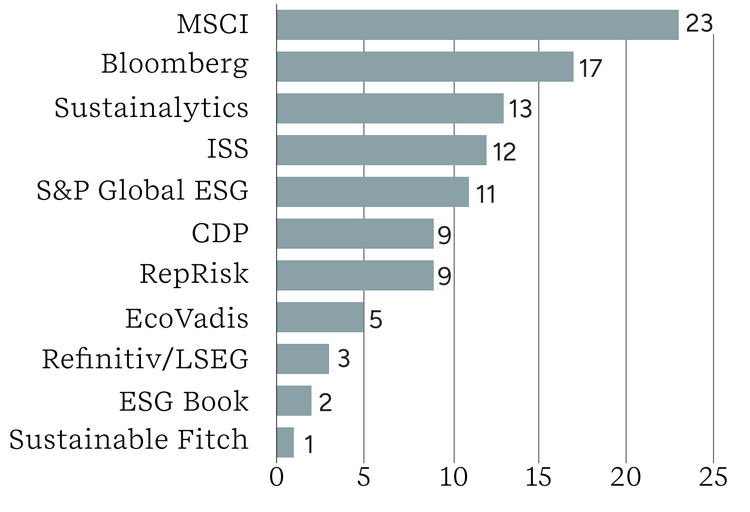
→ Larger investors tend to purchase access to more datasets, reflecting their broad coverage needs, greater resources, and ability to compare providers.

The number of ESG ratings that investors actively engage



n=40

Raters from which respondents currently purchase or use data (or plan to do so in 2026)



n=40

Providers gaining traction

Investors also wrote in Clarity AI, FactSet, GRESB, and Auquan as providers that they purchase data from. Additionally, investors listed nature and climate-specific sources including Nature Alpha, Impact Cubed, ICE, RisQ, and Level 11.

Interviewed investors mentioned increasing collaboration with smaller providers such as Planetrics on specific topics such as climate, biodiversity, and human rights.

Investors use ESG ratings as inputs for research, engagement, and screening

QUESTION

In what ways does your firm use ESG ratings and their underlying data? Please select all that apply.

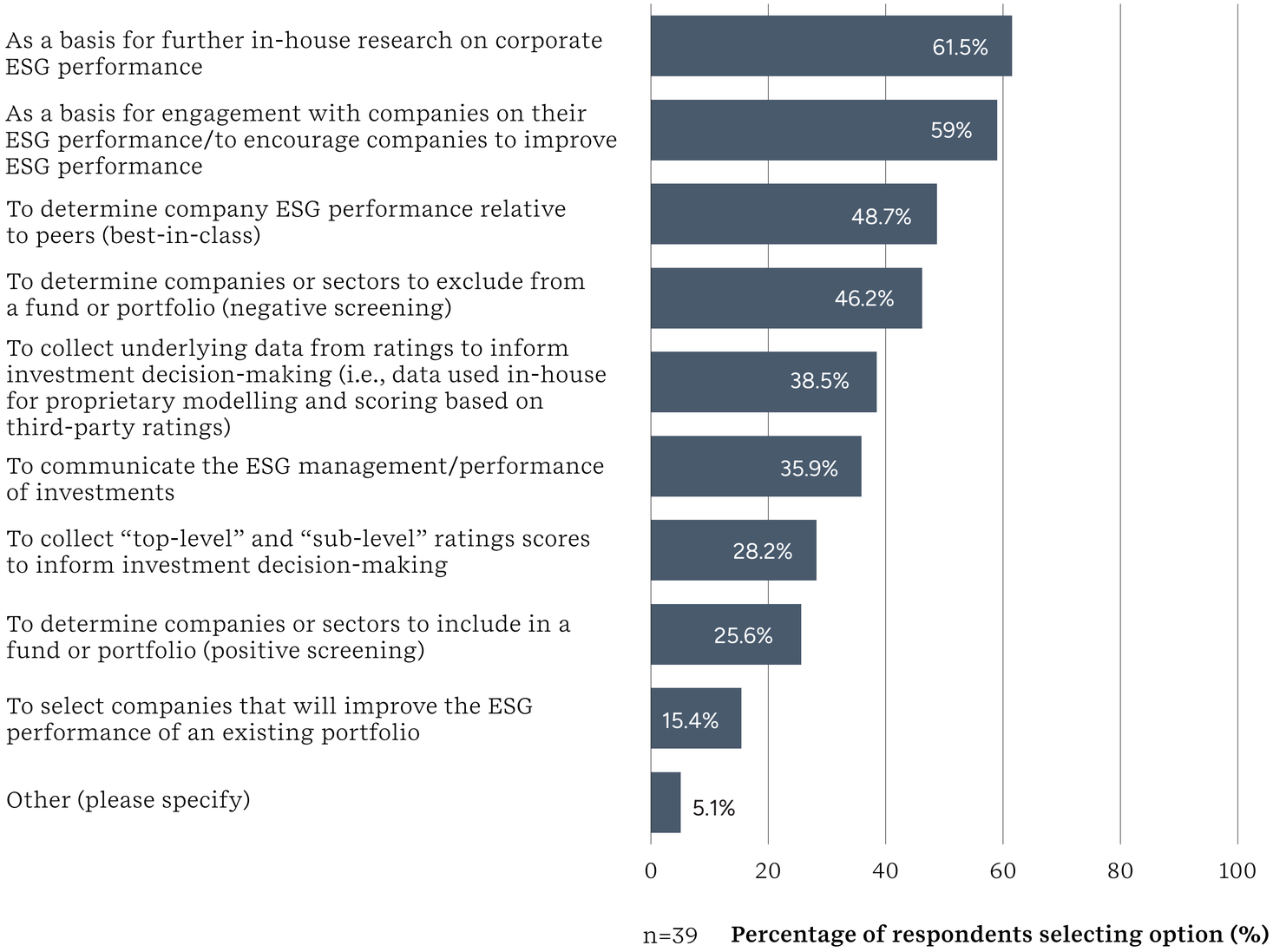
Survey findings:

- More than half of investors indicated that they primarily use ESG ratings to inform their in-house research and as a basis for direct engagement with companies on their ESG performance.

What does this mean?

→ Consistent with other survey findings, the results indicate that investors use ESG ratings as one component of a broader research toolkit, rather than accepting them as decision-ready information. Ratings are most useful to investors when they complement other sources, help guide deeper internal analysis of corporate ESG performance, or identify topics for engagement with companies on ESG performance.

How investors use ESG ratings and underlying data



“We feel we need to still have data from the market leaders available, even if we think a smaller, newer vendor has better quality data.”

U.S.-headquartered asset manager

“We’re looking at developing better key risk indicators for sustainability as a firm. One of the things we are considering as a risk indicator on the data side is over-reliance on a single provider. It sounds great to have multiple providers so you can cross-check, but no one has millions of dollars to spend on three providers for the same data every year.”

U.S.-headquartered asset manager

“In the future, I think we’ll see some of the smaller, newer data vendors get traction because they can differentiate themselves from the big players. Alongside that, we will also see consolidation because it’s just such a saturated market space. Some of the smaller vendors who start to do well may get bought up by the bigger players to bring in that specialist lens.”

U.S.-headquartered asset manager

“Ratings are providing inputs into the whole engagement process - from identifying targets to looking at specific performance areas and developing engagement from there.”

Germany-headquartered asset manager

“Only some of our investment groups use external ESG ratings within the investment process, like an MSCI rating or a Sustainalytics rating. But what we do is create proprietary ratings based on underlying raw data that we’ll get from the third parties.”

Singapore-headquartered asset manager

“Importantly, we use this underlying data as one of several inputs into our proprietary ESG ratings framework. We rarely rely on external ESG ratings themselves, instead focusing on the underlying data to inform our own independent assessment.”

U.S.-headquartered asset manager

“We use ratings as a screening tool, not an exclusion tool. If the raters flag something, we’re flagging those names to our investment team.”

Thailand-headquartered asset manager

Section 3: The future of ESG ratings

Summary of survey findings

Investors would like ratings to focus more on material issues and tying data to financial performance.

Nearly all respondents expect to use AI for ESG data analysis, with top expected use cases being data quality/validation, automated data processing, and controversy monitoring.

Investors expect ESG ratings to remain relevant and indicate limited support for the view that ESG ratings relevance will decline over time.

Key takeaways

The future value of ESG ratings will depend less on providing top-level scores and more on the quality, transparency, and usability of the data behind it and how easily it can be integrated into proprietary models by investors.

As mandatory disclosure and AI expand the volume of ESG information, investors will place greater value on tools that can validate, organize, and translate data into investment-relevant signals.

Investors would like to see greater focus on materiality and better linkage to financial performance

QUESTION

Please rank the options below in the order of what you would like to see happen in the next 5 years to ensure ESG ratings better serve companies, investors, and other stakeholders.

Survey findings:

- Investors ranked greater focus on relevant/material issues and better linkage to company financial performance as the most important priorities for ESG ratings over the next five years, followed by improved quality and disclosure of methodology and alignment with regulatory frameworks.
- Among respondents who selected 'Other', the write-in responses noted interest in improved customer service, greater science-based expertise, broader coverage, and enabling better evidence-based decision-making.

What does this mean?

→ The emphasis on materiality and financial linkage is consistent with investors placing a growing emphasis on business relevance and the financial value of sustainability-related issues.

Investor preferences for future changes in ESG ratings

Priority	Mean rank *(1 = highest priority)*	% of respondents ranking option as highest priority
Greater focus on relevant / material issues	3.94	17%
Better linkage to company financial performance	4.59	10%
Improved quality and disclosure of methodology	4.69	12%
Greater alignment with mandatory reporting standards (e.g., ESRS, ISSB, etc.)	4.78	15%
Expand coverage universe to include greater number and size of companies	5.23	10%
Greater consistency and comparability across rating methodologies	5.27	10%
Greater engagement of rated companies in the evaluation process	5.38	5%
Stronger regulation of ESG ratings and assessment processes	6.03	12%
Greater alignment with leading voluntary disclosure frameworks (e.g., GRI, etc.)	7.06	2%
Consolidation of ratings	7.61	2%
Further integration of artificial intelligence in data collection and analysis processes	8.03	5%
Other (please specify in the comments box)	10	0%

n=41

Investors expect to use AI for data quality and validation, automated data processing

QUESTION

In what ways do you expect to use Artificial Intelligence (AI) for ESG data analysis and evaluation in the next 1–3 years?

Survey findings:

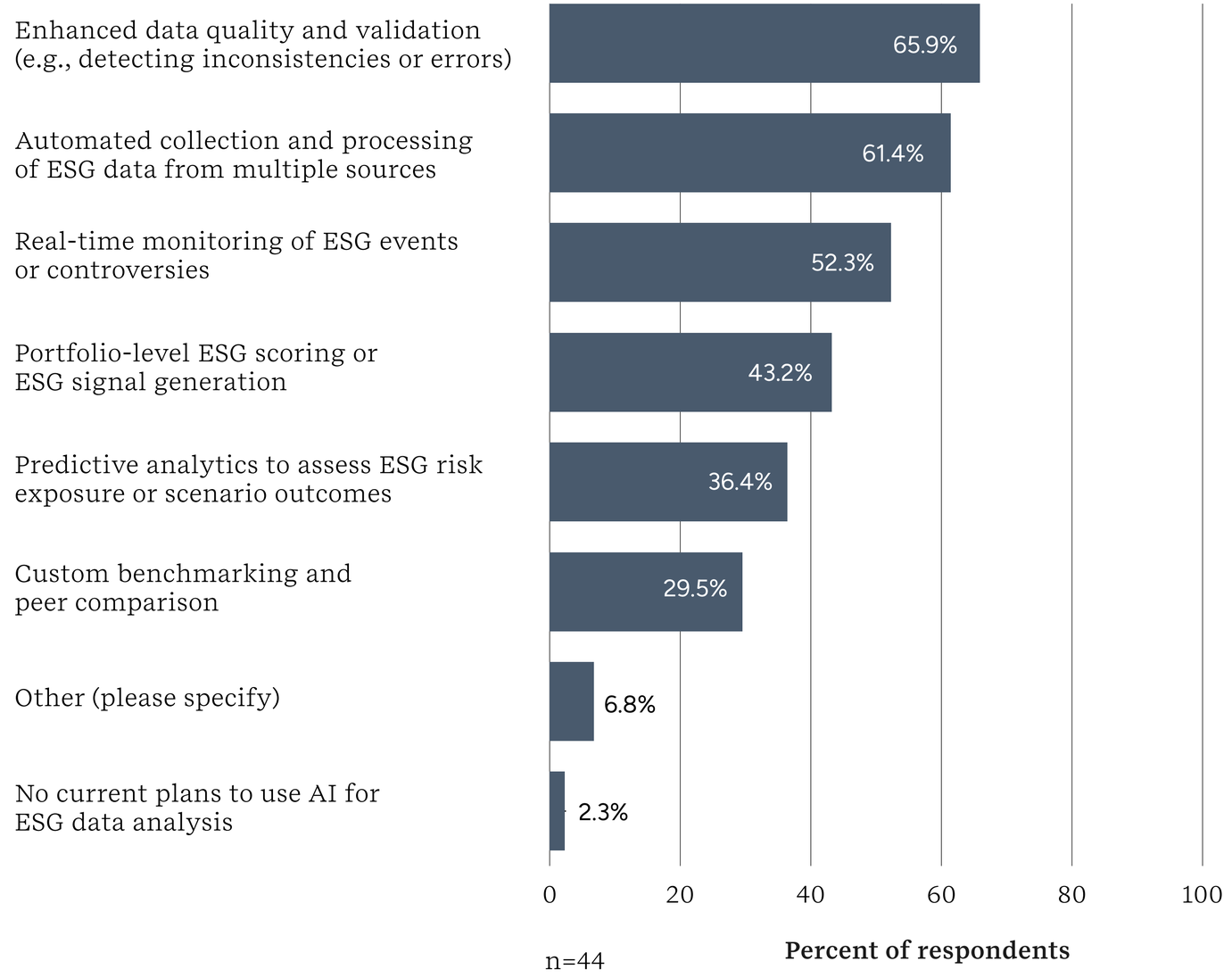
- Investors plan to use AI in multiple ways in the next few years but the primary areas where they see it most beneficial are for enhancing data quality and validation and improving the processes of data collection and processing.
- Investors also believe that AI can be a valuable tool for real-time monitoring of ESG events/controversies and benchmarking.

What does this mean?

→ The findings underscore that data quality and validation remain the key areas where investors would like to see improvements and where they think the use of AI would deliver value.

→ By using AI to improve automated data collection and processing, investors may be looking to address the growing volume and complexity of ESG information across sources.

Expected uses of AI for ESG data analysis in the next 1-3 years



Investors believe that ESG ratings will remain relevant

QUESTION

We would like to know your views about how the ESG ratings landscape will evolve in the next few years. Please rate the following statements on a scale of 1 (strongly disagree) to 5 (strongly agree).

Survey findings:

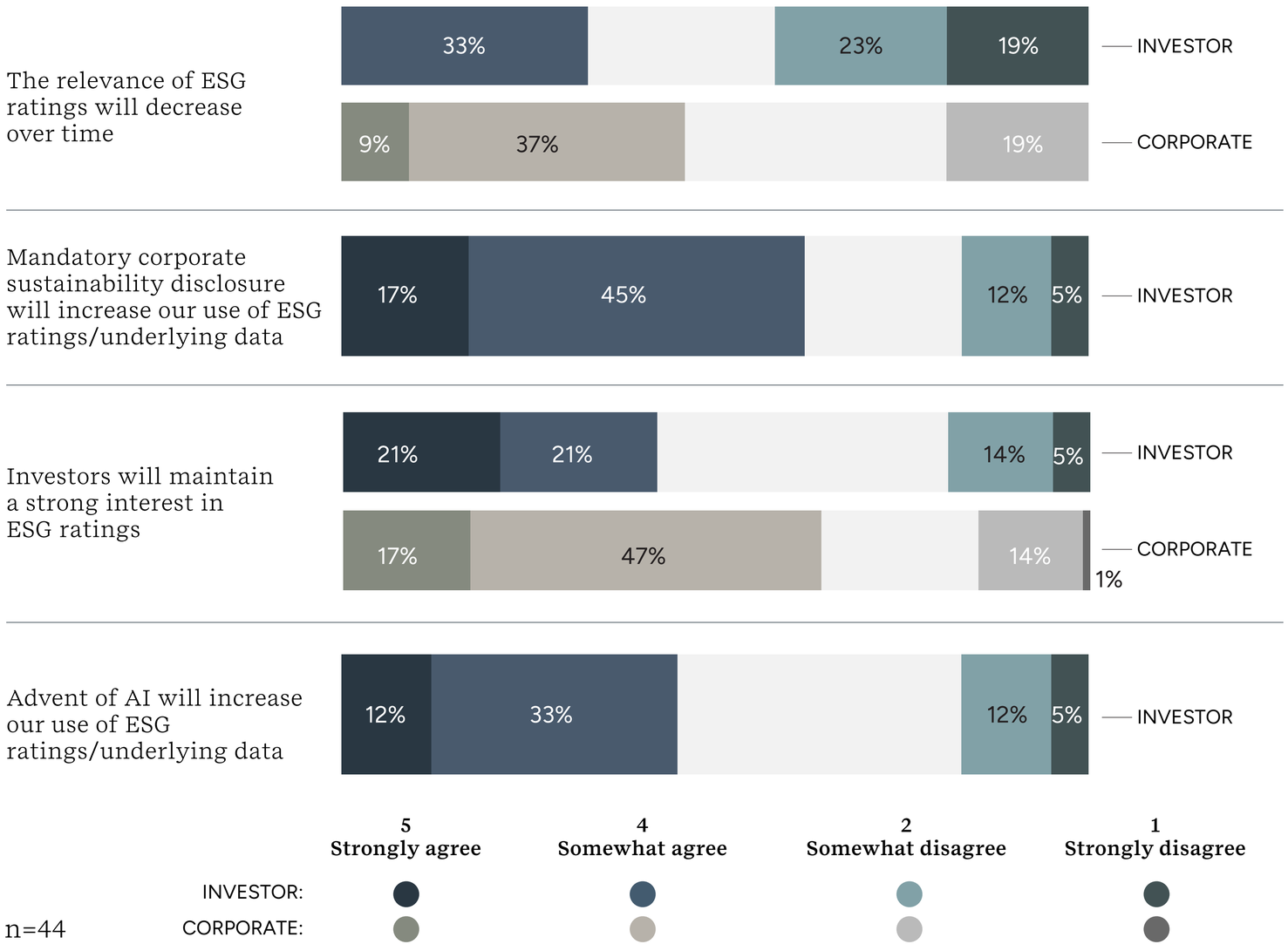
- Investors seem to be more optimistic than corporates about the future of ESG ratings – only a third (33%) of investors believe that the relevance of ESG ratings will be decreasing compared to 46% of corporate respondents.
- On the other hand, companies are more certain that investors will maintain a strong interest in ESG ratings – 64% agree with this statement, while only 42% of respondents from financial institutions believe this to be true.

What does this mean?

→ Responses from investors and corporates suggest that, despite significant changes in the ESG ratings landscape and evolving patterns of use, ratings remain relevant for market participants. Increasingly, however, ratings are being used as one of multiple sources of ESG information rather than a standalone input for decision-making.

→ Regulatory developments, advances in AI, and other market shifts are expected to reshape how ratings are used, with investors placing greater emphasis on underlying ESG data and analytics, while companies increasingly leverage ratings to inform strategy, benchmark performance, engage stakeholders, and support compliance efforts.

Investor views about the evolution of ESG ratings



Note: White space indicates "3 - Neither agree nor disagree".

“Ratings and ESG data are definitely something we still care about and that will still be relevant. We sit in the risk management function, and that’s the way we think about it: risk management.”

U.S.-headquartered asset manager

“We definitely will continue to use the third-party data to complement our own data sources…”

Thailand-headquartered asset manager



CHAPTER 5

Recommendations

Recommendations

ESG ratings remain relevant to investors, but are increasingly used alongside in-house research, direct engagement with companies, and other sources of information. The following recommendations are intended to help investors, ESG ratings providers, and companies respond to evolving expectations.

Recommendations for investors

- → **Review data subscriptions for overlap:** Assess whether current ESG data subscriptions provide differentiated insights or largely duplicate the same datasets. Focus resources on providers that support distinct research, engagement, risk, or reporting objectives.
- → **Communicate evolving data needs:** Provide clear feedback to ratings and data providers on methodology transparency, data quality, integration capabilities, customer service, and emerging topic coverage. Investor feedback can help shape more decision-useful feedback.
- → **Encourage issuer participation and data accuracy:** Encourage companies to engage constructively with ratings providers, clarify disclosures, and participate in review processes where available. Better issuer-provider engagement can improve data quality and reliability.

Recommendations for ESG ratings providers

- → **Improve data quality, transparency, and service:** Investors continue to judge ratings providers on data quality, methodology credibility, and responsiveness. Strengthen quality controls, improve correction processes, and provide timely support when data issues arise.
- → **Focus on materiality and financial relevance:** Investors want ESG ratings to better reflect material sustainability issues and more clearly connect ESG performance to business outcomes. Methodologies should make these links transparent and easy to understand.
- → **Make underlying data more accessible and flexible:** Support investors' growing use of proprietary research and models by providing flexible access to underlying ESG data, stronger integration options, and customizable outputs.

Recommendations for companies

- → **Prioritize high-quality public disclosure:** Investors increasingly rely on public disclosures, direct engagement, and underlying ESG data rather than top-level ratings scores alone. Focus on producing accurate, accessible, and decision-useful sustainability information.
- → **Focus on providers that matter most:** Understand which ratings and data providers investors use most frequently and prioritize engagement accordingly. A targeted approach is often more effective than attempting to engage every provider.
- → **Strengthen coordination between sustainability and investor relations teams:** Ensure investor-facing teams can discuss sustainability performance, explain ratings results, address controversies, and connect investors with the appropriate internal experts when needed.

CHAPTER 6

Appendices

Appendix I: Selection of recent sustainable finance regulations

Country/Region	Regulation	Effective year	Description of recent updates
European Union	SFDR, EU Taxonomy	2026	• In June 2026, the EU Council agreed its negotiating position on proposed revisions to Sustainable Finance Disclosure Regulation intended to simplify sustainability-related product disclosures and improve the framework's usability for investors and market participants. • The EU continued to refine taxonomy disclosure requirements and technical screening criteria through 2025-2026 simplification measures.
Japan	Stewardship Code and Sustainable Finance Initiatives	2025	• Japan revised its Stewardship Code in 2025, reinforcing expectations for institutional investor stewardship, engagement, and transparency regarding sustainability-related risks and opportunities.
United Kingdom	Sustainability Disclosure Requirements (SDR)	2024	• The SDR and investment labels regime introduced product labels and disclosure requirements intended to help investors distinguish between sustainable investment strategies and reduce the risk of greenwashing and misleading sustainability claims.
Australia	Sustainable Finance Taxonomy	2025	• Australia launched its Sustainable Finance Taxonomy in 2025, providing a science-based framework to support green and transition finance and improve market consistency.
Singapore	Singapore-Asia Taxonomy	2023 with updates in 2026	• Singapore continued promoting adoption of the Singapore-Asia Taxonomy, including criteria for transition activities and sustainable investment products.
Brazil	Brazilian Sustainable Taxonomy	2025	• Brazil launched the Brazilian Sustainable Taxonomy, establishing a science-based framework to support sustainable finance, improve transparency, and guide investment toward activities that contribute to environmental and social objectives.

Appendix II: Regulations on ESG ratings providers*

Country/Region	Type	Framework	Description of 2025-2026 update
European Union	Mandatory regulation	ESG Ratings Regulation (EU) 2024/3005	• The regulation took effect on July 2, 2026, bringing ESG ratings providers under direct ESMA supervision and introducing governance, transparency, methodology disclosure, and conflict-management requirements.
India	Mandatory regulation	SEBI ESG Rating Provider Framework	• SEBI launched a review of its ESG Rating Provider framework in 2026, reflecting efforts to further strengthen transparency, consistency, and oversight of ESG ratings used by investors. • The review may lead to refinements in disclosure and methodology requirements as the market continues to evolve.
United Kingdom	Mandatory regulation (proposed)	FCA Regulation of ESG Ratings Providers (CP25/34)	• In 2026, the FCA completed a consultation on the proposed regime, including requirements related to transparency, governance, systems and controls, and conflicts of interest, including IOSCO recommendations. • Final rules are expected later in 2026.

*This appendix highlights regulatory updates since publication of the 2025 Rate the Raters corporate edition. For additional regulations and background, see the 2025 report.

Appendix III: ESG fund naming rules

Regulators are increasingly using fund naming rules to improve the credibility of investment products and reduce the risk of misleading sustainability claims. Recent requirements seek to align sustainability-related fund names with underlying portfolio characteristics and investment strategies.

In response to the European Securities and Market Authorities' (ESMA) rule, Europe has seen widespread fund renaming and revisions to investment policies. Morningstar and ESMA tracked extensive renaming activity among Article 8 and Article 9 funds (about 31% of funds in scope of ESMA's regulation, per Morningstar). ESMA found that 64% of funds in a sample changed their names, usually to avoid ESG terminology, while 56% strengthened their investment policies.

These changes complicate interpretation of trends in ESG-labeled funds. Some funds have removed ESG-related terminology while retaining substantially unchanged investment objectives or strategies. Consequently, fewer products may carry explicit ESG labels even where sustainability considerations remain embedded in the investment process. Historical measures of ESG-labeled fund flows, and AUM may therefore become less comparable over time: a decline in "ESG-labeled AUM" can partly reflect regulatory-driven relabeling rather than capital abandoning sustainability-oriented strategies.

Country/Region	Rule	Effective year	Recent developments
European Union	ESMA Fund-Name Guidelines	2024-2025	• Funds using ESG-, sustainability-, impact-, environmental-, or transition-related terminology must meet specified thresholds and exclusion criteria or revise fund names and/or investment policies. • These guidelines contributed to widespread fund renaming and policy updates across the European market.
United Kingdom	Sustainability Disclosure Requirements (SDR)	2024	• The FCA's SDR and investment labels regime introduced product labels and disclosure requirements intended to help investors distinguish between sustainable investment strategies and reduce the risk of greenwashing and misleading sustainability claims.
United States	SEC Enhanced Names Rule (amendments to Rule 35d-1)	2023-2026	• The Securities and Exchange Commission (SEC) amended its long-standing Investment Company Act Rule 35d-1 (the "Names Rule"). Rather than creating an isolated ESG-only regulation, the SEC expanded the rule to cover any fund name that suggests investments with "particular characteristics". It targets greenwashing by capturing terms like "ESG," "sustainable," "green," "socially responsible," or "impact". If a fund uses these words, it must invest at least 80% of its assets in accordance with that focus • Broadened the long-standing "80% investment requirement" to cover any fund whose name suggests an ESG or sustainability focus. Compliance deadlines range through mid-to-late 2026 depending on the asset size of the fund group.

Appendix IV: Survey methodology

ESG ratings providers selected for inclusion in the Rate the Raters investor survey are those that define the field today and are considered the dominant players at the time of the survey. The list for including was reviewed and approved by ERM ratings experts.

While this broadened coverage represents a more comprehensive view than previous years, it remains selective rather than exhaustive. The survey excludes certain raters that, while prominent within specific industry sectors, geographic markets, or stakeholder communities, have not yet achieved the broad universal recognition necessary for inclusion in this research.

Prior Rate the Raters surveys served as a foundation in developing the 2026 survey. Developments in the ESG ratings landscape prompted revised survey questions and answer options. Additionally, survey questions and answer options were adapted, where appropriate, to reflect differences in how investors and corporates use ESG ratings. Consequently, not all findings are directly comparable between the corporate and investor editions of Rate the Raters.

The 2026 survey was developed using the survey platform Alchemer and was distributed to ERM and Sustainability Institute networks, including investment professionals across 63 countries. Survey links were distributed by conduits such as email lists and professional networks. Data was collected between February 17 and July 15, 2026, resulting in 53 investor respondents.

The responses were reviewed to ensure data quality and to eliminate invalid responses. The resulting refined data was subject to in-depth analysis using Microsoft Excel and R applications, yielding the insights presented in the report. ERM data scientists conducted additional statistical analysis, which primarily included descriptive statistics such as counts and frequency distributions.

In terms of scoring terminology, several survey questions utilized a 5-point rating scale, with respondents instructed to rate items using scales such as “1 is not important and 5 is very important”, “1 being the lowest and 5 being the highest”, or “1 is very lower quality/usefulness and 5 is very high quality/usefulness”. In the analysis and discussion of these results, the scoring terminology for the numbers is referenced as follows:

- **Score of 1:** very low
- **Score of 2:** low
- **Score of 3:** moderate
- **Score of 4:** high
- **Score of 5:** very high

Throughout the survey window, the Rate the Raters research team conducted targeted interviews with the investment experts chosen to represent diverse types of organizations and geographic regions. Quotes featured throughout this research report are drawn from these interviews and written feedback provided by survey participants.

Appendix V: Investor survey questions

** Indicates a required question.*

1. What type of investment organization is your firm? Please select all that apply.*

a. Asset owner
b. Pension fund
c. Endowment
d. Insurance company
e. Sovereign wealth fund
f. Bank
g. Asset management or investment advisory
h. Hedge fund
i. Mutual fund
j. Private equity
k. Venture capital
l. Other (please specify)
m. I am not an investor, asset owner, or asset manager

2. Which sources of information on corporate ESG performance does your firm find most useful when making investment decisions? Please select your top three.

a. Direct engagement with companies
b. Corporate sustainability reports
c. ESG information disclosure in filings for securities authorities (e.g., ESMA in the EU, CSRC in China, etc.)
d. Corporate ESG ratings (i.e., score-based evaluations of ESG performance, such as MSCI's ratings)
e. Corporate ESG rankings (i.e., lists that classify and/or rank companies)
f. In-house research
g. ESG information from third-party data providers
h. ESG information provided as part of the investment process
i. Media (including news aggregators)
j. Government or regulatory agency databases
k. My firm does not incorporate ESG data when making investment decisions
l. Other (please specify)

3. How often does your firm use ESG ratings products and services (e.g. raw data, analysis, or scores) in your investment processes?*

a. Very regularly (multiple times per week)
b. Regularly (at least once a week)
c. Sometimes (once or twice a month)
d. Rarely (a few times a year)
e. Never

4. How many separate ratings agencies do you utilize in your investment processes?

a. 1 or 2
b. 3 to 5
c. 6 to 10
d. More than 10

5. What are the top three reasons your firm uses ESG ratings products or data?

e. I am required by my organization to integrate corporate ESG ratings into investment analysis and decision-making

f. Growing demand by key stakeholders (including clients) to use the ESG information provided by ESG ratings

g. ESG ratings provide information/data that is material to investment performance

h. ESG ratings are a credible/quality source of information on corporate ESG performance

i. ESG ratings provide data that mandatory disclosures do not

j. My firm derives reputational benefit from using ESG ratings

k. Other (please specify)

6. In what ways does your firm use ESG ratings and their underlying data? Please select all that apply.

a. As a basis for engagement with companies on their ESG performance / to encourage companies to improve ESG performance

b. As a basis for further in-house research on corporate ESG performance

c. To collect "top-level" and "sub-level" ratings scores to inform investment decision-making

d. To collect underlying data from ratings to inform investment decision-making (i.e., data used in-house for proprietary modelling and scoring based on third-party ratings)

e. To determine companies or sectors to include in a fund or portfolio (positive screening)

f. To determine companies or sectors to exclude from a fund or portfolio (negative screening)

g. To determine company ESG performance relative to peers (best-in-class)

h. To select companies that will improve the ESG performance of an existing portfolio

i. To communicate the ESG management/performance of investments

j. Other (please specify)

7. If your firm does not use third-party ESG ratings, why?

a. Lack of interest in ESG-related information on companies

b. ESG data analysis falls outside of my role / remit

c. ESG ratings do not provide the relevant information / data that I need on corporate ESG performance

d. ESG ratings do not focus on material issues

e. ESG ratings' methodologies are not high quality enough

f. ESG ratings' methodologies are not transparent

g. We use other sources (e.g., company sustainability reports) to gather information on company ESG performance

h. Other (please specify)

ESG ratings quality

8. Please rate the importance of each of the following factors when determining the quality, usefulness, and accuracy of an ESG rating. Please use a 5-point scale where 1 is not important and 5 is very important.

Only rate the ratings that you are familiar with. If you are unfamiliar with the rating, please select "I don't know." If you score any organizations as a 5 for either quality or usefulness, please explain why in the comments box.

a. Experience / competence of research team

b. Comprehensiveness of the research process

c. Focus on relevant / material issues

d. Quality of methodology

e. Disclosure of methodology

f. Credibility of data sources

g. Corporate / stakeholder involvement in the evaluation process

h. Common usage by investors and/or other stakeholders

i. Alignment of methodology to disclose frameworks/ regulation

j. Use of AI/machine learning in ratings process

k. Other (please specify in the comments box)

9. On a scale of 1 to 5, with 1 being the lowest and 5 being the highest, how much do you trust ESG ratings agencies to accurately judge a company's sustainability performance?

10. Considering all of the ratings products generated by each rater, please rate the following ESG ratings organizations based on their quality and usefulness.

Please use a 5-point scale, where 1 is very low quality/ usefulness, and 5 is very high quality/usefulness. Only rate the ratings that you are familiar with. If you are unfamiliar with the rating, please select “I don’t know.”

If you score any organizations as a 5 for either quality or usefulness, please explain why in the comments box.*

a. EMSCI
b. CDP
c. S&P Global ESG
d. JUST Capital
e. ISS
f. Sustainalytics
g. Bloomberg
h. EcoVadis
i. FTSE4Good
j. Refinitiv/LSEG
k. RepRisk
l. Sustainable Fitch
m. ESG Book

11. From which raters do you currently purchase or use data (or plan to do so in 2026)? Select all sources.*

a. CDP
b. Refinitiv/LSEG
c. Sustainable Fitch
d. FTSE4Good
e. RepRisk
f. EcoVadis
g. JUST Capital
h. S&P Global ESG
i. MSCI
j. Bloomberg
k. Sustainalytics
l. ISS
m. ESG Book
n. Other (please add the name)

Future of ratings

12. Please rank the options below in the order of what you would like to see happen in the next five years to ensure ESG ratings better serve companies, investors, and other stakeholders.

a. Improved quality and disclosure of methodology
b. Consolidation of ratings
c. Greater consistency and comparability across rating methodologies
d. Greater focus on relevant / material issues
e. Greater engagement of rated companies in the evaluation process
f. Better linkage to company financial performance
g. Further integration of artificial intelligence in data collection and analysis processes
h. Stronger regulation of ESG ratings and assessment processes
i. Greater alignment with leading voluntary disclosure frameworks (e.g., GRI, etc.)
j. Greater alignment with mandatory reporting standards (e.g., ESRS, ISSB, etc.)
k. Expand coverage universe to include greater number and size of companies
l. Other (please specify in the comments box)

13. Certain jurisdictions have begun to mandate that ESG disclosures be produced in XBRL format. The regulations may lead to increased availability of machine-readable, comparable ESG data. If this occurs, how do you believe this will impact your use of ESG ratings in the future?

a. My firm will use third-party ratings and/or underlying data more

b. My firm will use third-party ratings and/or underlying data the same

c. My firm will use third-party ratings and/or underlying data less

14. In what ways do you expect to use Artificial Intelligence (AI) for ESG data analysis and evaluation in the next 1–3 years? (Select all that apply.)

a. Automated collection and processing of ESG data from multiple sources

b. Enhanced data quality and validation (e.g., detecting inconsistencies or errors)

c. Predictive analytics to assess ESG risk exposure or scenario outcomes

d. Portfolio-level ESG scoring or ESG signal generation

e. Custom benchmarking and peer comparison

f. Real-time monitoring of ESG events or controversies

g. We do not currently plan to use AI for ESG data analysis

h. Other (please specify)

15. We would like to know your views about how the ESG ratings landscape will evolve in the next few years. Please rate the following statements on a scale of 1 (strongly disagree) to 5 (strongly agree).

- Investors will maintain a strong interest in ESG ratings
- The relevance of ESG ratings will decrease over time
- Mandatory corporate sustainability disclosure will increase our use of ESG ratings/underlying data
- Advent of AI will increase our use of ESG ratings underlying data

Demographics

16. What are your firm's total assets under management (AUM) in $USD?

i. Under $100 million

j. $100 million to $1 billion

k. $1 billion to $100 billion

l. $100 billion to $200 billion

m. $200 billion to $500 billion

n. $500 billion to $1 trillion

o. Over $1 trillion

17. In what region is your firm headquartered?

a. Africa

b. Asia

c. Australia / Oceania

d. Europe

e. Middle East.

f. North America

g. Central or South America

Appendix VI: Glossary

Article 8/9 funds	Financial products classified under Article 8 or Article 9 of the SFDR, represent the primary target funds for this sustainability investment methodology.
ESG rating firm	Any provider of ESG ratings. Most ESG ratings firms produce more than one rating product to serve different customer needs.
ESG rating	Assessments of sustainability performance derived by analyzing ESG data, usually numerical scores or letter grades. While ESG ratings can exist for nations, sectors, and non-corporate entities, this research report focuses only on ratings of individual corporations, especially publicly traded companies.
ESG ranking	A type of ESG rating in which companies are not assessed on an absolute scale but instead are ranked “best to worst” related to other companies.
ESG ratings methodology	The sets of rules and algorithms that an ESG rating firm uses to create a rating product from ESG data and metrics.
Controversy data	Evidence of the company’s involvement in accidents, negligence, lawsuits, or other news events related to sustainability factors. This can include journalism, court filings, NGO publications, labor union actions, and public criticism by third-party stakeholders.
Peer data	Information about the relative performance of a company against peers within its industry sector, country, and/or size.
Sustainable investment	Evidence of the company’s involvement in accidents, negligence, lawsuits, or other news events related to sustainability factors. This can include journalism, court filings, NGO publications, labor union actions, and public criticism by third-party stakeholders.
Top-level score	The overall composite score or grade a company receives from an ESG ratings provider, summarizing its performance on environmental, social, and governance factors (e.g., MSCI’s AAA–CCC rating scale or an overall 0–100 ESG score).

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The ERM Sustainability Institute

The ERM Sustainability Institute is ERM's primary platform for thought leadership on sustainability. The purpose of the Institute is to define, accelerate, and scale sustainability performance by developing actionable insight for business. We provide an independent and authoritative voice to decode complexities. The Institute identifies innovative solutions to global sustainability challenges built on ERM's experience, expertise, and commitment to transformational change.

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