

RATE THE RATERS 2025

# ESG ratings in evolution

## Corporate survey results

December 2025



Contents	Introduction	3
	Key findings	7
	Corporate survey results	11
	Section 1: Leaders on quality and usefulness	13
	Section 2: Trust and engagement	23
	Section 3: The future of ESG ratings	29
	Recommendations	35
	Appendices	37



CHAPTER 1

# Introduction





**ESG raters have been under multifaceted pressure since the ERM Sustainability Institute’s last Rate the Raters report in 2023. New regulations and codes of conduct aimed at ESG rating agencies have emerged across several jurisdictions, raising expectations for transparency and oversight.**

At the same time, ratings have been indirectly impacted by the early implementation of the EU Corporate Sustainability Reporting Directive (CSRD) and the widespread adoption of the International Sustainability Standards Board (ISSB) framework.

Layered onto these developments is the global backlash against ESG and the broader sustainability agenda, which has further heightened scrutiny of ratings and their methodologies. Raters have felt the effects of evolving criteria for ESG and impact investment funds, introduced in many markets to address greenwashing risk.

In this challenging environment, ESG rating agencies have proven responsive and adaptable. Many have restructured their organizations, refined methodologies, and recalibrated strategic priorities to maintain relevance in a shifting landscape.

It is against this backdrop that we conducted the latest Rate the Raters corporate survey. This

research is part of a multi-year initiative that uses multiple methods to understand how companies and investors perceive and engage with ESG rating providers.

The findings presented in this report draw on a corporate survey fielded between May and July 2025, with 386 respondents from 39 countries and a wide range of industries. The survey insights were further informed by in-depth interviews and feedback gathered on the consultation draft during Climate Week NYC in September 2025.

The report provides readers with an in-depth look into which ESG ratings are trusted most by companies, how corporates rate their usefulness and quality, what drives companies to engage with ESG rating agencies, and how corporate preferences differ across regions.

As part of the Rate the Raters series, the ERM Sustainability Institute will conduct a global survey of investors and publish its results in 2026.

We start the report with a summary of key findings and takeaways, which is followed by detailed data charts and analysis. In the second half of the report, we have included an overview of the most important legislation developments that impact ESG ratings and brief recommendations for companies on how they can act on the findings from this report.

WHAT IS AN ESG RATING?

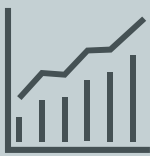
ESG ratings, developed by both for-profit and nonprofit entities, aim to measure how well a company’s strategy, operations, and structure align with sustainability priorities.

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.



# Trends in the ESG ratings landscape

ESG regulations have expanded and changed rapidly in recent years. Direct regulation aimed at rating agencies and regional codes of conduct for raters have emerged across several geographies. Simultaneously, regulatory frameworks requiring corporate disclosure on sustainability performance and supply chain transparency have proliferated, providing stakeholders with public data that potentially competes with ESG ratings. Another notable shift has been recent backlash against the term “ESG,” particularly in the U.S. and increasingly in parts of Europe.

Rating agencies have moved to adapt to these changes, reorganizing internal structures, refining their methodologies, and shifting strategic priorities.

## Improving transparency

Raters have responded to criticism (and regulation) about opacity and inconsistency in ESG ratings by improving transparency. Since the adoption of their Code of Conduct, the Japanese Financial Services Agency has reported significant improvements in internal processes and transparency among ESG ratings providers. Many rating agencies now also have dedicated contact points for raising concerns and verifying data sources.

## Changing strategies and introducing new products

To stay relevant, many raters are recalibrating their methodologies and datasets to integrate standardized, regulator-mandated information, enabling their ratings to remain a meaningful complement to formal compliance requirements. Below are some common strategic responses.

- **Leaning into specialization,** introducing new ratings or products on specific topics, such as climate risk, biodiversity, and human rights.
- **Re-engineering questionnaires.** Several raters have re-engineered their questionnaires. For example, in 2024, CDP merged the three themed questionnaires (Climate Change, Forests, Water Security) into a single, integrated questionnaire. New topics, including plastics and biodiversity, also have been added. In 2025, JUST Capital suspended its 2025 Data Review Period completely and narrowed its dataset from 236 data points in 2024 to 85 in 2025.
- **Terminating proprietary ratings. Moody’s discontinued** its ESG scoring products and closed Moody’s ESG

Solutions business. In July 2024, Moody’s announced a strategic partnership with MSCI. Under this agreement, Moody’s will use MSCI’s ESG ratings and sustainability content, while MSCI gets access to Moody’s Orbis database.

- **Adjusting scoring visibility and public data access.** In 2025, raters such as MSCI and Sustainalytics eliminated their public score databases. In contrast, other raters have maintained or increased score visibility. For example, ISS has maintained availability of a selection of their ratings results in a “Sustainability Gateway”. CDP has maintained public score access but eliminated public access to full company reports.

## Exiting some markets

In India, the new SEBI requirements for Enterprise Ratings Providers has been deemed cumbersome by some raters, prompting companies like S&P Global, Sustainalytics, and LSEG to withdraw their services from the market. The exits highlight tension between global standardization and local customization.

We provide more information about the evolving ESG ratings landscape in the Appendices.

## INSIGHT

Regulations in the ESG ratings landscape place a heavier burden on smaller raters compared to larger ones. With limited resources, smaller firms face higher relative compliance costs and greater legal risks. As a result, smaller raters may be pushed toward consolidation or partnerships to remain competitive.



CHAPTER 2

# Key findings



# 1 Investor demand remains the strongest driver of corporate engagement with ESG rating agencies, though customer expectations are rapidly growing in importance.

- Investor demand is the most important motivation for companies to engage with rating agencies, with 46% of companies citing it as the top reason for engagement. This represents a decline from 2023, when 57% of companies identified investor demand as the most important motivation.
- Customer demand is increasingly influential, with 23% of companies citing it as the most important driver (compared to 7% in 2023), tied with performance assessment (at 23%).

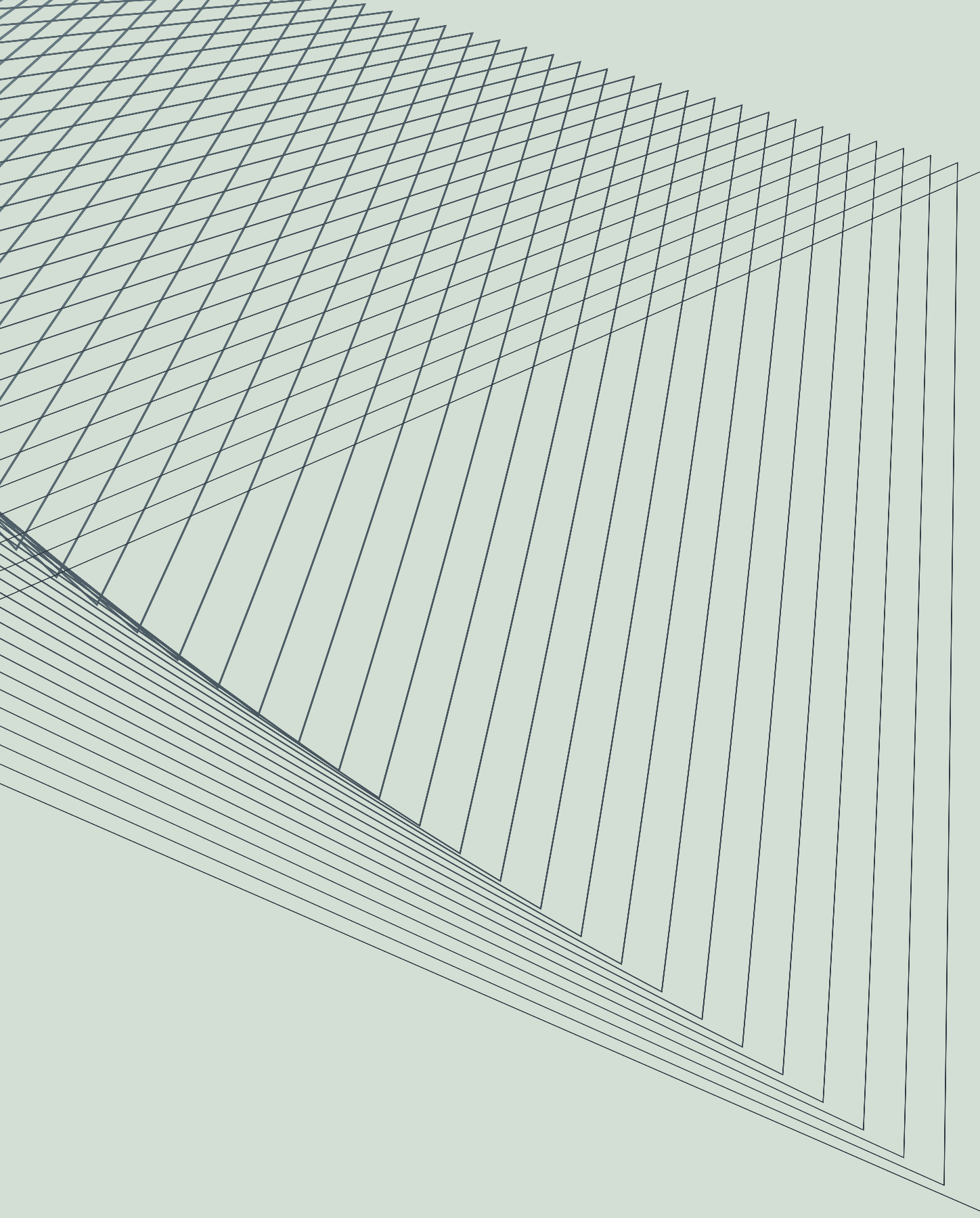
# 2 The rise of EcoVadis in both perceived quality and usefulness rankings points to the growing popularity of supply chain solutions, compared to more investor-focused ratings.

- The ranking of ESG ratings based on perceived quality and usefulness stayed mostly the same as in 2023, with one notable exception. Companies now see EcoVadis as the No.1 most useful ESG rating. EcoVadis has also moved to the third position (from seventh in 2023) based on its quality.
- EcoVadis' platform contains reporting data and ratings of 150,000 companies, far more than most competitors, giving both companies and investors broader insight into the sustainability of the supply chains they examine.

# 3 CDP and S&P Global ESG remain in the top three for quality and usefulness, indicating persistent appreciation of active raters.

- CDP and S&P Global ESG continue to be seen as global leaders. CDP ranked second in terms of perceived average quality and usefulness. S&P Global ESG ranked first in average quality and third in average usefulness.
- While previous Rate the Raters reports have documented corporate frustration with the reporting burden associated with ESG ratings, active raters (CDP, S&P Global ESG, and EcoVadis) still rank highest in our quality and usefulness surveys.





## 4 The number of ESG ratings that companies typically engage has dropped significantly, suggesting that corporates are taking a more selective and strategic approach.

---

- The number of companies engaging with over ten raters dropped by more than half, while those working with two to five rating agencies rose by 25% compared to 2023.
- Sustainability teams, stretched by growing mandatory disclosure requirements, appear to be choosing to focus their time, budget, and staff on the ratings most relevant to their stakeholders (e.g., investors, customers) and strategies (e.g., benchmarking, compliance with regulations).

## 5 Trust in ESG ratings has modestly risen, likely a result of improvements in transparency of methodology.

---

- This year has seen a marginal 6% increase in corporate trust that raters will accurately judge a company's sustainability performance, with the average score rising from 2.86 out of 5 in 2023 to 3.12 out of 5 in 2025.
- Since 2023, many countries and regions have introduced codes of conduct and (planned) regulations for ESG raters to address criticisms of opaque rating methodologies. This pressure has led to transparency improvements that may have influenced this result.

## 6 Corporate respondents provided mixed responses regarding the future of ratings. While they plan to continue responding to ESG ratings, companies have also expressed some skepticism about the future importance of ratings.

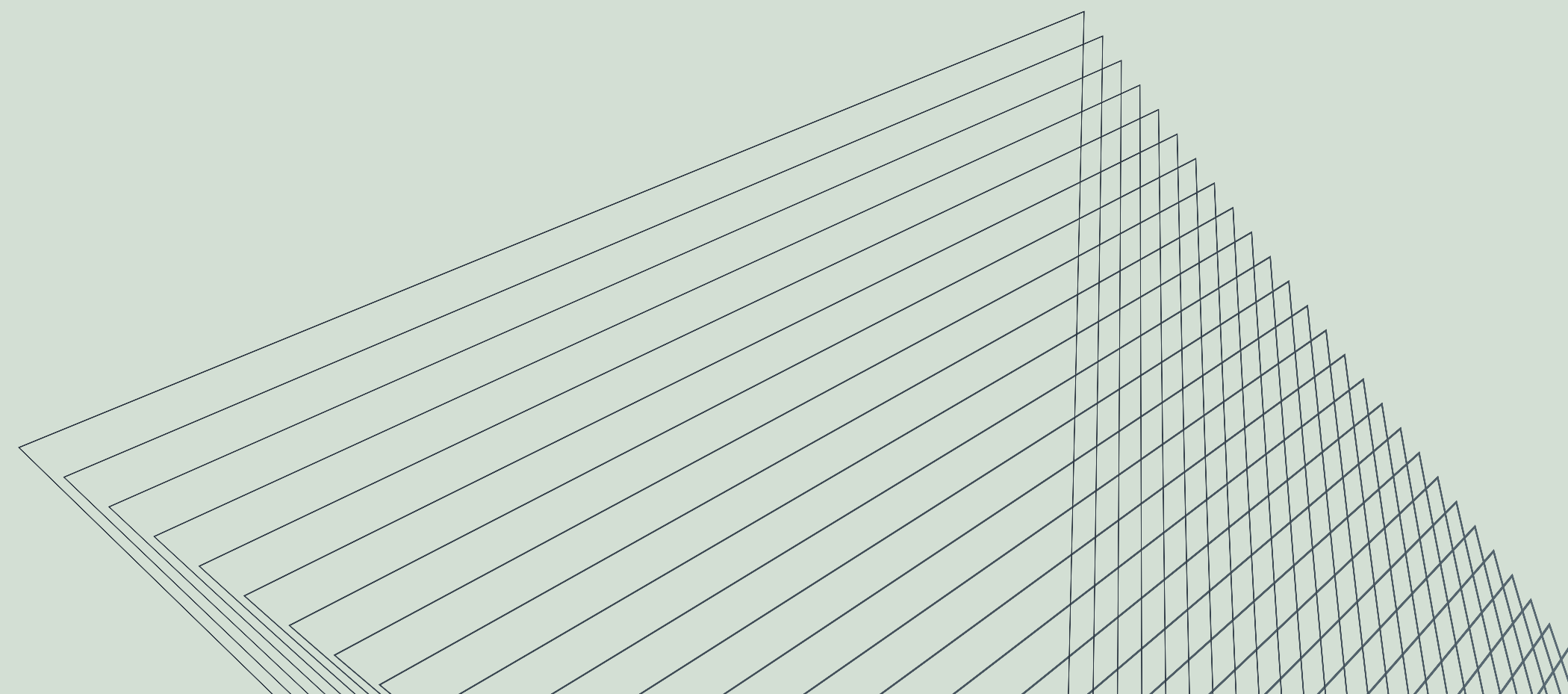
- About 84% of the companies say that they plan to continue engagement with ESG ratings and see them as an important part of their sustainability strategy.
- 64% of respondents agree that investor demand for ratings will remain strong.
- At the same time, 46% of the companies say that they somewhat or strongly agree that the relevance of ESG ratings will decrease over time.

## 7 The most important change that companies would like to see is closer alignment of ESG ratings with leading mandatory and voluntary sustainability standards.

- 77% of respondents want ESG rating agencies to align their methodologies with the leading mandatory and voluntary reporting standards.
- Leading mandatory and voluntary reporting standards have increased pressure on the ESG ratings business model. However, the simplification and delayed rollout of regulation in Europe and ESG backlash in the US have given ESG raters more time to adapt and modify strategies.

## 8 Companies in Asia-Pacific and Europe, the Middle East, and Africa have more confidence in ESG ratings than companies in North America.

- Regions perceive ESG raters differently. On average, companies in APAC and EMEA rate ESG raters a 3.2 to 3.29 score (out of 5) on quality and usefulness (3 indicates moderate satisfaction). Scores from North American companies dipped just below 3.
- APAC companies chose relatively clear winners compared to the other two regions. They rated CDP and S&P Global ESG number one and two for both quality and usefulness and rewarded them with the highest scores given by any region.
- CDP, S&P Global ESG, and EcoVadis are most consistently present in the top three positions across regions.

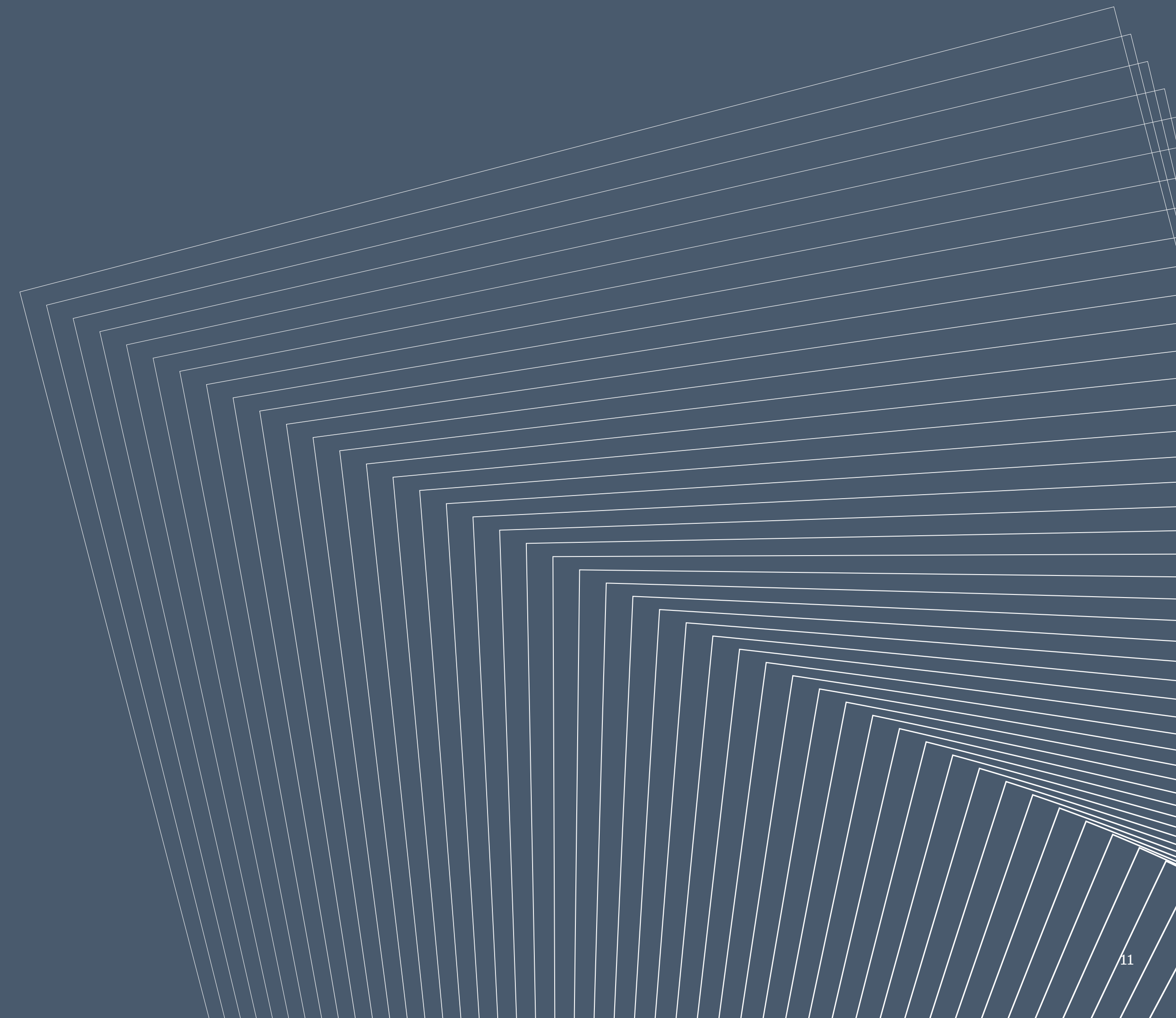






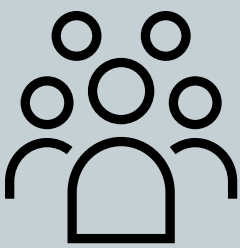
CHAPTER 3

# Corporate survey results

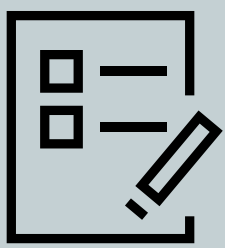


ERM conducted a survey of corporate sustainability professionals between May and July 2025.

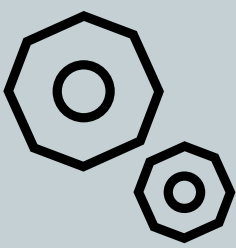
PARTICIPATION INCLUDED:



386 sustainability professionals working at public and private companies



206 complete responses and 180 partial responses



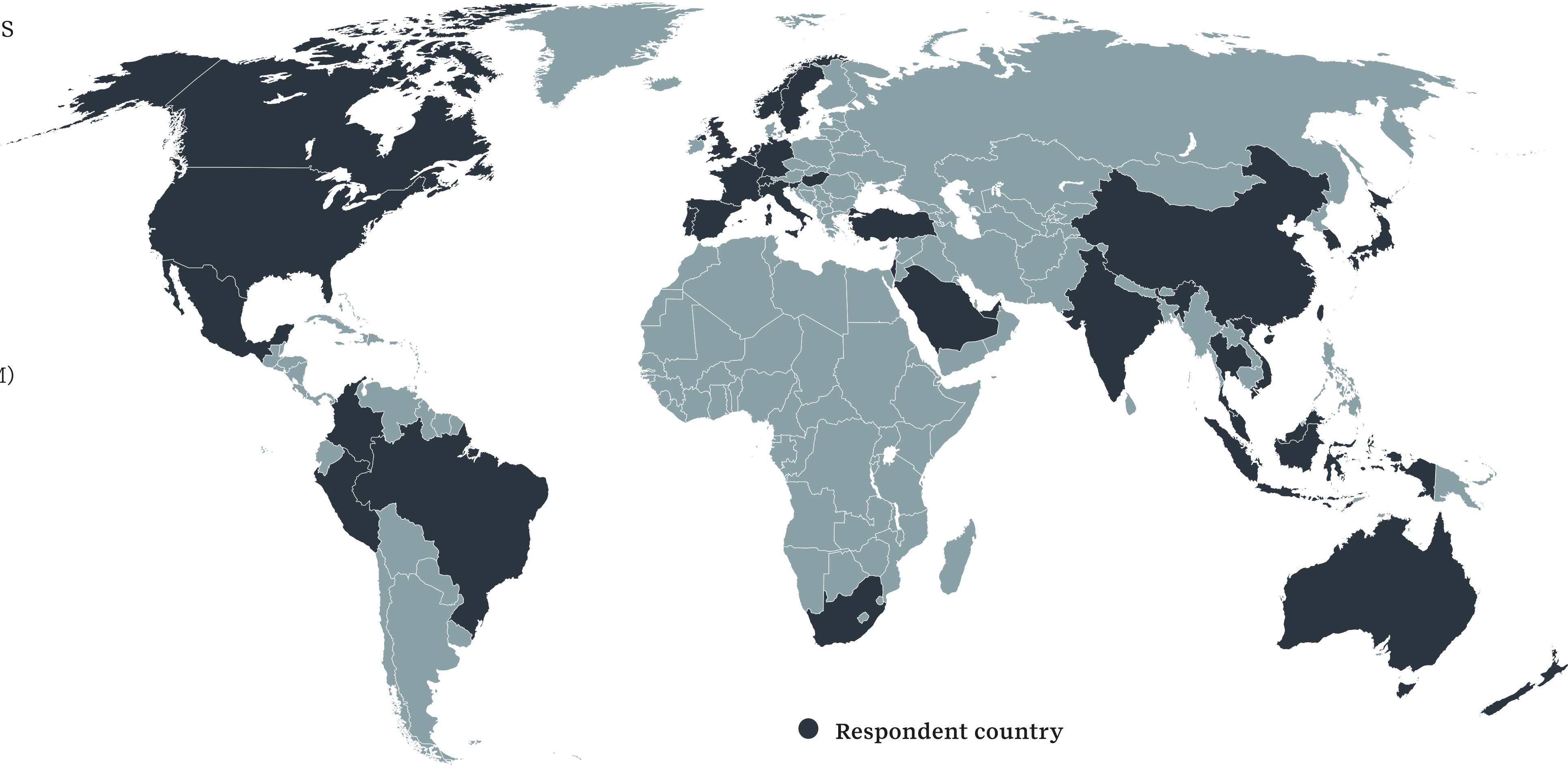
28 different industry sectors

Four global regions represented by respondent organizations' headquarters:

- Asia-Pacific (APAC)
- Europe, Middle East and Africa (EMEA)
- Latin America (LATAM)
- North America (NA)



39 different countries



- Australia
- Bahrain
- Belgium
- Brazil
- Canada
- China
- Colombia
- France
- Germany
- Hong Kong
- Hungary
- India
- Indonesia
- Israel
- Italy
- Japan
- Korea
- Liechtenstein
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Norway
- Peru
- Portugal
- Saudi Arabia
- Singapore
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Taiwan
- Thailand
- Turkey
- United Arab Emirates
- United Kingdom
- United States
- Vietnam



# Section 1: Leaders on quality and usefulness

## Key survey findings

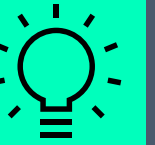


Quality: Active raters S&P Global ESG and CDP continue to lead on perceived quality, ranked first and second, respectively.

Usefulness: EcoVadis made the biggest overall leap, jumping to the top position on ESG ratings usefulness, followed by S&P Global ESG and CDP.

Methodology and credibility of data sources remain the top factors determining the quality of ratings.

## Key takeaways



Active ESG ratings continue to be rated highly by companies, despite the reporting burden.

EcoVadis' fast rise points to the growing popularity of supply chain sustainability solutions.

There are some regional variations in how corporates perceive rater quality and usefulness, but overall, broad trends are consistent, indicative of ESG raters' global reach and recognition.

# S&P Global ESG and CDP continue to lead on perceived 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:

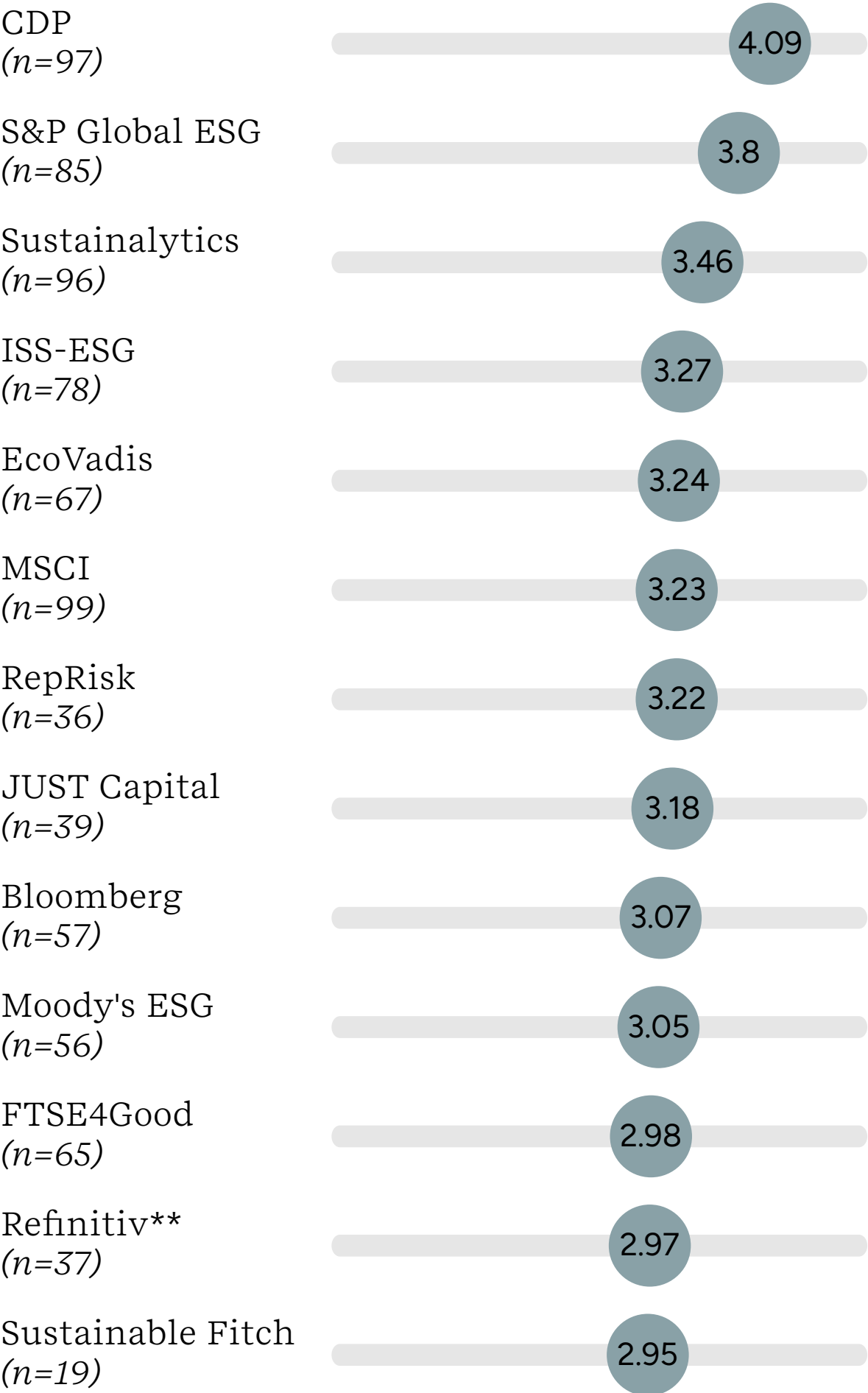
- S&P Global ESG and CDP continue to be seen by companies as leaders on quality.
- In one of the most notable changes, EcoVadis climbed the ranks to number 3 after being ranked 5 in 2023.
- Other ratings scored highly for quality continue to include MSCI, Sustainalytics, and ISS, which remain in the top six in 2025 as they were in 2023.

## What does this mean?

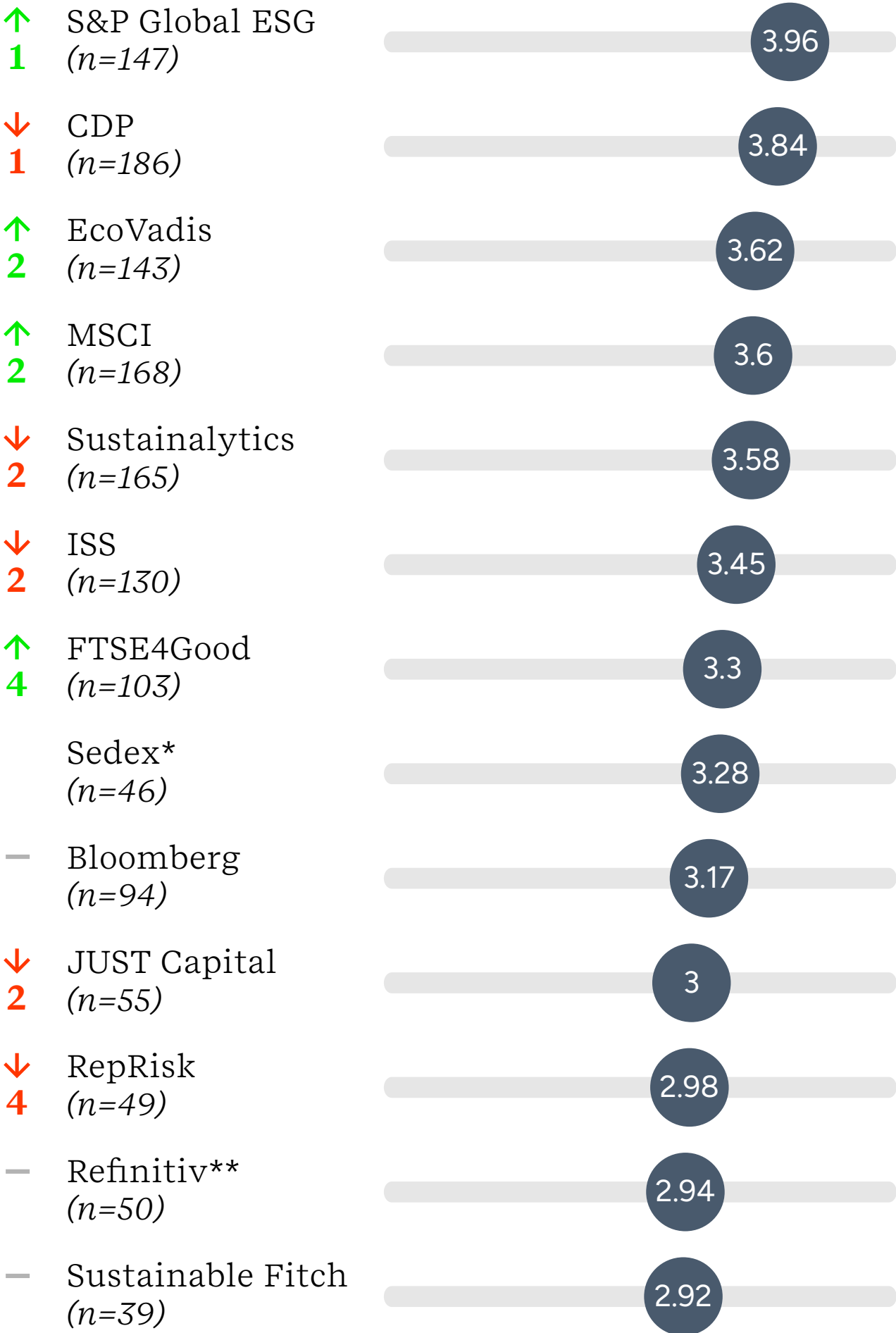
- CDP and S&P Global ESG are among the most prominent active ESG raters, requiring substantial corporate engagement in their assessment processes. Survey data suggests that respondents view these raters as higher quality compared to rating providers that rely more heavily on passive data collection from public disclosures.
- The rise of EcoVadis may indicate a growing appreciation for supply chain management platforms and ESG ratings designed for business-to-business use.

## Average perceived quality of ESG ratings in 2023 and 2025 (on a scale from 1 to 5)

### 2023



### 2025



↑ Improved ranking    ↓ Worsened ranking    — No change in ranking

\*Sedex was not included in the 2023 published findings.  
\*\*"Refinitiv" is used for consistency with prior survey years and the survey wording, though the name has since transitioned to LSEG.



# EcoVadis becomes the leader on perceived usefulness

## QUESTION

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

## Survey findings:

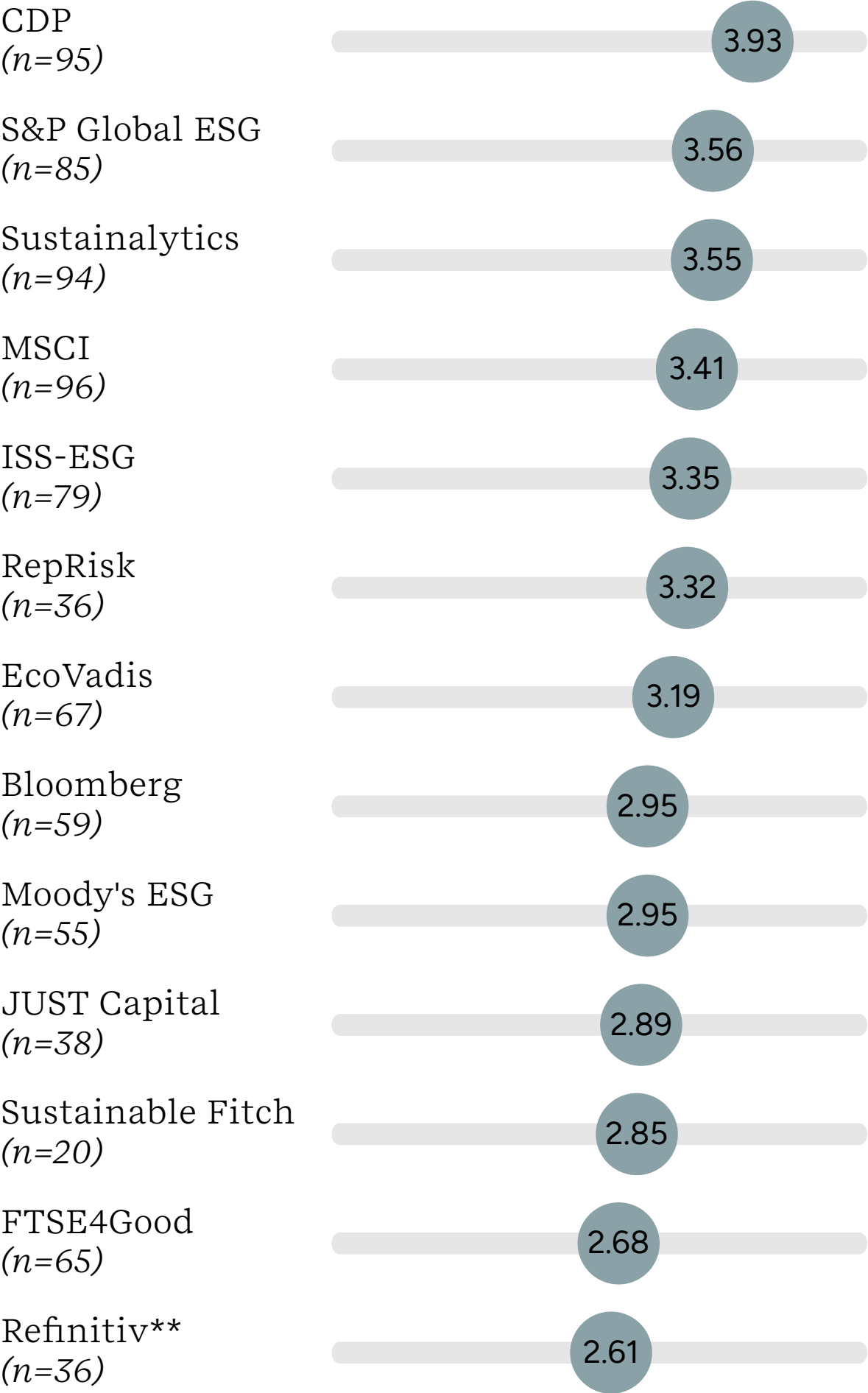
- EcoVadis leaped to the top of the most useful ESG ratings, jumping from the 7th position in 2023 to the top spot in 2025.
- CDP and S&P Global ESG stayed in the top three for average usefulness, although their perceived usefulness rating has dropped compared to 2023.

## What does this mean?

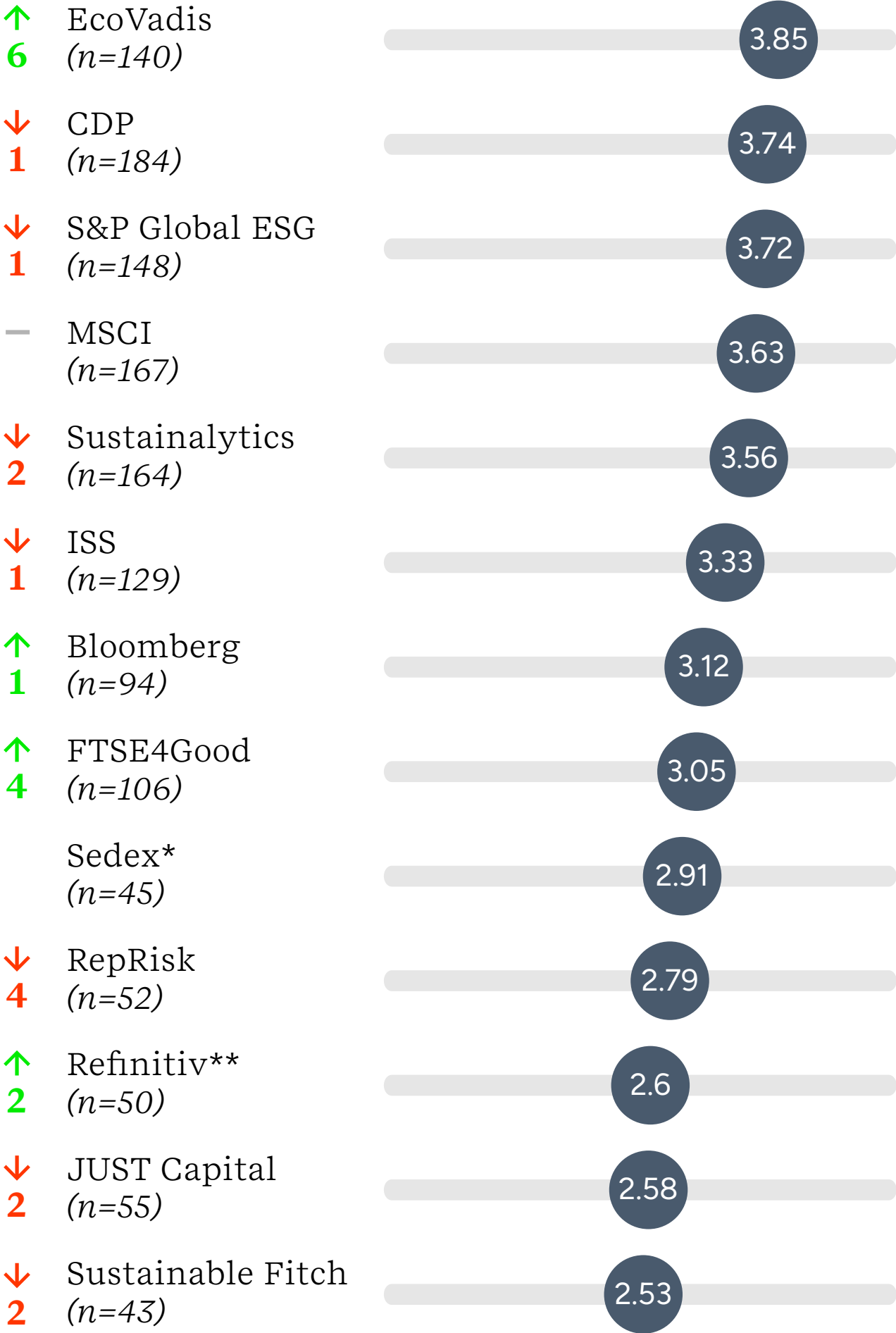
- EcoVadis’ origin in supplier assessment gives it strong recognition in supply chain management, and its adoption by large companies helps companies win and maintain customer relationships, creating business value. Additionally, a good EcoVadis score can satisfy multiple customer requirements at once, buoying its usefulness.
- The usefulness results for S&P Global ESG and CDP underscore that companies still view high effort, active raters as useful.

## Average perceived usefulness of ESG ratings in 2023 and 2025 (on a scale from 1 to 5)

### 2023



### 2025



↑ Improved ranking   ↓ Worsened ranking   – No change in ranking

\*Sedex was not included in the 2023 published findings.  
\*\*"Refinitiv" is used for consistency with prior survey years and the survey wording, though the name has since transitioned to LSEG.

“We are intentional about calling EcoVadis an ‘ESG platform’ rather than a rater or ranker, because the usefulness of it comes from the data it provides, not just the score. That said, it’s still useful to see the score for peer comparison.”

---

*Climate Week NYC 2025 roundtable attendee*



# ESG ratings scores on quality and usefulness show variation in perception of ratings

## Survey findings:

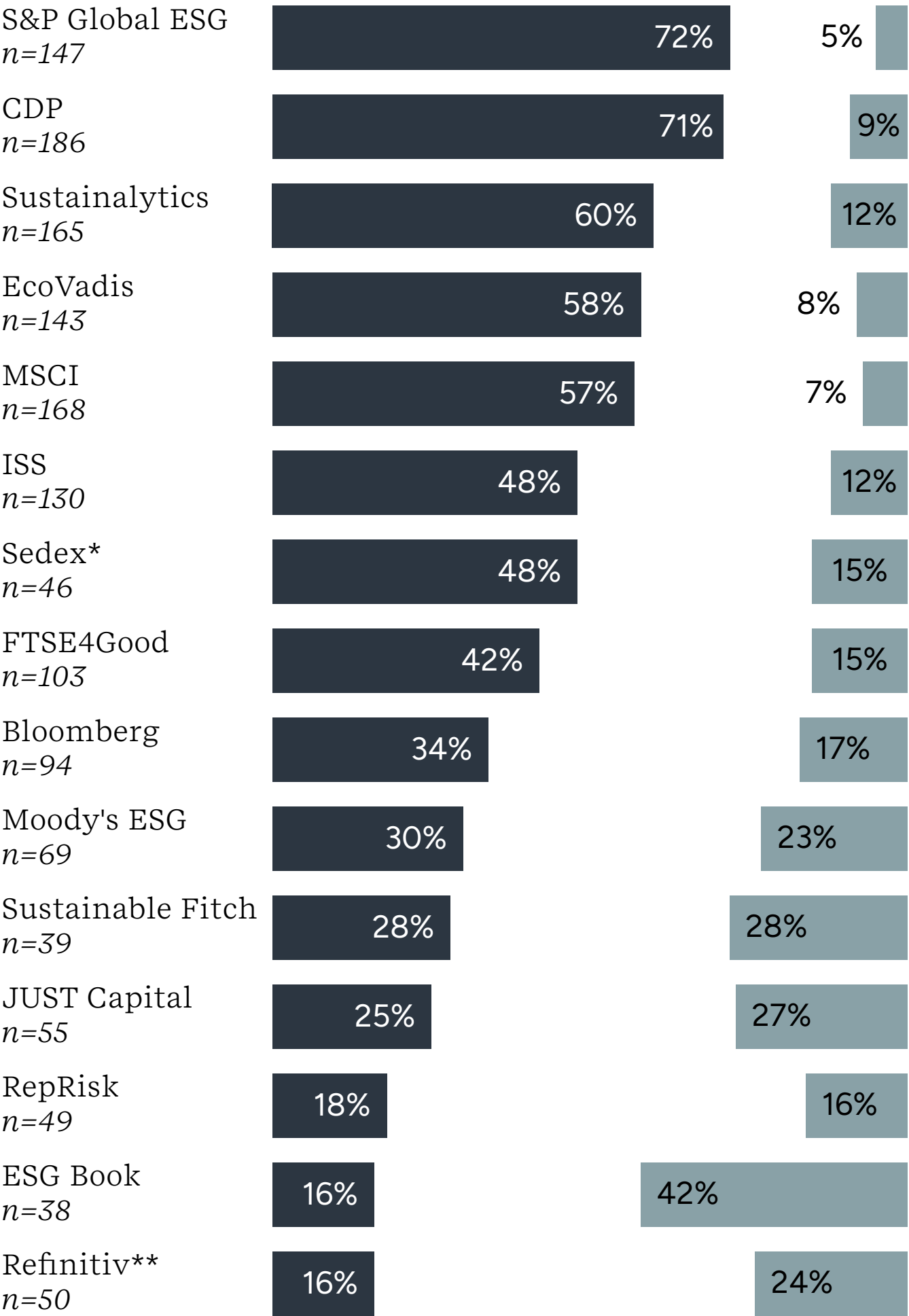
- Some raters (S&P Global ESG, CDP, EcoVadis, Sustainalytics, MSCI) receive high scores (4 & 5) from more than 50% of respondents. Few respondents tend to assign low (1 & 2) and neutral (3) scores for these raters.
- Other ESG ratings (Refinitiv, JUST Capital, ESG Book) are rated low (1 & 2) more frequently than high (4 & 5), with many more respondents also tending to have a neutral (3) opinion about them.

## What does this mean?

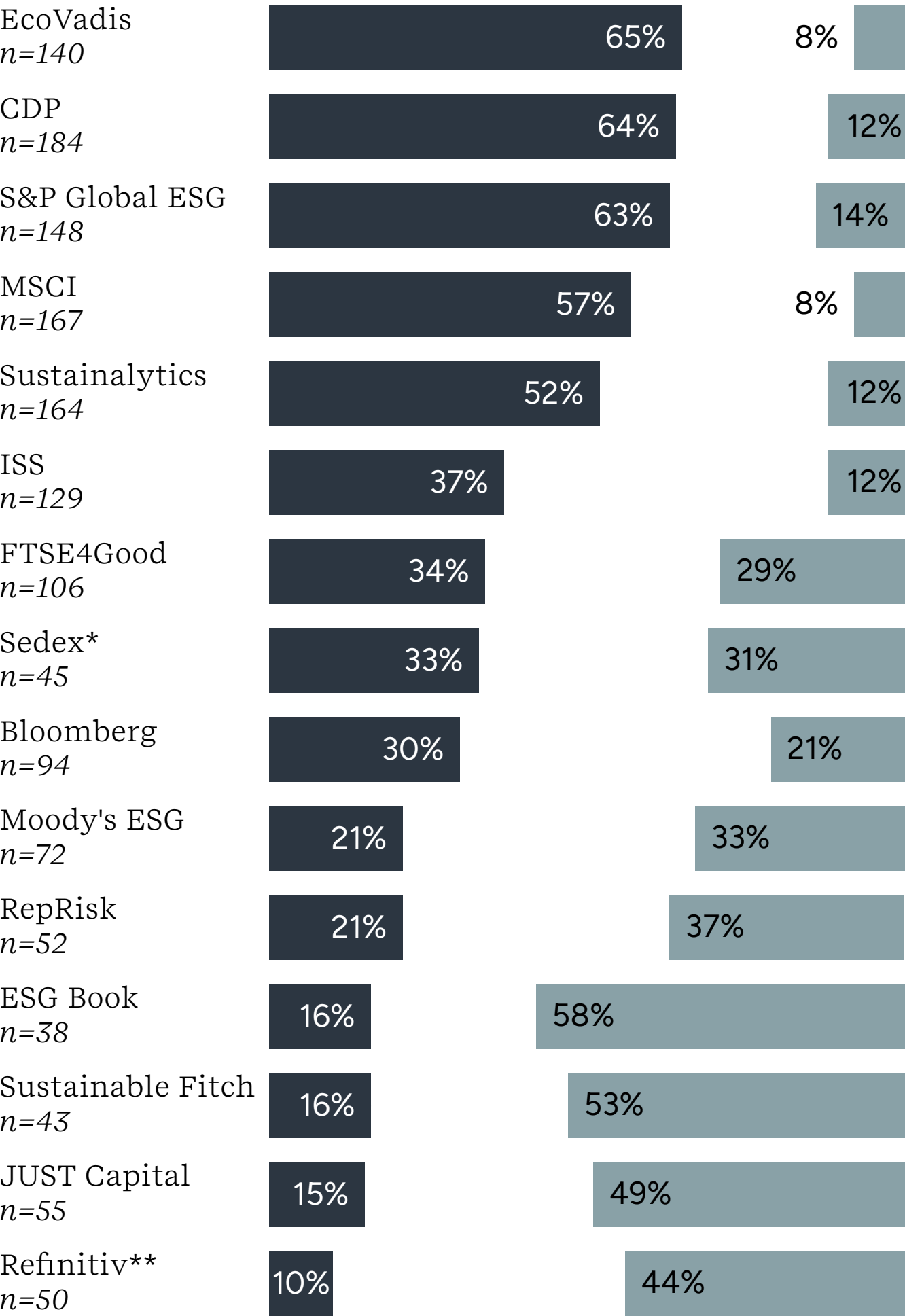
- The distribution of high and low scores shows a lot of variation, indicating that corporate perceptions of the quality and usefulness can be very different for individual ESG ratings.
- Higher average scores for quality than average usefulness may indicate that while companies believe ESG ratings provide good analysis, their usefulness remains more limited.

# Distribution of high (4 & 5) and low (1 & 2) scores for quality and usefulness

## Quality



## Usefulness



● % respondents rating high (4 & 5)      ● % respondents rating low (1 & 2)

The chart shows the percentage of high (4 & 5) and low (1 & 2) scores for each ESG rater. The n value includes only respondents who gave scores from 1 to 5 and excludes those who answered "I don't know". \*Sedex was not included in the 2023 published findings. \*\*"Refinitiv" is used for consistency with prior survey years and the survey wording, though the name has since transitioned to LSEG.

# S&P Global ESG and CDP maintain leadership positions since 2018

## Survey findings:

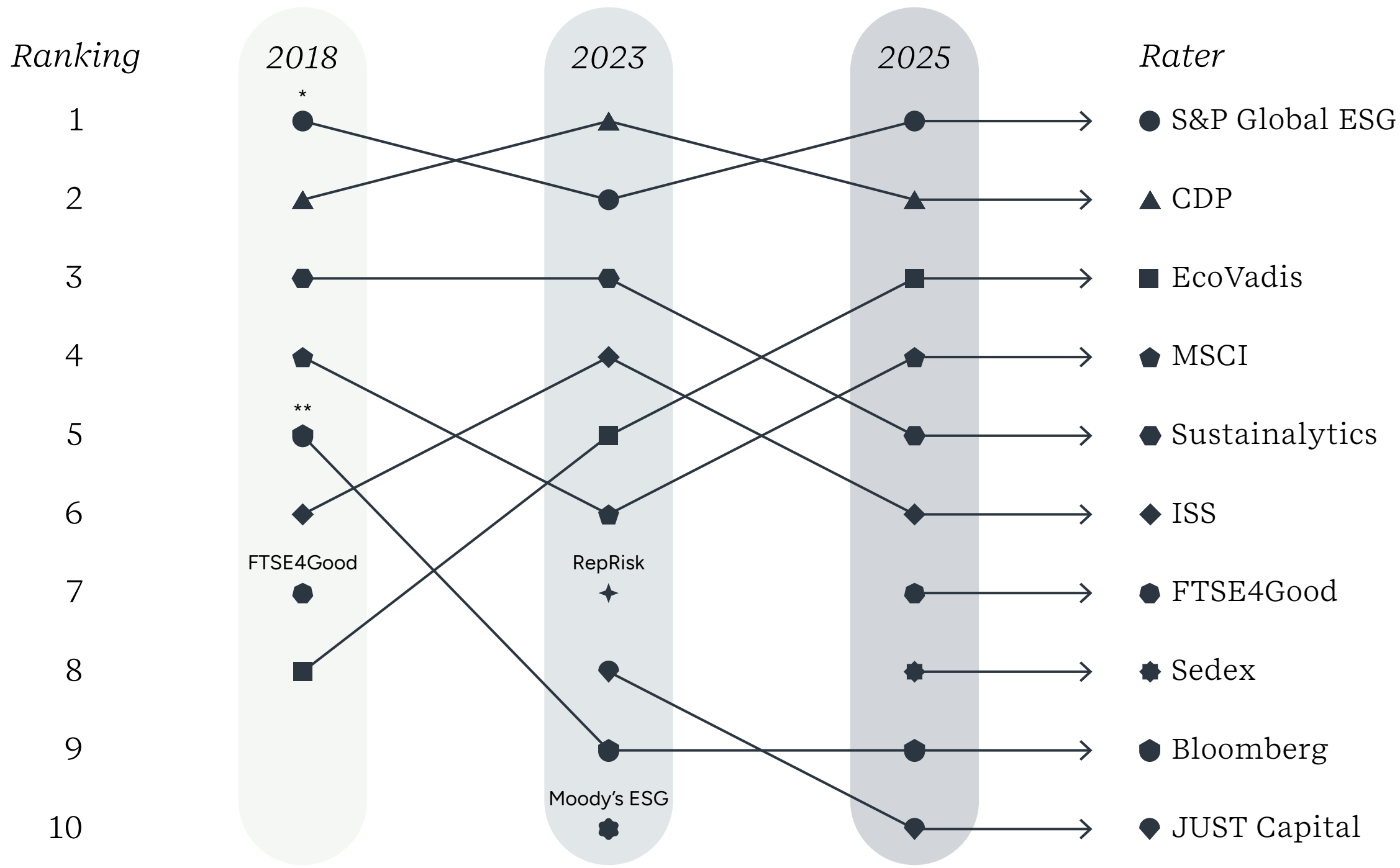
- S&P Global ESG and CDP have consistently been ranked in top positions since 2018 for quality and usefulness.
- EcoVadis has made the biggest leap, rising from 8th position in 2018 to 3rd place in 2025 on quality, and from 8th position to the 1st place on usefulness.

## What does this mean?

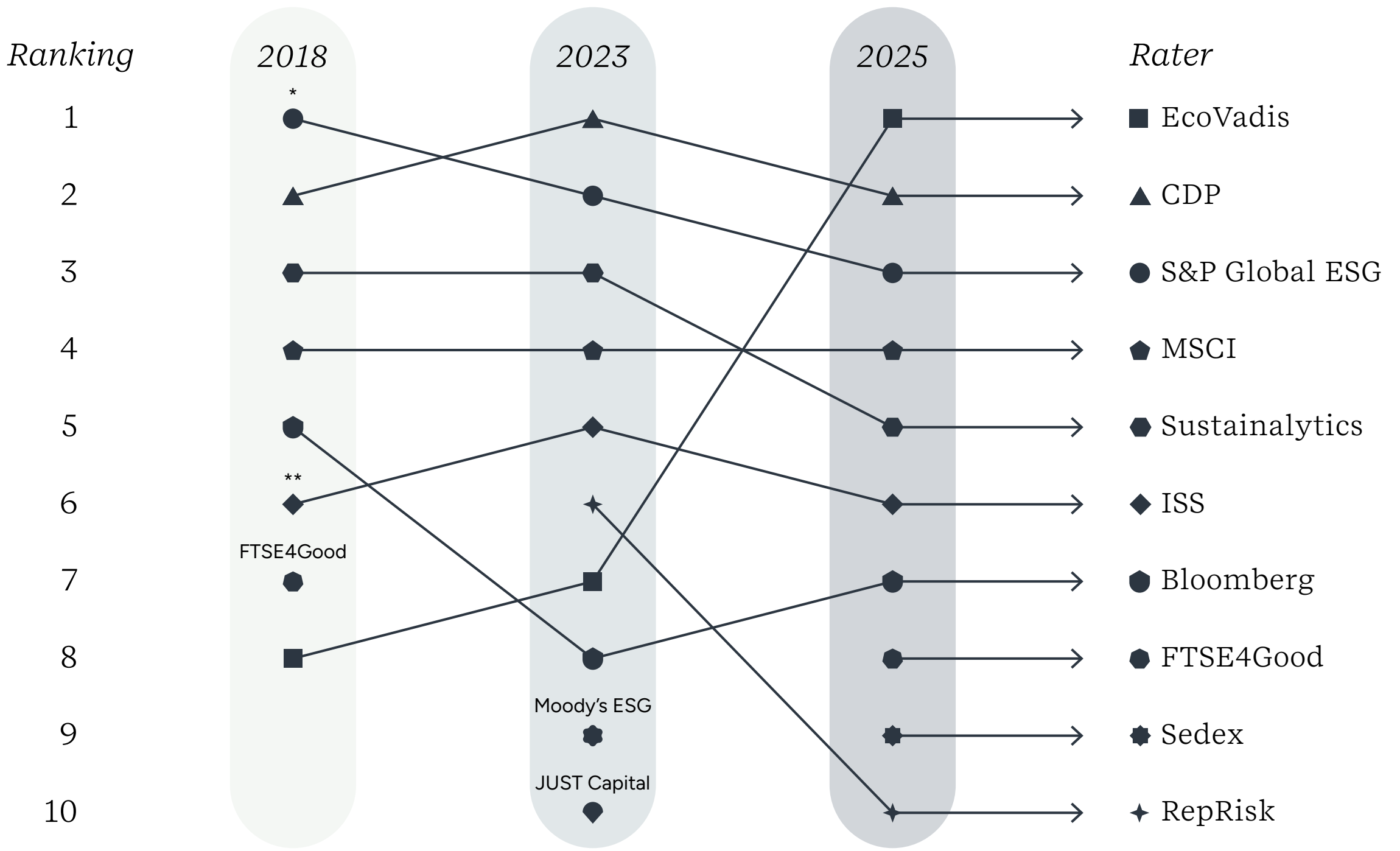
→ Despite many changes in the ESG ratings landscape since 2018, S&P Global ESG and CDP have maintained high placement in the rankings, demonstrating that corporates continue to regard these active raters highly.

## Top ten leaders in 2018, 2023, and 2025

### Average quality



### Average usefulness



\*The 2018 survey included RobecoSAM Corporate Sustainability Assessment (CSA). S&P Global acquired SAM, the ESG Ratings and Benchmarking business, and continued to operate the CSA.

\*\*In the 2018 survey, the answer option was ISS-Oekom Corporate Rating.

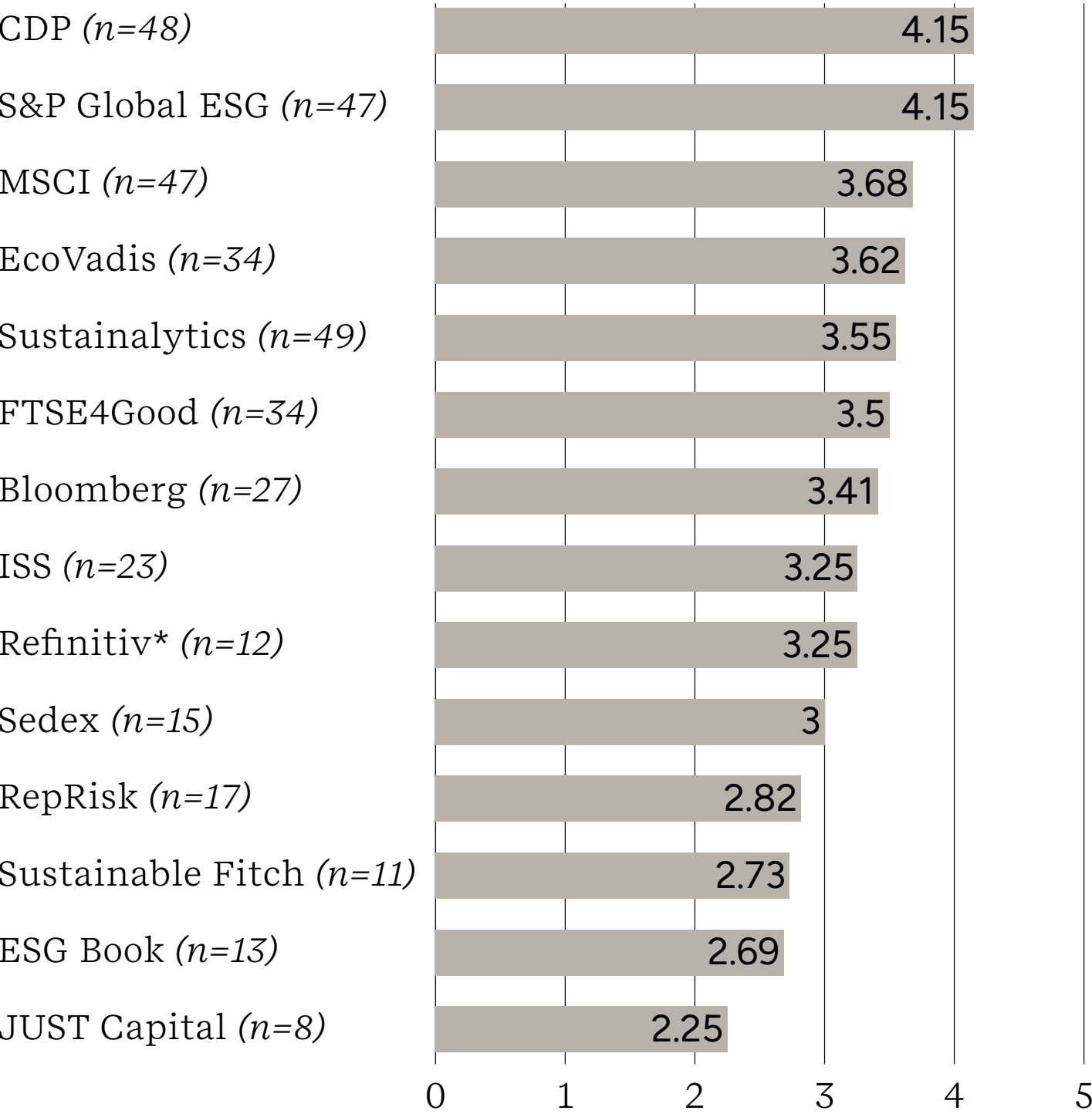


# Regional perspectives on the quality of ESG ratings

## Survey findings:

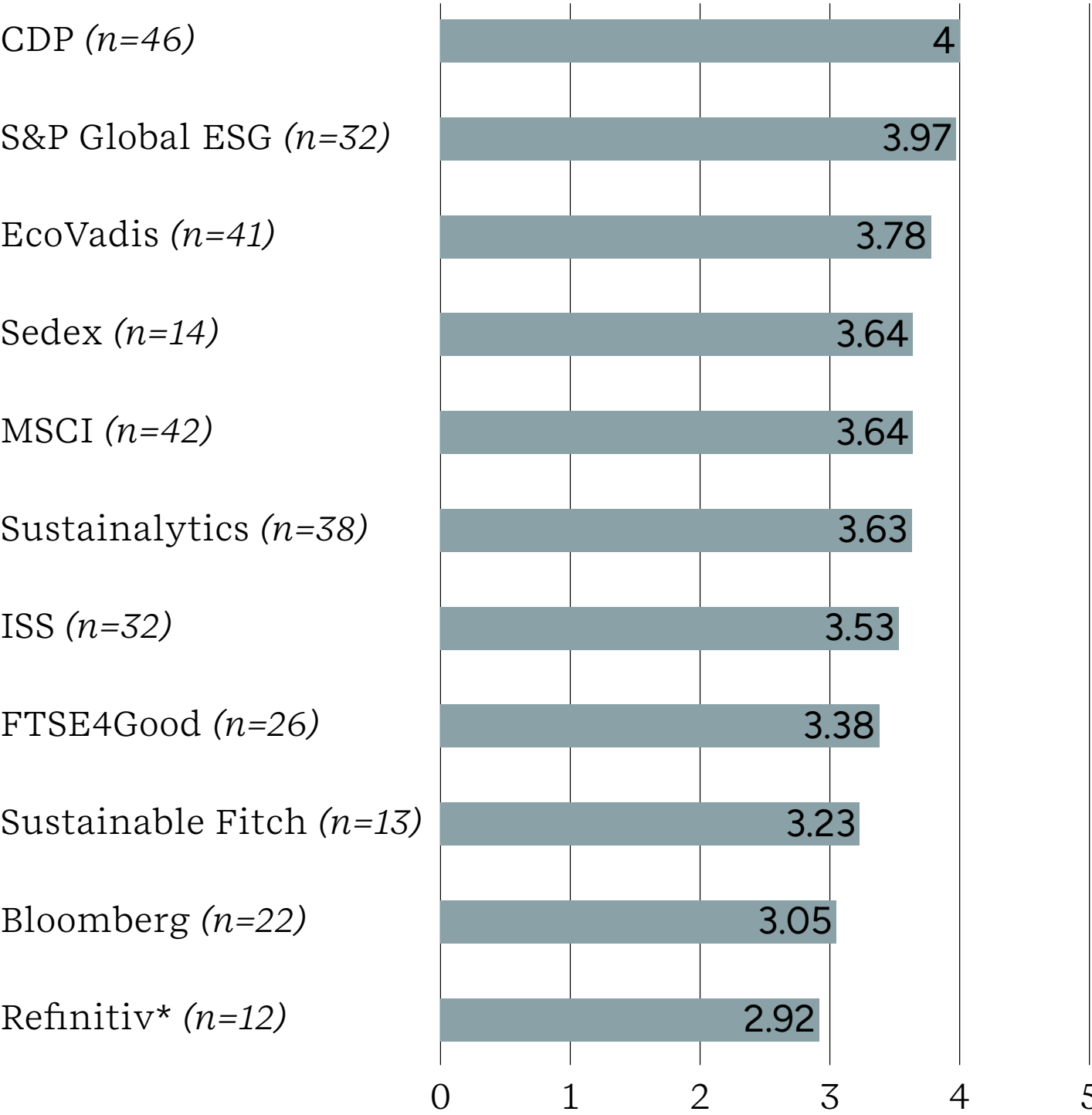
- Across all regions, CDP and S&P Global ESG vie for the top two positions, while MSCI, Sustainalytics, and EcoVadis follow close behind.
- Overall, respondents in APAC and EMEA tend to assign higher scores for the quality and usefulness of ESG ratings than in North America.

### Quality Asia-Pacific



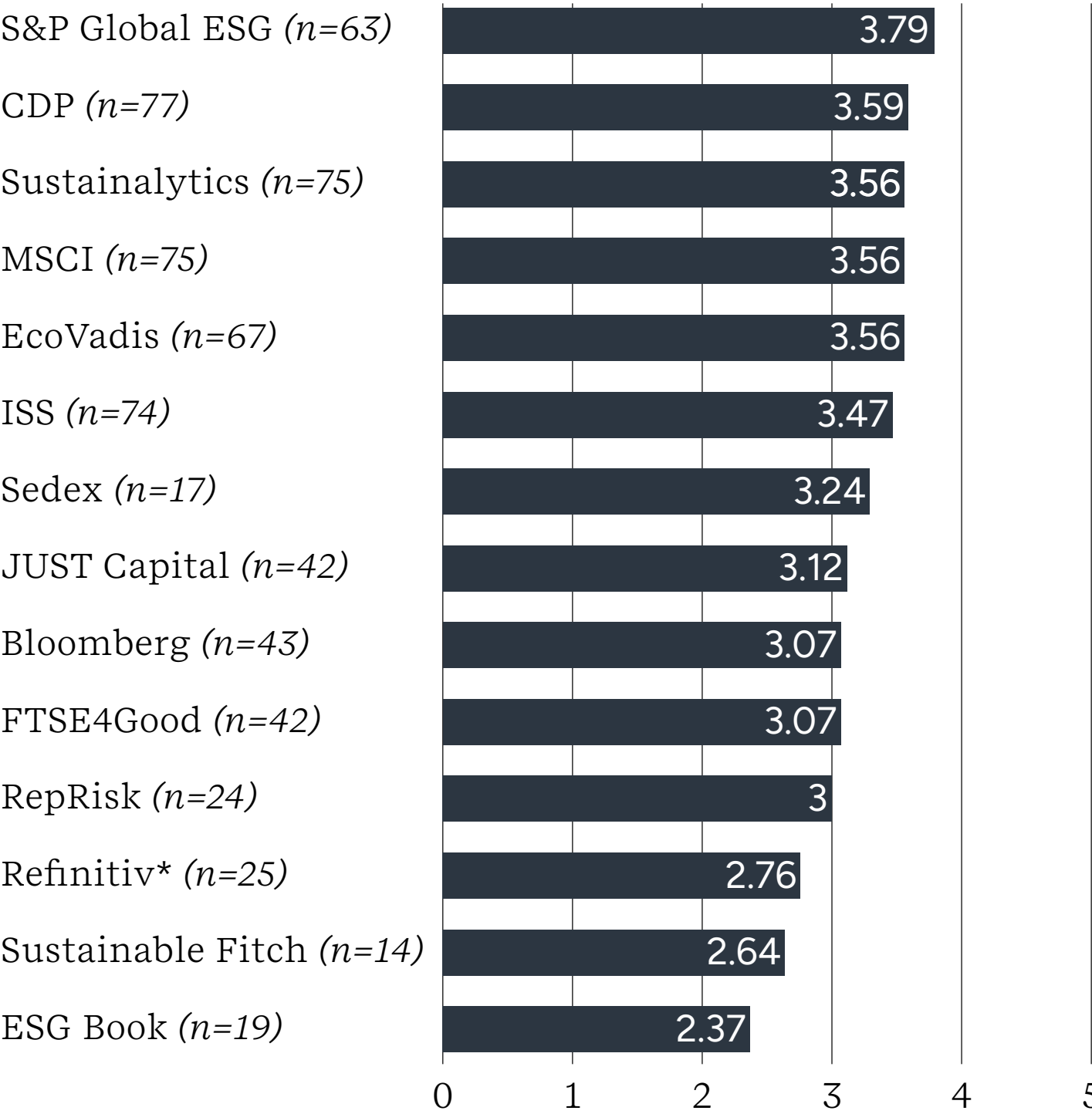
Average Score APAC: 3.29

### Quality Europe, Middle East, and Africa



Average Score EMEA: 3.20

### Quality North America



Average Score NA: 2.94

For the regional breakdown, we removed raters who received fewer than 8 responses. LATAM is not included due to insufficient data. The total number of responses for APAC, EMEA, and North America was 57, 53, and 88, respectively.

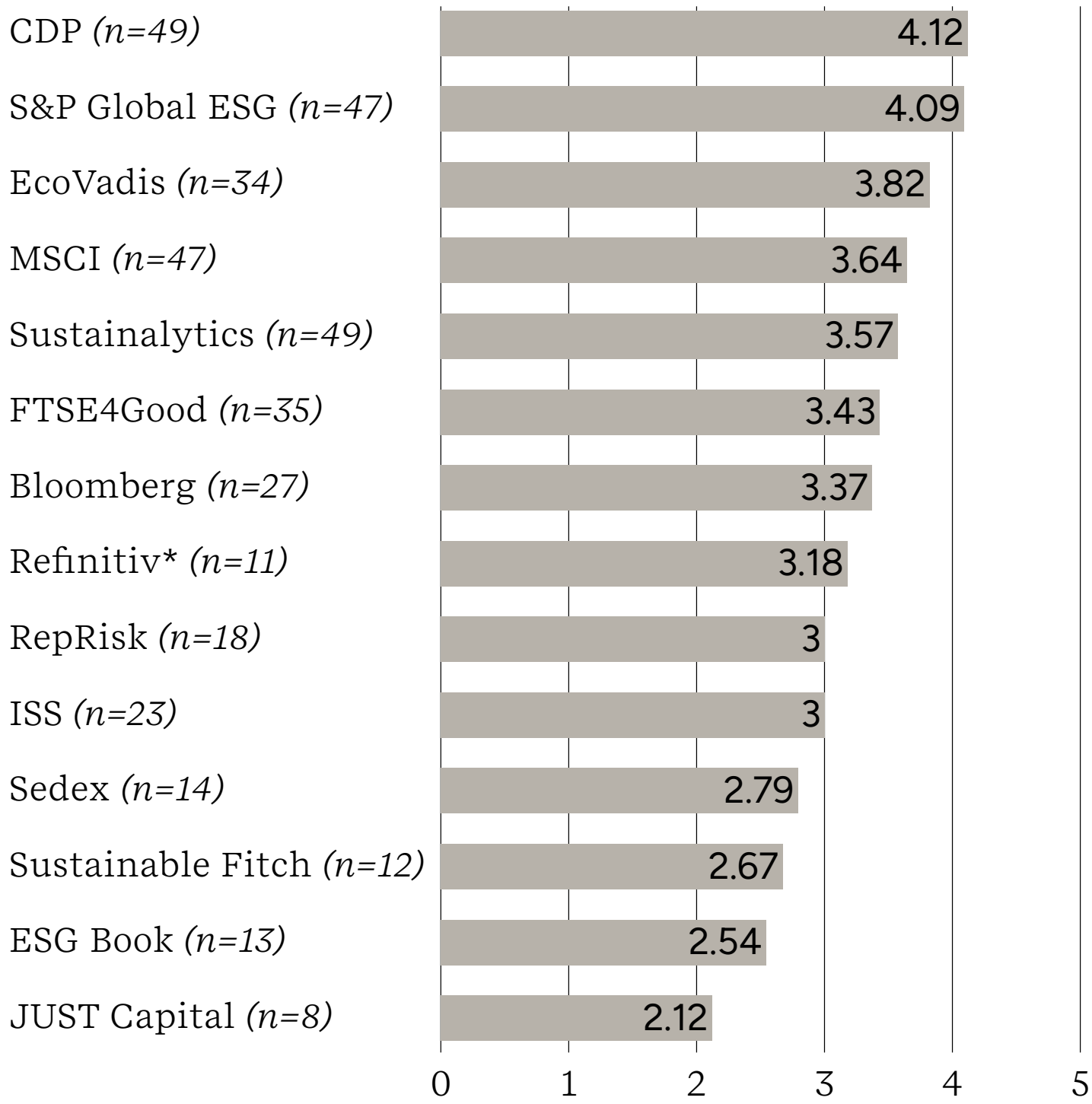
\*"Refinitiv" is used for consistency with prior survey years and the survey wording, though the name has since transitioned to LSEG.

# Regional perspectives on the usefulness of ESG ratings

## Survey findings:

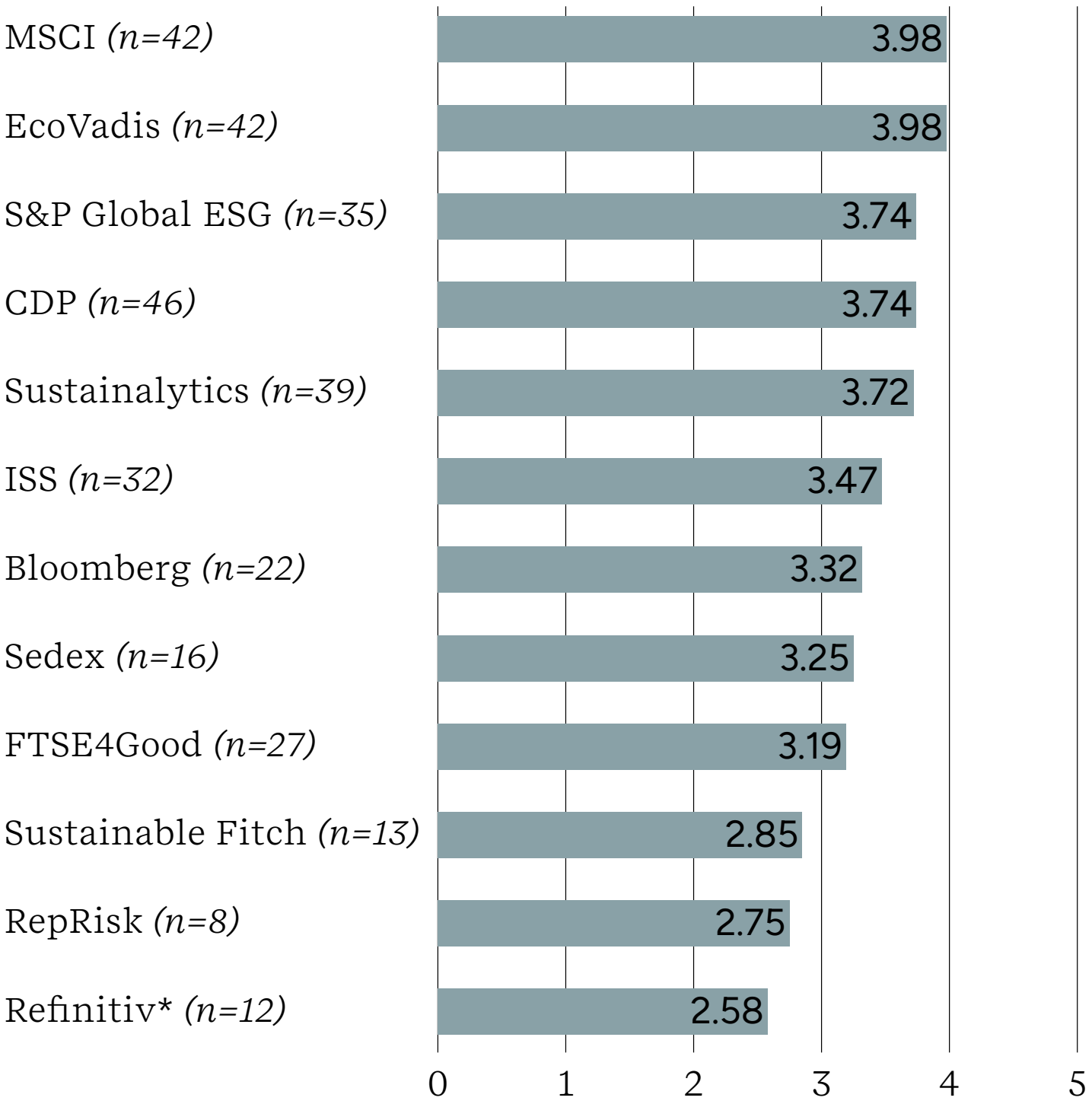
- CDP, S&P Global ESG, EcoVadis, and MSCI are consistently present in the top three across regions.
- Regional variations in usefulness scores follow a similar pattern to those for quality.

### Usefulness Asia-Pacific



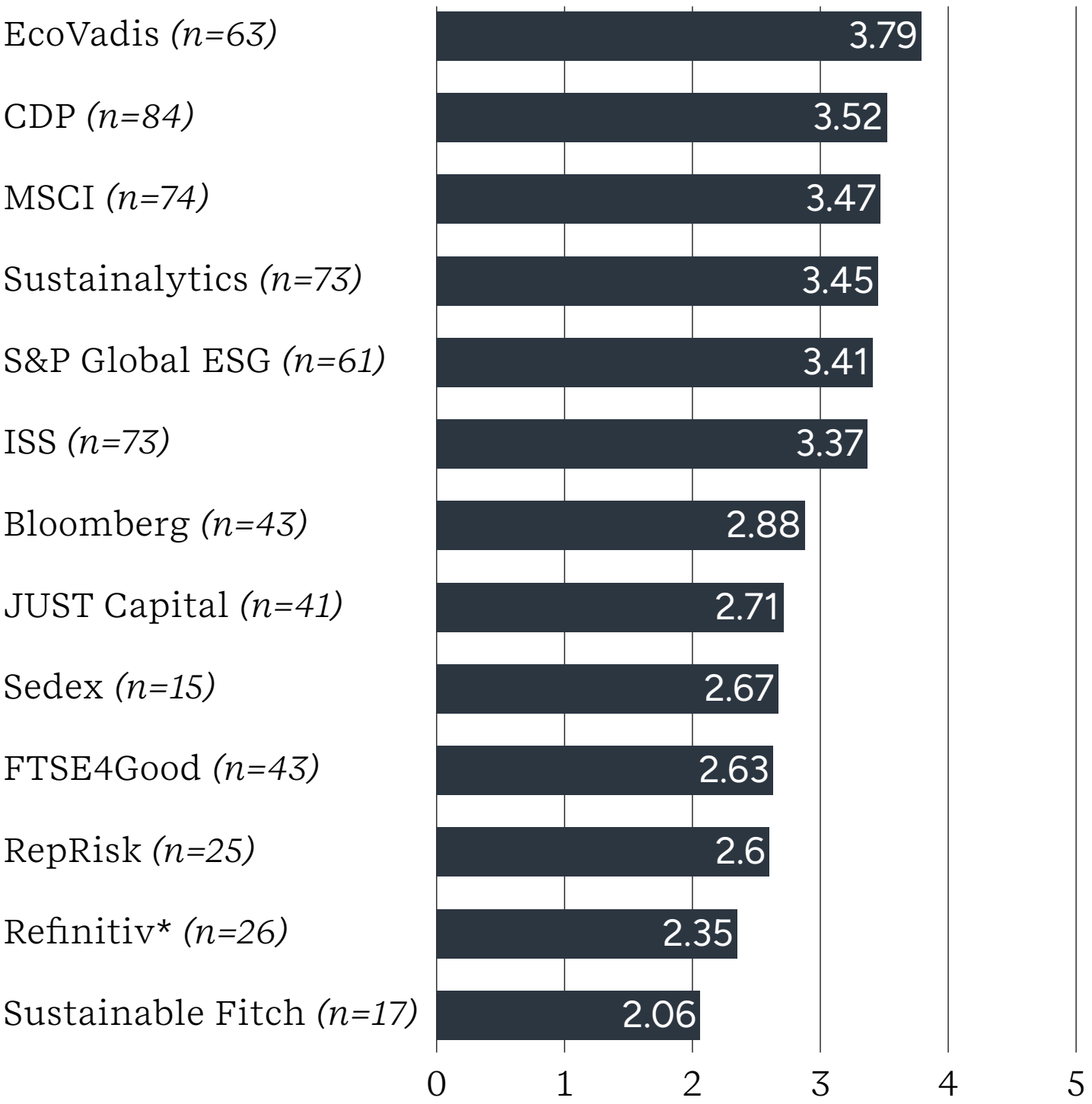
Average Score APAC: 3.23

### Usefulness Europe, Middle East, and Africa



Average Score EMEA: 3.26

### Usefulness North America



Average Score NA: 2.92

For the regional breakdown, we removed raters who received fewer than 8 responses. LATAM is not included due to insufficient data. The total number of responses for APAC, EMEA, and North America was 57, 53, and 88, respectively.

\*"Refinitiv" is used for consistency with prior survey years and the survey wording, though the name has since transitioned to LSEG.



# Quality of methodology and credibility of data sources are key factors shaping survey participant responses

## 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:

- Quality of methodology and credibility of data sources remain the top factors for determining the quality and usefulness of ESG ratings.
- More than three-quarters of respondents also say that alignment of methodology to disclosure frameworks/regulations (a new response option) is important.
- Only 14% of respondents believe that the use of AI is an important factor.

## What does this mean?

- There has been little variation in what companies say defines a high quality or highly useful ESG rating since 2018.
- In 2025, many respondents said that “other” factors were important. The most commonly cited factors were: consistency of methodology, ease of engagement with ESG raters, and ability to benchmark peer results.

# Importance of factors for determining the quality and usefulness of ESG ratings in 2018, 2023, and 2025

Quality of methodology

Credibility of data sources

Focus on relevant/material issues

Disclosure of methodology

Experience/competence of research team

Other

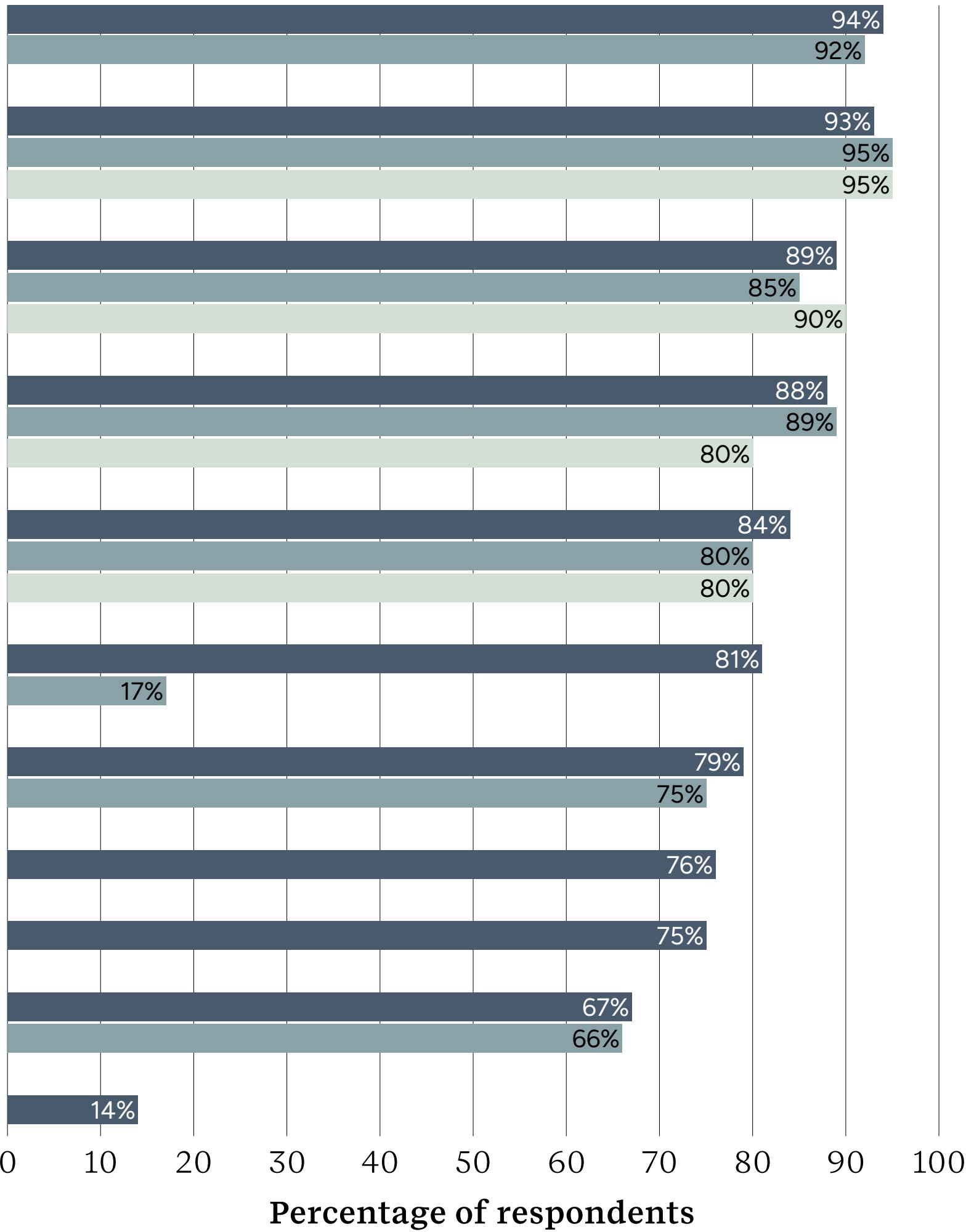
Common usage by investors and/or other stakeholders

Alignment of methodology to disclosure frameworks/regulations

Comprehensiveness of the research process

Corporate/stakeholder involvement in the evaluation process

Use of AI/machine learning in the ratings process



**| New answer option**

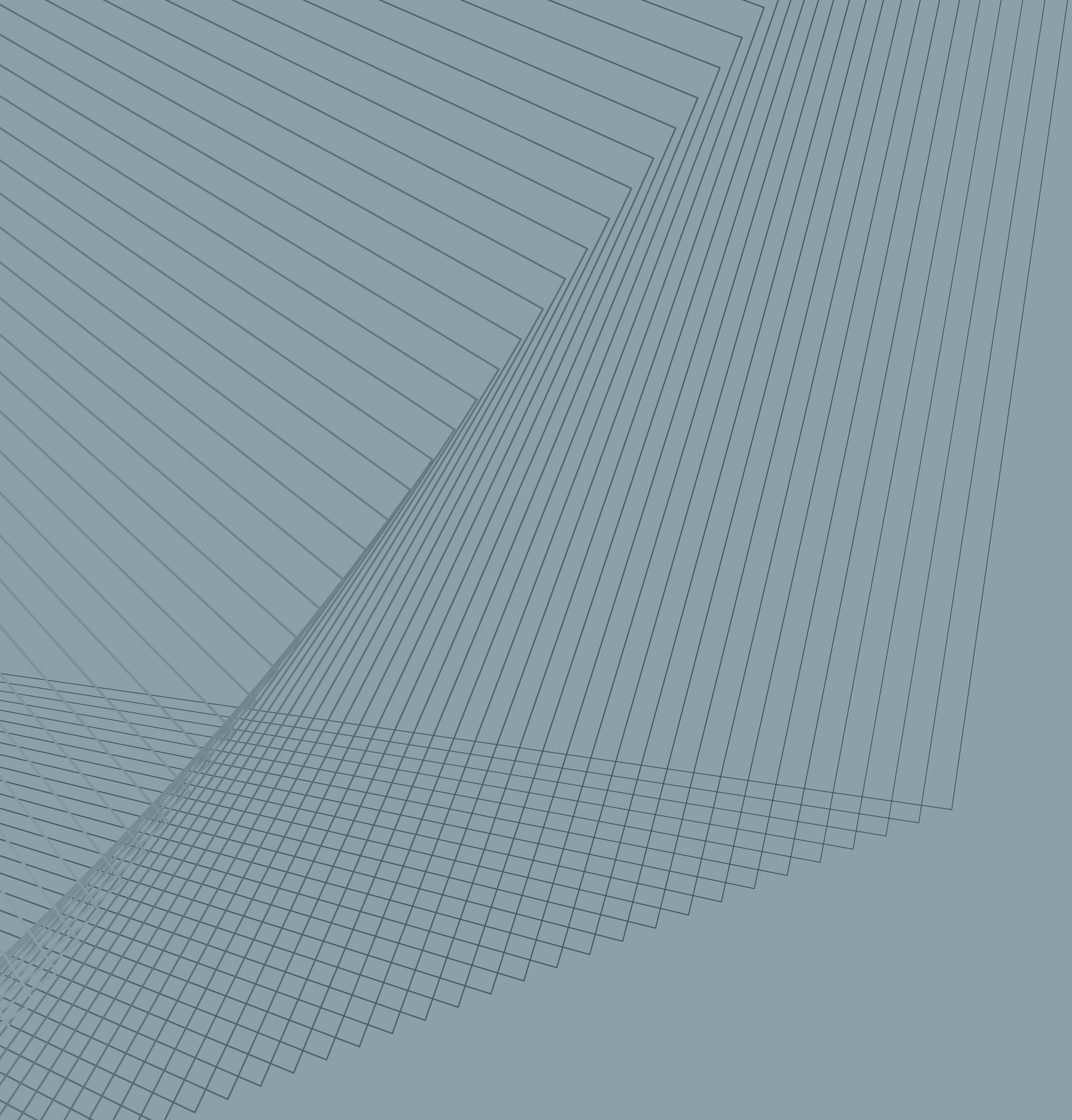
n=277

2018

2023

2025

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



“The consistency of methodology is an important factor. We’ve seen the same responses scored differently year over year, or methodologies change so drastically that we cannot adjust our programming each year to keep up.”

---

*Survey respondent in North America*

“When engaging with an ESG rater, it’s important that we can challenge ratings, have our feedback considered and followed up on, and actively engage with the raters and their research teams for clarification.”

---

*Survey respondent in Europe*

“The advent of AI use in some of the raters seems to be bringing additional challenges. We’re noticing increasingly inaccurate data collection. Reducing the people behind the scenes is helping raters with their costs, but not our experience.”

---

*Climate Week NYC 2025 roundtable attendee*



# Section 2: Trust and engagement

## Key survey findings



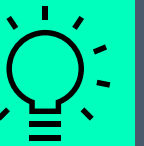
Investor demand is still the number one reason for corporate engagement with ratings agencies but is less dominant than in 2023. The top three reasons have not changed.

The share of respondents selecting customer demand as a driver for engagement doubled since 2023.

Trust in the accuracy of ESG ratings rose slightly compared to 2023.

Most companies engage with 3 to 5 ratings, and the proportion of companies engaging 6 or more ratings annually fell.

## Key takeaways



The unchanged top three reasons why companies choose to engage raters may reflect persistent relevance or the influence of inertia.

The increase in the position and primacy of customer demand may indicate a shift towards customers in the audience for ESG ratings and data.

The average number of raters engaged per company has fallen as companies become more selective. Sustainability teams may be stretched thin by broadening reporting and compliance responsibilities, creating the need for prioritization.

# Investor demand continues to drive corporate engagement with ratings agencies, but customer demand is rapidly growing in importance

## QUESTION

Companies use ESG ratings for a variety of reasons, including those listed below. Please rank the reasons below in order of importance to your company.

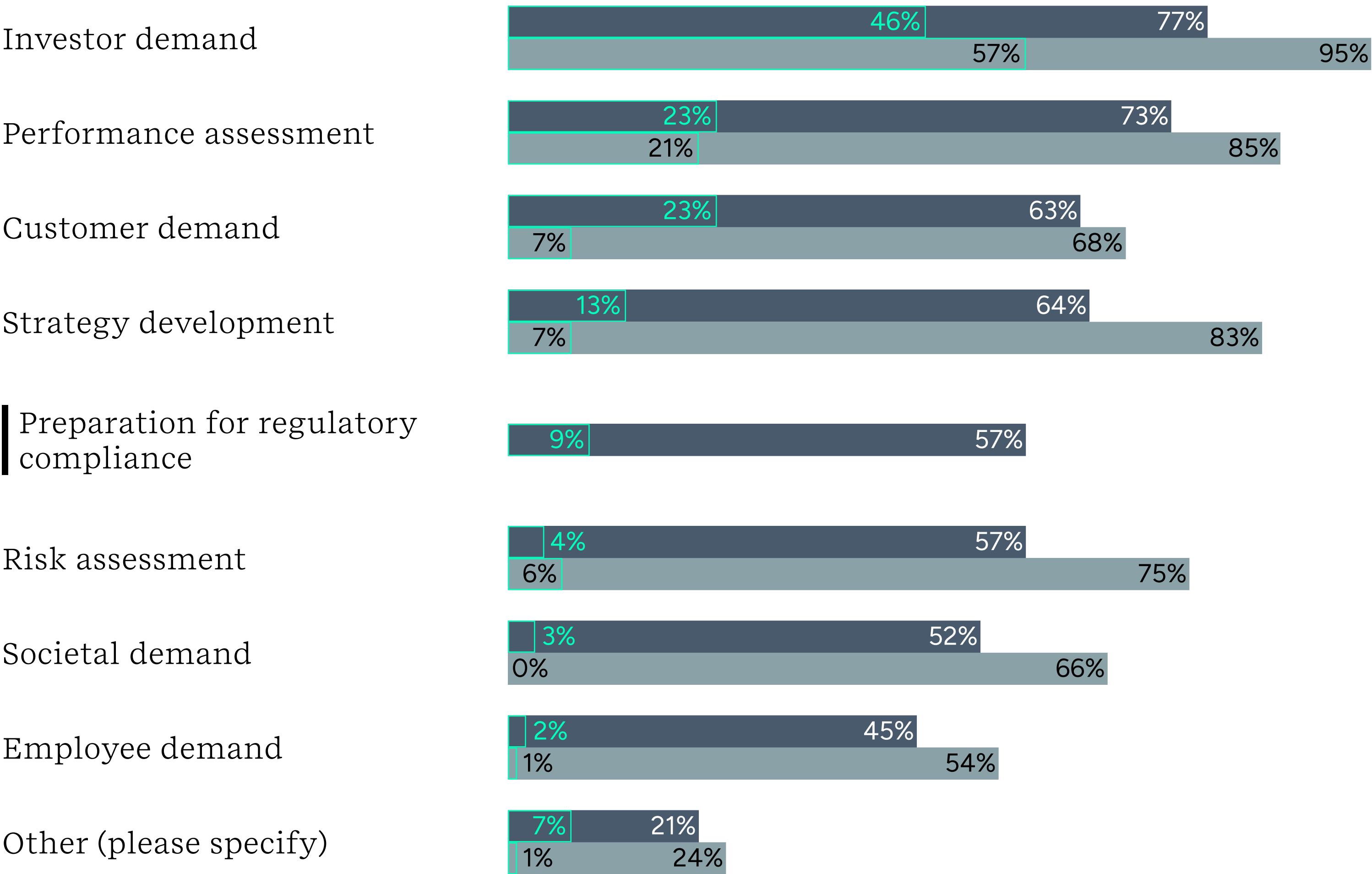
## Survey findings:

- The main drivers for corporate engagement with ESG ratings are investor demand, performance assessment, customer demand, and strategy development.
- ‘Preparation for regulatory compliance’, a new answer option added in 2025, debuts as the 5th most important reason.
- Some respondents also indicate that their banks demand engagement, while others say that executive remuneration is partially determined by performance on ESG ratings.

## What does this mean?

- While investor demand continues to be the primary driver for corporate engagement with ESG ratings, its importance has decreased since 2023, indicating an important change.
- The high position of performance assessment suggests that corporates continue to value ratings as management tools.
- The jump in respondents choosing customer demand as the top reason for engaging ESG raters underscores the growing importance of customers for corporate sustainability strategy.

# Top reasons for corporate engagement with ESG ratings



2023 | n=100

2025 | n=277

**New answer option**

- Percent of respondents selecting option as motivation **2023**
- Percent of respondents selecting option as motivation **2025**
- Percent of respondents ranking option as #1



“We use rater questionnaires as a mirror. Gap analyses become the layout for what disclosures are missing. It feeds into our strategy. We ask: What do we need for this next year? And then we make a decision on what is achievable.”

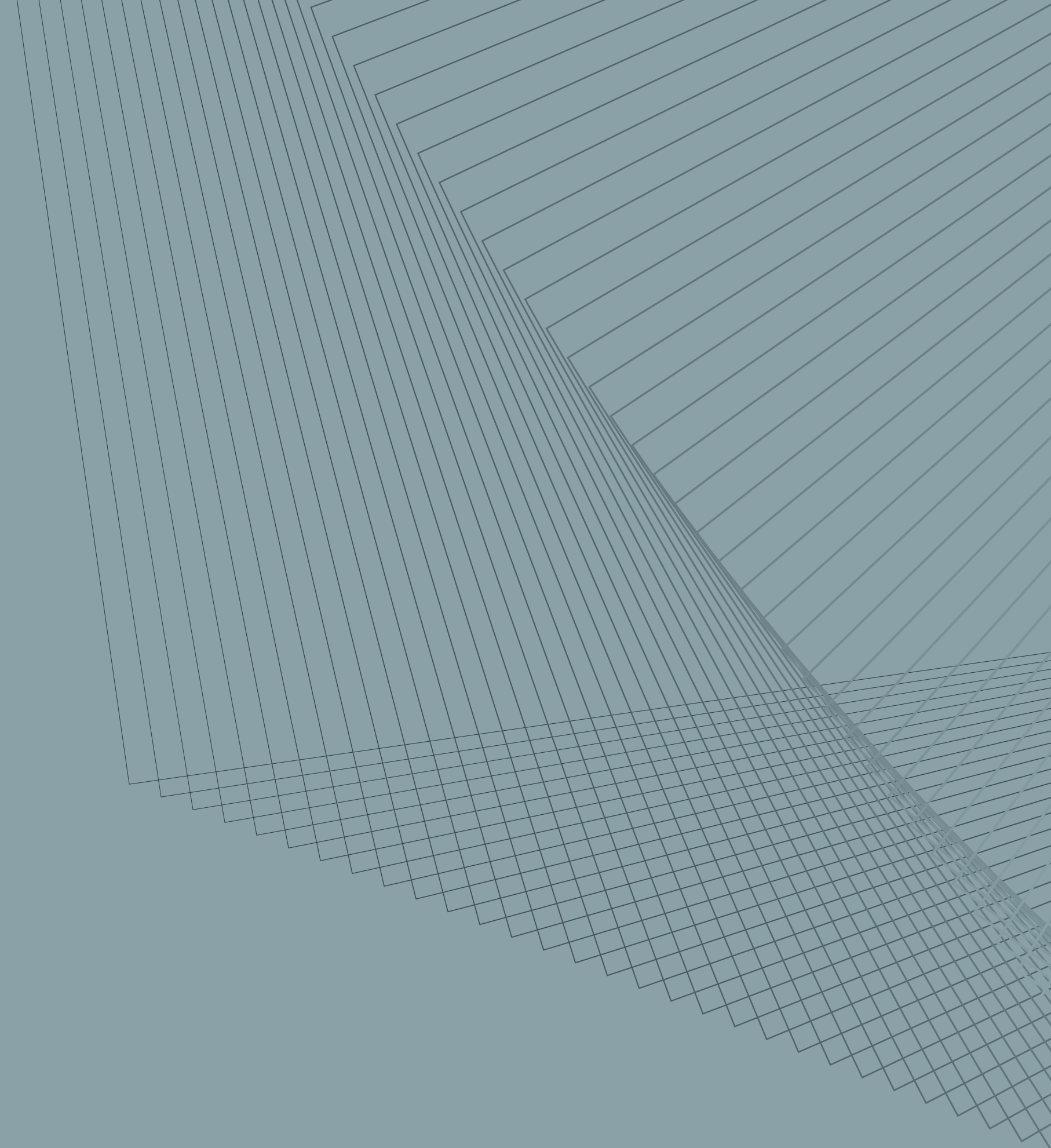
---

*Corporate Sustainability Manager, energy sector*

“[We use ratings] to get ahead of industry trends. Often, questions will come up in ratings and rankings that allow us to understand that it is a new ask of our investors and clients and we need to get ahead of it.”

---

*Survey respondent from North America*



# Most companies express modest levels of trust in the accuracy of ESG ratings

## 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?

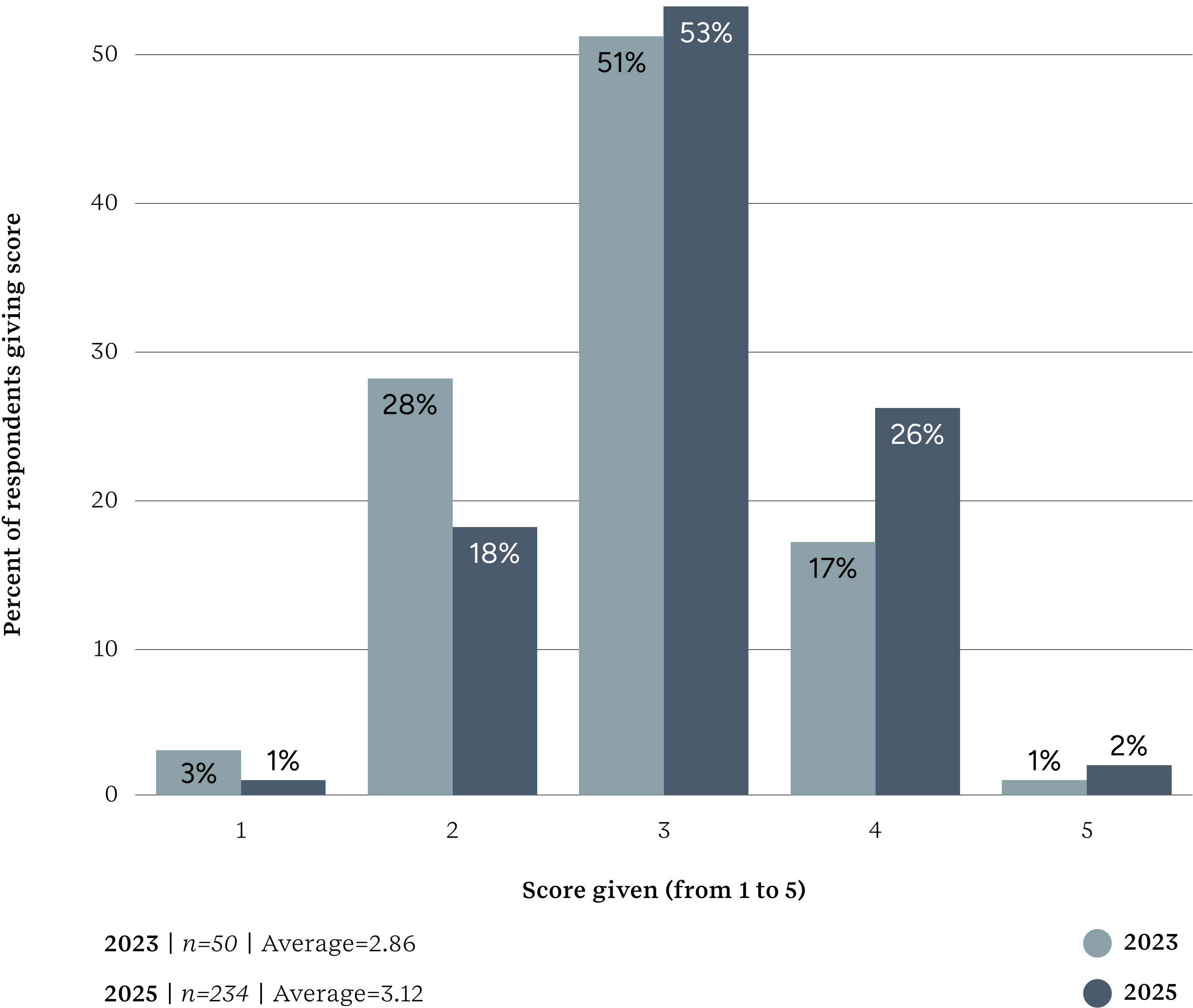
## Survey findings:

- 81% of corporates express moderate to high trust (3 to 5) in ESG ratings (53% moderate and 28% high to very high) compared to 69% in 2023 (51% moderate and 18% high to very high).
- 19% of corporates score trust as low or very low (1 or 2), compared to 31% in 2023.
- On average, corporates’ level of trust is 3.12. This is nearly 6% higher than the 2023 average level of trust of 2.86.

## What does this mean?

→ The slight increase in trust may be a result several factors: a more global respondent pool, a response to ESG ratings methodologies becoming more transparent, and/or a reaction to the increasing alignment of requested ESG data with global reporting standards.

## Corporate trust in ESG ratings





# Average number of ratings engaged falls as companies become more selective

## QUESTION

How many ESG ratings organizations does your company actively engage? Engagement activities may include filling out questionnaires, providing data, engaging in communications, etc.

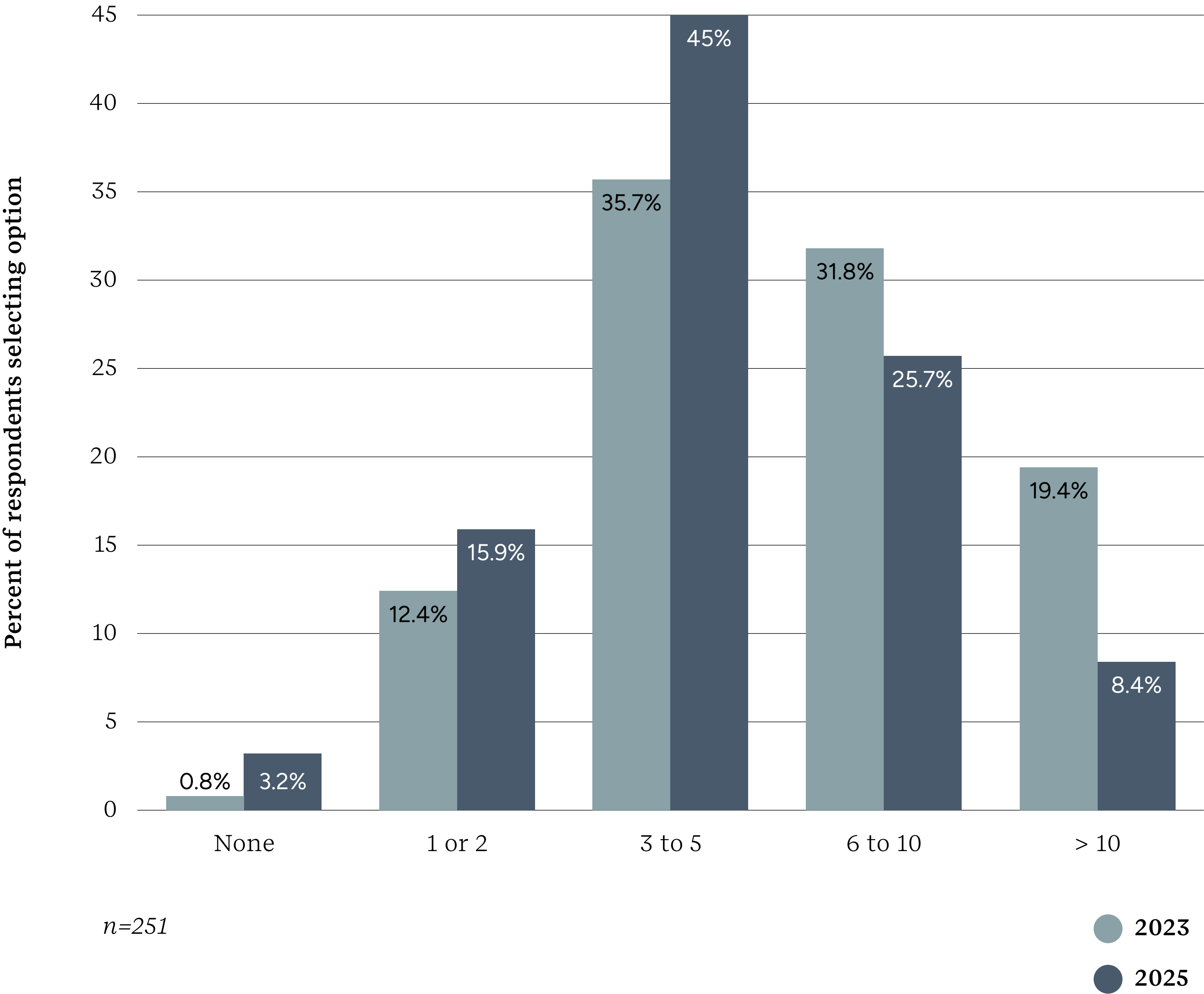
## Survey findings:

- Most organizations currently actively engage with 3 to 5 ESG ratings.
- Engagement with 6 to 10 ratings has declined since 2023, and those responding to more than 10 fell by more than half.

## What does this mean?

- The overall trend is that companies are becoming more selective in their engagement of ESG raters, prioritizing quality over quantity.
- This is likely a result of sustainability departments, under pressure of growing mandatory disclosure requirements, increasingly focusing their time, budget, and staff on the ratings that are most important to their stakeholders, strategy and meeting regulatory requirements.

The number of ESG ratings that companies actively engage





“We engage with ESG ratings to serve investor demand. However, right now, preparing for the mandatory regulation is the biggest investment we have to make and the other things we must deprioritize.”

---

*Global Head of Sustainability, consumer staples sector*

“Our limitation to being as responsive as we would like to the raters is team capacity. The raters often ask for data at the same time, or at the time we are preparing our report.”

---

*Sustainability Reporting Manager, utilities sector*



# Section 3: The future of ESG ratings

## Key survey findings



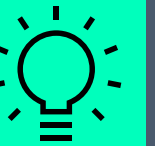
CDP, MSCI, and Sustainalytics are the most frequently cited raters that companies plan to engage in the 2026 ratings cycle.

84% of companies say they will continue to respond to ratings and that ratings are important to their corporate sustainability strategies.

68% of respondents expect ratings will align more closely with mandatory disclosure requirements.

In the next five years, respondents express the most desire for ESG ratings to have greater alignment with mandatory reporting standards.

## Key takeaways



Despite expressing some skepticism about the future of ESG ratings, most companies plan to continue engagement with them, indicating that ratings will continue to be an important part of the ESG ecosystem.

Companies also believe that investor demand for ratings information will remain strong.

Closer alignment with regulations will be essential for ESG ratings' continued relevance. Companies are already using ESG ratings as tools to prepare for regulatory requirements but they would like to see more alignment between the information that is required by ratings and disclosure regulations.

# Across regions, companies plan to engage with similar ESG raters

## QUESTION

Which ratings do you plan to engage in 2025-2026?  
Select all that apply.

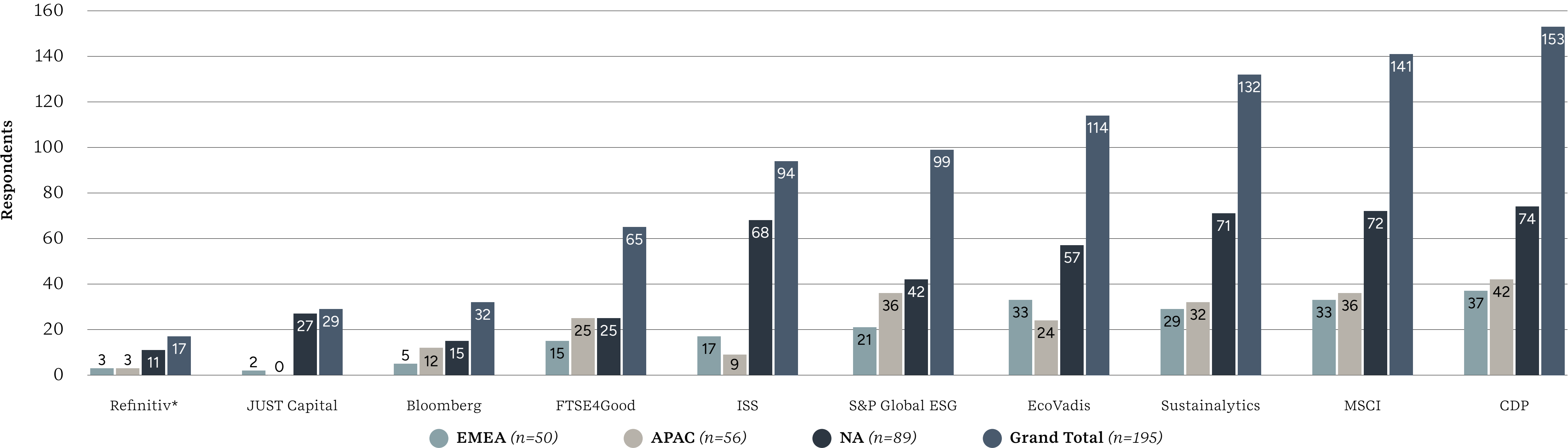
## Survey findings:

- The majority of respondents plan to continue engaging with CDP, MSCI, and Sustainalytics in 2025-2026. EcoVadis, S&P Global ESG, and ISS were also among the most frequently mentioned ESG ratings.
- Overall, regional preferences mirror the global results with some slight variations. ISS and JUST Capital appear to be more important for North American companies than for respondents in other regions.

## What does this mean?

- Geographic preferences are similar, suggesting that several leading ESG ratings have truly global presence and recognition.
- While the top ESG ratings that companies are planning to engage does not fully match the leaderboard on quality and usefulness, there is broad alignment, an indication that companies tend to rank highly the raters that they know well.

Regional breakdown of ESG ratings that companies plan to engage in 2025-2026



\*"Refinitiv" is used for consistency with prior survey years and the survey wording, though the name has since transitioned to LSEG.



# Corporates use ESG ratings to prepare for regulatory compliance through benchmarking, improved data collection

## QUESTION

In which of the following ways is your organization using ESG ratings to prepare for regulatory compliance? Select all that apply.

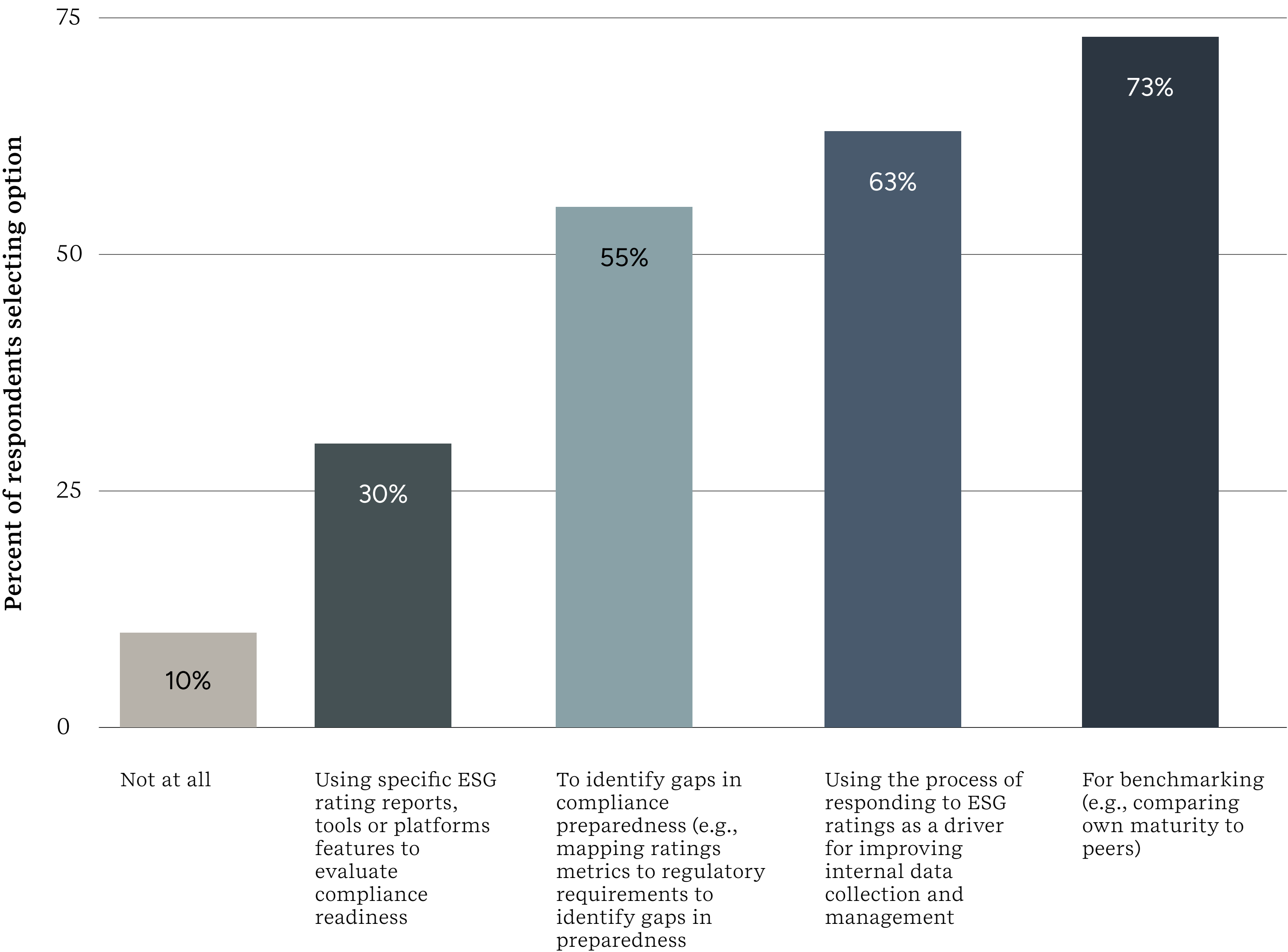
## Survey findings:

- Benchmarking and leveraging the process to respond to ESG ratings as a driver for improving data collection and management are the most frequently cited ways that companies use ESG ratings to prepare for regulatory compliance.
- Only 10% of respondents indicated that they don't use ESG ratings to prepare for regulatory compliance.

## What does this mean?

→ As the regulatory expectations for companies grow in all parts of the world, corporates are using the process of responding to ESG ratings to help prepare for compliance. For example, information required to comply with California's climate disclosure laws, Senate Bills 253 and 261, closely aligns with data requested by CDP.

## Corporate use of ESG ratings to prepare for regulatory compliance



n=207

“The deadline to comply with California’s climate disclosure rules is approaching fast. If you are already reporting to CDP and posting it on your website, you’re probably meeting the standard. The main challenge will now be verification because the assurance regime for these rules doesn’t yet exist.”

---

*Climate Week NYC 2025 roundtable attendee*



# Companies expect investor demand to remain strong, ratings to align more closely with regulations

## 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:

- More than four-fifths of respondents somewhat or strongly agree that their company will continue to respond to ESG ratings and view them as an important part of their sustainability strategy.
- The majority of respondents also believe that the investor demand will remain strong and ESG ratings will increasingly align with disclosure regulations.

## What does this mean?

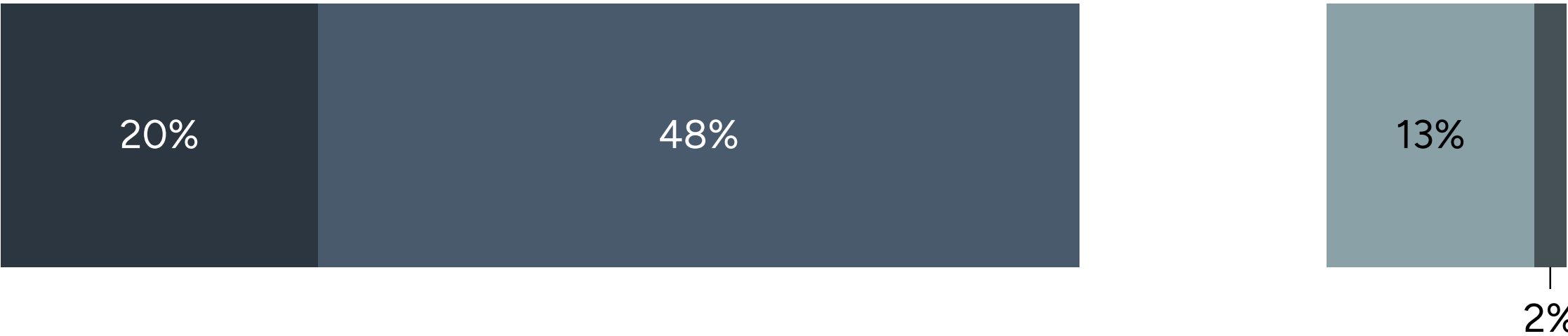
- While respondents express some skepticism regarding the future of ESG ratings, with close to half of respondents stating that the relevance of ESG ratings will diminish over time, overall company responses indicate that ESG ratings will remain a very important part of the sustainability ecosystem in the future.
- Responses to this survey indicate that investor and customer demand remain strong and ESG ratings are likely to evolve by seeking greater alignment with regulations in order to maintain their position in the market.

## Corporate views about the evolution of ESG ratings

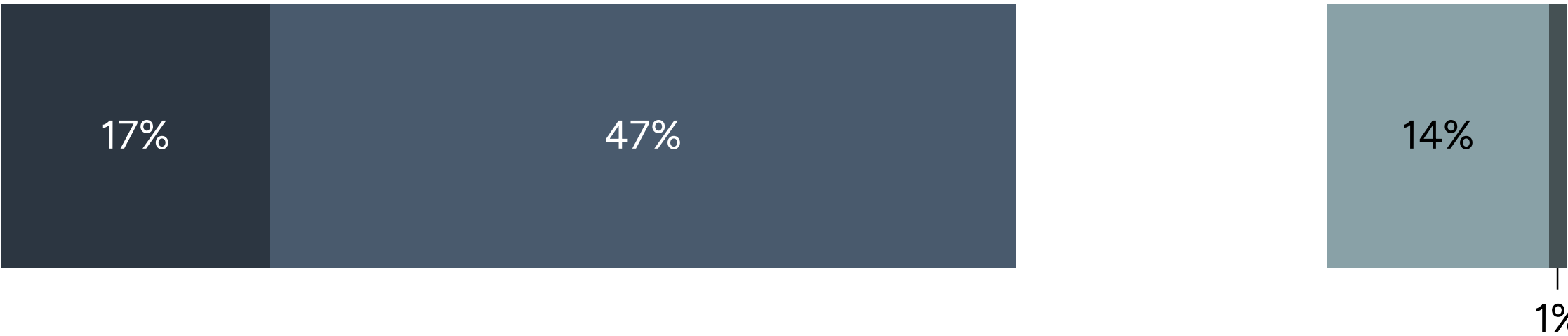
My company will continue to respond to ESG rating and view them as an important part of our sustainability strategy



ESG ratings will change to align more closely with regulatory requirements and become a part of the company's compliance response



Investors will maintain a strong interest in ESG ratings



The relevance of ESG ratings will decrease over time



n=277



White space indicates "3 – Neither agree nor disagree".

# Greater alignment with mandatory reporting standards tops the corporate wish list

## QUESTION

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.

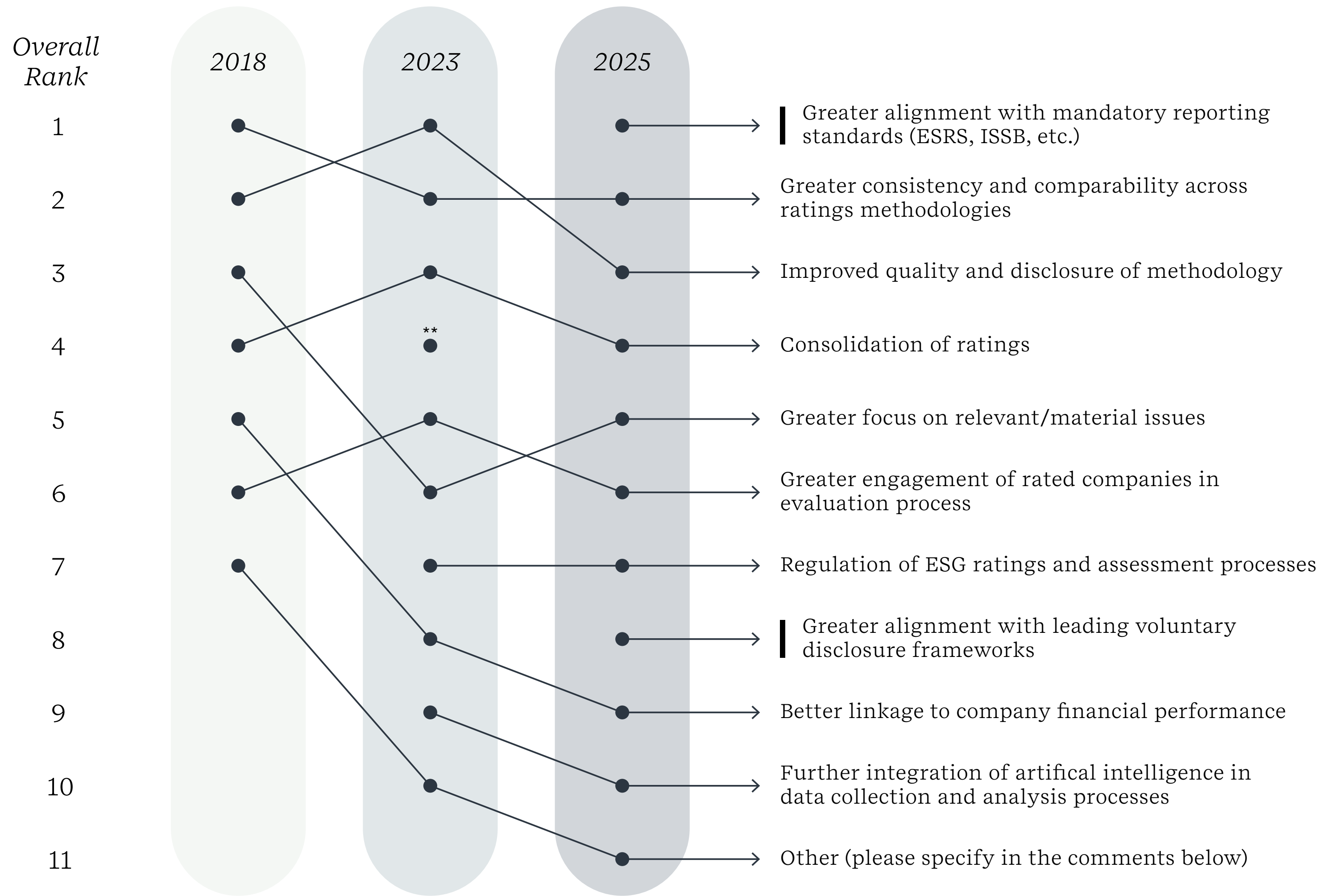
## Survey findings

- Corporates would like greater rater alignment with mandatory reporting standards, greater consistency and comparability, and improved quality and disclosure of methodology.
- Our 2025 questionnaire split “Greater alignment with leading disclosure frameworks” into two options. The revised answer option of “Greater alignment with mandatory reporting standards” debuts in 1st place while “Greater alignment with leading voluntary disclosure frameworks” lands in 8th place.

## What does this mean?

- Corporations must weigh the resource burden of participating in ratings against their potential benefits. This burden grows when methodologies differ and data requirements are inconsistent. The burden diminishes if ratings align to reporting requirements.
- More consistent and comparable ratings allow companies to focus their resources on improving ESG performance, enhancing data quality, and effectively communicating progress to stakeholders, rather than deciphering fine print and juggling endless methodology updates.

# Corporate preferences for future changes in ESG ratings



n=221

\*\* Greater alignment with leading disclosure frameworks (TCFD, SASB, GRI, etc.)

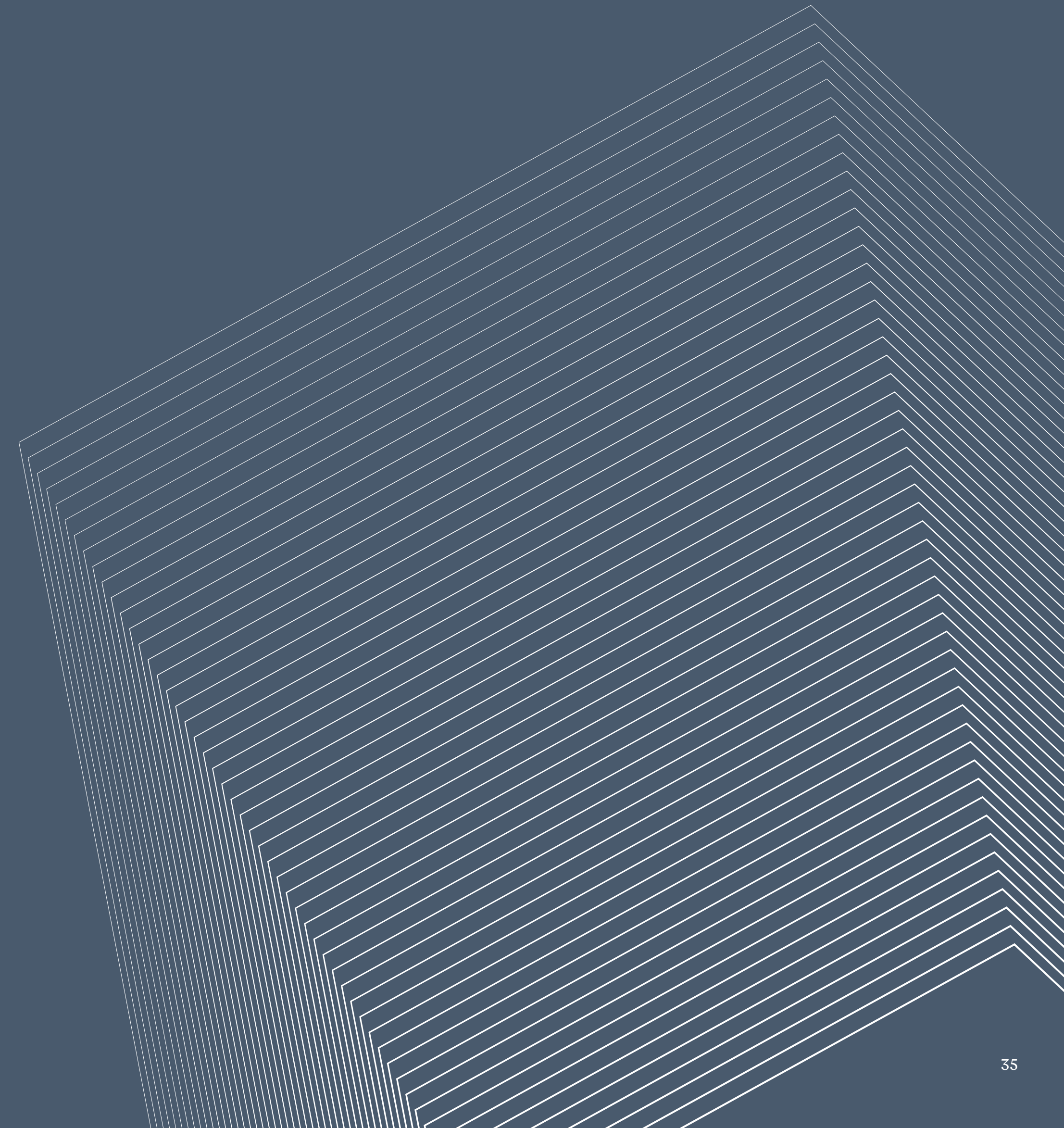
| **New answer option**





## CHAPTER 4

# Recommendations



# Recommendations

Over the past few years, rating agencies have shown their ability to adapt to changing political, regulatory, and market conditions. To stay in the game, ESG rating agencies must continue to evolve.

The Rate the Raters 2025 findings present a clear call to action for ESG rating providers: as corporates become more selective and strategic in their engagement, raters must respond with greater transparency, methodological rigor, and alignment to evolving regulatory standards.

Companies should also keep a close eye on developments in the ESG ratings space, evolving their strategy and response to stay competitive and responsive to stakeholder expectations.

## Corporate issuers should consider the following recommendations:

- **Re-evaluate your ratings strategy** to reflect changes in stakeholder expectations, emerging disclosure requirements, and evolving methodologies. Consider external users such as investors and customers as well as internal uses such as benchmarking, performance management, executive engagement, preparing for disclosure, or developing a sustainability strategy. Prioritize ESG ratings based on the stakeholders and factors most important to you.
- **Continue to use ratings as a management tool** to identify performance gaps, track progress, improve data collection and governance, and inform strategic decisions.
- **Strategically engage with priority ESG raters** to ensure they have accurate data. Engagement can include providing context for and clarifying data submissions, discussing methodology changes, participating in data review periods, and seeking continuous improvement.
- **Lend your voice to the Ratings conversation by providing** feedback to raters on how they can improve the corporate engagement experience. Consider also participating in consultations regarding public policy on ESG ratings.

## Raters should consider the following recommendations:

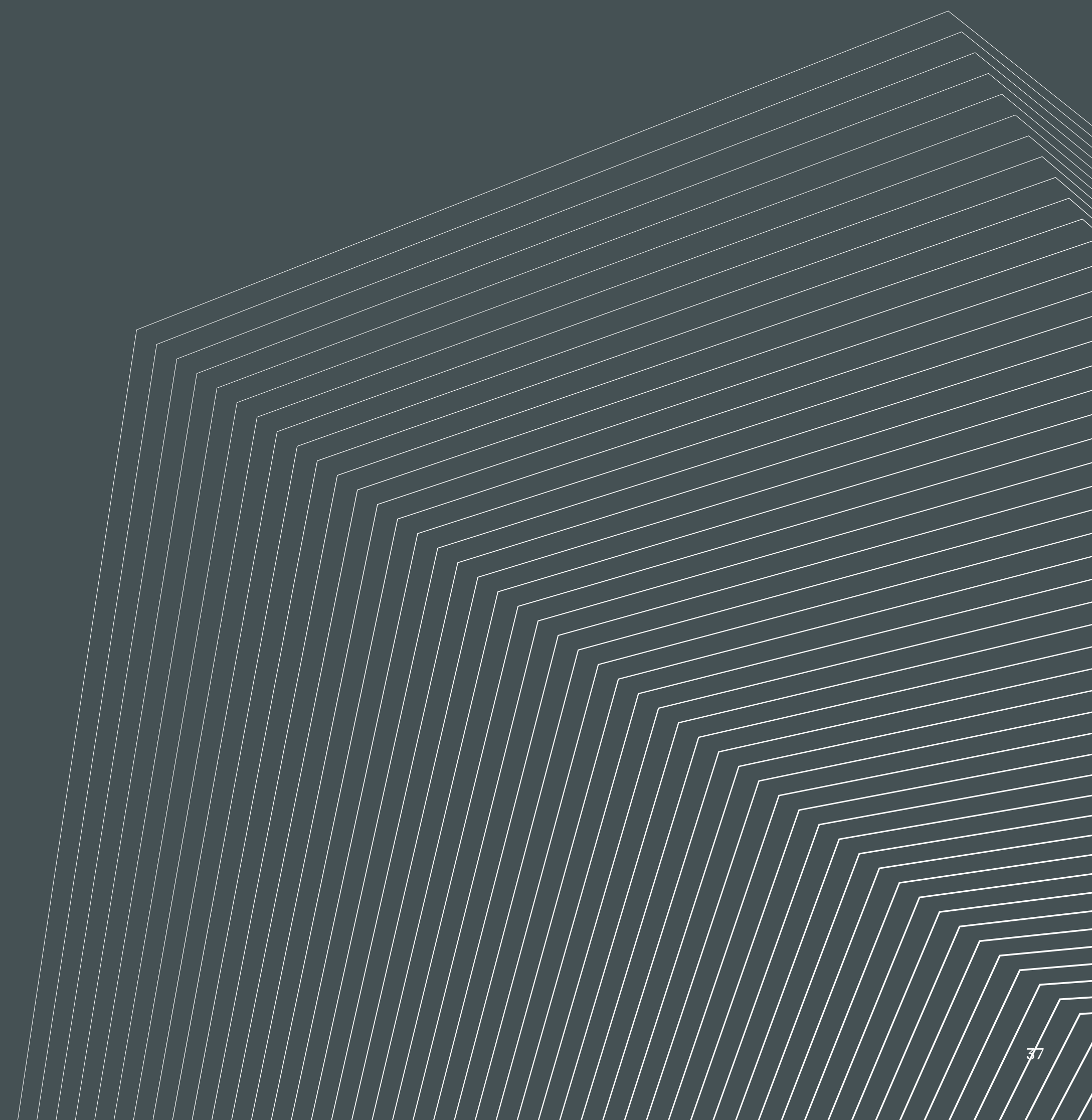
- **Accelerate alignment of ESG rating methodologies with the most prominent sustainability disclosure frameworks** and their underlying taxonomies.
- **Provide easy access to benchmarking results** to help corporates measure performance, track improvement, and guide strategy. Not only do corporate issuers benefit from this information, but publicly available scores may also keep them more engaged with the rating agency.
- **Communicate the proven financial advantages of high ESG rating performance.** Help stretched corporate sustainability leaders understand and communicate the advantages of high performance on your survey.
- **Seek further opportunities to reduce the reporting burden for corporates** by streamlining data requests, aligning frameworks with leading disclosure standards, and providing greater transparency around scoring and areas for improvement.

Rate the Raters 2025 shows that companies are becoming more discerning users of ESG ratings, prioritizing quality, transparency, and regulatory alignment. Investor pressure still matters, but growing focus on customer expectations, supply chain visibility, and benchmarking signals a wider shift in how ratings drive value. Even amid questions about trust and relevance, companies remain committed to using ratings to improve performance and strengthen credibility. We will explore how these views compare with investor perspectives in the 2026 Investor edition.





# Appendices



# Appendix I: Survey methodology

ESG rating providers selected for inclusion in the Rate the Raters corporate survey are those that define the field today and are considered the dominant players at the time of the survey<sup>1</sup>. The list for including was reviewed and approved by ERM ratings experts and the members of the ESG Ratings Working Group. Reflecting the field’s ongoing evolution, the 2025 survey expanded its scope to include two additional ESG ratings providers not featured in previous iterations – Sedex and ESG Book.

While this broadened coverage represents a more comprehensive view than past 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 2025 survey. Developments in the ESG ratings landscape prompted revised survey questions and answer options.

The 2025 survey was developed using the survey platform Alchemer and was distributed to ERM and Sustainability Institute networks, including corporate sustainability professionals across 28 industries and 39 countries. Survey links were distributed by conduits such as emails lists and professional networks. Data was collected between May 28th and July 11th, 2025, resulting in responses from 386 corporate respondents.

The responses were reviewed to ensure data quality and

<sup>1</sup> Note – the researchers originally included Moody’s ESG in the research and survey but elected to remove the Moody’s-related results due to the discontinuation of Moody’s proprietary ratings services and partnership with MSCI.

to eliminate invalid responses. The resulting refined data set was subjected 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, normalized averages, 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 low 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

Following the survey, the Rate the Raters research team conducted targeted interviews and roundtables with corporate experts chosen to represent diverse industries and geographic regions. Quotes featured throughout this research report draw both from these interviews and written feedback provided by survey participants. The interview and the pool of participants at the roundtable held during Climate Week NYC 2025 comprised 34 sustainability professionals from major corporations spanning multiple geographies and sectors.



## Appendix II: Ownership structure of ESG ratings

Consolidation through mergers, acquisitions, and partnerships has continued to streamline the ESG rating industry landscape. Today’s ESG raters fall into four primary ownership categories: independent firms, stock exchange-owned entities, financial data companies, and credit rating agencies. These distinct ownership models mirror the varied objectives and methodologies that characterize each type of ESG rating provider.

**Owned by financial data firms:** Bloomberg, Sustainalytics, MSCI, ESG book

**Owned by stock markets:** ISS ESG, LSEG/Refinitiv, FTSE4Good

**Owned by credit raters:** S&P Global Ratings, Sustainable Fitch, Moody’s ESG Solutions\*

**Independents:** EcoVadis, RepRisk, JUST Capital, CDP, Sedex

Comparative overview of evaluated raters				
Rater	Main audience and/or customer base	Ownership	Headquarter location	Information collection method for primary ESG rating*
Bloomberg	Institutional investor	Private company	USA	Passive
CDP	Institutional investor, supply chain partners	Nonprofit	UK	Active
EcoVadis	Supply chain partners	Private (pre-IPO startup)	France	Active
ESG book	Institutional investor	Arabesque S-Ray subsidiary	UK	Active
FTSE4Good	Institutional investor	London Stock Exchange Group subsidiary	UK	Passive
ISS-ESG	Institutional investor	Deutsche Börse subsidiary	USA	Passive
JUST Capital	Corporation, Institutional investor, General public	Nonprofit	USA	Passive
LSEG/Refinitiv	Institutional investor	London Stock Exchange subsidiary	UK	Passive
MSCI	Institutional investor	Public Company	USA	Passive
RepRisk	ESG raters; third-party due diligence for M&A	Private Company	Switzerland	Passive
S&P Global ESG	Institutional investor	Public Company	USA	Active
Sedex	Supply chain partners	Nonprofit	UK	Active
Sustainable Fitch	Institutional investor	Hearst subsidiary	USA	Passive
Sustainalytics	Institutional investor	Morningstar subsidiary	Netherlands	Passive

\*Moody’s ESG Solutions now partners with MSCI rather than operating independently (as of December 2024).

\*Active: Organizations that request companies to provide robust data and/or responses during the assessment process. Passive: Information is gathered from publicly available information. Rated companies are often given the opportunity to engage with the provider to update or correct information.

# Appendix III: Codes of conduct and regulation aimed at ESG raters

In the last few years, several countries and jurisdictions have adopted codes of conduct and mandatory regulations aimed at ESG ratings. Their overall objective is to enhance transparency, accountability, and consistency in assessing companies’ ESG performance, thereby boosting trust in their quality.

## Voluntary codes of conduct

- The spread of codes of conduct started with the **recommendations** for ESG rating providers, published by IOSCO. Several jurisdictions, including Japan, Hong Kong, the United Kingdom, and Singapore, have introduced Codes of Conduct for raters.
- Major ratings providers, including MSCI, S&P, Sustainalytics, ISS ESG, Bloomberg, and FTSE Russell, have adopted one or more of these codes. Many codes are hosted by the **International Capital Market Association** (ICMA), creating a de facto global benchmark.

Country	Year	Code of Conduct	Notes
Japan	2022	<u>The Code of Conduct for ESG Evaluation and Data Providers</u>	The first regulator-led initiative to set minimum standards for ESG information.  The code promotes transparency, conflict-of-interest prevention, andmethodological clarity.
United Kingdom	2023	<u>Code of Conduct for ESG Ratings and Data Products Providers</u>	Hosted by ICMA
Singapore	2023	<u>Code of Conduct for ESG Ratings and Data Products Providers</u>	Hosted by ICMA. Also published a self-attestation <b>Checklist</b> for raters to aid in compliance.
Hong Kong	2023	Hong Kong <u>Code of Conduct for ESG Ratings and Data Products Providers</u>	Hosted by ICMA



Mandatory regulations

Beyond the wave of voluntary codes of conduct, several regions moved on to more forceful solutions, directly regulating ESG rating providers.

Country	Effective Year	Regulation	Description
Europe	2025	<u>Regulation on ESG Rating Activities</u>	<ul style="list-style-type: none"><li>• Requires that rating providers in the EU are authorized and supervised by the European Securities and Markets Authority (ESMA).</li><li>• Includes transparency requirements, particularly for raters’ methodology and sources of information.</li><li>• Requires the separation of business activities to prevent conflicts of interest.</li><li>• Although officially in force since January 2025, most obligations will apply from 2026 onwards.</li></ul>
India	2025	<u>Securities and Exchange Board Committee (SEBI) Master Circular for ESG rating providers</u>	<ul style="list-style-type: none"><li>• Part of SEBI’s broader push to enhance credibility, transparency, and investor confidence in ESG ratings.</li><li>• Encourages ESG rating approaches tailored to India’s specific environmental and social contexts.</li></ul>
United Kingdom	Pending	<u>FCA regulation for ESG rating providers</u>	<ul style="list-style-type: none"><li>• The regulation is expected to closely align with the recommendations of IOSCO, which also informed the UK Code of Conduct introduced in 2023.</li><li>• In December 2025, the FCA set out regulation plans focused on conflict-of-interest concerns and transparency. The FCA shared that rules would come into force in 2028.</li></ul>

# Appendix IV: Indirect regulatory pressures on rating agencies

## Mandatory corporate disclosure and sustainability regulations

In addition to regulations that directly affect ESG ratings, raters are also adjusting their approach in response to mandatory corporate disclosure and sustainability regulations. These regulations require companies to disclose publicly accessible information that substantially overlaps with the ESG data raters provide.

- The voluntary sustainability standards IFRS S1 and IFRS S2 developed by the International Sustainability Standards Board (ISSB) are in the process of being integrated into sustainability regulations in 30 jurisdictions.
- The first batch of large EU companies has started to report under the EU’s Corporate Sustainability Reporting Directive. However, the rollout in Europe has **slowed**, while the percentage of in-scope companies for CSRD may decrease by 80%. In the US, planned disclosure regulations have been indefinitely postponed.

With increasing mandatory, scrapable data, investors and other stakeholders can more easily build their proprietary datasets. However, the current slowdown and anticipated scope-reduction of the sustainability regulations present an opportunity: they give ESG rating agencies more time to adapt to the new environment. Since (as of December 2025) substantially more companies will likely be out of scope for mandatory disclosure, ESG ratings will remain a crucial source of information to assess the sustainability performance of these out-of-scope companies.

## Regulations regarding investment criteria

Regulations regarding the investment criteria that funds must meet to label themselves as ESG, sustainable, or green also influence the ESG ratings landscape. In the European Union, **Guidelines for Fund Naming** issued by ESMA are already in effect. The ESMA Guidelines apply to funds that use terms like ESG, sustainability, impact, and/or transition in their names, requiring that sustainability-related claims implied in the fund’s name are supported by measurable and EU-taxonomy-aligned criteria. Fund managers must demonstrate that at least 80% of their assets meet ESMA’s expectations for ESG or sustainable investments. If they can’t, they need to rebrand. The exact implementation and supervision are up to national regulators.

Although the ESMA Guidelines do not target the raters, they have important implications for ESG rating agencies. Many ESG and impact/sustainable funds rely on corporate ESG ratings and data to identify investments that align with their stated objectives. To remain relevant for European investment funds wishing to use ESG-related labels, ESG raters will need to ensure their methodologies align with the ESMA criteria.



# Appendix V: Corporate survey questions

## Page 1: Introduction

Thank you for taking the time to contribute your insights to our survey on ESG ratings organizations. This survey is part of the ERM Sustainability Institute’s ongoing research that explores how ratings are used and provides recommendations on how to improve their quality and transparency. Results from this survey will be used to inform the 2025-2026 Rate the Raters report series. For the purpose of this survey, ESG ratings (also known as “corporate sustainability ratings”) are defined as score-based evaluations of companies providing a comparative assessment of their performance on environmental, social, and/or governance (ESG) issues. Indices and rankings are excluded from this research.

This survey is primarily aimed at corporate issuers. It should take about 10 minutes to complete. Please only complete this survey if you are familiar with ESG ratings. If not, feel free to forward it to a relevant colleague at your organization. If you do not know the answer to a question or do not want to provide a response to it, please ignore it and move on to the next one.

Survey responses and personal information collected will be kept confidential. Survey results will be reported in an aggregated form.

Please use the arrows within the survey and do not use your browser’s back button.

## Page 2: Engagement of ESG ratings organizations

1. Companies use ESG ratings for a variety of reasons, including those listed below. Please rank the reasons below in order of importance to your company.

If your firm does not use ESG ratings, please move on to the next question.

- a. Investor demand
- b. Customer demand
- c. Employee demand
- d. Performance assessment
- e. Risk assessment
- f. Societal demand
- g. Strategy development
- h. Preparation for regulatory compliance
- i. Other (please specify in the comments box)

2. How many ESG ratings organizations does your organization actively engage? Engagement activities may include filling out questionnaires, providing data, engaging in communications, etc.

- a. None
- b. 1 or 2
- c. 3 to 5
- d. 6 to 10
- e. More than 10

3. 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?

Sliding scale 1 to 5

- 1 – Strongly disagree
- 2 – Somewhat disagree
- 3 – Neither agree nor disagree
- 4 – Somewhat agree
- 5 – Strongly agree

## Page 3: ESG ratings quality

4. 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.

- 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 disclosure frameworks/regulation

- j. Use of AI/machine learning in ratings process
- k. Other (please specify in the comments box)

5. Considering all 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. CDP
- b. Refinitiv
- c. Moody’s ESG
- d. Sustainable Fitch
- e. FTSE4Good
- f. RepRisk
- g. EcoVadis
- h. JUST Capital
- i. S&P Global ESG
- j. MSCI
- k. Bloomberg
- l. Sustainalytics
- m. ISS
- n. Sedex
- o. ESG Book
- p. Other (please add the name and your rating)

6. Please estimate the cost range (\$USD) your organization spent on activities related to ESG ratings for the most recent complete fiscal year. These costs may include, but are not limited to:

ESG ratings & data provider fees & subscriptions: all costs for external services your firm uses to acquire information related to ESG ratings, data, and analysis (e.g., subscription costs to an ESG ratings agency, Bloomberg terminal, etc.)

External ESG consulting: all costs for external services your firm uses to analyze or implement ESG-related information (e.g., ESG advisory consulting services, external auditing & verification services, etc.)

In-house expertise: all costs associated with internal employees and teams working directly with ESG ratings and data (e.g., ESG research analyst, ESG reporting and disclosure activity, etc.)

- a. \$0
- b. Up to \$50,000
- c. \$50,001 - \$100,000
- d. \$100,001 - \$250,000
- e. \$250,001 - \$500,000
- f. \$500,001 - \$1,000,000
- g. \$1,000,001 - \$2,000,000
- h. Other
- i. I don’t know

7. In which of the following ways is your organization using ESG ratings to prepare for regulatory compliance? Select all that apply.

- a. For benchmarking (e.g., comparing own maturity to peers)
- b. To identify gaps in compliance preparedness (e.g., mapping ratings metrics to regulatory requirements to identify gaps in preparedness)
- c. Using the process of responding to ESG ratings as a driver for improving internal data collection and management
- d. Using specific ESG rating reports, tools or platforms features to evaluate compliance readiness)
- e. Other (specify in text box)
- f. Not at all

Page 4: Future of ESG ratings

8. Which ratings do you plan to engage with in 2025-2026? Select all that apply.

- a. CDP
- b. Refinitiv
- c. Moody’s ESG
- d. Sustainable Fitch
- e. FTSE4Good
- f. RepRisk
- g. EcoVadis
- h. JUST Capital
- i. S&P Global ESG
- j. MSCI



- k. Bloomberg
  - l. Sustainalytics
  - m. ISS
  - n. Sedex
  - o. ESG Book
  - p. Other (please add the name and your rating)
9. 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 ratings methodologies
  - d. Greater focus on relevant/material issues
  - e. Greater engagement of rated companies in evaluation processes
  - f. Better linkage to company financial performance
  - g. Further integration of artificial intelligence in data collection and analysis processes
  - h. Regulation of ESG ratings and assessment processes
  - i. Greater alignment with leading voluntary disclosure frameworks (GRI, etc.)
  - j. Greater alignment with mandatory reporting standards (ESRS, ISSB, etc.)
  - k. Other (please specify in the comments box)

10. 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):
- My company will continue to respond to ESG ratings and views them as an important part of our sustainability strategy.
  - The relevance of ESG ratings will decrease over time.
  - ESG ratings will change to align more closely with regulatory requirements and become part of the company’s compliance response.
  - Investors will maintain a strong interest in ESG ratings.
11. Please share any last comments that would inform our research about ESG ratings.

Page 5: Respondent demographics

12. How many years of experience do you have as an ESG or sustainability professional?
- a. 2 years or less
  - b. 3-4 years
  - c. 5-10 years
  - d. 10+ years
13. In what region is your organization headquartered?
- a. Africa
  - b. Asia
  - c. Australia / Oceania
  - d. Europe

- e. Middle East
  - f. North America
  - g. South America
14. What is your organization’s operational sector?
- a. Academia
  - b. Private sector
  - c. Public sector
  - d. NGO
  - e. Other
15. If you answered ‘corporate’ for Question 4, is your organization publicly traded?
- a. Yes
  - b. No
16. All survey participants have the opportunity to be invited to an exclusive webinar featuring ERM’s ESG experts. If you would like to receive an invitation, please enter your contact information below. Your responses will remain confidential and this information will only be used to send the invitation.
- a. Name
  - b. Organization
  - c. Title
  - d. E-mail address

# Appendix VI: Glossary

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 data	Any information that flows into an ESG rating, either quantitative or qualitative.
ESG metric	A calculation that aggregates raw data within an ESG dataset to create a measurement that can be used to understand sustainability factors.
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.
Performance factors	Data that quantifies the actual performance of a company on sustainability factors. Focused on what a company is doing at present.
Disclosure factors	Data that represents a company’s relative openness to sustainability factors but does not vary based on sustainability performance. Focused on what a company reports about its past activities through sustainability reports, financial filings and other disclosure.
Risk factors	Data that represents how much sustainability risk is inherent in a company’s industry sector, business model, or other factors. Focused on potential future developments for a company.
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.





## 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.

LinkedIn: [linkedin.com/company/erm](https://www.linkedin.com/company/erm)

Website: [erm.com/sustainability-institute/](https://erm.com/sustainability-institute/)

## Authors

Aiste Brackley, ERM  
Katie Langemeier, ERM  
Catherine Osborn, ERM

## Reviewers

Sarah Bostwick, ERM  
Jacco Kroon, ERM  
Mark Lee, ERM  
Sonam Madav, ERM  
Jessica Urdangarin, ERM

## Contributors

Melissa Battistella, ERM  
Laura Colenci, ERM  
Mohit Chandra, ERM  
Alan Dayeh, ERM  
Lorna Diaz, ERM  
Nicolas Heath, ERM  
Sakshi Jain, ERM  
Jennifer Klie, ERM  
Felipe Nistrovsky, ERM  
Dia Rizakos, ERM  
Prasit Vayavatjamai, ERM  
Lesya Zappernick

## Data Analysis

Teegan Innis, ERM  
Irene Lee, ERM  
David Molmen (formerly ERM)

## Design

Camila Avilés Ilama, ERM