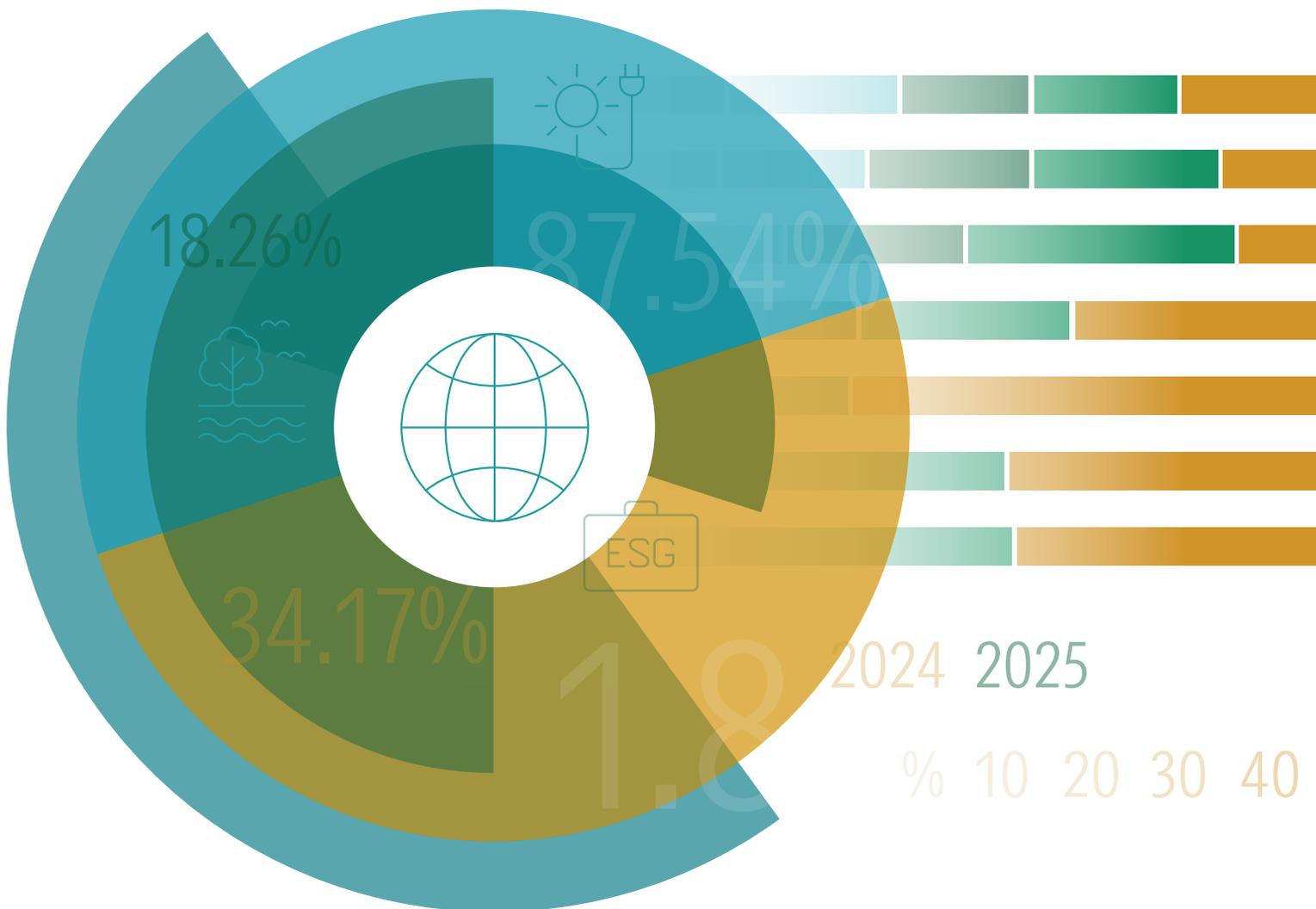


The 2025 State of ESG Data Report

Quantitative Analysis

Conducted by Morningstar Sustainalytics



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Executive Summary

The sustainable investing landscape continues to evolve and mature, with institutional investors demonstrating sustained interest despite regional challenges and shifting regulatory landscapes. Findings from our first market survey focused on ESG and sustainability data and research, *The State of ESG Data*, highlight that quality, actionable data remains central to investment strategies, and the need for seamless integration and forward-looking analysis is rising. Overall, the responses indicate that financial market participants are looking beyond compliance, seeking data that delivers strategic advantage.

Key findings include:

- ▶ **Data Quality and Coverage are Primary Concerns:** The most significant challenges for investors are incomplete data across asset classes (47%), quality issues (41%), and vendor inconsistencies (40%). The top data priorities for the next year are regulation-aligned data (58%), greenhouse gas emissions (56%), and ESG risk ratings (49%), revealing a focus on both compliance and risk assessment.
- ▶ **Growing Demand for Forward-Looking Insights:** Essential disclosures like ISSB and SFDR remain important. However, demand is increasing for unique data sets, such as transition risk models, biodiversity data, and double materiality assessments, indicating a shift from compliance to proactive, future-focused investment decisions.
- ▶ **Integration and Usability are Essential:** Data delivery matters as much as content. Investors value seamless APIs or bulk feeds (19%), risk calculation engines (18%), and fund analysis tools (18%) to integrate ESG data into daily workflows. Effective ESG strategies now require embedded, not siloed, data solutions.

Preface

The landscape of sustainable finance is constantly evolving. As investors, financial institutions, and corporations navigate this dynamic environment, one thing remains top-of-mind: high-quality, actionable data. It is the foundation on which sound investment strategies are built, risks are managed, and impact is made. At Morningstar Sustainalytics, we are committed to fostering a shared understanding of investing, bringing clarity through data that supports meaningful and lasting decisions.

We partner with clients who increasingly need more sophisticated and comprehensive sustainability insights. We've seen the conversation move from a niche focus to a mainstream imperative. This shift brings new challenges and opportunities, demanding a deeper understanding of what drives decision-making in today's market.

Recognizing this, we conducted a survey of global institutional investors and financial institutions to uncover the insights and research presented in this report. Our aim was to listen and learn about the priorities, motivations, and pain points investors and financial institutions encounter as they integrate sustainability considerations into investment processes.

This report, *The State of ESG Data*, reflects their collective voice. Inside, you'll find analysis of what market participants value most in sustainability data and research. Which data types are essential? Where are the greatest opportunities for unique, value-added insights? How important are integrated functionalities, regulatory reporting templates or seamless API feeds? And what level of service and support is expected from a trusted partner?

The findings here are affirming and enlightening. They confirm the essential role of standardized ESG disclosures, while highlighting rising demand for forward-looking data on climate risk and nature-related impacts. The results emphasize that expert support and effective delivery are just as critical as the data itself.

Our mission is to empower investor success; ensuring nothing—whether it's data issues, workflow complexity, or regulatory uncertainty—stands in the way of us delivering on that. As I move into my new role as President of Sustainalytics in 2026, I am more committed than ever to this vision. This report serves as a vital tool for all of us: a benchmark for the industry and a guidepost for moving forward, ensuring we evolve alongside your needs.

We deeply appreciate the many market participants who generously shared their time and perspectives.

I invite you to explore the findings in these pages to gain clarity on the market landscape and inspire you to leverage sustainability data for your own goals. Together, by sharing knowledge and understanding, we can make continual progress.

Sincerely,



David Pagliaro

President,
Morningstar Sustainalytics

Introduction

Investor demand for sustainable funds remains resilient, with capital continuing to flow into strategies that integrate environmental, social and governance (ESG) factors. This is despite pushback against the consideration of these factors in business and investing, and a slowdown in regulatory momentum in some markets. This enduring interest among financial market participants demonstrates that many investors view ESG considerations as a critical lens for identifying long-term value and managing risks.

Quality data is a foundational pillar of sustainable asset management. It underpins all analysis, monitoring, and performance and impact reporting. Data empowers asset managers to source sustainable investments and provide investors with portfolios that align with their values, and is imperative for facilitating reporting that meets the standards of public disclosures—now required in many jurisdictions. The same is also true for asset owners, who noted in our annual Voice of the Asset Owner Survey¹ that a lack of standardized data and unreliable or out-of-date data were among the barriers to considering ESG factors in the investment process.

We sought to learn more about how financial market participants view the ESG data and sustainable investing landscape, how they're budgeting for and sourcing their data, the types of data they're using, how they like to receive it, and the support they need from their data providers.

To find answers, we surveyed global financial market participants, presenting the results in Morningstar Sustainalytics' 2025 State of ESG Data Report.

¹ Morningstar Indexes and Morningstar Sustainalytics. 2025. Voice of the Asset Owner Survey 2025: Quantitative Analysis. <https://indexes.morningstar.com/insights/analysis/blt698e1113cca0c28f/voice-of-the-asset-owner-survey-2025-quantitative-analysis>.

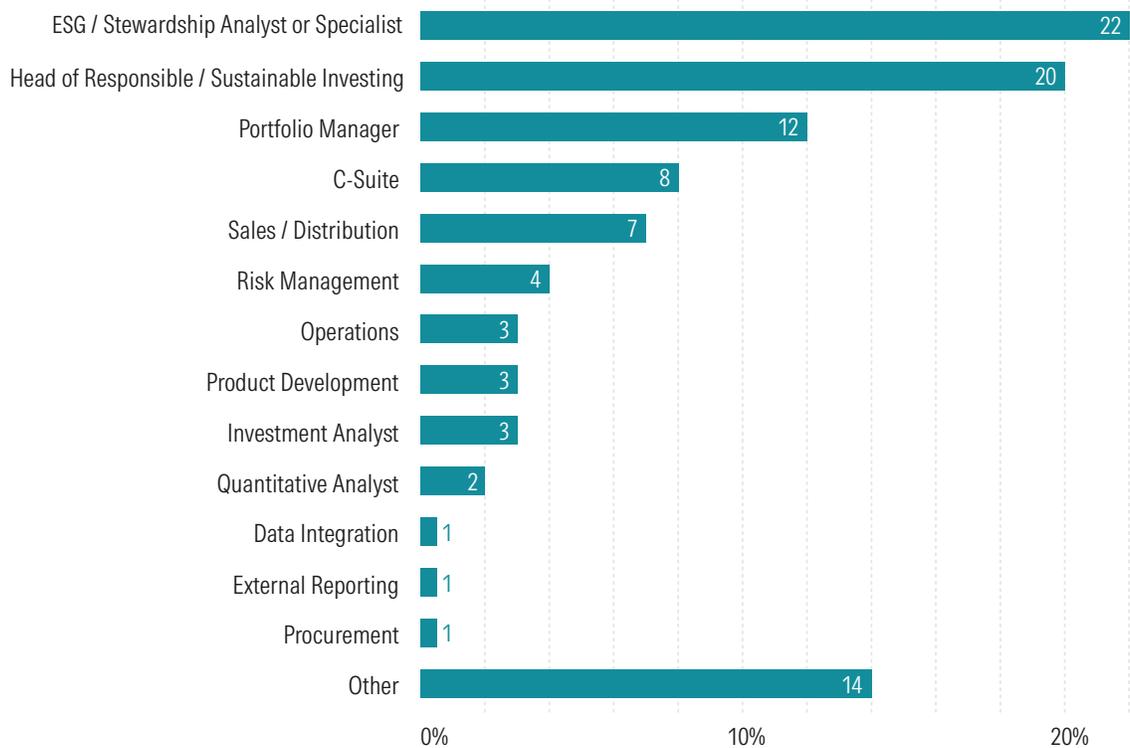
Methodology, Demographics, Firmographics

In a survey conducted between May 15 and June 10, 2025, we captured responses from 145 financial market participants, including asset owners, asset managers, banks, and other financial institutions. About four in 10 were involved in roles directly related to ESG, such as ESG analysts or specialists (22%) or heads of responsible or sustainable investing (20%). Another 12% were portfolio managers, and the remainder were from various roles across their respective firms.

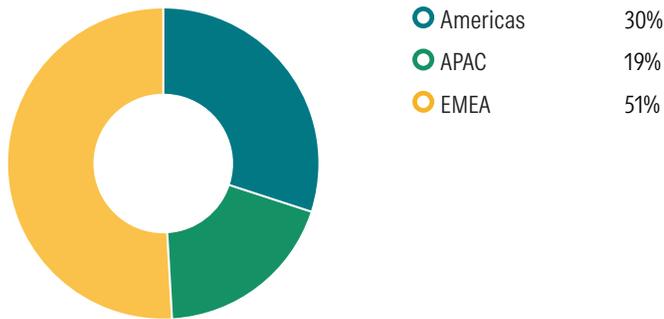
Half (51%) of respondents were from Europe, the Middle East, and Africa (EMEA), 30% were from the Americas, and 15% were from the Asia-Pacific region. They represented asset managers (40%), banks (13%), wealth managers or private banks (9%), pension funds (8%), and various other financial and insurance organizations.

A quarter (24%) of respondents represented organizations with less than USD 1 billion of assets under management (AUM), while a fifth (21%) represented firms with at least USD 250 billion of AUM. The remaining respondents (55%) fell in between.

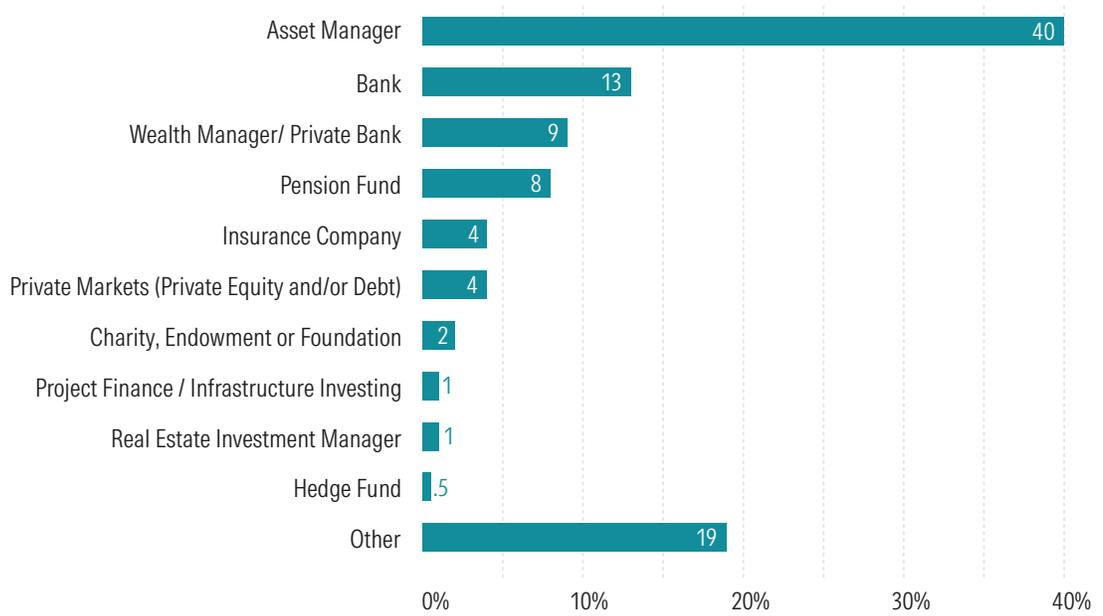
Survey Respondents by Role (%)



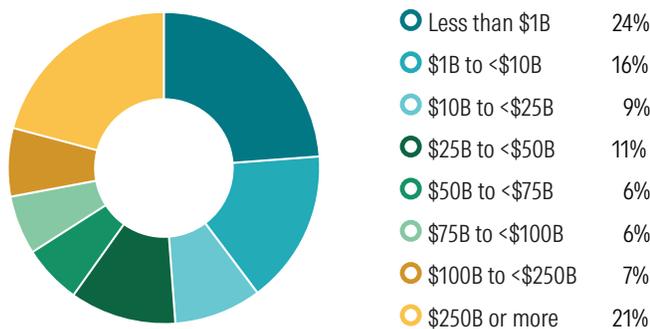
Survey Respondents by Region (%)



Survey Respondents by Firm Type (%)



Survey Respondents by AUM (%)



Survey Results

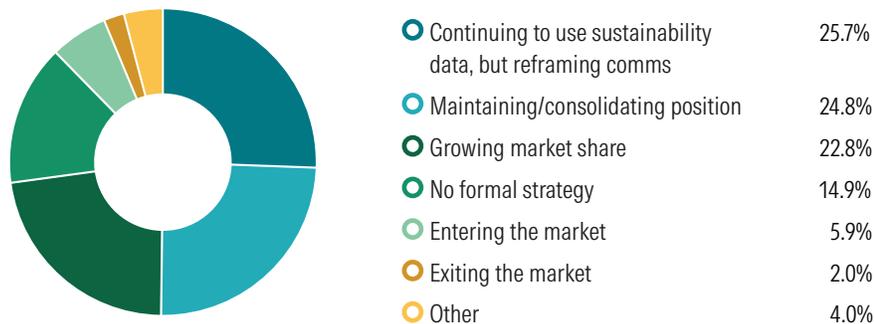
Section One: Sustainable Investing Strategies

Sustainable investing continues to make headway, with many survey respondents saying they plan to expand or maintain their presence in the market. Interest in the space remains strong, even as some rethink their product strategies and market positioning. While respondents are generally optimistic about the future, there's still some uncertainty around near-term shifts. Navigating disparate sustainability data, inconsistent standards, and quality issues remain key challenges. Meanwhile, evolving client expectations, regulations, and global events continue to shape this landscape, along with concerns about reputation and access to reliable data.

Current Strategic Approaches

Most respondents told us they're either growing (23%) or maintaining (25%) their current sustainable investing strategies, although some said they're reframing their communications around sustainable investing (26%). This sentiment was also reflected in the 2025 *Voice of the Asset Owner Survey*, where respondents noted using terms such as "sustainable investment," "sustainability," and "responsible investment" when referring to ESG.² In our current survey, only a small percentage (2%) told us they're exiting the market, but this was outweighed by those planning to enter it (6%).

Sustainable Investment Strategies Being Deployed



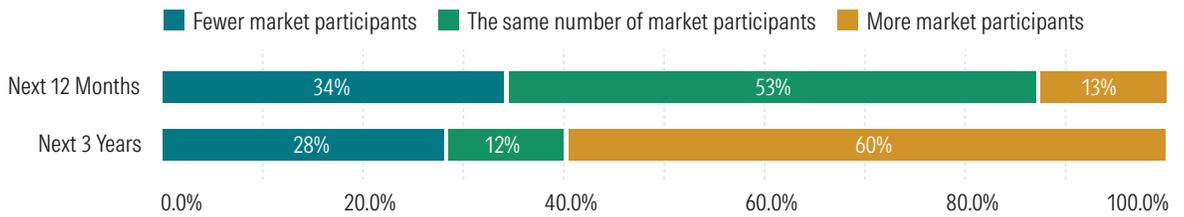
Expectations on Market Participants and Participation

Most survey respondents expected there would be more participants in sustainable investing, but it would take time for these new participants to enter the market. More than half (53%) expected the number of participants to remain the same over the next year, but 60% expected the number to grow over the next three years. These responses may be indicative of more optimism among participants about the future, while still acknowledging the short-term market fluidity caused by changing regulations as well as political and geopolitical shifts.³

² Morningstar Indexes and Morningstar Sustainability. 2025. *Voice of the Asset Owner Survey 2025 Quantitative Analysis*. September 18, 2025. <https://indexes.morningstar.com/insights/analysis/blt698e1113cca0c28f/voice-of-the-asset-owner-survey-2025-quantitative-analysis>.

³ Global Sustainable Investment Alliance. 2025. *Global Sustainable Investment Review 2024*. November 11, 2025. <https://www.gsi-alliance.org/members-resources/gsir2024/>.

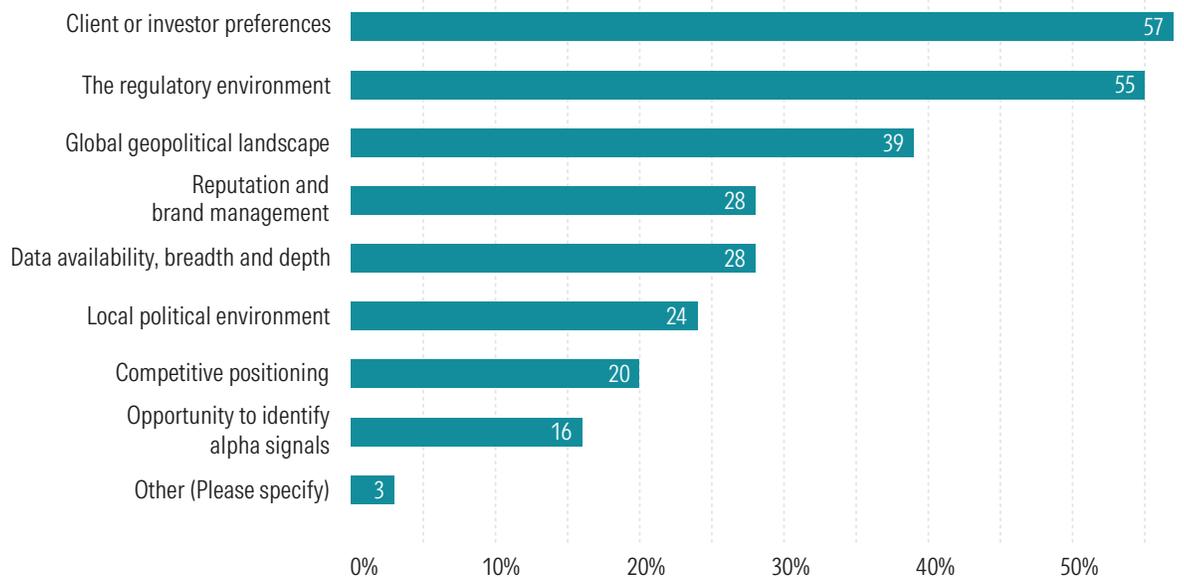
Anticipated Market Participant Landscape Changes



Influences and Impacts on Sustainable Investing Strategies

According to respondents, stakeholders and outside forces exert the strongest influences on sustainable investment strategies. Client or investor preferences were expected to have the biggest influence (57%) on sustainable investment strategies over the next year, followed by the regulatory environment (55%) and the global geopolitical landscape (39%).

Factors Influencing Sustainable Investing Strategies – Next 12 Months (%)



Catalina Secreteanu
 Managing Director,
 ESG Solutions,
 Europe, Morningstar
 Sustainalytics

“We’ve seen that asset owners continue to exercise their influence to ensure investments align to their long-term sustainability goals. In our most recent Voice of the Asset Owner Survey, 58% of the 500 respondents believe that ESG has become ‘more’ or ‘much more’ material in the past five years. Regionally, this view was strongest in APAC (67%) and Europe (60%).

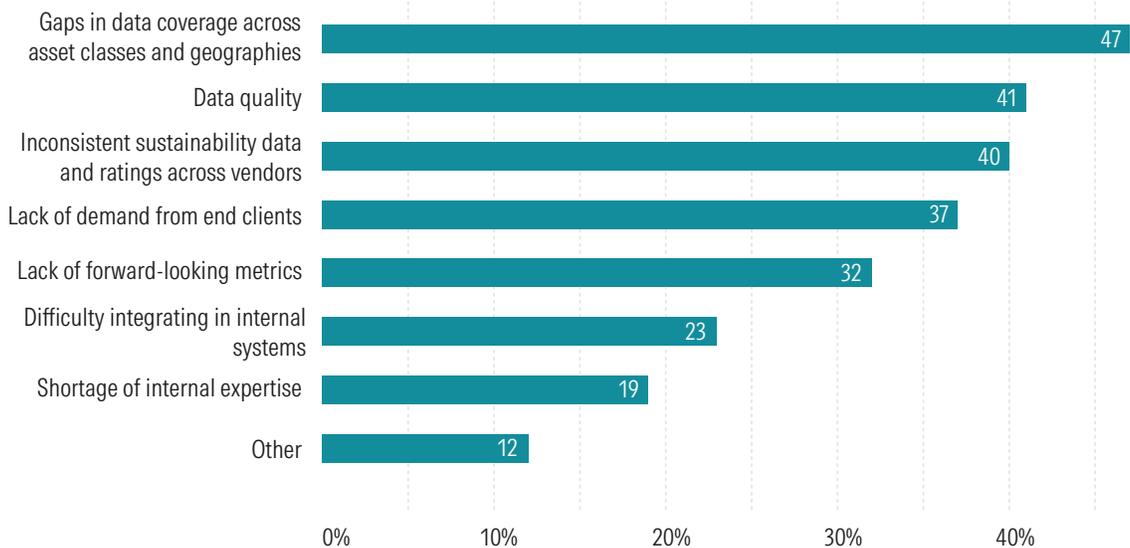
In 2025, we also observed asset owners doubling down on their communication of climate stewardship expectations, with a group of pension funds representing USD 2 trillion in savings signing up to the Asset Owner Statement on Climate Stewardship, which clarifies both the importance of climate stewardship as well as the financial materiality of climate change.”

Challenges and Pain Points for Sustainable Investing

Regarding their sustainable investment strategy and implementation within their workflows, institutional investors told us that gaps in data coverage across asset classes and geographies (47%), data quality (41%), and inconsistent sustainability data (40%) were their biggest pain points. These challenges could be indicative of financial market participants focusing on ESG materiality and a total portfolio approach that ensures they have access to good quality and comparable data sets across asset classes.

As investors are increasingly required to disclose on the ESG and sustainability factors of issuers in their portfolios, access to standardized, quality data is key. For instance, ESG reporting standards, such as SASB or the Corporate Sustainability Reporting Directive, emphasize the use of publicly disclosed ESG data. In line with this recommendation, Sustainalytics announced that we would no longer collect non-public information from issuers as part of our ratings assessments.⁴

Sustainable Investing Strategy and Implementation Challenges (%)



Jono Broome
Associate Director,
Client Advisory,
Morningstar
Sustainalytics

“As responsible investment practices around listed equity and fixed income have matured, ambitions have expanded into new asset classes. Investors are increasingly turning their attention to private equity, real assets and other alternatives to get a ‘whole of portfolio’ view on sustainability. Given that ESG data availability has traditionally been limited among these frontier asset classes, this presents a new challenge for investors and research providers alike.”

⁴ Ellis, S. and Ciumau, A. 2025. Improving Transparency for Investors: Ending the Acceptance of Non-Public Information for ESG Risk Ratings. July 9, 2025. <https://www.sustainalytics.com/esg-research/resource/investors-esg-blog/improving-transparency-for-investors--ending-the-acceptance-of-non-public-information-for-esg-risk-ratings>.

Section Two: Topical Coverage for ESG Data

As asset owners and asset managers navigate the complexities of the sustainable investing space, the specific types of data they prioritize reveal a clear focus on both compliance and risk management. Our findings indicate that regulation-aligned data, greenhouse gas emissions, and ESG risk ratings are considered the most critical information areas for the coming year.

Sustainability Data and Important Areas of Focus

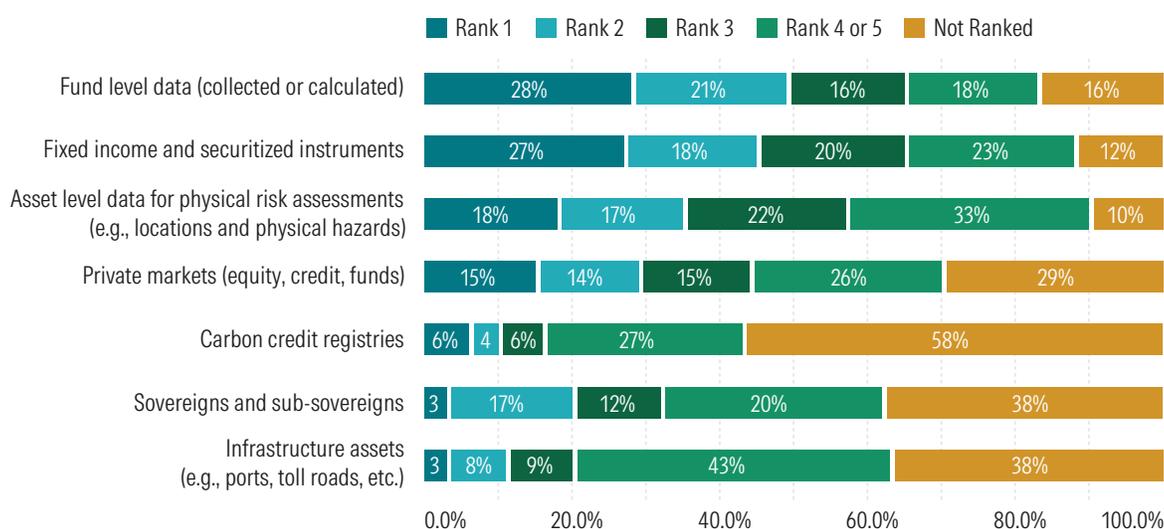
When asked how important certain areas of sustainability data would be to their firm over the next 12 months, respondents ranked regulation-aligned data (58%) as most important. The data they classified as either somewhat important or most important included greenhouse gas emissions (91%) and transition risk assessments (88%). For many financial market participants, gathering this information from portfolio companies is not always feasible. Specialized data solutions, such as Sustainalytics' [EU Sustainable Action Plan](#) research or our suite of [Climate Data and Research](#), can offer reliable data in the areas investors deem most important to their sustainable investment strategies.

Ranking Product and Asset Segment Data

Survey respondents were asked to select the five sustainability areas they thought had the best coverage and breadth and then to rank their importance.

The areas ranked number one by the most respondents were collected or calculated fund-level data (28%), fixed income and securitized instruments (27%), and asset-level data for physical risk assessments (18%). These same areas were also ranked among the top three by most respondents at 65%, 65%, and 57% respectively.

Ranking Product and Asset Segment Data (%)



“The growing emphasis on granular, location-specific data on physical climate risks reflects a shift in investor priorities. Hazards such as wildfire, extreme heat, and water stress are now central to risk models because they can materially impact operations and asset performance. Assessing exposure is the first step. We are now seeing investors move beyond this to seek clarity on the actions companies are taking to strengthen resilience. This evolution is also creating new investable opportunities in adaptation solutions, from resilience infrastructure to early-warning systems.”

Section Three: Priority Research Areas

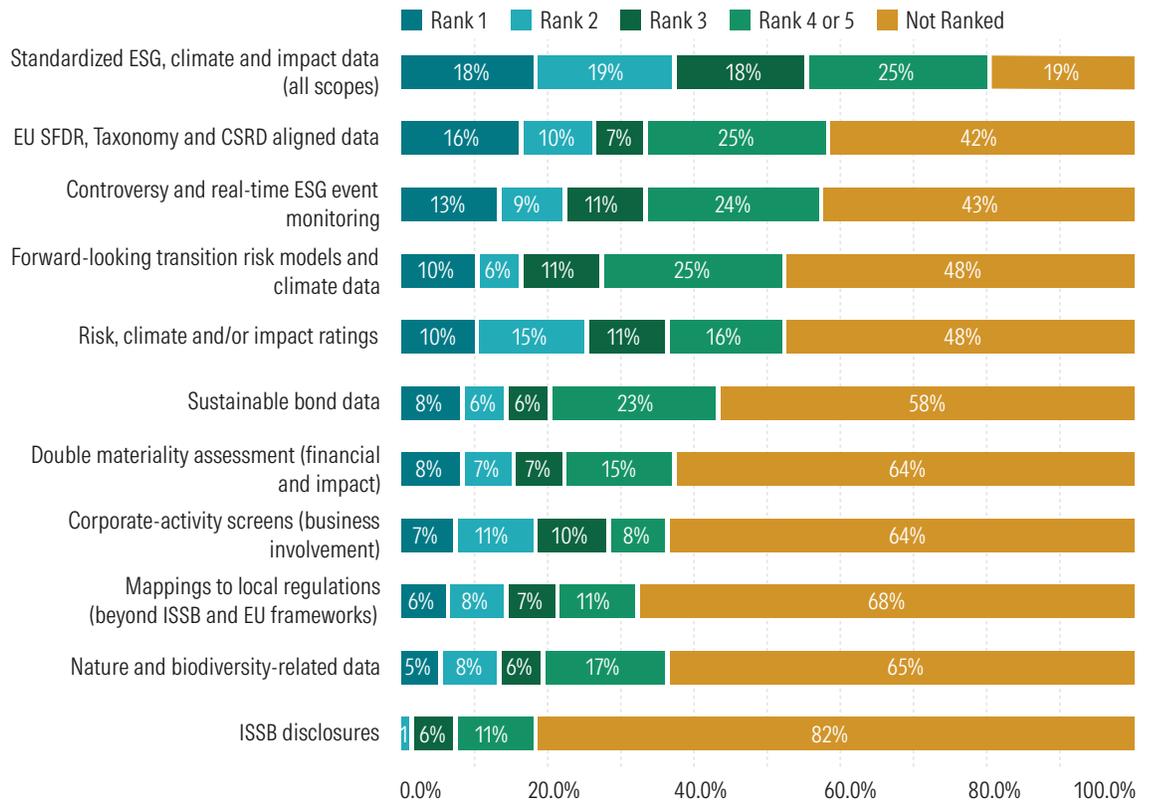
When considering the content and methodology used to gather sustainability data, institutional investors in our survey prioritize standardization and regulatory alignment. The results show that standardized ESG, climate, and impact data, along with data aligned with EU regulations like the Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD), are top priorities. Interestingly, while sustainability disclosures and sustainable bond data are considered essential, forward-looking transition models and biodiversity data were identified as being uniquely valuable.

Ranking Methodologies by Areas of Focus

We asked respondents to rank the importance of selected areas of sustainability data in terms of content and methodology. The areas ranked number one by the most respondents were standardized ESG, climate and impact data for all scopes (18%), followed by EU SFDR, Taxonomy and CSRD-aligned data (16%), and controversy and real-time ESG event monitoring (13%).

The areas most often ranked among respondents' top three were standardized ESG, climate and impact data for all scopes (55%); risk, climate and impact ratings (36%); EU SFDR, Taxonomy and CSRD-aligned data (33%), and controversy and real-time ESG event monitoring (33%). For company controversies, monitoring not just the risks related to events but also their impact, is even more relevant in this era of double materiality assessments. To help investors stay informed about potential ESG risks, Sustainalytics' [Controversies Research](#) evaluates financial risk alongside social and environmental impact, and provides updates from over 70,000 trusted news sources.

Ranking Sustainability Data Areas in Terms of Content and Methodology (%)



Assessing Areas of Focus by Levels of Importance

Survey respondents were asked to rate the importance of their top five sustainability data areas in terms of content and methodology. International Sustainability Standards Board (ISSB) disclosures were most frequently (73%) identified as a must-have, followed by sustainable bond data (68%) and EU SFDR, Taxonomy and CSRD-aligned data (62%).

Although it scored low (40%) as a must-have, forward-looking transition risk models and climate data was the category most frequently identified as being unique and valuable (35%). This was followed by financial and impact double materiality assessment (33%). Nature and biodiversity-related data was ranked the lowest as a must-have (29%) but was the third most frequently chosen (33%) as being unique and valuable data. This may reflect the fact that there are few mandatory reporting requirements for this data, but many believe they are on the horizon.

Jono Broome
Associate Director,
Client Advisory,
Morningstar
Sustainalytics

“These results reflect the growing importance of regulation as a key determinant of what type of ESG data investors are focusing on. The effect of these regulations is two-fold – they are mandatory, which compels investors into usage, but they also provide useful guideposts in highly contested areas of ESG data. For example, the EU Taxonomy providing a definition for sustainable economic activities, or the Australian Climate Related Financial Disclosures defining best practice for climate scenario analysis. This can provide value to investors who fall outside of mandatory regulatory requirements.”

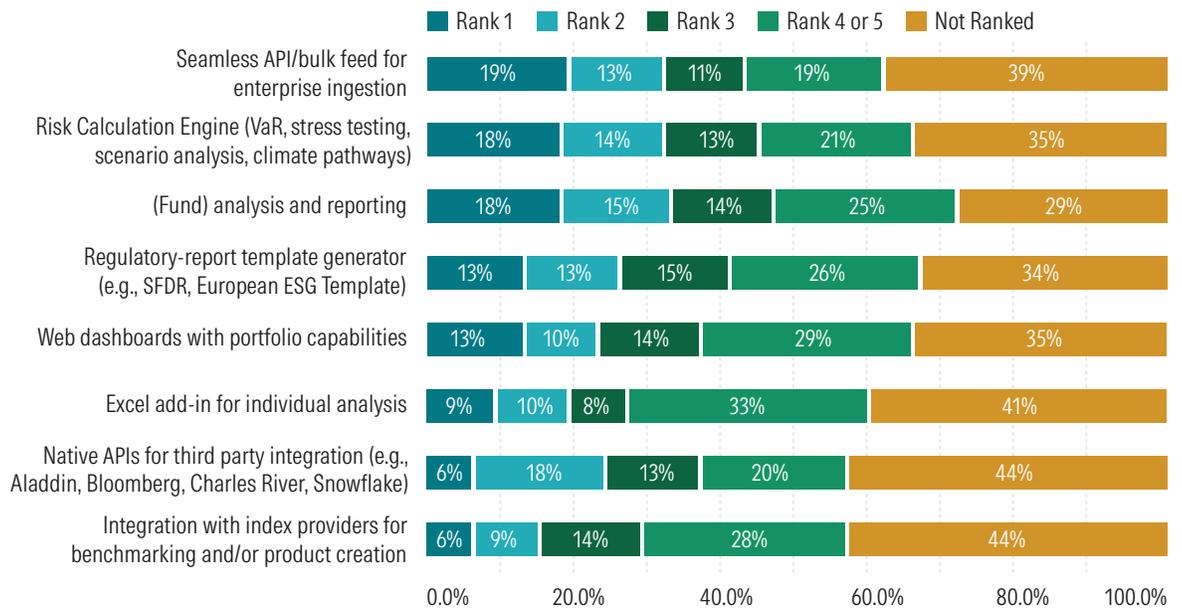
Section Four: Desktop Functionality and Data Integrations

Beyond the data itself, how that information is delivered and integrated into existing workflows is paramount for institutional investors. Our findings show a clear demand for seamless functionality. While regulatory data like those from the ISSB and EU-aligned disclosures are considered “must-have” functional requirements, features that enhance usability, such as fund analysis and reporting, are what respondents identify as uniquely valuable.

Ranking ESG Data Integrations and Functions

We asked institutional investors to rate the importance of their top five sustainability data areas in terms of functionality and integration. The area ranked first by the most respondents was a seamless API or bulk feed for enterprise ingestion (19%), followed by a risk calculation engine (18%) and fund analysis and reporting (18%). The area most often chosen as one of respondents’ top three was fund analysis and reporting (47%), followed by a risk calculation engine (45%) and seamless APIs or bulk feeds for enterprise ingestion (43%).

Areas of Sustainability Most Important in Terms of Functionality and Integration (%)



Tim Langer
Head of Business
Intelligence,
ESG Products

“These findings align with broader market trends because investors and asset managers are increasingly prioritizing seamless integration of ESG data into core workflows rather than treating it as an add-on. The strong emphasis on APIs, risk calculation engines, and regulatory reporting tools reflects a shift toward operationalizing ESG risk within enterprise systems, portfolio analytics, and compliance frameworks. This speaks to greater maturity in the market: ESG considerations are no longer siloed but embedded into investment decision-making, stress testing, and regulatory alignment, signaling that firms view ESG risk as a fundamental component of financial and operational resilience rather than a peripheral concern.”

Assessing ESG Data and Integrations by Levels of Importance

Asset owners were asked to rate the importance of their top five sustainability data areas in terms of functionality and integration. ISSB disclosures was the area most frequently identified as a must-have (73%), followed by sustainable bond data (68%) and EU SFDR, Taxonomy and CSRD-aligned data (62%).

The area most often identified as unique and valuable was fund analysis and reporting (25%), a risk calculation engine (19%), and a seamless API or bulk feed for enterprise ingestion (16%).

The priorities identified reinforce the same market dynamic: ESG integration is moving from optional enhancements to embedded functionality within core investment systems. The ranking pattern—favoring APIs for enterprise ingestion, risk engines, and regulatory reporting templates—shows that firms expect sustainability data to flow seamlessly into portfolio analytics, compliance, and risk workflows. This reflects a mature stage where ESG risk is treated as a structural input for decision-making, not a separate overlay. It aligns with broader trends toward automation, interoperability with platforms like Aladdin or Bloomberg, and standardized reporting under frameworks such as the SFDR, signaling that integration and scalability are now critical differentiators.

Conclusion

The sustainable investing landscape continues to mature and evolve, marked by both continued inflows and increasing sophistication. As highlighted in this report, asset managers and owners remain committed to sustainable investment, with many institutional investors anticipating that their spending on ESG data will either grow or remain steady. For them, high-quality, actionable data has become central to investment strategy, with growing demand for integrated and practical data solutions. However, survey responses indicate that critical gaps exist for investors.

Looking ahead, success will depend on achieving true integration of data into investment workflows. The emphasis on seamless APIs, fund-level reporting, and sophisticated analytical tools underscores that the data itself is only part of the equation. While robust data is essential, firms need partners offering both advanced tools and expert support to turn complex ESG data into actionable intelligence.

While the need for standardized disclosures and regulatory data remains, survey responses indicate that investors also find value in forward-looking transition models and emerging areas such as biodiversity data. This should signal to data providers a need to move beyond static ratings toward dynamic, predictive models that can inform proactive decision-making.

How Morningstar Sustainalytics Can Help

For asset owners, asset managers and companies who want to spend less time grappling with ESG and climate data and more time making the most of it, Sustainalytics helps you put sustainability to work.

We bring together company, security, fund, and portfolio level data, providing a consistent language to surface and apply insights across asset classes. Our end-to-end solutions cover the entire investment value chain—from decision making to monitoring to reporting.

Learn how Morningstar Sustainalytics can support your ESG and sustainability data and research needs. Visit sustainalytics.com for full details.

ESG Risk Ratings

The ESG Risk Ratings provides a multi-dimensional assessment of a company's exposure to industry-specific material ESG risks and its management of those risks. Our transparent methodology categorizes risk into five levels, offering an absolute measure of risk.

Climate Solutions

Our suite of climate research and data includes Low Carbon Transition Ratings, Physical Climate Risk Metrics, and Carbon Emissions Data, helping investors identify, assess, and manage climate-related investment risks and opportunities.

Compliance and Screening Solutions

Sustainalytics provides a suite of ESG screening solutions to enable the creation of investment universes that comply with client mandates and regulatory requirements. Our product portfolio includes a range of solutions covering controversies research and screening tools, norms-based screening, defense research, and sustainable products and screening.

Controversies Research

Designed to support proactive risk management, our Controversies Research delivers insights, real-time monitoring, and extensive issuer coverage. The dual event scoring system provides an evaluation of issuer controversies from both a risk and impact perspective, offering a comprehensive understanding of ESG risks and allowing investors to integrate double materiality into portfolio decisions.

Analytic & Reporting Solutions

Our data and screening solutions bring together company, security, fund, and portfolio level data, providing a consistent language for ESG insights across asset classes. Access timely and comprehensive research supported by robust screening, reporting, and portfolio monitoring tools through a single, web-based platform or receive customized reporting or APIs.

Morningstar ESG Risk Ratings and Low Carbon Designation for Funds

Based on company-level data from Sustainalytics, the Morningstar ESG Risk Rating for Funds provides a snapshot of how well ESG risk is managed at the fund level relative to its peer group. The Low Carbon Designation for Funds identifies how well the risks associated with the transition to a low-carbon economy are managed relative to the fund's peer group.

About Morningstar Sustainalytics

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

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