

ESG Ratings Working Group

March 2026

The ESG Ratings Working Group held the second session of our 2026 series on Wednesday, March 18th, featuring Robert Dornau, Senior Director, Head of Corporate Solutions & Engagement, and Mike Wallace, (brand new!) Strategic Advisor to S&P Global. The session focused on how S&P is evolving its Corporate Sustainability Assessment and data offerings, including new participation options, alignment with emerging global standards, and growing investor demand for deeper, portfolio-level analytics. It also touched on the repositioning of Dow Jones Best-in-Class Indices and S&P's future role in the ratings landscape, followed by member Q&A on practical scoring and risk-management questions.

In the member-only discussion, we debriefed key takeaways from the S&P session, compared experiences with shifting ESG ratings methodologies and growing "rater fatigue," and discussed how some members are actively simplifying their rater portfolios, before looking ahead to upcoming speakers from CDP and MSCI.

Q&A WITH ROBERT DORNAU AND MIKE WALLACE

1. S&P CSA has continued to make changes to the assessment process it uses. What are the two or three most notable changes since last year (method, scoring, or process) that issuers should understand?

This year, we've expanded the CSA to around 12,500 invited companies, all of whom we will assess whether or not they actively participate, using public information where needed. We've also introduced more flexible participation options, including a new "review and add" route that lets us first assess your latest public reporting and pre-populate the questionnaire before you update it with incremental information. In addition, we've built a structured pre-publication review process so that you receive your score and the underlying data in advance, with time to raise queries before anything is released more broadly.

With the new "review and add" option, you tell us when your public reporting is complete, we then take roughly a month to review that disclosure and pre-fill the CSA on your behalf, and you subsequently use your assessment window to add any missing or non-public details where the methodology allows. This is designed to make participation less burdensome, especially for first-time participants, and to better align the CSA with your reporting calendar. So far, roughly a third of companies that have reconfirmed participation this year have chosen this option, which suggests it is responding to a real need.

2. What should companies be doing to ensure that S&P assesses them as accurately as possible?

The most important step you can take is to ensure that your public disclosure is clear, consistent, and aligned with the topics covered in the CSA, because we will always draw on public sources, even for companies that do not submit. If you do participate, it helps to use the pre-fill or review-and-add options thoughtfully (updating last year's responses with new policies, programs, and performance data, and attaching strong supporting evidence where our methodology allows). Finally, we encourage you to use the pre-publication review period to check your scores and underlying data and to submit queries where you believe there may be an oversight, so we can address issues before your results are shared more widely.

3. Since we last spoke, we've seen greater divergence in sustainability regulation (e.g., ISSB adoption in some markets, delay or recalibration in others). How is S&P adapting its methodologies to remain comparable across jurisdictions with inconsistent policy guidance?

From an S&P perspective, the way we cope with regulatory divergence is by anchoring the CSA in global frameworks and standards, and then translating those into a consistent, scorable assessment. Around 90% of the CSA is aligned with international standards such as CSRD, ISSB, and sector-specific frameworks, but whereas a framework mainly asks whether you report something, our assessment looks at the quality and performance behind that disclosure, how clear and unambiguous it is, and what your actual results look like. That approach lets us maintain global comparability for investors, even as individual jurisdictions move at different speeds, while continuing to update questions and structure as new regulations come in.

4. What regional differences do you see regarding the business approach to sustainability?

We clearly see Asia—and especially markets like China, India, Thailand, and Taiwan—moving rapidly up the sustainability curve and increasingly taking top spots in our Sustainability Yearbook, often at the expense of North American and some European companies. In many of these markets, sustainability is being driven as a business value from all sides: regulators, stock exchanges, industry associations, supply chain pressure, and companies themselves are treating it as a source of advantage rather than just a disclosure obligation. By contrast, some European companies that historically led our rankings have become more focused on public reporting alone and less on the underlying business case, and our message to them is that over-indexing on disclosure without strategy and performance is not the right long-term approach.

5. Are you seeing differences in how capital markets versus corporate issuers are responding to regulatory recalibration? How does that affect how S&P positions its data products?

In broad terms, we see a stronger “data need” on the financial institution side in many emerging markets, where banks and investors must comply with new financed emissions and sustainable finance rules but often lack sufficient underlying data. S&P’s role is to help fill gaps by providing both reported data and estimates, so institutions can at least understand where their portfolios stand and begin managing those exposures. In more advanced markets, the conversation is less about basic compliance and providing raw data and more about combining compliance with performance, so our products increasingly focus on helping clients evaluate where they are versus peers and what that implies for risk, opportunity, and strategic positioning.

6. What are investors and other ESG data users asking S&P for more of — or less of — compared with a year ago?

What we hear most from investors and advanced ESG data users is a desire to drill deeper into the data, not just see an overall score. They want to understand exactly where gaps lie—for example, if a company scores 80 out of 100 on human rights, is the weakness around business partners, child labor, or something else—so they can align that with their own theses on risk, human capital, or social issues. Many corporates value the CSA because it lets them provide this level of detail to a professional investor audience, and around two-thirds now choose to let S&P disclose CSA data beyond what is strictly public, trusting that it will be presented with clear definitions and context.

7. How does S&P Global score MSAs when the issue is outside of the operational control of the company?

In the CSA, we recognize that some issues occur outside a company’s direct operational control, but that does not mean they are irrelevant for assessment. Wherever a topic sits in the value chain, we look at how the company identifies and manages that exposure (for example, through policies, due diligence, supplier standards, or engagement) rather than only what happens inside its own facilities. If an issue is clearly beyond what a company can reasonably influence, that is reflected in how the question is structured and scored, but in many cases, investors still expect to see how you are addressing risks and impacts in your broader ecosystem, not just within your immediate operations.

8. How do you anticipate S&P’s role within the ratings field will change in the next 1-3 years?

Over the next few years, we expect S&P’s role to deepen as a bridge between evolving sustainability regulations, corporate practice, and investor needs. On one side, we will continue aligning the CSA and our data products with global standards like ISSB and CSRD, translating regulatory expectations into comparable, scorable questions; on the other, we are increasingly focused on portfolio-level analytics, physical risk and transition risk insights, and

tools that help both companies and investors understand where they stand relative to peers. As the regulation of rating agencies comes into force, you should also expect more structured processes around transparency, pre-publication review, and governance, building on the changes we have already started to implement.

MEMBER-ONLY SESSION

- Several members are actively reconsidering their “rater and ranker” portfolios, with some candidly noting that S&P Global is on the list of ESG ratings they are evaluating and might potentially drop, mainly to reduce internal burden and complexity.
- Members described fatigue with frequent methodology changes at multiple raters (for example, Just Capital’s latest shift), making it harder to explain year-on-year score movements and to keep leadership bought in when “the goalposts keep moving.”
- There was strong interest in simplification, both in external ESG communications and in the number of ratings/benchmarks companies respond to, with several participants talking about prioritizing a smaller set of “most reputable” providers.
- At the same time, members stressed that they are largely “still doing the work” on sustainability and climate; the challenge is balancing necessary transparency and leadership storytelling against growing internal capacity constraints and political/regulatory headwinds.

CURRENT EVENTS

MSCI rolling out 2026 ESG Ratings model update this month:

MSCI released its [2026 ESG Ratings model update](#), which puts stronger emphasis on financial materiality by tightening the link between ESG factors, quantitative metrics, and financial outcomes in scores. The update also revises how controversies and targets are treated and weighted, and introduces a “buffer zone” around rating thresholds so small data changes do not trigger disproportionate rating shifts (for example, keeping a company at triple-B if it falls within a narrow band around the A/BBB cutoff).

Just Capital 2026 Scores Released on March 17:

Just Capital released its [2026 scores and the Just 100 list](#), offering an updated lens on how large U.S. companies are performing. It was highlighted in the session alongside S&P’s Yearbook as another external benchmark that members may be asked about.

S&P Global Sustainability Yearbook 2026 rankings published on February 16:

The [S&P Global Sustainability Yearbook 2026](#) was published at the end of February, with only 848 out of 9,200+ assessed companies qualifying for inclusion—about 9 percent. There is an increasingly competitive bar for inclusion, requiring sustained execution, strong disclosure, and year-over-year performance improvement to stay in the Yearbook.

Corporate Knights publishes 'Global 100' ranking, heavily weighing 'sustainable revenue momentum':

Corporate Knights released its [Global 100 ranking](#) on January 21, this year putting particular emphasis on “sustainable revenue momentum” (i.e., which companies are growing sustainable products and services fastest, rewarding not just who is performing well today but who is positioning their business to “do good” and meet future needs).

According to an Environmental Defense Fund (EDF) article, Companies quietly stay the course on ESG and climate, despite geopolitical turmoil:

According to an [EDF article](#), despite geopolitical volatility and political pushback, many companies appear to be maintaining or even accelerating their climate and ESG work while talking about it less. The group noted evidence of “green hushing,” where communications and labels are being toned down or rebranded, but net-zero targets, transition plans, and decarbonization investments are largely staying on course as companies use ESG as part of their risk and resilience architecture.

ERM & THE SUSTAINABILITY INSTITUTE UPDATES

GreenBiz reflection:

Mark reflected on takeaways from GreenBiz, describing it as an early-year “stock take” for sustainability and contrasting 2025’s expected “volatility” with Mark Carney’s Davos framing of “rupture,” which implies the need to redesign how sustainability work is done rather than simply endure turbulence. He noted that when ERM polled practitioners at GreenBiz, views were split on whether we are in continued volatility or true rupture, but almost everyone expected 2026 to be harder than 2025 while also feeling better prepared and more optimistic about outcomes.

Rate the Raters Investor Survey:

Please consider supporting the next phase of our Rate the Raters work by sharing the survey with your own investors (likely via your organization’s investor relations team). The survey will take around 7-9 minutes to complete and is anonymous. The survey closes March 30th (though it may extend into April).

Link here: [Rate the Raters - Investor Survey](#)

Contact Us

ERM and the ERM Sustainability Institute help shape the ESG ecosystem through our work helping companies build and communicate improved ESG performance in ways that address the needs and priorities of investors, creditors, insurers, and lenders.

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