



ESG Ratings Working Group

February 2026

The ESG Ratings Working Group held the first session of our 2026 series on Wednesday, February 4th, featuring Christina Wong, Global Head of Sustainability Risk at BlackRock. The session explored how BlackRock approaches sustainability and ESG, including how sustainability risk is defined and how BlackRock uses data across its portfolios. Christina also shared perspectives on ratings, regulation, AI, and the current market and political landscape, which was followed by member Q&A.

In the member-only discussion, we covered recent developments in the ESG ratings landscape, the Rate the Raters 2025 webinar held on February 5, and the speakers we confirmed for upcoming sessions, which will include representatives from S&P Global, CDP, and MSCI.

Q&A WITH CHRISTINA WONG

1. Tell us a bit about yourself!

I've been at BlackRock for about five years, and I currently serve as Global Head of Sustainability Risk within our Risk and Quantitative Analysis (RQA) team. I originally joined BlackRock on the BlackRock Sustainable Investing team and then moved into RQA about four years ago as the firm began building a dedicated sustainability risk function inside the broader risk organization. Before BlackRock, I spent roughly seven years in corporate sustainability consulting, including time at ERM and at SustainAbility before it was acquired by ERM. Prior to that, I worked for about seven years in marketing and advertising at ad agencies, so my career has really spanned several different fields.

2. How has BlackRock changed how it uses the term "ESG," and where is that going?

We still use "ESG," but we are more precise about what we mean by it. Internally, we use the term to refer specifically to environmental, social, and governance data and information and how those data points are used in investment decisions, not as a broad label or brand. At the same time, we frame all ESG activity under our core fiduciary responsibility: our job is to manage any material investment risk for clients, and sustainability-related risks sit alongside others like volatility and liquidity within that overall risk lens.

3. What internal and external data do you use, and how does it inform decisions?

All of our key data, including sustainability data, is brought together in our Aladdin platform, which investment and risk teams use for trading, portfolio analytics, and risk monitoring. Within Aladdin, portfolio managers can build test portfolios and pull in data from a wide range of sources, including third-party providers such as MSCI, Sustainalytics, Clarity AI, Bloomberg, CDP, and SBTi, as well as our own Aladdin Climate Data and more specialized NGO or government datasets where needed. Different investment teams rely on different mixes of

these sources, but in all cases, the goal is to use financially material sustainability information to refine their understanding of companies, risks, and opportunities in line with each product's strategy.

4. How are external pressures, like anti-ESG sentiment, affecting BlackRock's sustainability approaches?

Even as the external political environment around ESG has become more polarized, our core stance is that our job is to manage material investment risk for our clients, and that includes sustainability-related risks where they are financially relevant. We continue to emphasize that environmental, social, and governance issues can create real risks and opportunities in portfolios, and that our fiduciary duty requires us to consider those alongside other risk dimensions such as volatility and liquidity. The materiality of specific sustainability risks varies by product, strategy, and time horizon, but we do not view current political debate as a reason to stop looking at factors that can impact financial performance. To help explain this, we have made available an investment risk statement that sets out how we think about the full spectrum of risks, including sustainability risk, and we use that as a basis for conversations with clients, policymakers, and other stakeholders.

5. How is AI playing into how BlackRock uses and develops data, and how does it affect products?

AI is becoming increasingly important in how we access, process, and analyze sustainability data, both through tools we build internally and through the capabilities of external data providers. On the data ingestion side, AI makes it much faster to pull information from multiple public sources—regulatory filings, sustainability reports, climate transition plans, NGO databases—and turn that into structured inputs that our investment teams can use. Within Aladdin and our Aladdin Climate Data effort, AI and advanced analytics support scenario analysis, climate risk modeling, and the development of new indicators that can be deployed across portfolios. Over time, these capabilities influence product design, because they allow us to identify more precisely which issuers are exposed to certain sustainability risks or positioned to benefit from the transition, and to construct strategies that reflect those insights systematically.

6. How has the use of ESG ratings by investors changed in the last couple of years?

Within BlackRock, I have seen a clear shift toward heavier use of the underlying data behind ESG ratings and somewhat less reliance on top-line scores, especially on the active side. Many of our active teams still look at overall ESG scores from providers like MSCI or Sustainalytics, but they increasingly treat them as a starting point and focus their real attention on the specific metrics that drive those scores, reflecting both their own deep knowledge of sectors and issuers and the recognition that methodologies differ. That said, scores continue to play a prominent role in some index methodologies, particularly where the index is designed to tilt toward companies with higher ESG ratings relative to a benchmark, so ratings remain important in that part of the market.

7. Do you expect investor demand for ESG ratings to remain strong and become more aligned with regulations? How do you see these trends playing out?

From my perspective, investor demand for robust sustainability information—including but not limited to ESG ratings—remains very strong, and I do not see a trend toward "data fatigue" on the investor side. If anything, as regulatory frameworks evolve, investors are asking for more specific, decision-useful data that aligns with those requirements and with their own climate and transition objectives. Over the last five years, we have seen interest shift from a broad focus on "ESG investing" toward a more targeted focus on investing in the transition to a low-carbon economy, and that has driven demand for data on science-based targets, progress against those targets, emissions trajectories, CapEx on low-carbon technologies, and other indicators of real-world change. I expect ESG ratings and related products to continue evolving so that they better reflect regulatory definitions, transition alignment, and the kinds of metrics investors need to meet their own commitments and client expectations.

8. How does BlackRock view SBTi, especially given recent challenges?

Within our sustainability-oriented product range, many teams still treat SBTi as an important reference for assessing the rigor of corporate climate targets, even as they recognize it's not the only lens. When evaluating company strategy and performance on climate and sustainability, investment teams often start by checking whether a company has committed to or received approval from SBTi, and we generally accept both commitments and validated targets as relevant signals. At the same time, teams place significant weight on progress against those targets and on broader evidence of transition, such as consistent emissions reductions, CapEx on low-carbon solutions, and shifts in product or energy mix, rather than assuming an SBTi target alone is sufficient.

9. For CDP, is BlackRock using both data and scores? What happens if a company goes "unscored"?

We still have teams that look at CDP scores, but increasingly the emphasis is on the underlying data. Some investment teams use a CDP score as a quick indicator, but for deeper analysis, they focus on the specific data points disclosed through CDP and how those feed into their understanding of climate risk and transition readiness. Where a company chooses not to be scored or does not participate, we generally obtain comparable information from other public sources, such as sustainability reports, regulatory filings, or climate transition plans, which are often captured by third-party data providers and ingested into Aladdin. Growing capabilities in data tools and AI also make it faster to surface and analyze information from multiple disclosure channels, which reduces dependence on any single questionnaire format as long as companies publish robust data somewhere publicly.

MEMBER ONLY SESSION

CURRENT EVENTS

Updates from MSCI:

MSCI shared several updates ahead of their June session. They are preparing a major ESG Ratings 5.0 model update scheduled for March 2026, with an emphasis on transparency and helping issuers get ready. They have moved full ESG Ratings reports into a paid “ESG Ratings Report Plus” product, but the free ESG Ratings Drill Down tool is still available so issuers can see key score drivers. MSCI has also developed new resources for issuers, including guidance on how to reference MSCI ESG Ratings, a primer on index inclusion, and an Index Composition Viewer that links company performance to investor exposure. Finally, recent MSCI webinars on 2026 trends and the ESG Ratings model update are now available as recordings on their website.

CDP Reports 70% Jump in Companies Awarded Top Sustainability Reporting Scores:

CDP saw a significant jump in top-scoring companies in the 2025 cycle. More than 70% more companies achieved an “A” score in 2025 than in 2024, reaching 877 globally, while the number of “Triple A” companies (A in climate, water, and forests) nearly tripled to 23. CDP noted especially strong performance from Asian and European companies such as those in Japan, France, and Türkiye. Although the total number of companies disclosing to CDP fell slightly year over year (about 22,100 in 2025 vs. 22,777 in 2024), the surge in top scores points to higher-quality reporting from those that did disclose. CDP also underscored that hundreds of institutional investors and major buyers, representing trillions in assets, continue to demand environmental disclosure, reinforcing that transparent data remain critical for capital allocation and business decisions.

JPMorgan Replaces Proxy Advisors with New Internal AI Platform:

JPMorgan’s asset management arm plans to stop using external proxy advisory firms for voting on U.S. companies and will instead rely on a new AI-powered platform. Proxy IQ, built on JPMorgan’s Spectrum data platform, supports the U.S. voting process by aggregating and analyzing proprietary data from more than 3,000 company annual meetings. The shift comes amid mounting political and regulatory pressure in the U.S. tied to anti-ESG campaigns and follows earlier moves by firms like Glass Lewis to change how they deliver proxy-related research and recommendations as investor views diverge across regions. Taken together, these developments highlight how proxy advisory and voting are evolving in response to lawmaker scrutiny, regional differences in investor expectations, and the rapid integration of AI.

ERM & THE SUSTAINABILITY INSTITUTE UPDATES

2026 Annual Trends Report: Competing Pressures, New Approaches: ERM’s 2026 Annual Sustainability Trends Report highlights how companies are doubling down on value-creating sustainability actions amid uncertainty, focusing on strategy and disclosure, energy and decarbonization, technology’s role, and the transformation of EHS from compliance action to core value driver.

The Global Regulations Radar, 4th Edition: ERM's Global Regulations Radar offers a high-level overview of the most significant ESG and EHS regulations impacting companies with global operations. While not exhaustive, the regulations matrix spotlights the key new rules most likely to impact global companies. Companies can use these insights to plan actions, allocate resources, and turn compliance into business value.

Blog: EU Regulations update: CSRD and CSDDD close to the finish line: This ERM update explains that EU policymakers are close to finalizing major changes to CSRD and CSDDD that significantly shrink the number of in-scope companies and streamline ESRS requirements, while also softening EUDR and fully overhauling SFDR into a more product-category-driven "SFDR 2.0," signaling a broader push to simplify rules and reduce burden without backing away from transparency and accountability.

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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