

ESG Rating Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

ESG Rating Services Market Analysis

ESG rating services market size in 2026 is estimated at USD 12.69 billion, growing from 2025 value of USD 11.72 billion with 2031 projections showing USD 18.88 billion, growing at 8.28% CAGR over 2026-2031. Growth is propelled by the convergence of mandatory disclosure regimes such as the EU Corporate Sustainability Reporting Directive (CSRD) and the U.S. Securities and Exchange Commission (SEC) climate rule, coupled with rising institutional investor demand for standardized sustainability metrics. Asset managers are widening budgets for granular, machine-readable ESG datasets, while corporates rush to secure third-party ratings that validate stakeholder communications and regulatory filings. Consolidation among data vendors lets leading providers package scores with analytics, and the expansion of frameworks like the Task Force on Nature-related Financial Disclosures (TNFD) is catalyzing product innovation around biodiversity metrics. Political pushback in several U.S. states and persistent low correlation across providers temper the otherwise robust outlook.

Global ESG Rating Services Market Trends and Insights

Post-2025 Surge in Mandatory Disclosure Regimes Reshapes Market Demand

The CSRD took full effect in January 2025, obliging roughly 50,000 companies to publish double-materiality ESG reports that rating providers convert into investor-grade scores. Simultaneously, the ISSB's IFRS S1 and S2 standards have been adopted in 15 jurisdictions, establishing a global reporting baseline that raises the compliance bar for issuers[3]. Providers able to synchronize

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methodologies across CSRD, ISSB, and the SEC rulebook win a competitive advantage because corporates prefer a single score that satisfies multiple regulators. Harmonization fuels data depth as firms disclose granular, audit-ready metrics on emissions, workforce diversity, and governance structures. Consequently, the ESG rating services market experiences heavier demand for vertically integrated offerings that bundle raw data, verification, and analytics into one subscription. Persistent regulatory updates in South Korea, Brazil, and Canada expand addressable volumes, ensuring that disclosure-driven growth extends beyond Europe and the United States into global mid-cap universes.

Asset Managers Pursue Alpha Through AI-Enhanced ESG Analytics

Institutional investors allocated 15-20% of 2024 technology budgets to ESG data infrastructure, signaling a structural pivot from backward-looking compliance toward alpha-seeking analytics. BlackRock's Aladdin platform applied ESG risk analytics across USD 21 trillion in AUM, while State Street processed 40,000 sustainability metrics daily using machine learning. Rating providers now release API-based "data lakes" that feed quantitative models ingesting news, satellite feeds, and IoT sensors in real time. MSCI reported 40% revenue growth in ESG analytics during 2024 after embedding alternative data sets measuring physical climate risk. Buy-side quants increasingly weight forward-looking metrics such as capital expenditure alignment to net-zero pathways, and these fields require robust, continuously updated data streams. The ESG rating services market, therefore, rewards providers capable of delivering clean, normalized, machine-readable feeds integrated into portfolio-management systems.

EU ESG Ratings Regulation Constrains Business-Model Integration

Entering force in 2025, the EU ESG Ratings Regulation bans providers from offering advisory services to rated entities, compelling structural separation of consulting arms. Firms such as ISS ESG and Sustainalytics must erect Chinese walls, overhaul governance, and disclose conflict-management procedures. Estimated compliance costs range from EUR 2 million to EUR 5 million annually for large vendors, eroding operating margins and delaying product roll-outs. The rule also restricts the reuse of internal research produced for consulting clients, forcing duplicative data collection. These constraints reduce cross-selling revenues and challenge the integrated-solutions thesis, driving recent M&A in the ESG rating services market.

Other drivers and restraints analyzed in the detailed report include:

Rapid Consolidation of Raw-Data Vendors Enables Comprehensive Offerings
TNFD Framework Drives Nature-Related Financial Disclosure Adoption
Correlation Challenges Undermine Rating Credibility and Adoption

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

ESG ratings captured 38.10% of the ESG rating services market in 2025, underscoring their foundational role in aligning capital allocation with sustainability objectives. Verification and assurance services rise at a 9.35% CAGR because CSRD mandates third-party assurance for sustainability statements while ISSB encourages audit-like rigor. The ESG rating services market size for verification is expected to reach USD 4.81 billion by 2031, cementing its position as the preferred gateway for corporates entering regulated disclosure landscapes. Big Four accounting firms deploy cross-disciplinary teams combining audit, climate science, and actuarial skill sets, which drives price competition but also increases overall market penetration. Advisory and customization maintain relevance among issuers seeking sector-specific frameworks, yet pressures to avoid conflicts of interest temper revenue potential in Europe. As ISSA 5000 becomes operative in 2025, standard-setting should reduce methodological fragmentation and lower assurance-procurement friction.

The ESG rating services market witnesses technology infusion as providers automate data ingestion, apply NLP for narrative

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verification, and integrate satellite imagery for onsite confirmation. Real-time attestations shorten reporting cycles and refine investor confidence. Global corporates aim to embed verification checkpoints inside enterprise resource-planning systems, ensuring that sustainability KPIs roll automatically into quarterly filings. Competitive dynamics favor vendors offering modular assurance packages that can range from single-topic verification to enterprise-wide sustainability audits. Emerging players leverage blockchain timestamps to enhance data integrity, challenging incumbents to accelerate innovation. Subscription-based models gradually replace project-based engagements, diversifying revenue streams within the ESG rating services market size for services.

The ESG Rating Services Market is Segmented by Service Type (ESG Ratings, ESG Data & Scores, and More), End-User (Asset Managers, Asset Owners & Pension Funds, and More), Asset-Class Coverage (Equity Instruments, Fixed-Income (Corporate & Sovereign), Private Markets & Alternatives, Real Assets (Infrastructure / Real Estate), and More), and Geography. The Market Forecasts are Provided in Value (USD).

Geography Analysis

North America generated the largest regional revenue in 2025 at 39.85% share of the ESG rating services market size, bolstered by institutional AUM of USD 50 trillion and imminent SEC climate reporting rules affecting 7,000 issuers [SEC]. Pension funds such as CalPERS mandate ESG ratings for equity holdings above USD 2 billion, while university endowments integrate scores into strategic asset allocations. Yet 24 state-level anti-ESG statutes inject policy uncertainty, compelling providers to issue disclaimers, maintain state-compliant indexes, and manage reputational exposure to political discourse.

Asia-Pacific exhibits the fastest expansion at 8.78% CAGR, driven by Singapore's roadmap requiring listed firms to publish climate reports by 2025 and Japan's adoption of TCFD-aligned disclosures for prime-market companies representing 70% of domestic capitalization. India's Business Responsibility and Sustainability Reporting framework covers the top 1,000 listed entities, prompting domestic data collection platforms to collaborate with global rating houses. China's 2060 net-zero pledge extends ESG relevance to state-owned enterprises, while ASEAN develops a sustainable finance taxonomy that favors harmonized rating inputs. The momentum positions Asia-Pacific as the focal engine for incremental growth within the ESG rating services market.

Europe sustains double-digit revenue streams anchored in the CSRD, EU Taxonomy, and SFDR, collectively imposing ESG obligations on roughly 50,000 companies. The bloc's double-materiality lens requires issuers to report on both financial and impact materiality, raising data granularity standards that shape global best practices. Smaller regions like Latin America and the Middle East & Africa proceed cautiously; Brazil's B3 exchange mandates sustainability disclosures, and the UAE's green-finance framework supports pathway alignment for oil-exporting economies. Data scarcity, limited assurance capacity, and emerging-market credit-risk concerns continue to slow penetration. Nonetheless, providers that pre-position in these regions stand to capture first-mover advantages once regulatory expectations tighten.

List of Companies Covered in this Report:

MSCI Sustainalytics / Morningstar ISS ESG S&P Global ESG Scores Moody's ESG Solutions LSEG Refinitiv Bloomberg ESG Fitch (Sustainable Fitch) FTSE Russell EcoVadis CDP Arabesque S-Ray Clarity AI RepRisk FactSet Truvalue Labs Vigeo Eiris GRESB Standard Ethics Inrate CSRHub

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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