

US/SIF

Investing in a sustainable future



US Sustainable Investing Trends

2025/2026 Report

Date released:
December 9,
2025

30th Anniversary Edition

Image: Adobe Stock/junet

Thank You to Our Sponsors of Trends Report 2025/2026

Titanium sponsors



ClearBridge
A Franklin Templeton Company



Domini[®]

Gold sponsor



Calvert

Silver sponsors



Boston Trust Walden
Principled Investing.



G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™



the **SUSTAINABILITY GROUP** SINCE 1987



TRILLIUM
ASSET MANAGEMENT

Contents

/ Foreword	5
/ Executive Summary	6
Key Highlights From the US SIF 2025 Survey	7
/ Section 1 – The Sustainable Investment Market	10
Market Size	11
Challenges to Measuring the Market	12
/ Section 2 – US SIF Survey Findings	13
The 2025 Survey in Context	14
Insights and Strategies	17
/ Section 3 – What Does the Future Hold?	40
What Does the Future Hold?	41
Shaping the Future	45
/ About US SIF: The Sustainable Investment Forum	46
/ Appendix	48
Definitions of Approaches	49
A Note on Methodology – A New Baseline	50
/ Acknowledgements	51

/ Charts / Tables

Chart 1: US Market Size in AUM	11	Chart 16: Planned Future Sector Allocations Over the Next Five Years	30
Chart 2: 2025 Survey – Universe of Respondents	14	Chart 17: Use of Sustainable Investing Strategies	31
Chart 3: To what extent has the shift in US political environment impacted your organizations' approach to sustainability / ESG?	15	Chart 18: Implementation of Sustainable Investing Strategies	32
Chart 4: To what extent has the shift in US political environment impacted your own team or job?	16	Chart 19: Environmental Considerations	33
Chart 5: Growth of Sustainable Investing – Personal Perspectives	18	Chart 20: Social Considerations	33
Chart 6: Growth of Sustainable Investing – Organizational Perspective	18	Chart 21: Governance Considerations	33
Chart 7: 99% of Gen Z and 97% of Millennial Global Investors Say They are Interested in Global Investing	19	Chart 22: Negative Screening from Investment Portfolio	34
Chart 8: What are the key drivers of your integration of sustainability of ESG factors in investment selection and/or shareholder advocacy?	20	Chart 23: Asset Stewardship & Shareholder Advocacy Activities	36
Chart 9: How did the following events or issues affect your decision on whether to increase sustainable investments in 2025 or beyond?	21	Table 24: Key Shifts in US Stewardship Practices	37
Chart 10: Has your organization changed how you communicate or describe your approach to sustainability?	23	Chart 25: Volume of Shareholder Proposal Submissions	38
Table 11: Percentage of Companies Using Sustainability-related Terms in their Report Titles	24	Chart 26: Average Vote Support by Topic	38
Chart 12: Sustainability or ESG Framework Preferences	26	Chart 27: Proposals by No-Action Status	38
Chart 13: Current Investment Alignment to SDG Goals	27	Chart 28: Perspectives: What does the future hold?	41
Table 14: Top 5 SDGs	28	Chart 29: Perspectives: How has the challenging political environment impacted your team?	41
Chart 15: Investing Themes	29	Table 30: Comparison of Regional Disclosure Approaches	44
		Chart 31: Adapted from the FCA Policy Statement	44
		Table 32: Definitions: Responsible Investment Approaches	49
		Table 33: Definitions: Screening Approaches	49

Foreword

The 30th anniversary of the *2025 US SIF Trends Report* arrives at a pivotal and unique moment for sustainable investing in the United States. The past year has seen extraordinary volatility in policy, regulatory, and market landscapes. Despite political retrenchment, deregulatory headwinds, and heightened scrutiny of sustainable investing approaches, investors continue to demonstrate a deep and resilient commitment to strategies linking financial performance with long-term value creation and risk management.

Investors are navigating an inflection point. The US administration has implemented cuts to the Inflation Reduction Act's clean energy tax credits, while the proposed elimination of the Environmental Protection Agency's (EPA) Endangerment Finding and Greenhouse Gas (GHG) Reporting Program threatens the foundational data needed to assess climate-related financial risk. Yet states like California are advancing climate disclosure frameworks that could become de facto national standards.

Shareholder dynamics are also in flux. The US Securities and Exchange Commission's (SEC) revised interpretations under Rule 14a-8 have led to fewer environmental and social proposals reaching ballots. Environmental, social and governance (ESG) practices also continue to be a political flashpoint at the state level, with legislatures seeking to restrict its use in investment decisions. Meanwhile, proxy advisory firms face new disclosure mandates and litigation.

Still, client demand tells a consistent story: investors want sustainable options that align with their values and financial objectives, including 99% of Gen Z and 97% of Millennials. For them, sustainable investing is not a niche – it's the standard. And global institutional investors continue to demand credible, data-driven approaches that price in climate risk, measure social impact, and address governance integrity.

Opportunities are expanding across private markets, where capital is flowing toward the energy transition,



Image: Envato/iufufuyu

community development, and inclusive economic growth. Investors are targeting solutions to systemic risks – from climate impacts and biodiversity loss to governance concerns over data privacy and AI. Even as federal support for community-finance programs ebbs, innovative partnerships between private capital and mission-driven enterprises are filling critical gaps.

This is the first year our findings are released annually, not biennially. In a time of disruptive change, we felt it important to take the pulse of the industry. With decades of impactful history behind it and a foundation built on uncovering opportunities for returns and impact, sustainable investing has matured beyond political cycles.

However, the regulatory playing field is evolving even as sustainability factors grow ever more material to financial outcomes.

US SIF and our members remain steadfast in our mission to align our financial systems with long-term resilience. Through our research, partnerships, and education, we will continue to defend the freedom to invest and to demonstrate that sustainability and fiduciary duty are inseparable pillars of sound investment practice.



Maria Lettini
CEO

Executive Summary



/ Key Highlights from the US SIF 2025 Survey

Main Take-away

Sustainable assets under management (AUM) and investor sentiment show resilience and optimism amid political headwinds:

Sustainable and stewardship assets in the US held firm in 2025, demonstrating resilience amid political headwinds. While total market AUM expanded by 17.5%, sustainable assets rose modestly in absolute terms, from \$6.5 trillion to \$6.6 trillion, and stewardship coverage increased from \$41.5 trillion to \$42.7 trillion, reflecting stable investor commitment rather than the contraction many anticipated. This resilience is reinforced by survey findings, with around 70% of respondents reporting they remain hopeful and committed to sustainability's long-term future.

/ Sustainable Investment (AUM): US SIF analysis, based on submissions to the SEC, records the US market size as \$61.7¹ trillion, of which \$6.6 trillion (versus \$6.5 trillion in 2024) were identified or marketed as Sustainable or ESG investments.²

/ Market Size and Stewardship (AUM): US SIF analysis finds that 69% of the US market AUM, or \$42.7 trillion, was covered by an active stewardship policy.³

More research is needed to assess how investors are translating stewardship policies into tangible actions and engagements.

\$6.6trn

in Sustainable AUM

11%

identified or marketed as sustainable

69%

of the market covered by
a stewardship policy

~70%

remained committed
to sustainability

¹ SEC ADV Forms and 13F Forms, with adjustments made to remove duplications (See Methodology Report for further details)

² "Principles for Responsible Investment Annual Report 2024" (Principles of Responsible Investment (PRI), March 2025), <https://www.unpri.org/download?ac=21536>. Figure calculated using disclosures in PRI Report 2024, indicator OO18. QN: Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

³ The PRI attaches this indicator to its Principle 2 and describes its purpose of the indicator as assessing "the coverage of signatories' policies on stewardship with investees for their actively managed and passive assets (if applicable) and whether the policies cover their entire asset base or a specific asset class, fund or mandate. The PRI's Principle 2 recommends that signatories be active owners and incorporate ESG issues into their ownership policies and practices, including their engagement with companies and the exercise of their voting rights (where applicable). This applies to both passive and active strategies and across different asset classes. To ensure a consistent approach, it is considered good practice for the policy(ies) or guidelines to apply to as high a percentage of assets under management as possible, including both internally and externally managed assets, regardless of signatories' investment strategies."

US SIF Survey Insights on Sustainable Investing

/ Perceptions on the growth of sustainable investing:

53% of individuals expect the sustainable investment market to grow over the next year; this compares to 73% in 2024. Notably 20% thought they may see a decline in growth (up from 3% last year).

However, from an organizational perspective, there was little change year-on-year with 35% believing that their firms will increase sustainable investing.

/ Political pushback has moderated, not reversed ESG activity:

A majority of respondents reported that most external events – ranging from climate and regulatory shifts to political dynamics – had no adverse effect on their sustainable investment activity. In several cases, particularly around climate and nature-related risks, respondents indicated an increased motivation to allocate capital to more sustainable strategies.

/ The key drivers of integrating sustainability have returned to the fundamentals:

A focus on fiduciary duty, financially material risk and opportunity and clients' value-alignment

/ Alignment with Sustainable Development Goals (SDGs):

Half of respondents said they use the SDGs as a guiding investment framework, up from 43% last year. with climate change and the clean energy transition remain the top priorities, followed by economic growth, and clean water and sanitation.



Image: Envato/iuruyuu

Use of Sustainable Investing Strategies

/ ESG integration remains the mainstream default. It's the most widely used approach (77%).

/ Impact investing (61% usage) shows one of the strongest growth runways: ~46% expect to increase (versus 36% in 2024).

/ Sustainability-themed investing (60% usage) is on a similar trajectory: ~43% plan to increase (versus 35% in 2024)

/ Negative screening: In 2025, the US SIF survey showed that negative/exclusionary screening is still widespread with 72% of respondents indicating that it is still part of their sustainable investing toolkit. While overall frequency appears to have declined, the core exclusion areas did not see much change. Top exclusions include: Weapons (Controversial Weapons 63%; Military/ Weapons 48%), Tobacco/ Vaping (60%) and Fossil Fuels (59%).

/ Integration of Environmental, Social & Governance factors: The most frequently selected **Environmental** factor is the consideration of climate change (77%); **Social** factors include the integration of human rights (74%) and human labor standards (69%); and **Governance** factors include board structure and composition (77%) and business ethics (73%).

/ Shareholder advocacy: Investor engagement remains a defining feature of investment practices. However the percentage of survey respondents' reporting these activities as "a core component of their organization's asset stewardship" decreased from 2024: direct communication (down 10%), public policy advocacy (down 11%) and investor coalitions (down 7%). Reflecting a change in how investors engage with investee companies and caution amid heightened political and regulatory scrutiny of ESG stewardship.



Image: Adobe Stock/TheFotos



Section 1: The Sustainable Investment Market



Market Size

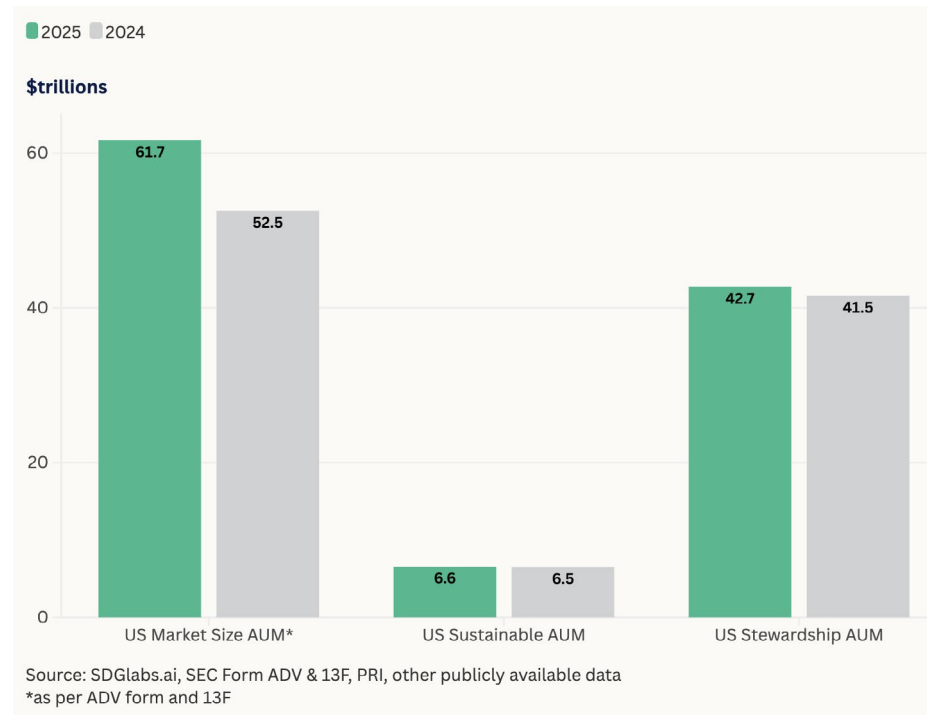
Our analysis records the US Market size as \$61.7 trillion. Of this, \$6.6 trillion were self-declared as “sustainable” or “ESG marketed investments,”⁴ representing 11% of total AUM.

In addition, \$42.7 trillion (69%) was covered by a Stewardship Policy according to publicly available investor information and disclosures.

Change in the market 2025 vs. 2024:

Total market AUM increased 17.5% year-on-year (from \$52.5 trillion in 2024 to \$61.7trillion in 2025) which in turn affected the sustainable investment and stewardship percentages.

Chart 1: US Market Size in AUM



This increase is most likely due to:

1) Increase in the absolute sample-size: this year we identified relevant data for more ADV filers: 257 asset managers versus 218 in 2024.

2) Broad market performance (e.g. major US indices have seen appreciation of +20% in 2024) likely contributed to growth in overall AUM

Sustainable AUM trajectory remained stable

increasing from \$6.5trillion in 2024 to \$6.6trillion in 2025, while stewardship AUM witnessed a modest growth of ~3%. While the absolute values increased slightly, this represents a marginal decline in percentage terms due to the increase in value of the market.

⁴ Figure calculated using disclosures in PRI Report 2023, indicator 0018. QN: Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

/ Challenges to Measuring the Market

Understanding the US sustainable-investment market remains a complex exercise. While the market has matured significantly in the thirty years since US SIF began tracking, several enduring factors continue to complicate attempts to reliably estimate its size and dynamics:

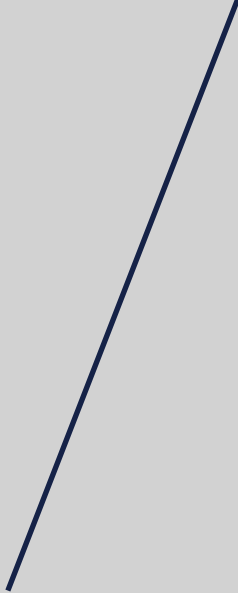
- / **No single sustainable investing definition exists.** Market participants still apply widely varying criteria for what constitutes a “sustainable” or ESG-focused asset, which limits consistent classification.
- / **Most asset managers still do not publicly disclose clear figures** related to sustainable investing or assets under stewardship relevant to this analysis or disclose them in formats too complex to extract exact percentages.

- / **Only the largest asset managers and asset owners publish** dedicated stewardship and/or sustainability reports. Even then, stewardship disclosure typically focuses on engagement activities and voting statistics rather than the share of assets covered.
- / **Stewardship data** was considerably more available than sustainable investing data again this year. Sustainable Investing disclosure remained particularly limited.
- / **Investor motivations and context are changing.** Younger investor cohorts, evolving fiduciary expectations and heightened scrutiny on topics such as climate and diversity mean that motivations, definitions and communications are gradually shifting.

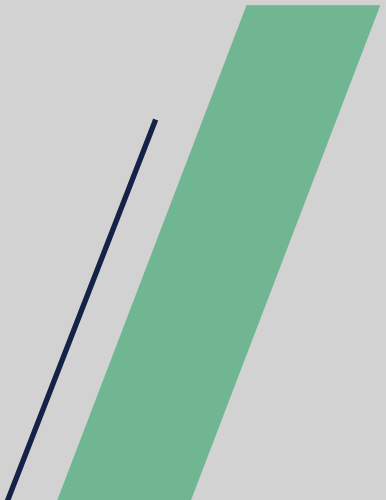


“
Investor
motivations
and context
are changing
”

Image: Unsplash/Michael Baccin



Section 2: US SIF Survey Findings



/ The 2025 Survey in Context

The Importance of the US SIF Trends Survey

As we navigate the fast-changing landscape of sustainable investing, it is evident that the ability to triangulate findings through SEC ADV and 13F filings with the responses and perceptions from those in the sustainable investing trenches has become critical to ascertaining the real, evolving trends in the market.

This Year's Survey – Universe of Respondents

The US SIF 2025 survey received responses from 270 institutions across a variety of different organizational types.

Respondents held an assortment of senior investment positions with ~40% in C-suite, Presidents, Principals, Trustees or MD roles, followed by Managing Partners, Directors of Sustainable Investing, Global Heads, Portfolio Managers, Investment Analysts, Senior Engagement Staff and Financial Advisors. Participants responded to a combination of multiple choice and open-ended questions.

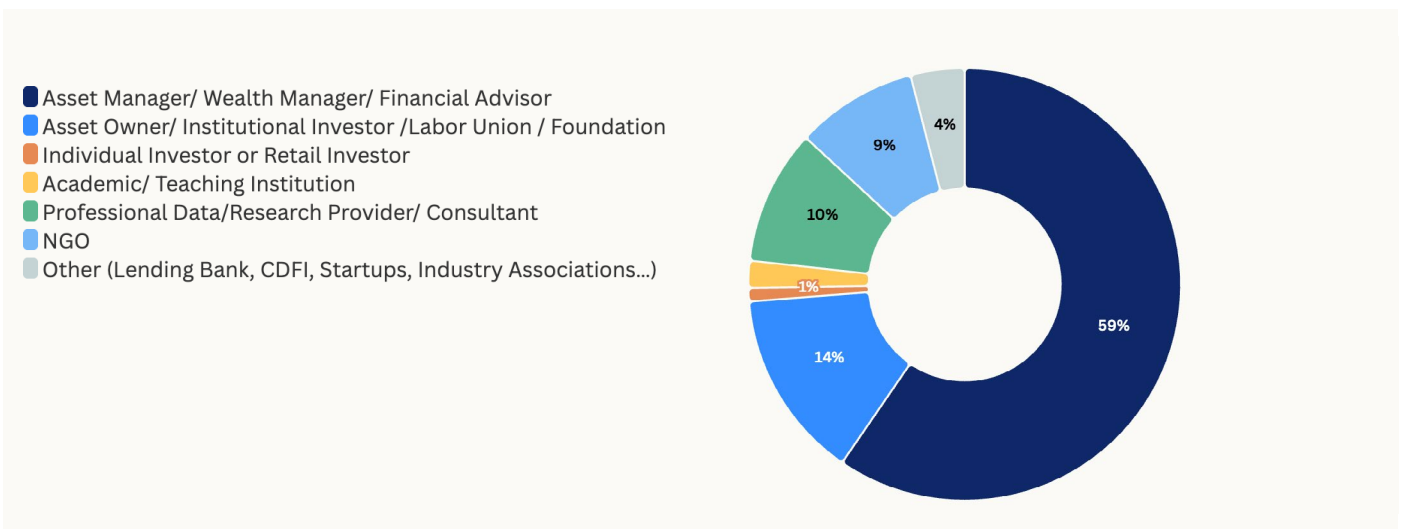
This year, the US SIF Survey again asked respondents to share their own motivations and outlooks for the

sustainable investing sector in addition to how their own firms were evolving in this quickly changing landscape. The following section provides an overview of their answers.

The US Political Environment and its Perceived Impact on the Sustainable Investment Community

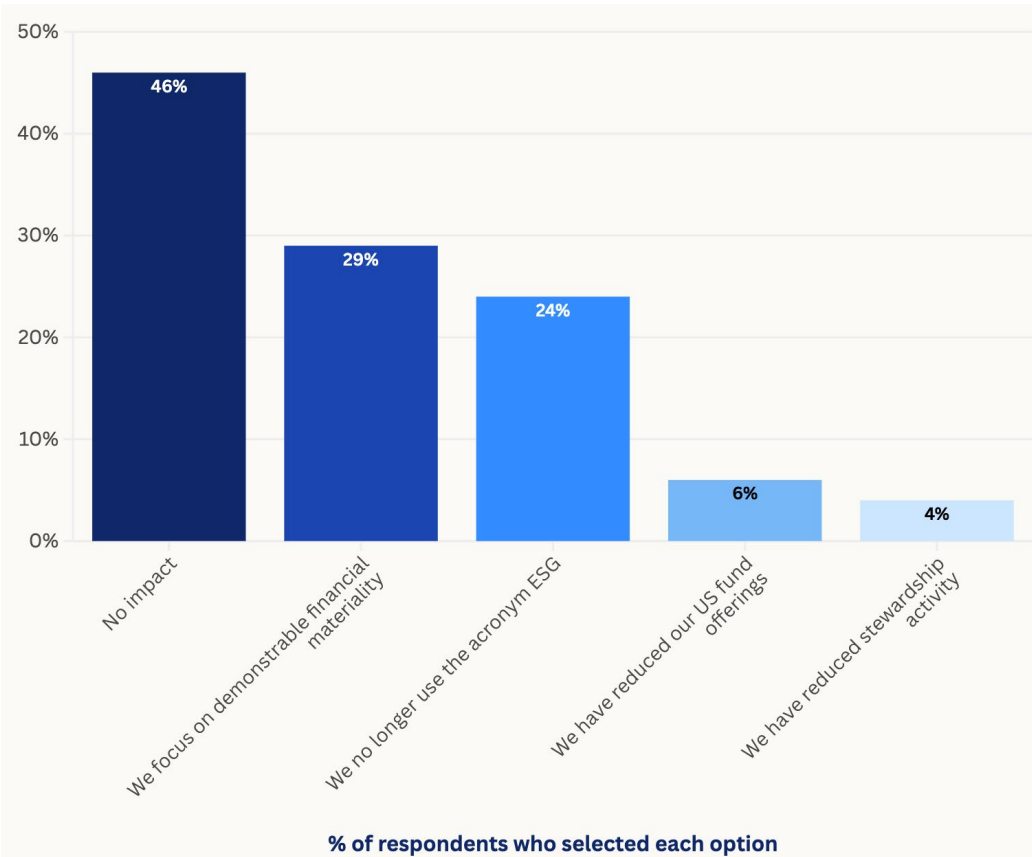
The shifting US political landscape has exerted a visible – though uneven – influence on investor attitudes and organizational strategies toward sustainability. Since 2023, heightened scrutiny of ESG investing has prompted investors to reassess terminology and practice. While some firms have refined their messaging, emphasizing fiduciary duty and financial materiality, others have continued with little or no change in strategy. The resulting environment is one of recalibration rather than retreat: *investors remain committed to integrating sustainability considerations but are adapting language, stewardship protocols, and disclosure framing to align with evolving legal and political realities.*

Chart 2: 2025 Survey – Universe of Respondents



/ The 2025 Survey in Context

Chart 3: To what extent has the shift in US political environment impacted your organizations' approach to sustainability / ESG?



Source: Results based on responses to Qn 28 US SIF Survey 2025; n=199
Multiple responses allowed

The chart on the left summarizes how respondents described the extent to which the current US political environment has influenced their organization's sustainability or ESG approach. Nearly half (46%) reported no impact, while 29% said they now focus explicitly on demonstrable financial materiality. About one in four respondents have stopped using the ESG acronym – signaling a strategic pivot toward neutral terminology even as underlying practices persist. A smaller segment indicated reduced US fund offerings or stewardship activity, illustrating that while rhetoric has shifted, substantive disengagement remains limited across the investment community.

“**‘We have changed ESG to RISK’**

‘We have increased our education advocacy and speaking out’

‘We have aligned our external comms and language with executive orders’

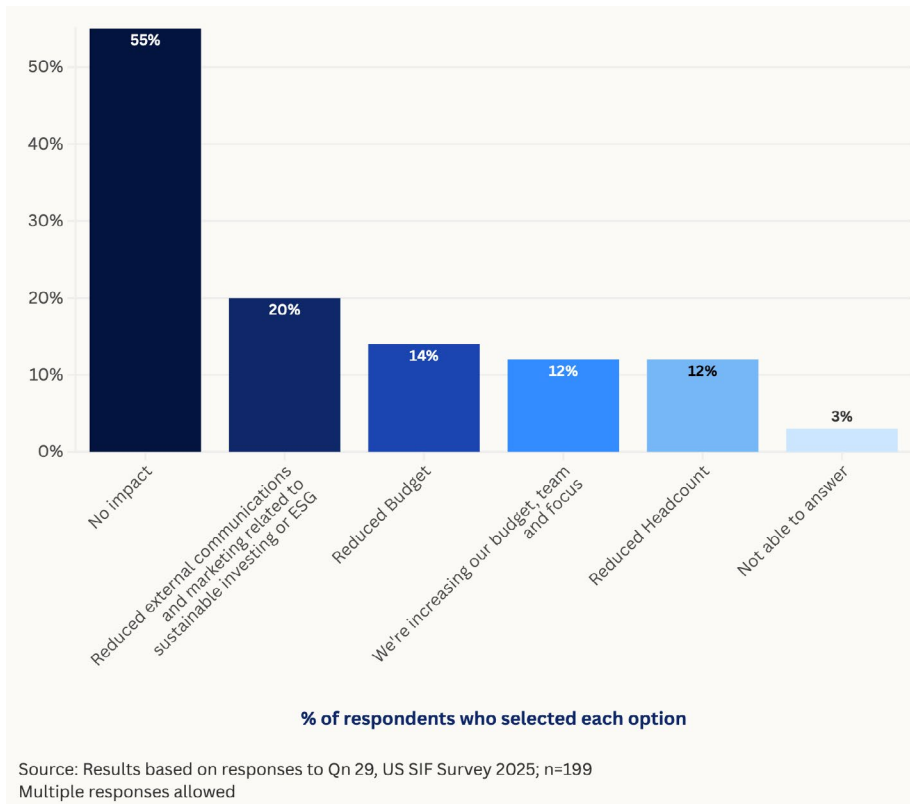
‘We have relied on our legal counsel more to navigate the new external context’”

/ The 2025 Survey in Context

We also then asked respondents **how they felt this environment has specifically impacted their own team or job.**

Despite the rhetoric, the majority reported no impact (59%). A smaller group reported reduced communications, budgets and headcount (10-20%). Interestingly over 10% reported an increase in headcount and reported feeling inspired and energized even though navigating the new landscape often means “jumping through hoops”.

Chart 4: To what extent has the shift in US political environment impacted your own team or job?



“

‘It’s made me want/ need to step up as a better leader’

‘More scrutiny over public disclosures and speaking roles’

‘Doubled the size of our team and expertise areas’

‘Rewriting of core external materials and overall organizational mission’

‘We take more precautions but our actions have not changed’

”

/ Insights & Strategies

The following section of the report details the results of the survey, including explanatory narrative. We have divided these findings into two sections:

Sustainable Investing *Insights*

- / Growth of Sustainable Investing (Personal and Organizational Perspectives)
- / Key Drivers of Integration of ESG or Sustainability Considerations
- / Effect of Issues or Events on Sustainable Investing
- / Market Responses to Volatility & Sector Scrutiny
- / Reporting & Disclosure Frameworks
- / Alignment to Sustainable Development Goals
- / Investment Themes

Sustainable Investing *Strategies*

- / Use of Sustainable Investing Strategies
- / Growth of Sustainable Investing Strategies
- / Environment, Social & Governance Considerations
- / Negative Screening
- / Stewardship & Shareholder Advocacy

/ Growth of Sustainable Investing

Insights

Individual perceptions on the future of sustainable investing are still positive with 53% of respondents expecting the sustainable investment market to *significantly or moderately grow* over the next year; this compares to 73% in 2024.

Chart 5: Growth of Sustainable Investing – Personal Perspectives



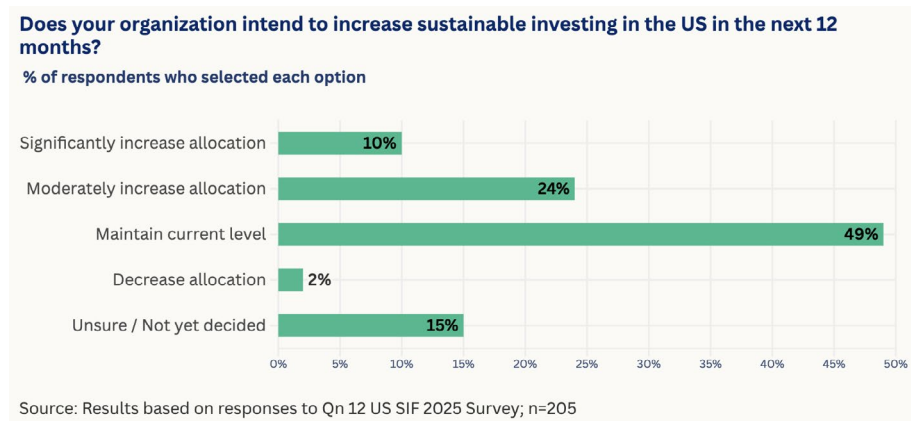
Image: Adobe Stock/Jose Luis Stephens

Also, 7% of respondents expect sustainable investment to *increase significantly* in the next one to two years, 46% anticipate *moderate growth*, and 15% expect the practice to *remain at its current level*.

Notably 20% thought they may see a *decline in growth* (this was up from 3% last year), most likely in response to the strong US market headwinds.

From an organizational perspective, the growth outlook year-on-year remained flat. Roughly half of respondents felt their firm would *maintain their allocations* to sustainable investing, with 34% anticipating *assets would grow*, 15% were *unsure* and only 2% indicated they thought there would *be a decline*.

Chart 6: Growth of Sustainable Investing – Organizational Perspective



/ Growth of Sustainable Investing

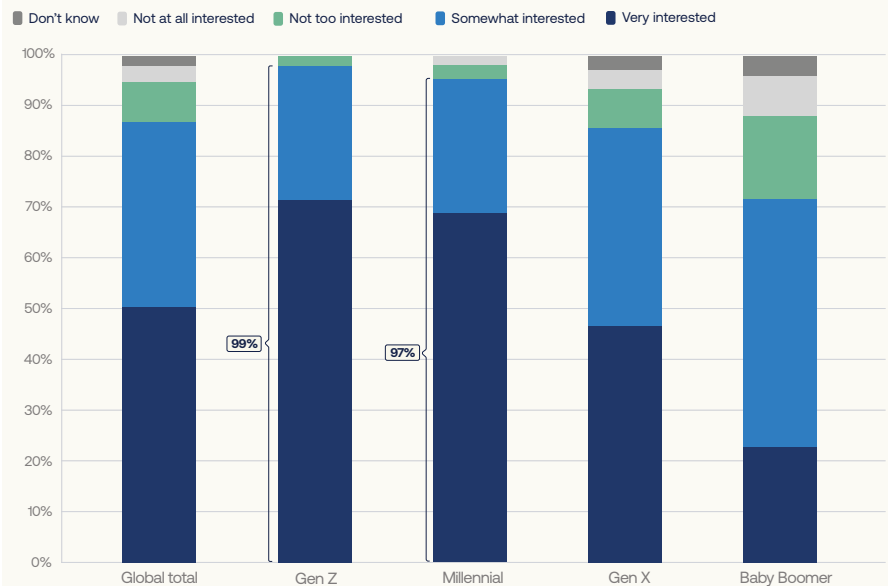
Insights

The data suggests both individuals and their organizations anticipate maintaining and/or growing their sustainable investing priorities in the near-term. This sentiment also aligns with what US SIF has been hearing in conversations with our network. Despite the politicization of the sector, retail and institutional clients are still seeking sustainable investing solutions. This aligns with other surveys in the market which indicate 88% of investors globally are interested in sustainable investing and seek to have their investments deliver positive environmental and social impact. This trend is particularly evident among the younger generation with almost all of Gen Z and Millennial investors saying they are interested in sustainable investing.⁵

Chart 7: 99% of Gen Z and 97% of Millennial Global Investors are Interested in Global Investing

While interest in sustainable investing spans all demographic groups, some differences stand out: 72% of Gen Z and 69% of Millennials say they are “very interested” compared to just 23% of Baby Boomers. These findings suggest that sustainable investing is likely to be an even greater focus area for investors as younger generations gain greater financial influence in years to come.

How interested are you in sustainable investing?



Source: Morgan Stanley Institute for Sustainable Investing. April 2025. Data as of March 25, 2025.

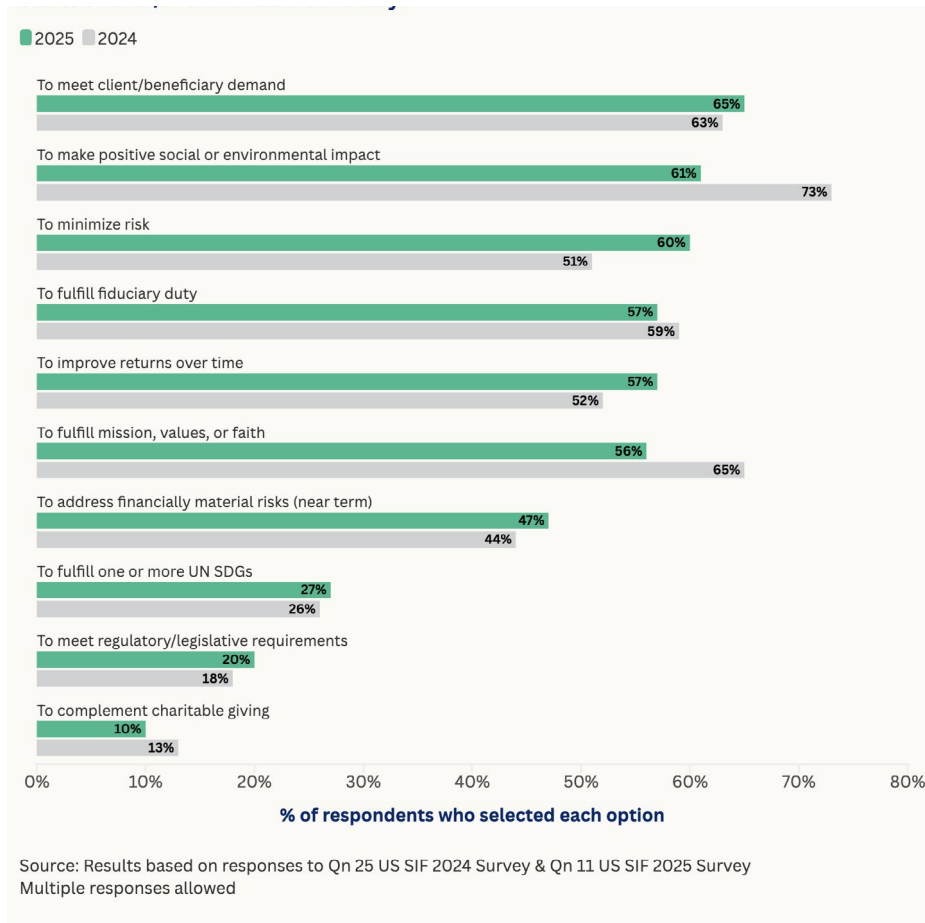


⁵ Morgan Stanley Institute for Sustainable Investing. 2025. Sustainable Signals: Individual Investors 2025. April 2025. <https://www.morganstanley.com/insights/articles/sustainable-investing-interest-2025>

Image: Adobe Stock/wrukolakas

Key Drivers of Sustainability and ESG Integration *Insights*

Chart 8: What are the key drivers of your integration of sustainability of ESG factors in investment selection and/or shareholder advocacy?



We asked survey participants to identify the key drivers for integrating sustainability or ESG factors into their investment selection and/or shareholder advocacy.

While *making a positive impact* was still important to many respondents (61% in 2025), this option was selected by 12% fewer respondents than in 2024. *Meeting client demand* (65%), *Minimizing risk* (58%) and *Improving returns over time* (57%) all increased year-on-year. These drivers align with the way investors have been evolving their communications around their approach to sustainability.



“These drivers align with the way investors have been evolving their communications around their approach to sustainability”

Image: Adobe Stock/DuckyArt9

⁶ Qn17 How did the following events or issues affect your decision on whether to increase sustainable investments in 2025 and beyond? Please rate each on a scale

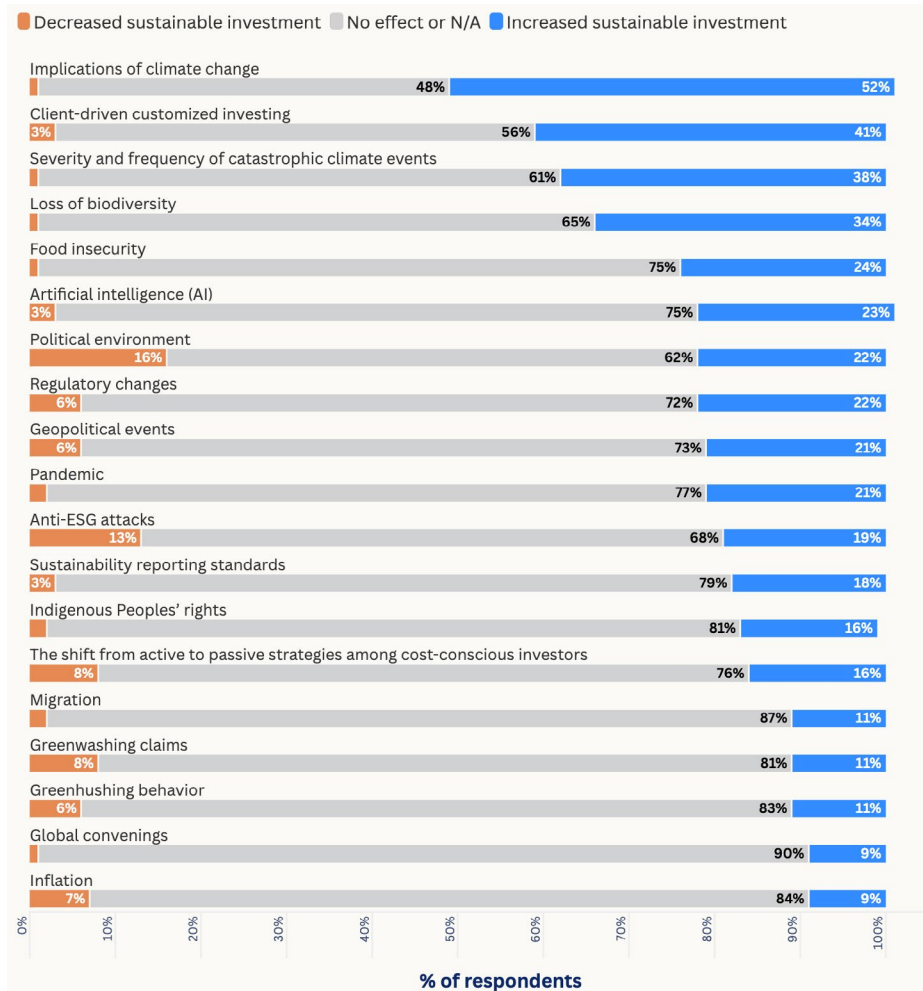
/ Effect of Issues or Events

Insights

Investors in 2025 are operating against a backdrop of heightened geopolitical tension, evolving regulatory frameworks, and increasing climate and social risks. These forces continue to influence how capital markets assess both opportunity and exposure. Understanding how external events shape investor sentiment and allocation decisions provides critical insight into the resilience and the direction of travel of sustainable investing.

Therefore, we asked survey participants to assess how a series of issues or events influence whether or not investors decide to increase sustainable investments in 2025 and beyond.⁶

Chart 9: How did the following events or issues affect your decision on whether to increase sustainable investments in 2025 or beyond?



Source: Qn 17 US SIF 205 Survey; n= 206 % may not add up to 100% due to rounding
Respondents were asked to rate each individual factor

Holistically, the results suggest an investor commitment to sustainable investing despite political volatility and macroeconomic pressure. A majority of respondents reported that most external events – ranging from climate and regulatory shifts to political dynamics – had no adverse effect on their sustainable investment activity. In several cases, particularly around climate and nature-related risks, respondents indicated an increased motivation to allocate capital to more sustainable strategies.

/ Effect of Issues or Events

Insights

1. Climate and Nature-Related Risks Drive Allocation

Factors such as the implications of climate change (52% increased investment), loss of biodiversity (34%), and catastrophic climate events (38%) remain top catalysts for sustainable capital flows. Despite near-term backlash, the underlying thesis of climate and nature as material financial risks is solidifying. This supports ongoing capital reallocation toward climate-aligned infrastructure, energy transition, and biodiversity-linked products.

2. Political Polarization Has Moderated, Not Reversed, ESG Activity

Responses to political environment (22% increased; 16% decreased) and anti-ESG attacks (19% increased; 13% decreased) suggest that while the political narrative remains divisive, its practical impact on investment allocation has been limited. Investors have largely reframed ESG under risk management and financial materiality rather than abandoning it.

3. Stewardship and Governance Evolving Under Scrutiny

The relatively muted impact from greenwashing and greenhushing claims (both over 80% no effect) shows that the market has internalized reputational risk but continues engagement through procedural rigor rather than withdrawal. Client-driven customized investing stands out: 41% reported increased activity (and only 3% decreased activity) underscoring the rise of bespoke ESG portfolios and values-aligned mandates.

4. Emerging Strategic Themes: AI, Biodiversity, Indigenous Peoples' Rights

It is notable that 23% of respondents said AI increased their sustainable investment activity (and 75% maintained). AI as an investor theme recognizes technology's dual role as both an operational efficiency tool (e.g., for ESG data analytics) and a governance risk (bias, data privacy, energy use).

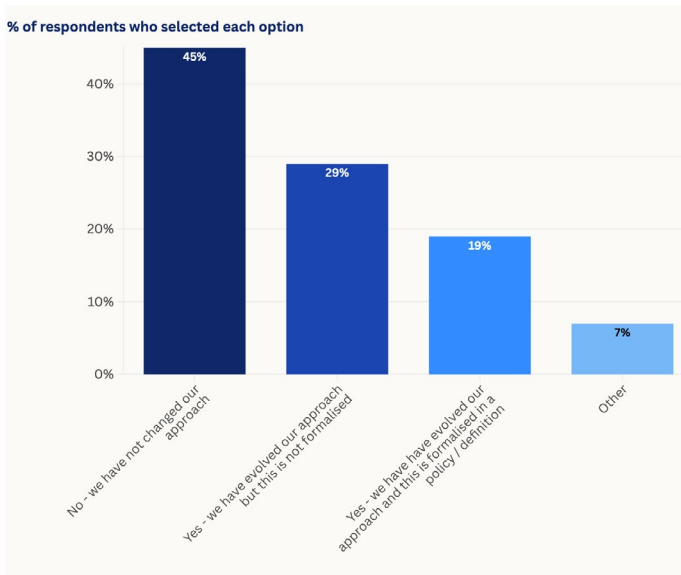
The inclusion of Indigenous Peoples' rights (16% increased, 81% maintained) and migration (11% increased, 87% maintained) reflects a focus of social issues at the intersection of some of the larger sectoral trends in the extractive, energy-transition, and infrastructure sectors, as well as others.

/ Market Responses to Volatility and Sector Scrutiny *Insights*

The events of the past 12 months have resulted in a change in how organizations conduct their business and/or how they communicate externally, particularly in the US.

We asked respondents to share if their organization has changed how they communicate their approach to sustainability, and if there had been changes, how those were being implemented.

Chart 10: Has your organization changed how you communicate or describe your approach to sustainability?



Source: Results based on responses to Qn 26 US SIF 2025 Survey, n=203

Overall:

- / Nearly 45% of respondents report no change to their sustainability communications.
- / About 29% have evolved their approach but not yet formalized it.
- / 19% have formalized new definitions or policies, suggesting a growing trend toward establishing new sustainability language and governance.

Among those updating their definitions, several clear patterns emerged:

- / Shift in terminology away from acronyms – instead of ‘ESG’, ‘DEI’ or ‘NZ’ to broader or more neutral terms due to political sensitivities or to avoid misinterpretation
- / Common descriptors include “client-driven” “values-aligned,” or “impact-oriented” frameworks
- / Back to basics descriptions – focus on fiduciary duty, firm value creation, and financial materiality rather than thematic focus or plain vanilla integration.
- / Reframing core strategies – highlight the transition narrative, solutions-focus and concrete action plans.



‘We ensure that language is focused on materiality and fiduciary duty’

‘We use more neutral terminology in the US, around client objectives... financial materiality, energy independence, physical risk and reduced use of Net Zero’

‘No change in strategy but language adjusted to avoid current political hot-button phrases’



/ Market Responses to Volatility and Sector Scrutiny *Insights*

What’s happening on the Corporate Side?

While investors may be adapting and modifying their communication around ESG and sustainable investing, research indicates that US-listed corporates are also doing the same. The 2025 DiversIQ Sustainability Disclosure Trends report shows that corporate sustainability reporting has slowed in 2025, and notably, the reports have also changed their tone – presumably due to heightened scrutiny and shifting political pressures. Moreover, many companies are publishing reports later than in prior years – only 74% of S&P 100 companies have released reports as of October 2025, down from over 90% in recent years – largely due to wanting to benchmark against peers, extended legal reviews, and general uncertainty around evolving regulations.

At the same time, the language of corporate disclosure appears to also be deliberately softening. The use of the term “ESG” has dropped sharply,



Image: Adobe Stock/BURINKUL

appearing in just 9% of report titles (down from 25% in 2024). Companies increasingly favor broader, less politicized framing such as “sustainability,” or “impact.”⁷

Table 11: Percentage of Companies Using Sustainability-related Terms in their Report Titles

S&P 500	2021	2022	2023	2024	2025
ESG	27.6%	34.2%	35.0%	24.6%	9.1%
Sustainable/ Sustainability	39.5%	39.0%	40.4%	45.1%	50.0%
Impact	6.8%	6.9%	9.0%	12.7%	17.6%
Responsible/ Responsibility/ CSR	24.9%	18.8%	15.5%	17.0%	20.6%

Source: DiversIQ

⁷ DiversIQ. 2025 Sustainability and Human Capital Disclosure Trends. New York: DiversIQ, October 2025. <https://diversiq.com/2025-proxy-season-disclosure-trends/>

/ Reporting & Disclosure Frameworks

Insights

The Current Global Context

Globally, there is growing pressure for disclosure frameworks to become consistent, comparable and decision-useful, driven by investors and other stakeholders. Voluntary standards (e.g., SASB, CDSB, GRI, TCFD) are converging around the International Sustainability Standards Board (ISSB) as a global baseline. New reporting guidelines have been developed across many jurisdictions (Canada, Asia-Pacific) while existing regulations in Europe are adapting to incorporate feedback following implementation.

In March 2025, the SEC announced its decision to stop defending its own climate risk disclosure rule. After legal wrangling, the Eighth Circuit Court of Appeals ultimately paused the case until the SEC resumes its defense or rewrites the rule through the regular administrative process.

With the federal climate rule paused, states such as California – through laws like SB253 and SB261 – are moving ahead for Scope 1, 2 and 3 GHG reporting with California also committed to enforcing statutory reporting deadlines in 2026.

Irrespective of the changing regulatory backdrop, many global and US investors continue to utilize global frameworks which rely on timely and accessible corporate data to make meaningful risk and opportunity assessment.

Image: Adobe Stock/kenchiro168



Reporting & Disclosure Frameworks

Insights

Adoption & Preferences

The majority of survey respondents utilize various Sustainability or ESG Frameworks in their decision-making process. In addition, an increasing percentage are also using their own criteria within investment decision-making or reporting (69% versus 54% in 2024).

Many of the well-recognized frameworks emphasize double materiality and systemic risk, yet many US asset managers still focus on single materiality mandates. Hence, there has been an evolution of their utilization to satisfy fiduciary responsibilities, optimize ESG data, and overlap distinct strategies by:

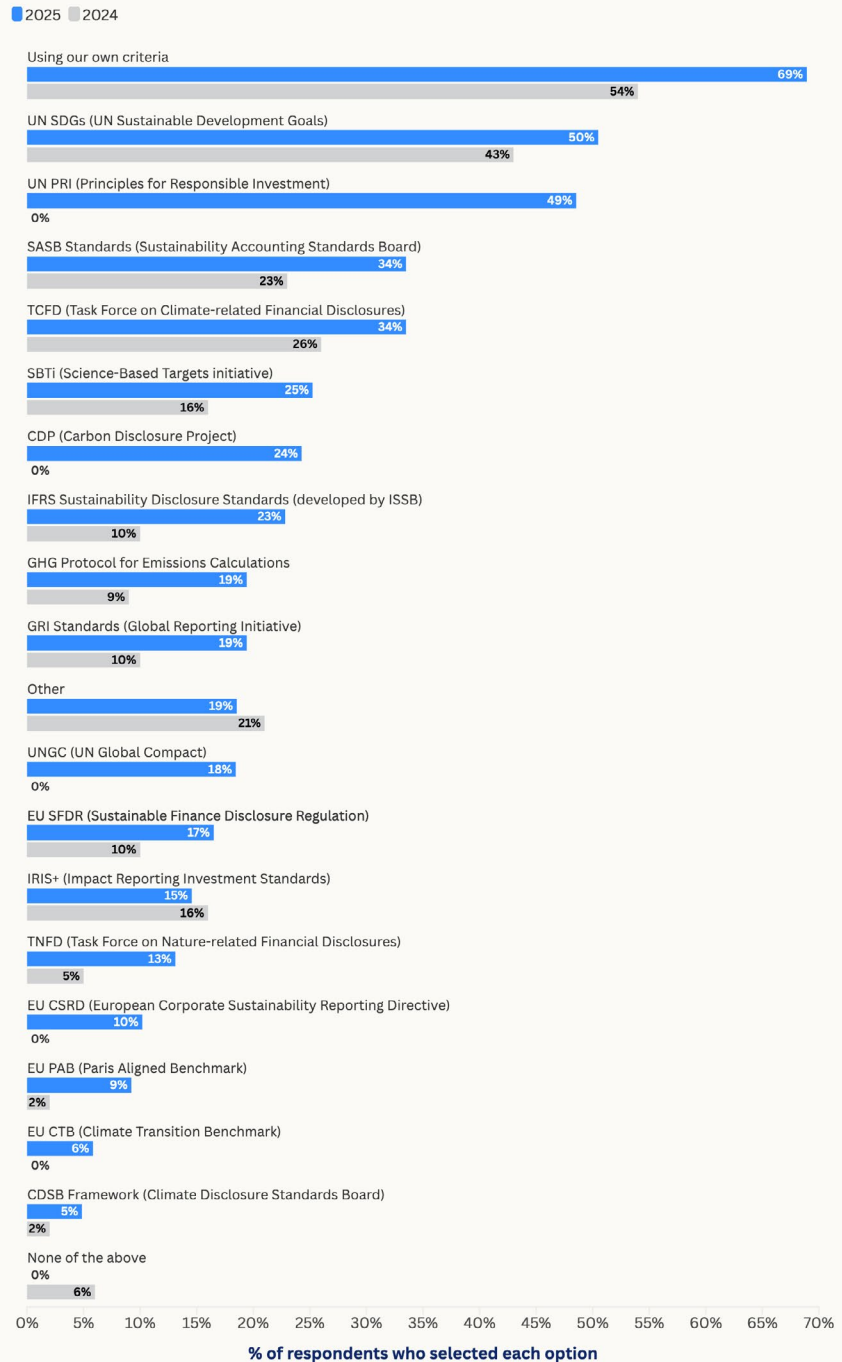
- Developing proprietary scoring systems focused on financially demonstrable ESG factors (e.g., emissions intensity, board diversity, or governance quality).

- Using internal risk-weighting to evaluate sustainability through a returns-based lens, rather than adopting metrics tied to social or environmental outcomes.

Chart 12: Sustainability or ESG Framework Preferences

Which of the following sustainability standards or framework does your organization utilize in the investment decision making process or for reporting purposes?

% of respondents who selected each option



Source: Results based on responses to Qn15 US SIF Survey 2024; n=94 & Qn 16, US SIF Survey 2025;n=206 Multiple responses allowed

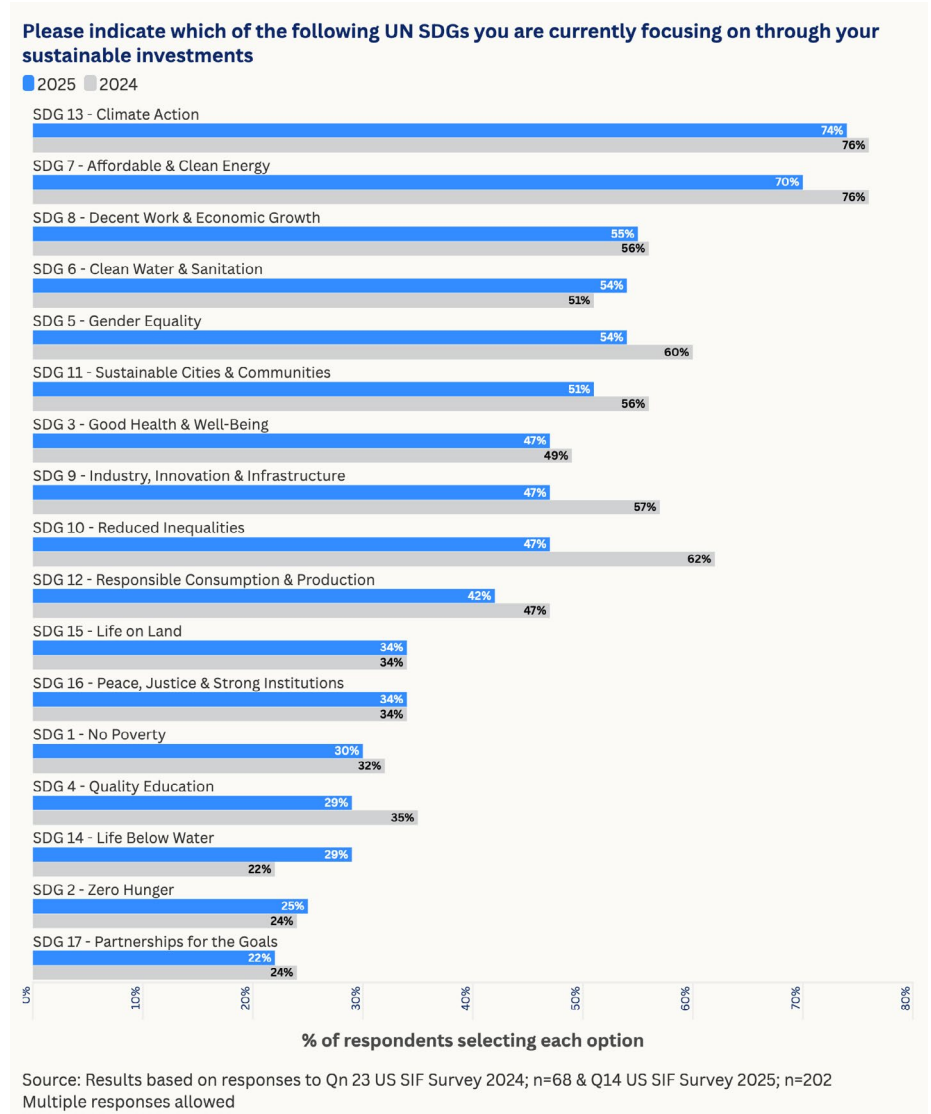
/ Alignment to Sustainable Development Goals *Insights*

A notable stand-out this year has been the increase in use of the UN SDGs as a guiding investment framework from 43% in 2024 to 50% in 2025.

The UN Sustainable Development Goals (SDGs) provide a comprehensive framework, which include ambitious goals, supported by specific targets and indicators. These factors can make it easier for investors to identify investment opportunities, measure progress and importantly help communicate their investment objectives to customers.

Given the breadth of 17 goals and 169 targets, many investors are focusing on a subset of SDGs that most closely correlate with financial performance or systemic-risk mitigation – e.g. SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), and SDG 13 (Climate Action). Investors are increasingly treating the SDGs as a “touchstone instead of a checklist”, concentrating resources where the link to enterprise value and measurable outcomes is strongest across both equity and fixed income asset classes.⁸

Chart 13: Current Investment Alignment to SDG Goals



⁸ Columbia Threadneedle Investments. “The UN Sustainable Development Goals: A Touchstone for Today’s Responsible Investor.” 2025. <https://www.columbiathreadneedle.com/en/gb/intermediary/insights/the-un-sustainable-development-goals-a-touchstone-for-todays-responsible-investor>

/ Alignment to Sustainable Development Goals *Insights*

Has Alignment Increased or Decreased – and Why?

Overall Trend: Continued growth but uneven depth




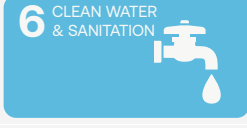

Alignment between capital markets and the SDGs has increased in 2025, particularly in areas with robust thematic products and policy tailwinds. The UN Global Compact reports “a growing wave of investors and companies aligning capital with climate, equity, and governance goals,” reflecting steady growth in SDG-linked investment strategies. However, this expansion remains uneven and the depth of integration varies across asset classes and regions.⁹

Constraints on Further Alignment

Despite increased interest, structural challenges persist

- / The UN estimates the global SDG financing gap at US \$5–7 trillion annually, highlighting the scale of private-capital mobilization still required.
- / Measurement and attribution challenges continue to limit the precision of SDG-linked impact claims.
- / Regulatory fragmentation and political uncertainty in major markets (including the US) have led investors to adopt selective or indirect SDG alignment, especially for fiduciary and legal clarity.¹⁰

Table 14: Top Five SDGs

Rank	SDG Focus Area	Primary Investment Theme	Example Instruments/Strategies
1	 13 CLIMATE ACTION	Climate resilience, decarbonization, transition finance	Green bonds, transition funds, climate-adaptation infrastructure
2	 7 AFFORDABLE & CLEAN ENERGY	Renewable energy, grid modernization, electrification	Renewable-energy funds, blended-finance vehicles, green infrastructure debt
3	 8 DECENT WORK & ECONOMIC GROWTH	Inclusive employment, small-business finance, workforce resilience, and fair-wage growth	Community-development finance, SME-lending vehicles, social-impact bonds, workforce-training funds
4	 6 CLEAN WATER & SANITATION	Water stewardship, wastewater treatment, resilient utilities	Green municipal bonds, Water ETFs, Water impact funds
5	 5 GENDER EQUALITY	Diversity & inclusion, gender-lens investing, equitable workforce practices	Gender-lens private equity, inclusive credit portfolios, social bonds

Source: US SIF 2025 Survey, Qn 14

⁹ United Nations Global Compact. “Investing in the Future: The Rise of Sustainable Finance.” Compact Journal, July 2025. <https://unglobalcompact.org/compactjournal/investing-future-rise-sustainable-finance>

¹⁰ United Nations. “The Sustainable Development Goals Report 2025.” New York: UN Department of Economic and Social Affairs, 2025. <https://www.un.org/sustainabledevelopment/development-goals>



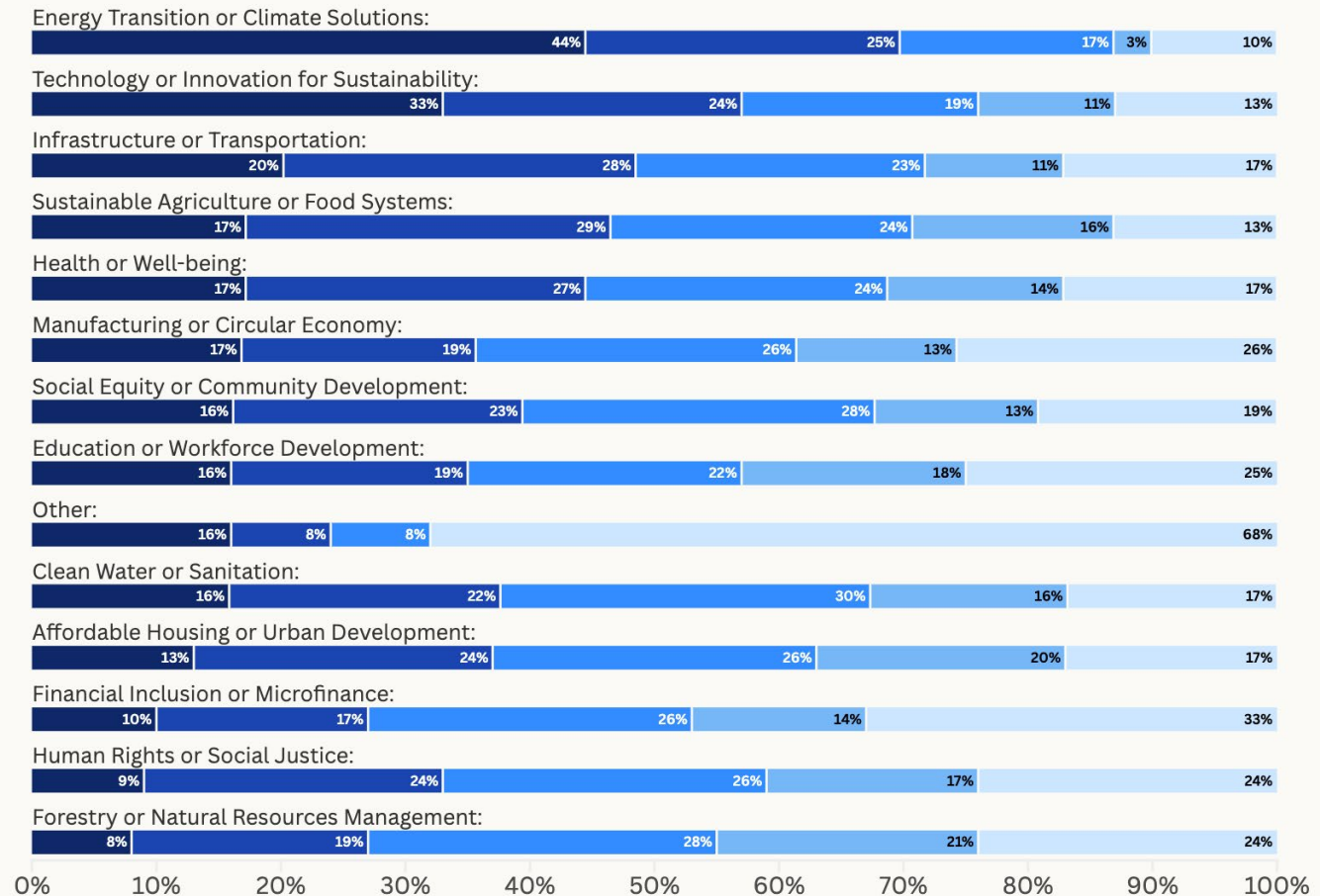
The chart below demonstrates that investments in the areas of the economy with high emissions and *investing in the transition including energy, innovation and transport* (with 86%, 76% and 72% invested respectively) are being prioritized.

Investment in the *energy transition or climate solutions* is particularly strong, with 44% seeing this as a growth area, 25% having multiple investments and 17% with smaller investments. Only 13% either uninterested or not invested.

Chart 15: Investment Themes

Within your current U.S.-based sustainable investing portfolio, please identify the degree to which you are investing in the below thematic areas.

- Invested and it is a growth area
- Invested in this area (multiple investments / medium value)
- Invested in this area (single fund or low value)
- Emerging Interest but no Investment
- No interest nor investments



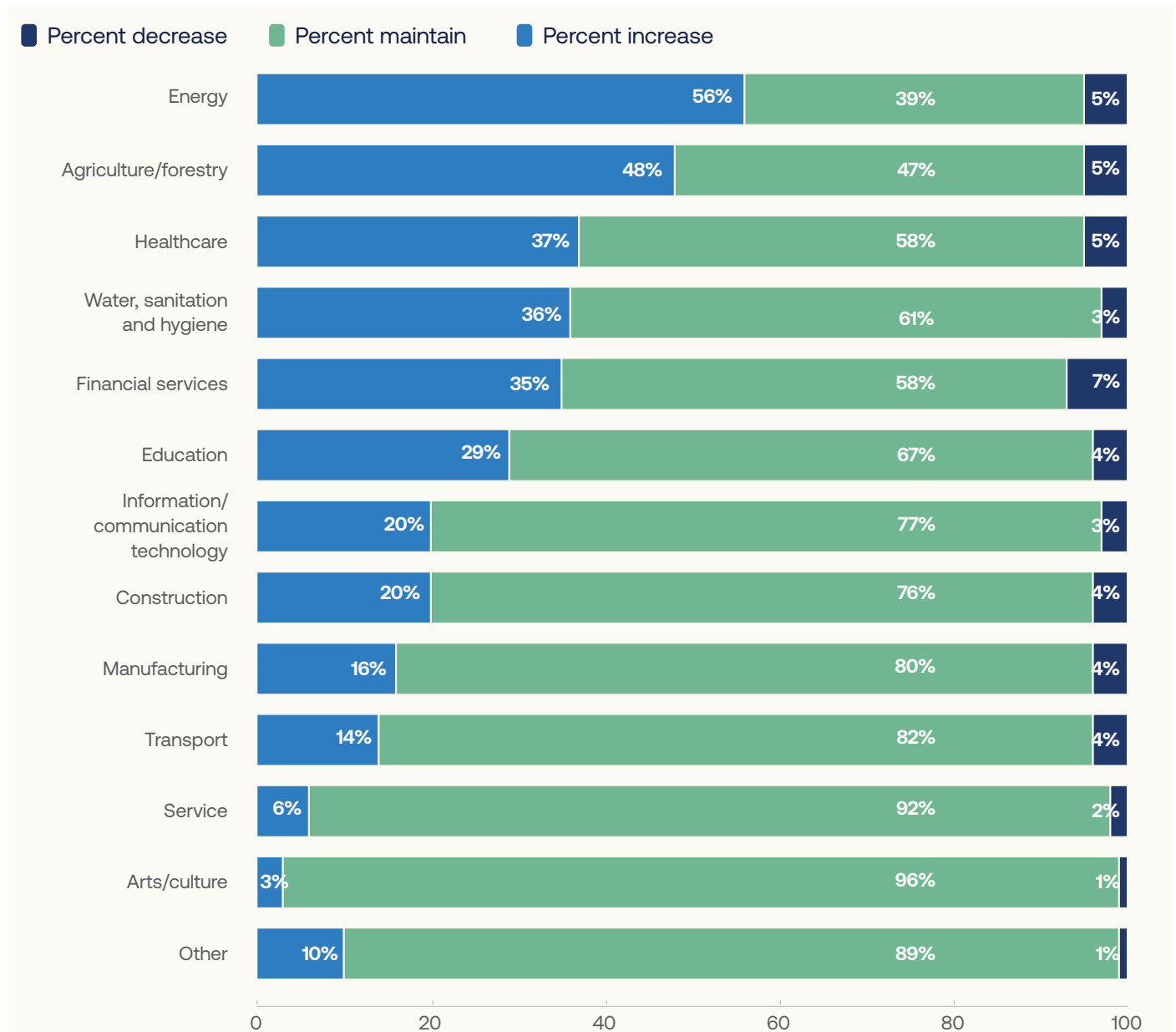
Source: Results based on responses to Qn 15 US SIF 2025 Survey; n=206

¹¹ Global Impact Investing Network (GIIN), State of the Market 2025: Trends, Performance and Allocations, (New York: GIIN, October 8 2025), <https://thegiin.org/publication/research/state-of-the-market-2025-trends-performance-and-allocations/>

Also relevant is a recent report by the Global Impact Investing Network (GIIN), which indicated that over the next five years, investors globally will be particularly focused on the *energy sector, agriculture and forestry, healthcare and water, sanitation and hygiene*.¹¹

This research aligns with trends in the US, where catalytic capital is flowing to address *climate and transition challenges, farming and rural communities, healthcare strategies* and growing investment in *water infrastructure*.

Chart 16: Planned Future Sector Allocations Over the Next Five Years



Note: Investors could choose multiple options. Source: GIIN State of the Market Report, 2024, n=208

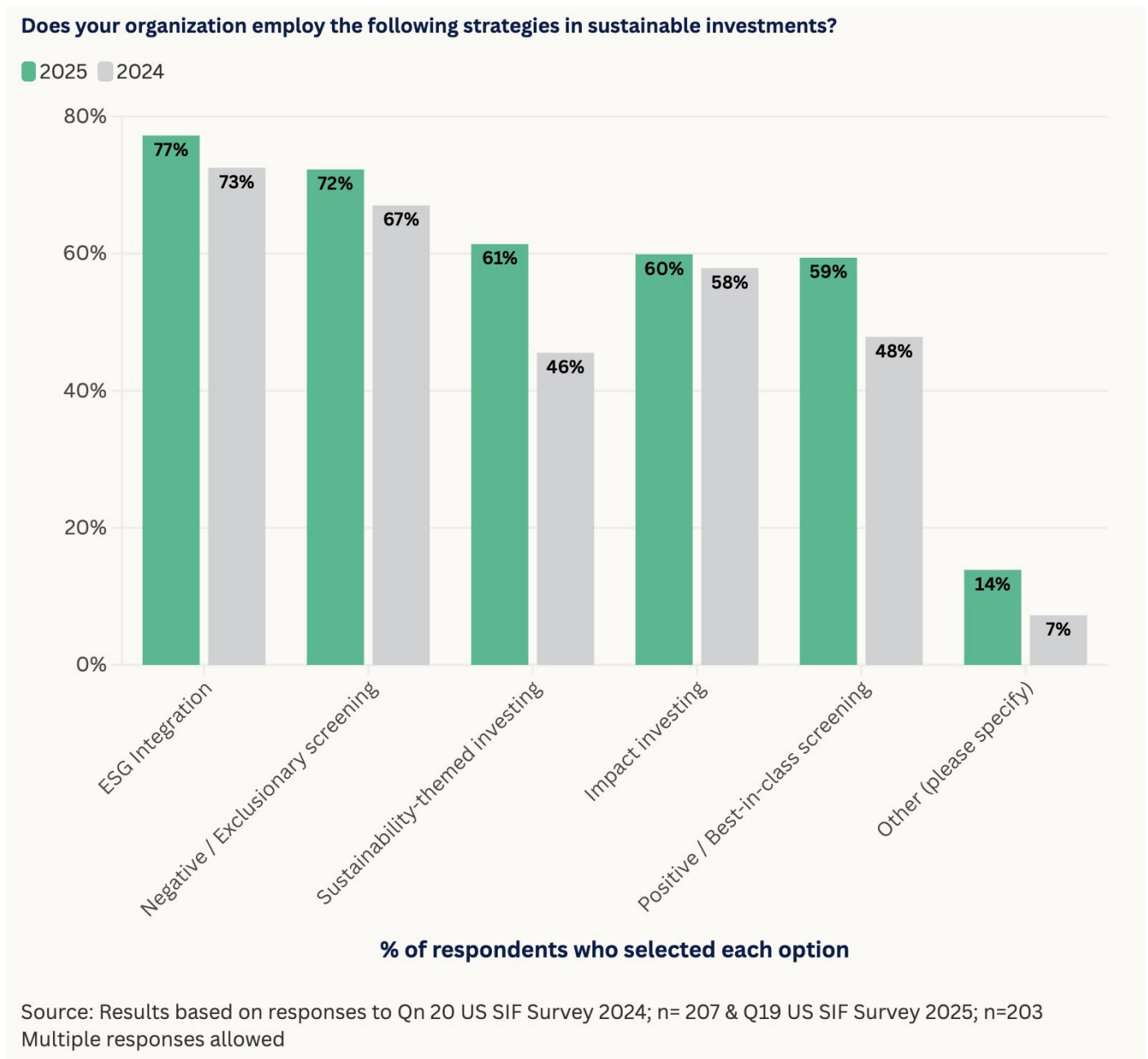
/ Use of Sustainable Investing Strategies

Strategies

Investors can adopt single or multiple strategies into their sustainable investment approach. We asked survey participants specifically about ESG Integration, Positive or Best in Class Screening, Negative or Exclusionary Screening, Impact Investing and Sustainability Themed Investing.

Throughout this section of the report, where we indicate a percentage, the value represents the fraction of respondents who selected the strategy.

Chart 17: Use of Sustainable Investing Strategies



/ Use of Sustainable Investing Strategies

Strategies

ESG integration remains the mainstream default.

It's the most widely used approach (77%), and half of respondents expect to maintain it while ~38% plan to increase it and very few foresee cuts. ESG integration is now an embedded process.

Negative/exclusionary screening is also widespread

(72% use this tool), interestingly, 7% plan decreases versus only 1% in 2024. While 60% expect to maintain and 17% expect to increase.

Positive / best-in-class screening sits in the middle of the pack on usage (59%) with roughly 30% planning to increase it (versus 21% in 2024), 45% planning to maintain and 4% intending to decrease (versus nil in 2024).

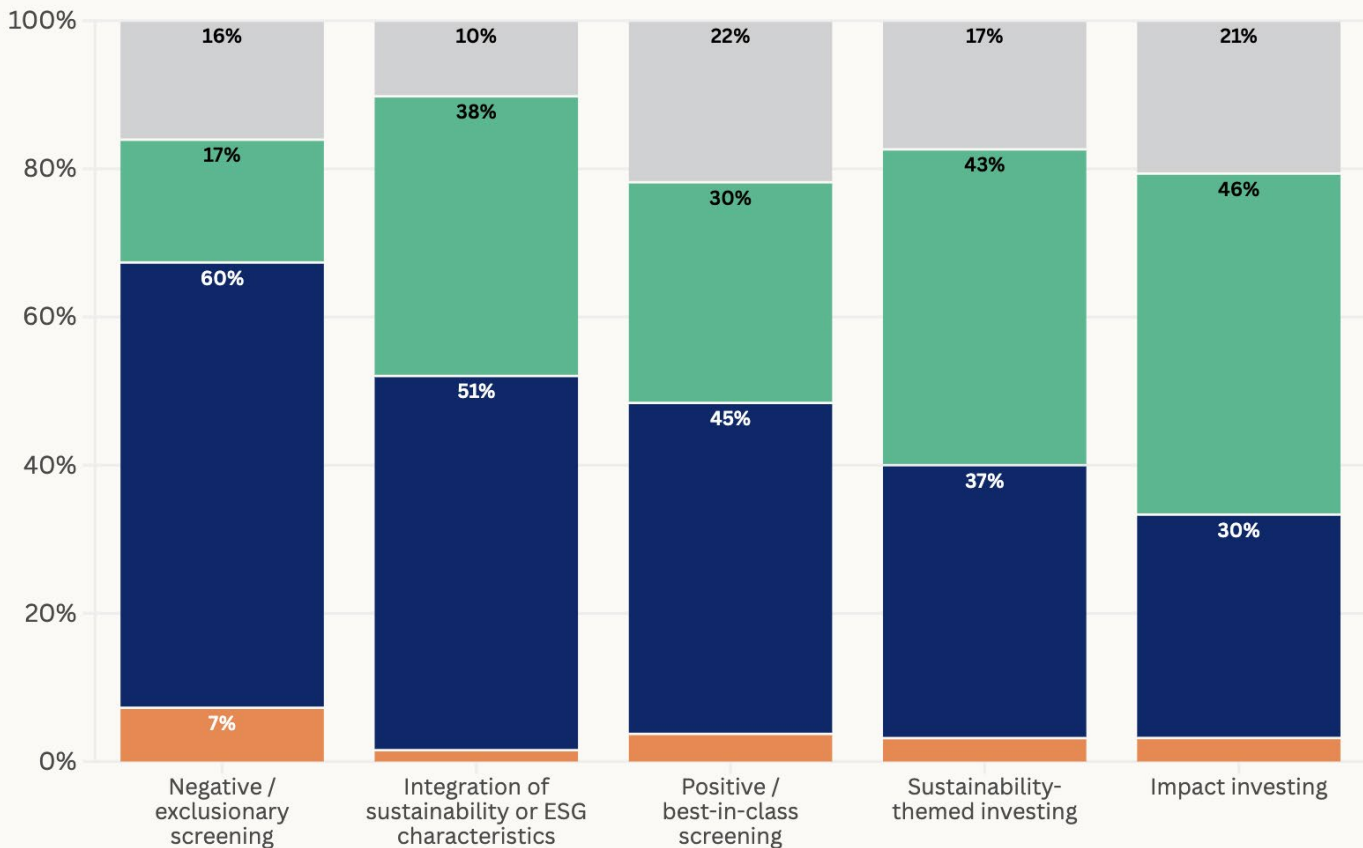
Impact investing (60% usage) shows one of the strongest growth runways: **About 46% expect to increase** (versus 36% in 2024) reflecting focus on outcomes and positive impact alongside investment returns.

Sustainability-themed investing (61% usage) is on a similar trajectory: **Roughly 43% plan to increase** (versus 36% in 2024), reflecting momentum behind climate transition, nature/biodiversity, circular economy and other targeted themes.

Chart 18: Implementation of Sustainable Investing Strategies

How do you expect the strategies of your organization to change over the next three years?

Decrease Maintain Increase N/A



Source: Results based on responses to Qn 20 US SIF 2025 Survey; n=203 % may not add up to 100% due to rounding Respondents were asked to rate each individual factor

Environment, Social & Governance Considerations *Strategies*

We asked survey participants to identify the Environmental, Social or Governance criteria they consider in their investments.

The most frequently selected Environmental factor is the consideration of climate change (77%); Social factors include the integration of human rights (73%) and labor standards (69%); and Governance factors include board structure and composition (77%) and business ethics (72%).

Further detail on each factor is included in the graphs on the right.

Chart 19: Environmental Considerations

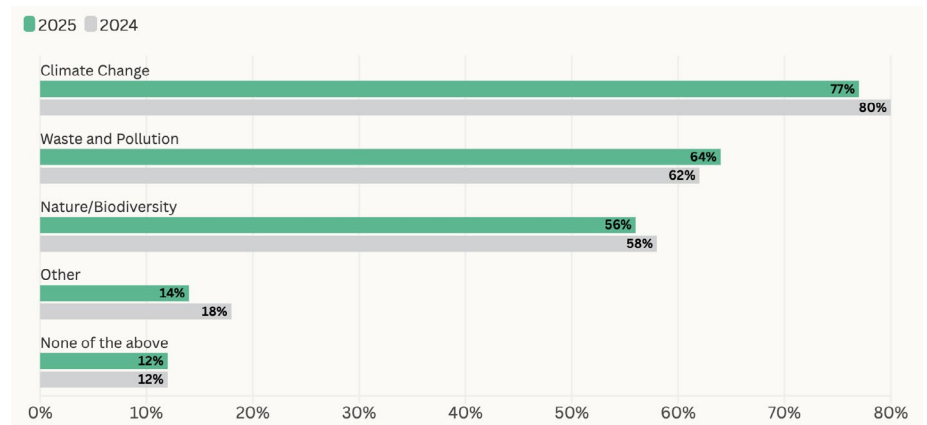


Chart 20: Social Considerations

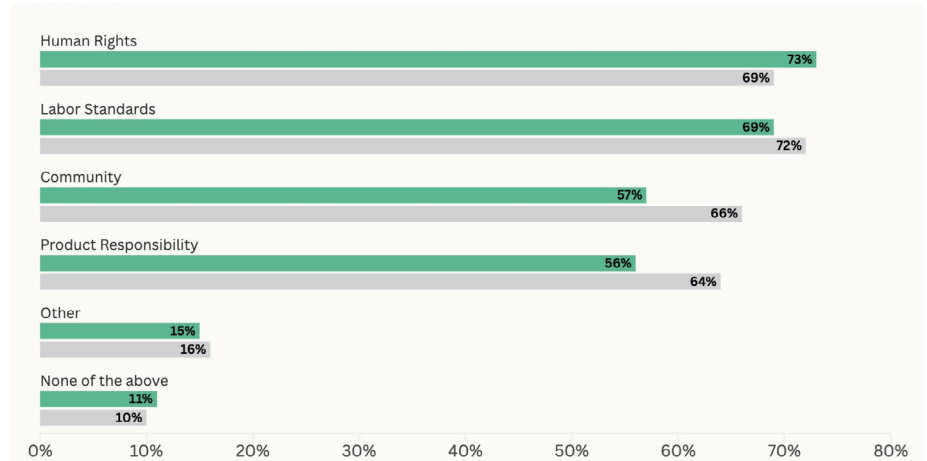
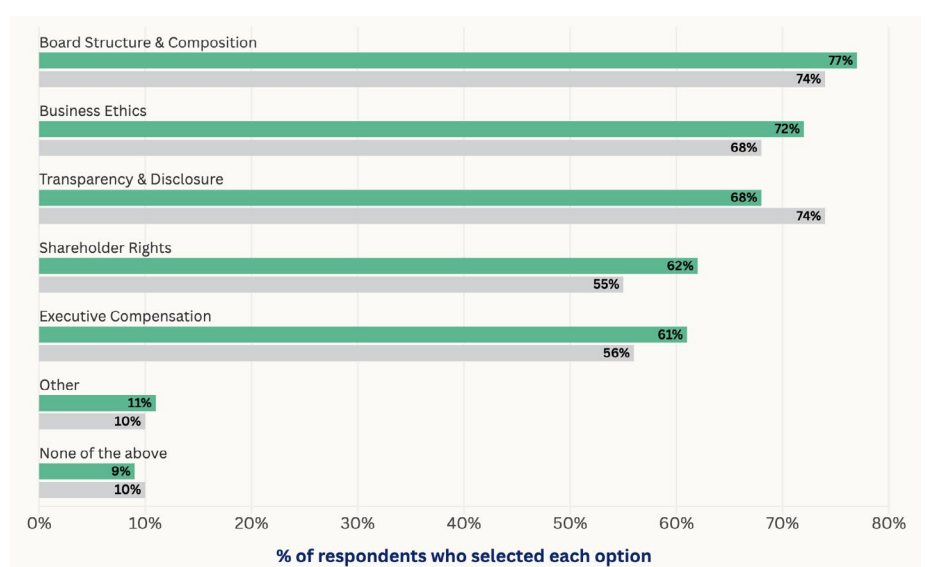


Chart 21: Governance Considerations



2025 Survey Responses to 'Other'

- E:** Sustainable Forestry, Circular Economy
- S:** Gender Equity, Reproductive Rights, Data Privacy, Health
- G:** Lobbying, Political Transparency

¹² Source: Results based on Qn 4,17 US SIF 2024 Survey & Qn 22 US SIF 2025 Trends Survey

¹³ Source: Results based on Qn 5,23 US SIF 2024 Survey & Qn 23 US SIF 2025 Trends Survey

¹⁴ Source: Results based on Qn 6,19 US SIF 2024 Survey & Qn 24 US SIF 2025 Trends Survey

/ Negative Screening Strategies



In 2025, the US SIF survey showed that negative/exclusionary screening is still widespread with 72% of respondents indicating that it is still part of their sustainable investing toolkit. Within negative screening the products or industries most frequently excluded were those related to Weapons (controversial weapons 63%) as well as generic Military/Weapons (48%). In addition, Tobacco/Vaping Products (60%) and Fossil Fuels (59%) were still in the top three – in line with 2024. While overall frequency appears to have declined, the core exclusion areas did not see much change.

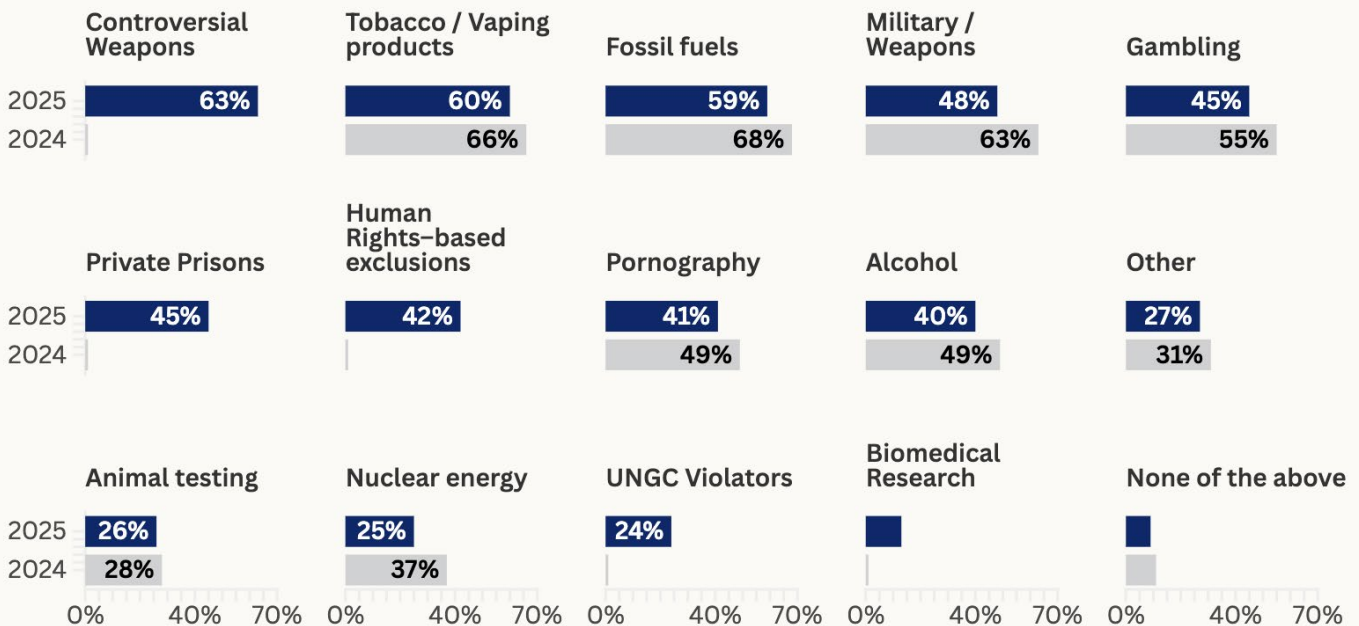


Image: Adobe Stock/Wirestock

Chart 22: Negative Screening from Investment Portfolio

Which of the following products or industries have you excluded (fully or partially) from your investment portfolio?

■ 2025 ■ 2024



Source: Results based on responses to Qn 21 US SIF Survey 2024; n= 94 & Q21 US SIF Survey 2025; n=203
Multiple responses allowed

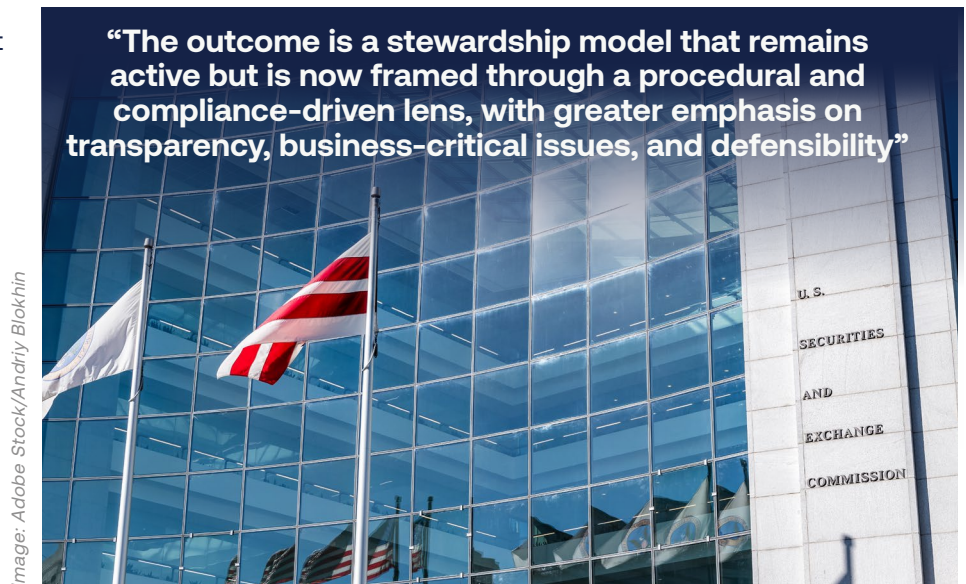
/ Stewardship and Shareholder Advocacy *Strategies*

In 2025, US asset owners and managers have recalibrated their stewardship frameworks amid intensifying political scrutiny, anti-ESG lawsuits, and shifting regulatory expectations. The heightened focus on fiduciary duty and materiality has prompted firms to formalize and document stewardship processes to withstand external challenge.¹⁵ State attorneys general and legislators in over a dozen jurisdictions have probed whether collaborative investor actions on climate or diversity constitute violations of fiduciary or antitrust principles.¹⁶ In response, investors are narrowing the scope of engagements, emphasizing financial relevance in proxy rationales, and explicitly grounding dialogues with portfolio companies in risk-management and long-term value creation.¹⁷ The outcome is a stewardship model that remains active but is now framed through a procedural and compliance-driven lens, with greater emphasis on transparency, business-critical issues, and defensibility.

Parallel adjustments are visible in proxy-voting behavior and regulatory interpretation. The SEC issued Staff Legal Bulletin 14M in February 2025,

tightening its interpretation of Rule 14a-8 and clarifying that proposals addressing broad ESG or social issues may be excluded if deemed to “micromanage” company policy or stray from economically relevant factors.¹⁸ This has led investors to reassess proposal sponsorships and revise voting guidelines to focus on quantifiable, material issues.¹⁹ Some large managers temporarily paused engagements while reviewing the updated regulatory guidance (Reg 13D/13G), before resuming with narrower mandates.²⁰ In turn, some organizations now publish detailed voting rationales, delineate board-level

oversight of stewardship teams, and communicate escalation pathways to demonstrate regulatory compliance. Late in 2025, the SEC announced additional changes to the Rule 14a-8 no action process. The impact of these changes will play out during the 2025-2026 proxy season but are likely to provide fewer opportunities to vote for shareholder submitted proposals. Overall, US stewardship in 2025 reflects an evolution from advocacy toward accountability – preserving engagement as a fiduciary tool while aligning it more explicitly with the perceived intent of emerging SEC and state guidance.



¹⁵ Financial Times (2025). “US asset managers tighten ESG oversight amid political backlash.” March 2025

¹⁶ Harvard Law School Forum on Corporate Governance (2025). “An Update on ESG Litigation Risks in the United States.” March 2025. <https://corpgov.law.harvard.edu/2025/03/13/an-update-on-esg-litigation-risks-in-the-united-states>

¹⁷ Allianz Global Investors (2025). “US Stewardship: Changing Dynamics Under Political Pressure.” February 2025. <https://www.allianzgi.com/en/insights/sustainability-blog/us-stewardship-changing-dynamics>

¹⁸ US Securities and Exchange Commission (2025). “Staff Legal Bulletin No. 14M (CF): Shareholder Proposals.” February 2025

¹⁹ The Conference Board (2025). “SEC Issues Guidance Narrowing Scope of ESG Shareholder Proposals.” March 2025. <https://www.conference-board.org>

²⁰ Reuters (2025). “BlackRock and State Street Resume Stewardship Talks After Reviewing New SEC Guidance.” February 21 2025. <https://www.reuters.com>

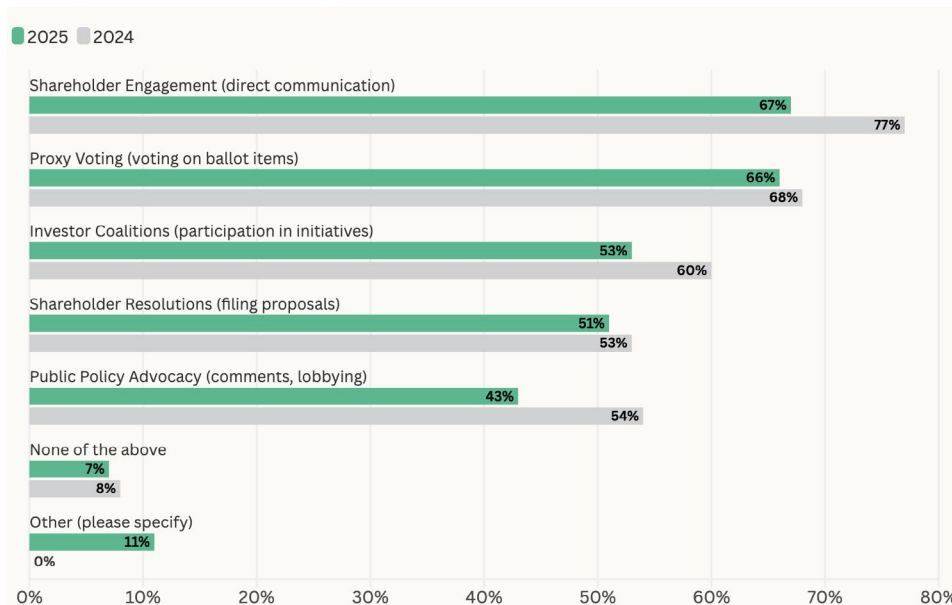
Stewardship and Shareholder Advocacy Strategies

To explore survey respondents' approach to stewardship and shareholder advocacy, we asked about five specific practices: Shareholder Engagement, Proxy Voting, Investor Coalitions, Public Policy Advocacy and Shareholder Resolutions.

Aligned with the shifts mentioned, overall investor engagement remains a defining feature of investment practice, but survey respondents' selection of these activities as being "a core component of their organization's asset stewardship" decreased: direct communication

(down 10% y/y), public policy advocacy (down 11%) and investor coalitions (down 7%), reflecting modifications of investor dialogues with investee companies and caution amid heightened political and regulatory scrutiny of ESG stewardship.

Chart 23: Stewardship and Shareholder Advocacy Activities



Source: Results based on responses to Qn 8/24 US SIF Survey 2024; n= 131 & Q25 US SIF Survey 2025; n=20
Multiple responses allowed



Image: Adobe Stock/Johnnii

/ Stewardship and Shareholder Advocacy *Strategies*



Table 24: Key Shifts in US Stewardship Practices

Dimensions	Pre-2023	2023-2024	2025 (Current)
Stewardship Framing	ESG framed as values- and outcomes-driven; engagement on climate, DEI, and governance widely publicized.	Re-evaluation of ESG terminology begins amid political and legal challenges. Emphasis shifts to “financial materiality.”	Stewardship reframed as fiduciary and procedural. Policies highlight documentation, risk mitigation, and board oversight.
Engagement Strategy	Broad multi-theme ESG dialogues with companies; collaborative investor initiatives (e.g., Climate Action 100+) emphasized.	Selective engagement focused on climate disclosure and board governance; some firms pause collaborative engagements.	Narrower engagements linked to core financial risks (capital allocation, transition exposure, supply-chain resilience).
Proxy-Voting Trends	High support for some ESG shareholder proposals (30-40%).	Decline in support to mid-20 % range as firms refine criteria for “materiality.”	Lowest approval rates since 2019; many managers abstain or oppose proposals lacking clear financial relevance.
Disclosure & Reporting	Stewardship reports highlight outcomes (e.g., emissions reductions, diversity gains).	Addition of “engagement rationales” and annual voting transparency reports.	Audit-trail reporting introduced: firms document meeting notes, escalation criteria, and board oversight in stewardship filings.
Regulatory & Legal Context	SEC guidance on ESG disclosure limited; proxy-proposal rules loosely interpreted.	Heightened state-level scrutiny and early lawsuits around ESG engagements and focus on proxy advisors.	SEC Staff Legal Bulletin 14M (Feb 2025) tightens proposal eligibility; asset managers adapt governance frameworks accordingly. Proxy advisors scrutinized.
Investor Mindset	Mission-aligned and thematic (impact, climate, DEI).	Defensive repositioning – ESG integration reframed as risk management.	Fiduciary accountability and systemic-risk management now the dominant rationale for stewardship activity.

Source: US SIF Trends Report, ISS, Georgeson Proxy Review

Outcomes and Impacts to the 2025 Proxy Season *Strategies*

As mentioned, the 2025 US proxy season marked a turning point in corporate governance and shareholder engagement. Following the SEC’s February guidance under Staff Legal Bulletin 14M, issuers gained greater leverage to exclude proposals deemed immaterial or intrusive into “ordinary business,” leading to a notable decrease in environmental and social submissions and an increase in “no-action” relief. While governance proposals held steady, average support for environmental and social issues continued to soften amid both political polarization and mounting anti-ESG campaigns. The result was a proxy season characterized by fewer proposals reaching ballots, shifting investor priorities, and a recalibration of advocacy strategies in an increasingly contested regulatory landscape.²¹

In terms of votes received, **governance** topics once again proved to be the most resilient area of shareholder focus, maintaining steady support from investors year-over-year. In contrast, **environmental proposals** faced the sharpest drop in average backing, reflecting a more selective approach by shareholders amid increased regulatory and political scrutiny. **Social proposals** also saw a moderate decline in support,

Chart 25: Volume of Shareholder Proposal Submissions

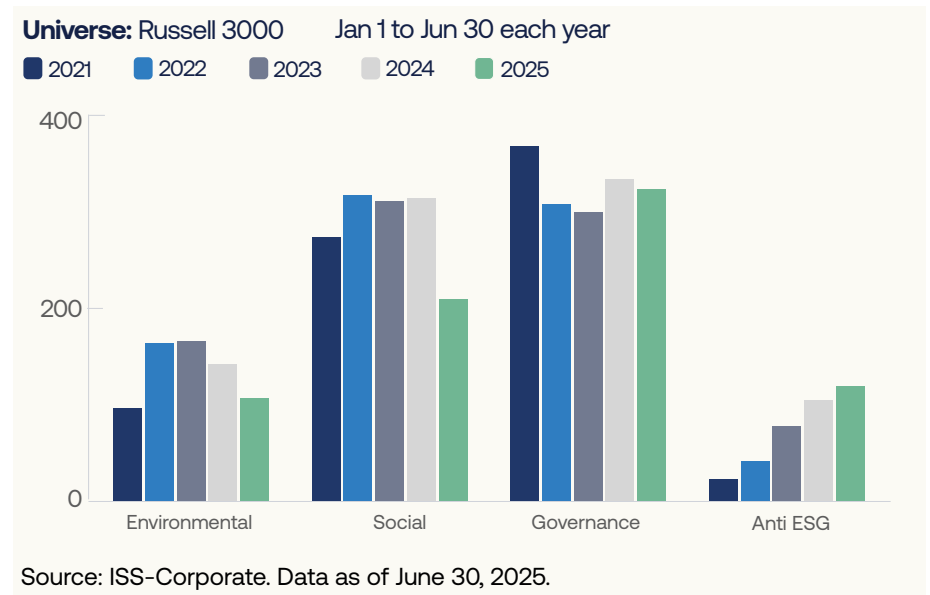
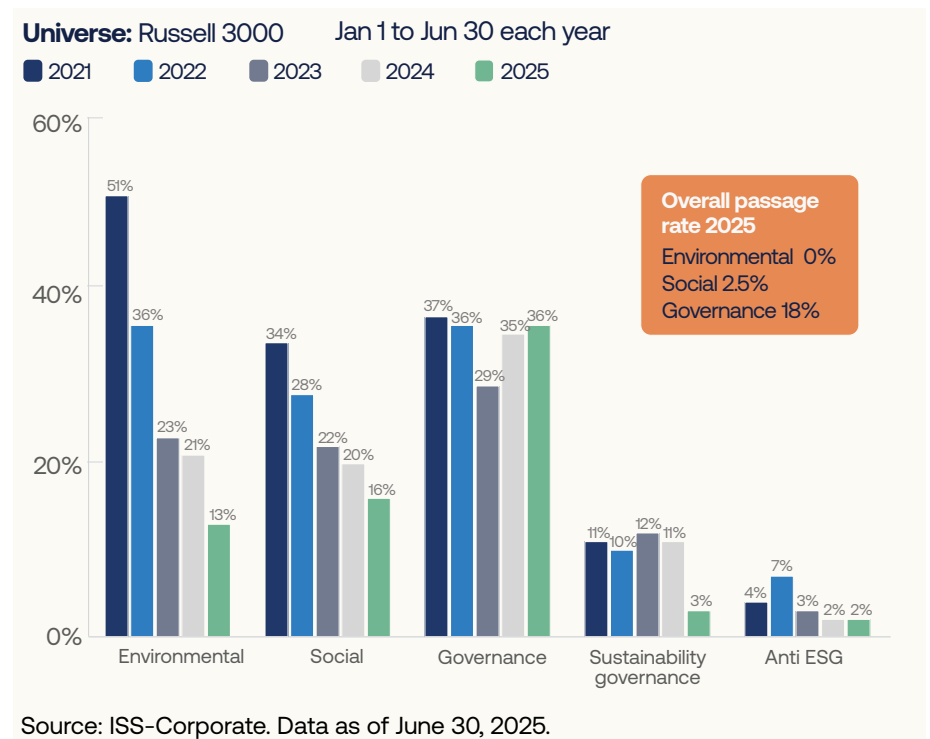


Chart 26: Average Vote Support by Topic



²¹ Mishra, Subodh. “2025 US Governance Post-Season Review: Evolving Priorities in a Shifting Landscape.” Harvard Law School Forum on Corporate Governance, October 13 2025. <https://corpgov.law.harvard.edu/2025/10/13/2025-u-s-governance-post-season-review-evolving-priorities-in-a-shifting-landscape/>

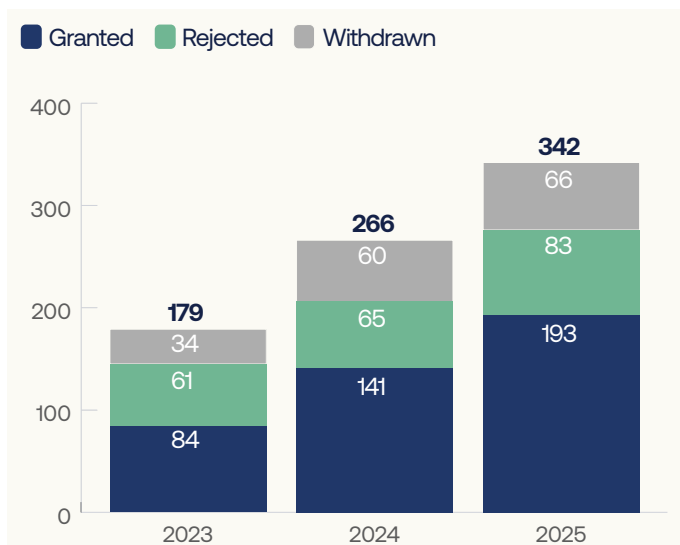
suggesting investors are prioritizing issues with clearer links to financial performance and risk management.

Anti-ESG proposals remained active in 2025. Diligent tracked 60 anti-ESG proposals in H1 (down from 79 in H1 2024), with average support slipping to 2%.²² Most anti-ESG proposals were social/DEI-focused. Omission rates were high and overall support stayed in the low single digits – except a few AI-related proposals (e.g., Microsoft ~36%; Apple/Alphabet ~12%), which held the category average; excluding AI, anti-ESG support drops to ~1.6%.²³

Record Rise in “No Action” Relief

In the 2025 Proxy season there was nearly a 30% increase in “no action” relief requests year-on-year. Specifically, companies filed 342 requests to exclude shareholder proposals under SEC Rule 14a-8, of which 193 were granted.

Chart 27: Proposals by No-Action Status



Source: Georgeson 2025 Proxy Season Review

²² Diligent Market Intelligence (DMI). 2025 Proxy Season Review. September 2025.

²³ Georgeson. 2025 Proxy Season Review: Trends, Voting Outcomes, and Regulatory Impacts. September 2025.

In February of this year, the Staff Legal Bulletin 14M rolled back parts of the earlier 14L guidance and returned to the pre-2021 interpretation of Rule 14a-8. Following this interpretation, companies no longer need to submit a board analysis explaining why a proposal relates to ordinary business or is economically irrelevant. As a result, the SEC granted more no-action requests under the “ordinary business” exception, allowing companies to omit proposals on day-to-day management (e.g. workforce policies, political activities, and climate operations). Of note, the “economic relevance basis” also returned (i.e., once again became a usable basis) for no-action requests this year, and there were no-action granted under that basis in the 2025 proxy season. However, companies cannot presume exclusion just because the numeric thresholds are met; they must convincingly show the matter is not significantly related to the company’s business.²⁴

This may have ongoing implications for subsequent proxy seasons.

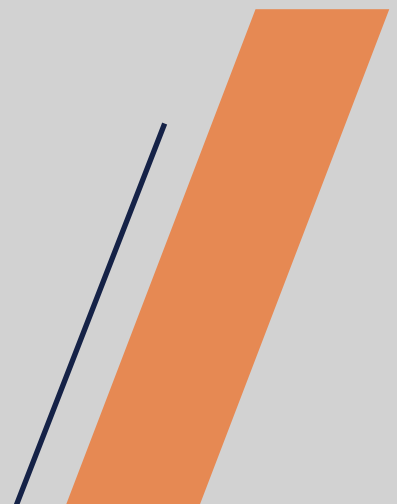
/ For issuers: The policy shift has emboldened companies to challenge a larger share of proposals, especially those on social policy and climate risk.

/ For investors: Shareholder rights advocates warn that this marks a re-narrowing of investor voice after the expansion of eligible proposals under SLB 14L (2021).

²⁴ Ibid



Section 3: What Does the Future Hold?



What Does the Future Hold?

Chart 28: Perspectives:
What does the future hold?

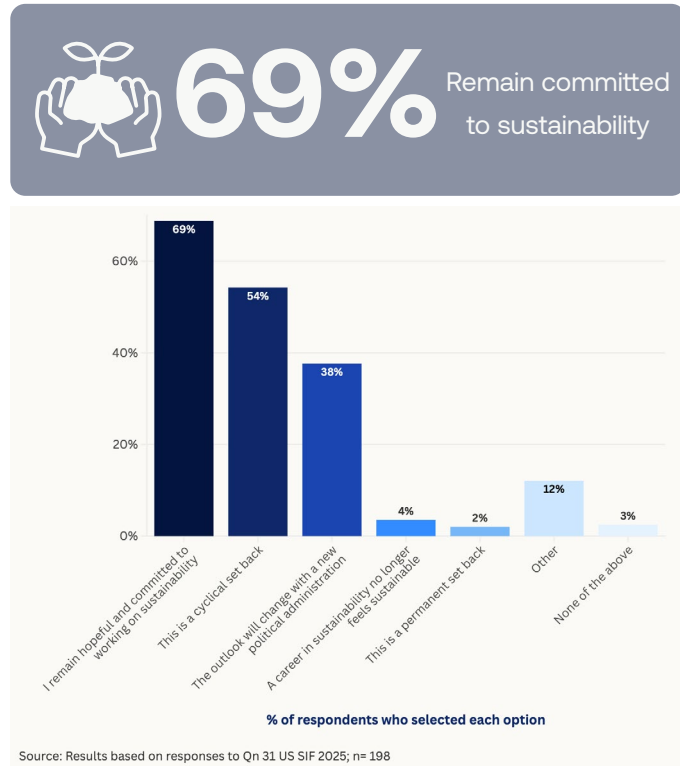
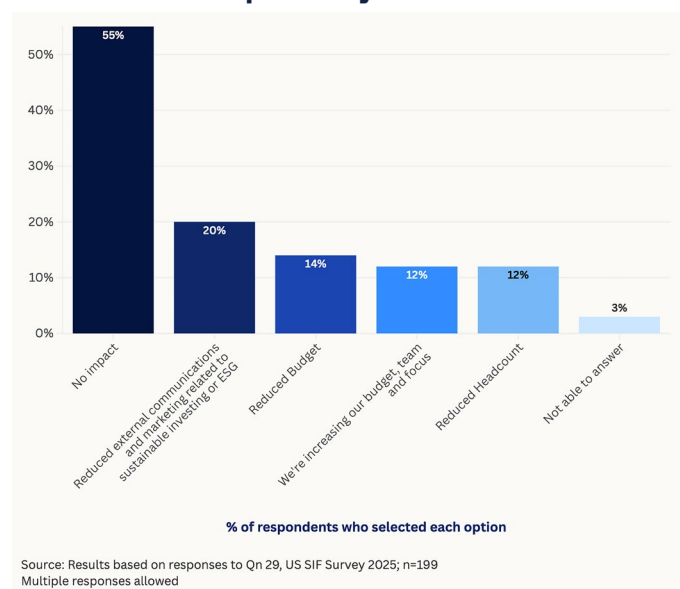


Chart 29: Perspectives:
How has the challenging political environment impacted your team?



This year we asked a series of questions focused on the challenges that the industry is facing and what the future might hold. Most of the questions included the ability to share personal perspectives in a free text format.

The questions we asked:

- What do you think the future holds?
- To what extent has this impacted your own team or job?
- Given the current context, what are your greatest frustrations or challenges in your work as a sustainability professional?

Overall, the outlook was far more positive than expected. **When asked what the future would hold**, we saw ~70% state that *“I remain hopeful and committed to working on sustainability,”* often in combination with the response that *this is cyclical and the outlook will change with a new administration.* With less than 5% selecting *“A career in sustainability is no longer sustainable”* or that *“This was a permanent setback”*.

This outlook was also reflected in the answers to **how the political environment had impacted respondents personally, through their teams or jobs.** With most indicating that there had been *no impact* (55%), 10-20% reported *reduced activity* across marketing, headcount or budget, while more than 10% indicated that their *activity or budget was increasing.*

This suggests that despite the challenging conditions the industry and the people who work in it remain resilient and optimistic.

/ What Does the Future Hold?

The remaining three questions, covering personal frustrations and challenges; the evolution of the industry and the actions we can take to increase the adoption of sustainability, were free text response only.

We received over 100 responses to each question; the perspectives shared were personal and reflected the frustrations, challenges and a broad sense of being under attack, due to the increasing polarization and politicization of the work.

“Polarization makes it almost impossible to have thoughtful conversations.”

To combat this, many responses included a call for deeper collaboration and a coordinated response to strengthen advocacy, influence policy address and address misinformation.

“We need a unified industry response to counter anti-ESG attacks.”

Many responses highlighted the need for clear definitions and the standardization of disclosures, aligned with global standards. In conjunction with greater education and communication to address misconceptions, build demand, and support informed decision-making.

“We need to focus on education, establishing clear standards around impact measurement and encouraging clients to discuss sustainability alongside financial goals.”

Contradictions on the nature and purpose of sustainable investment were apparent within the responses, with two distinct perspectives emerging.

The two distinct perspectives which emerged reflect fundamental differences in the perceived role of sustainable investors;

1. Sustainable investors should focus solely on the impact that environmental, social or governance risks might have on their investments (single materiality)
2. Sustainable investors should consider the impact of their investment decisions on society and the environment given the challenges that we are facing (double materiality).

The first perspective promoted the need to make the investment case for ESG and saw integration of ESG considerations as a means to improve risk adjusted returns. This contrasted significantly with the second perspective which framed sustainable investment as the allocation of capital to sustainable activity, with the integration of systemic risks, social issues, values-based considerations and impact as core components of the investment decision.

The contradictions and lack of consensus within the survey responses highlight the pressing need for agreement by the industry on clear definitions which acknowledge the validity and necessity of both perspectives.

/ What Does the Future Hold?



Two distinct perspectives emerged.

Perspective 1:

We Need to Make the Investment Case for ESG

This set of respondents framed sustainable investment as the integration of ESG considerations for the purposes of improving risk adjusted returns.

They emphasized:

1. The need to focus on financial materiality
2. The need to demonstrate that considering ESG will deliver better financial outcomes
3. The need to separate social or environmental impact from the financial argument

“Advisor education that SRI is a risk mitigator and does not sacrifice performance.”

“More case studies and performance data showing sustainability drives risk-adjusted returns will convince fiduciaries.”

“Focus on financial materiality rather than values-based approaches would drive broader adoption.”

Perspective 2:

Finance and Investment to Enable a Sustainable Future

These respondents framed sustainable investment as the allocation of capital to sustainable activity, recognizing that there may be tradeoffs in the short term.

“Education around the tangible trade-offs required between short term financial returns and longer-term health of our communities and planets is important.”

“The long-term drivers of sustainable investment reflect science and societal demands on finance, neither of which are going to reverse, and we expect them to accelerate.”

“We need clarification on what the terms ESG, sustainable investment and responsible investments mean.”

“The sustainable investment AUM may shrink, but what is left will be more intentional”

What Does the Future Hold?

This challenge is not unique to the United States. The latest report from the Global Sustainable Investment Alliance (of which US SIF is a founding member) provides a review of regional disclosure approaches and notes a clear distinction between the two perspectives articulated by global survey participants.

The report finds that there is an emerging consensus on the need for four ‘categories’ of investment.

A Sustainable:

Investing in assets which are sustainable and/ or where there is an explicit sustainability objective.

B Transition:

Investing in assets, which are expected to improve or contribute to a sustainable transition.

C ESG Collection:

The consideration of ESG or the promotion of sustainable or ESG characteristics

D Non ESG:

May consider ESG as financial risk; adopts exclusions and engagement at firm level

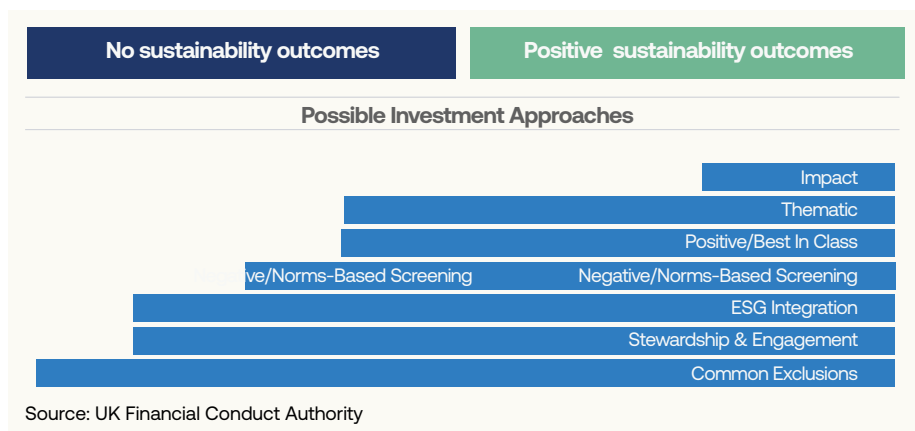
In addition, the report highlights the relationship between the use of “investment approaches” and fund classification, making it clear that the use of one or more approaches does not in itself indicate the objective of the fund.

Table 30: Comparison of Regional Disclosure Approaches

			Region
SUSTAINABLE OBJECTIVE	Sustainability Impact	Targets measurable, positive real-world outcomes alongside financial return; requires impact measurement.	UK (SDR)
	Sustainable Plus	Sustainability objectives are binding & measurable. Progress is measured, tracked and disclosed.	Australia
	Sustainable Investments	Sustainable investment is the objective; must demonstrate substantial contribution, DNSH and safeguards. (So called Article 9)	EU (SFDR)
	Sustainability Focus	Invests predominantly in assets assessed as sustainable/aligned with stated sustainability characteristics.	UK (SDR)
	ESG Objective Funds	Explicit ESG/sustainability objective (e.g., climate risk reduction, thematic alignment); outcome not necessarily impact.	Canada
	Sustainable	Sustainability objectives are prominent. Portfolio and stewardship alignment with sustainability objective.	Australia
TRANSITION OBJECTIVE	Sustainability Improvers	Invests in assets expected to improve their sustainability profile over time.	UK (SDR)
ESG CONSIDERATION	ESG Characteristics	Promotes environmental and/or social characteristics; does not have a ‘sustainable investment’ objective. (So called Article 8)	EU (SFDR)
	Use of ESG Strategy	Applies explicit ESG screens/tiits or thematic approaches; no sustainability objective.	Canada
	Responsible	ESG considered via integration/screening/engagement avoids significant harm, active stewardship, no sustainability objective.	Australia
	ESG Limited Consideration	ESG factors considered incidentally or as part of general risk analysis; not determinative.	Canada
	Sustainability Mixed Goals	Combines Focus, Improvers and/or Impact exposures within a single product.	UK (SDR)
NON ESG PROMOTING	Non-ESG Promoting	No sustainability objective; considers ESG in relation to financial risk (so called Article 6)	EU (SFDR)
	Non-ESG Funds	No consideration of ESG factors in investment objective, strategy, or processes	Australia
NO DISCLOSURE		Regions where funds are not required to disclose their approach to ESG	

Source: Developed by A Future Worth Living In, from forthcoming paper

Chart 31: Adapted from FCA Policy Statement



/ Shaping the Future

The Perspectives section of the survey identified a clear set of actions that can be taken to support the development of sustainable investment and the practitioners in our industry:

- / Promoting Standardization of Definitions, Disclosures & Data Quality
- / Increasing Collaboration & Collective Advocacy
- / Supporting Education, Communication & Awareness

Moreover, there seems to be a desire from respondents to increase the opportunities for connection and collaboration with peers; and build

better and more meaningful partnerships across the value chain and across markets.

This, in turn, can further best practice, drive disclosure alignment and move toward a more consistent narrative that links sustainable investment to the opportunities and outcomes on Main Street as well as Wall Street.

US SIF continues to be at the center of this conversation and will address some of these challenges, in partnership with our members, through our upcoming quarterly roundtable series.

[Register your interest below to find out more.](#)

US/SIF

Quarterly Roundtable – Sustainability Perspectives



Image: Adobe Stock/jitthanant

**REGISTER
NOW**



Share your perspectives and help change the future of sustainable investing

About US SIF



/ US Sustainable Investment Forum

US SIF works to ensure that the US capital markets play an active role in driving investments toward more sustainable and equitable outcomes.

US SIF is the leading voice advancing sustainable investment. We aim to create a level playing field in capital markets, which includes increased transparency and disclosure across the industry.

US SIF's 200+ members represent trillions in assets under management. Our member base includes investors across the industry—including asset owners, financial advisors, asset managers, institutional investors, community investment institutions and data and service providers.

We employ five key strategies to advance sustainable investing:



/ Research

We produce cutting edge research, including our US Sustainable Investing Trends, as well as fact sheets and guides on sustainable investing.



/ Education

We offer education and training through online and in-person courses for financial professionals and retail investors. We also host webinars on various topics in collaboration with practitioners and thought leaders.



/ Public Policy

Our policy program works to advance a regulatory agenda that maintains and enhances the sustainable and impact investment field.



/ Media Engagement

We engage with the media to enhance public awareness of sustainable investing practices and to give our investors a public voice. We are active participants in key investor events.



/ Networking

We provide opportunities for the sustainable and impact investing community to convene at our annual national conference and at local events.



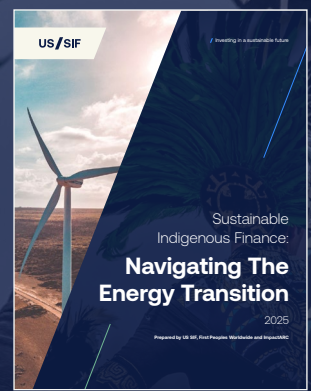
US SIF's Sustainable Indigenous Finance Hub – reshaping how capital markets engage with Indigenous Peoples

The relationship between Indigenous Peoples and finance represents one of today's most transformative opportunities. Indigenous inclusion is not only an ethical responsibility but a strategic pathway to stronger resilience, shared prosperity, and sustainable value creation.

US SIF's new Sustainable Indigenous Finance Hub is transforming how capital markets engage with Indigenous Peoples by centering Indigenous leadership, priorities, and self-determination in financial decision-making. The Hub connects investors, Indigenous leaders, and partners organizations to exchange best practice, share research, innovative risk tools, and case studies aimed at building more equitable and resilient investment systems. Key features include a dynamic event directory, curated resource library, actionable case studies, and clear pathways for engagement and partnership.

The Hub also builds on US SIF's recent report, Sustainable Indigenous Finance: Navigating the Energy Transition, released in partnership with First Peoples Worldwide and ImpactARC. The first-of-its-kind guide provides investors with vital frameworks to assess risks, uphold fiduciary duty, and unlock new opportunities by aligning investments with Indigenous priorities – a critical approach given that over half of global energy transition mineral projects overlap with Indigenous territories, intensifying financial risks when Indigenous rights are overlooked.

Learn more



US SIF FORUM 2026

Washington, DC / June 24 - 26 / Hilton Arlington Rosslyn the Key

The largest US convening of leaders across the capital markets ecosystem coming together to drive a more sustainable economy.



Last year over 300 attendees:

- / Attended educational workshops
- / Grew their networks
- / Heard from market-leading innovators
- / Learned about new ways to elevate their impact

For more info, visit us at:

www.ussif.org/events

Appendix



Definitions of Approaches

Growing global interest in “sustainable” and “responsible” investing demands greater standardization of terminology to enable institutional investors, regulators and other industry participants to communicate with precision. In November 2021, the International Organization of Securities Commissions (IOSCO) highlighted the need for the global investment industry “to develop common sustainable finance-related terms and definitions, including relating to ESG approaches, to ensure consistency throughout the global asset management industry.”²⁵

In response, CFA Institute, The Global Sustainable Investment Alliance (GSIA) and Principles for Responsible Investment (PRI) came together to harmonize definitions and provide guidance for usage. The report can be accessed here, and the definitions are detailed in Chart 32.

For purposes of this report, the category of screening is further defined to identify norms based, negative and positive screening approaches, as detailed in Chart 33. In addition, stewardship is described as “corporate engagement and shareholder action.”

Table 32: Definitions: Responsible Investment Approaches²⁶

Approach	Definition
Screening	Applying rules based on defined criteria that determine whether an investment is permissible.
ESG integration	Ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns.
Thematic investing	Selecting assets to access specified trends.
Stewardship	The use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend. <i>This involves direct engagement meetings in person or digital, proxy voting and shareholder resolutions as well as indirect engagement via key stakeholders.</i>
Impact Investing	Investing with the intention to generate positive, measurable social and/or environmental impact alongside a financial return.

Table 33: Definitions: Screening Approaches

Screening Approach	Applying rules based on defined criteria that determine whether an investment is permissible
Norms-based Screening	Screening of investments against minimum standards of business or issuer practice based on international norms such as those issued by the UN, ILO, OECD and NGOs (e.g. Transparency International).
Negative/ Exclusionary Screening	Exclusion from a fund or portfolio of certain sectors, companies, countries or other issuers based on activities considered not investable. For example, exclusion criteria (based on norms and values) may refer to product categories (e.g., weapons, tobacco), company practices (e.g., animal testing, violation of human rights, corruption) or controversies.
Positive/Best-in-Class Screening	Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers and that achieve a rating above a defined threshold.

²⁵ Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management” (International Organization of Securities Commissions (IOSCO), November 2021).

²⁶ Responsible Investment Approaches” (CFA Institute, Global Sustainable Investment Alliance (GSIA) and Principles for Responsible Investment (PRI), November 2023), https://www.gsi-alliance.org/wp-content/uploads/2023/10/ESG-Terminology-Report_Online.pdf.

A Note on Methodology – A New Baseline

The global sustainable investing sector has grown exponentially, but with this increase has also come increased complexity to value the sustainable investing market. In March 2025, the PRI reported over 5260 signatories with combined assets of \$139.6 trillion.

With this rapid expansion of sustainable investment has come increased scrutiny over the authenticity of investors' claims regarding the holistic integration of ESG and sustainability factors into their investment processes. Many have argued that these claims are overstated.

2024: A New Baseline

The 2024 US SIF Trends Report built on the 2022 changes by taking another critical look at the availability of verifiable investor data and public reporting. We identified substantial variability in how – and which – specific ESG or sustainability criteria are applied by investors. These differences pose significant challenges in comparability, both among organizations and over time.

In response to these challenges, the US SIF Foundation made significant changes to its methodology in 2022 to define “sustainable AUM” more rigorously, addressing what the market termed greenwashing. These changes introduced stricter definitions for ESG incorporation. A full discussion of the 2022 methodology change can be found in the US SIF Report on US Sustainable Investing Trends 2022.²⁷

Key Methodological Features

The **total market size** is calculated based on SEC disclosures via Forms ADV (Money Managers) and 13F (Asset Owners) with US-registered addresses. Adjustments are made to avoid double counting between institutional investors and asset managers.

Assets are classified as **Sustainable Investing AUM** Assets if there is specific and explicit evidence of sustainability-related AUM or percentages. Data is collected through a three-step process:

- / Reviewing the investor’s public website.
- / Examining responses to the US SIF survey.
- / Reviewing PRI reporting, specifically Indicator 0018, which captures the percentage of AUM in ESG-marketed products.

Assets are classified as **Stewardship AUM** **Stewardship** AUM if management stewardship policies apply. A similar three-step process is followed:

- / Reviewing the investor’s public website.
- / Examining responses to the US SIF survey.
- / Reviewing PRI reporting, specifically Indicator PGS 10, which captures the percentage of AUM covered by “responsible investment” stewardship policies.²⁸

By establishing these baseline percentages for both the sustainable investing and stewardship universes, we can then interrogate the distinct ESG incorporation practices and external facing public commitments of the investor community. By separating the two AUM numbers in this edition, we can better analyze and interrogate potential gaps and progress.

²⁷ “Report on US Sustainable Investing Trends 2022” (US SIF: The Forum for Sustainable and Responsible Investment, 2022), https://www.ussif.org/store_category.asp?id=4.

²⁸ PRI indicator PGS10 takes responses across 0 to100% to indicate the percentage of their firm’s assets covered by a Responsible Investment Stewardship Policy

Acknowledgements

Special Thanks



Brand42



SDGLabs.ai is a consortium of scientists aiming to pool their interdisciplinary capabilities to support the development and achievement of the United Nations' Sustainable Development Goals. Its capabilities reach from Financial Data Science and Machine Learning to SDG domain focused competencies in Climate Transition Engineering, Gender, or Consumer Protection research. Its mission is inspired by Médecins Sans Frontières / Doctors without Borders as it emphasizes impartiality and financial independence in its analyses and interpretations, thereby avoiding corporate capture and political bias.



The future is uncertain and increasingly unpredictable.

At A Future Worth Living In, we help financial institutions understand their role in addressing the climate crisis and navigate a changing world.



Image: Unsplash/Ammiel J Wan



CLEARBRIDGE IS PLEASED TO SUPPORT THE US SIF FOUNDATION

VALUE & VOLATILITY PLAY WELL TOGETHER

ClearBridge

A Franklin Templeton Company

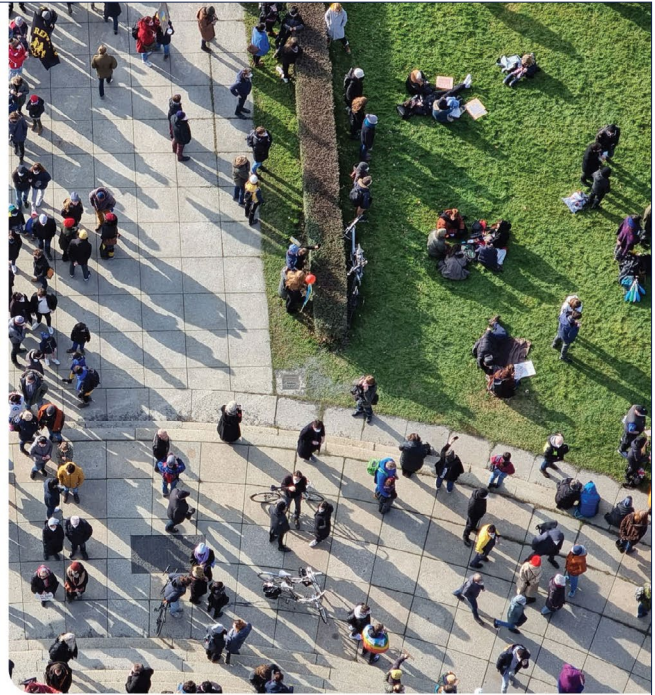
**Experienced
Active Management**



**LEARN MORE ABOUT OUR
ACTIVE VALUE STRATEGIES »**

www.ClearBridge.com

/ Titanium Sponsor



Legacy and Impact

For over thirty years, the **Domini Impact Equity FundSM** has offered a responsible and sustainable way to invest in U.S. equities.

The Fund—which is managed by trailblazers in the field of impact investing—provides a broadly diversified portfolio of environmental and social leaders, seeking long-term total return consistent with the promotion of **universal human dignity** and **ecological sustainability**.

At Domini, impact investing is not just a trend. It's our tradition.

Discover what impact investing looks like.



Domini.
Investing for Good[®]

domini.com/ussif
1.800.582.6757
info@domini.com



Domini is a proud Member and supporter of US SIF.

Before investing, consider the Domini Impact Equity Fund's investment objectives, risks, charges, and expenses. Contact us at 1.800.582.6757 for a prospectus containing this and other important information. Read it carefully. An investment in the Fund is not a bank deposit, is not insured, and is subject to certain risks, including loss of principal, impact investing, portfolio management, information, market, mid- to large-cap companies, and small-cap companies risks. Shares of the Domini Funds are only offered in the United States. DSIL Investment Services LLC, Distributor. 12/25

At Calvert, Responsible Investing is all we do

We have a track record of influencing positive change while delivering competitive investment results. That is why we are proud to sponsor this year's US SIF Foundation Report on US Sustainable Investing Trends.

Call us at [800.836.2414](tel:800.836.2414) to learn more.



This material is a general communication, which is not impartial, is for informational and educational purposes only, not a recommendation to purchase or sell specific securities, or to adopt any particular investment strategy. Information does not address financial objectives, situation or specific needs of individual investors. Past performance is no guarantee of future results.

Calvert is part of Morgan Stanley Investment Management. Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

Calvert Research and Management | 2050 M Street NW, Suite 200, Washington, DC 20036 | [800-368-2745](tel:800-368-2745) | calvert.com

© 2025 Morgan Stanley. All Rights Reserved.

RO 5036162 Exp. 12/31/2027 | 25Q40599 | 12/04/2025

NOT FDIC INSURED. OFFER NO BANK GUARANTEE. MAY LOSE VALUE. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT A DEPOSIT.



Image: Unsplash/Ambreen Hasan

/ Silver Sponsors



Boston Trust Walden
Principled Investing.



Boston Trust Walden is proud to support the 2025 Report on US Sustainable Investing Trends

www.bostontrustwalden.com



G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™



Navigating the way to sustainability.

Governance & Accountability Institute is a consulting firm specializing in strategy, communications, and research to support corporate leaders and investors with sustainability, climate assessments, and ESG performance.

Interested in learning more?
Visit our website to start your journey:
ga-institute.com



Shape Your World

Invest in ways that benefit people and the planet, as well as your portfolio.

The Sustainability Group combines investment expertise with a deep commitment to universal human dignity and ecological sustainability.

We proudly support US SIF and its 2025 Report on US Sustainable Investing Trends.



LORING, WOLCOTT & COOLIDGE
Trusted Relationships for Generations



the **SUSTAINABILITY GROUP** SINCE 1987

www.sustainabilitygroup.com

Part of Loring, Wolcott & Coolidge Fiduciary Advisors, LLP

ACTIVE PORTFOLIOS,
GLOBAL IMPACT:
Putting Assets into Actions® since 1982



TRILLIUM IS A PROUD SPONSOR OF THE 2025 US SIF SUSTAINABLE INVESTING TRENDS REPORT



TRILLIUM
ASSET MANAGEMENT™

www.trilliuminvest.com



US/SIF

GET IN TOUCH
info@ussif.org

VISIT US
www.ussif.org