GLOBAL SUSTAINABLE INVESTMENT REVIEW 2024

DATA ANNEX
INVESTMENT INSIGHTS

GLOBAL SUSTAINABLE INVESTMENT ALLIANCE

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FOREWORD

The Global Sustainable Investment Alliance (GSIA) is an international collaboration of membership-based sustainable investment organisations around the world who collaborate to deepen and expand the practice of sustainable, responsible and impact investment through intentional international cooperation.

We envision a future where policy frameworks enable real-world change through investment, where investors find clear incentives to support the transition to net-zero, and where financial flows align with climate goals.

Measuring flows of sustainable finance is crucial to understanding both the scale of this market and the barriers preventing further investment. This report brings together regional insights from the United States, Canada, Japan, Australia & New Zealand, and Europe as well as a series of policy recommendations, many building on GSIA's 2024 report, "Transforming Global Finance for Climate Action: Addressing Misaligned Incentives and Unlocking Opportunities"

In a change from previous versions of this report, we have adapted this year's publication to reflect that many regional sustainable investment organisations are no longer collecting asset under management when surveying their members on the approaches they are taking towards responsible and sustainable investing.

In addition, rapid market and regulatory developments in sustainable investments across the globe have contributed to growing divergences in definitions and methodologies. After careful consideration, we have concluded that we no longer have sufficient data to provide an aggregated value of the size of the global sustainable investment universe.

To ensure this report remains relevant, and to deliver useful insights, we have teamed up with Morningstar to present a new analysis of Morningstar's fund data in this report. Whilst this is not comparable with the previous GSIA data – it focuses on asset manager fund disclosures, many of which are only done when legally obligated to do so, and captures a much reduced value of assets than previously available from the GSIA dataset – it does demonstrate ongoing growth in disclosure of responsible & sustainable investment approaches and the impact of regulatory disclosure requirements.

We remain of the view that a global perspective on the sustainable investment practices of asset owners and their asset managers is useful, both to the financial services sector and to policymakers. We are therefore open to engagement with any partner who wishes to help us broaden this data in future GSIA publications.

We would like to thank the many contributors who helped us prepare this Global Sustainable Investment Review; in particular, thank you to Morningstar for their data and A Future Worth Living In for their research support.

James Alexander
Chair
Global Sustainable Investment Alliance

DEFINITIONS AND METHODOLOGY

Definitions

Responsible & Sustainable Investment Approaches (R&SI Approaches)

The GSIR 2022 detailed the harmonised definitions for responsible and sustainable investment approaches, developed by GSIA, PRI, and the CFA Institute (see page x).

The phrase 'R&SI Approaches' is used throughout this report to indicate the use of one or more of these approaches, which may be adopted in pursuit of financial returns and/or sustainable outcomes. To avoid confusion the use of sustainable investing, sustainable finance or sustainable funds has been limited to instances where the objective is to achieve sustainable outcomes.

GSIA Member Data & Insights

The report includes research from GSIA members. GSIA members are Eurosif (European Sustainable Investment Forum), UKSIF (UK Sustainable Investment and Finance Association), the Forum for Sustainable and Responsible Investment (US SIF), Japan Sustainable Investment Forum (JSIF), the Responsible Investment Association Canada (RIA Canada) and the Responsible Investment Association Australasia (RIAA).

- Reference to 'global data' or 'regions' in this section refers to data from these regions unless otherwise specified.
- References to Europe should be interpreted geographically, to include the regions represented by Eurosif and UKSIF, unless otherwise stated.
- Detailed information on the policy, regulatory, industry, customer and market drivers across global regions has been provided by the regional sustainable investment organisations.
- The content of each regional section reflects the language and terminology used within that region.
- All 2024 assets are reported as of 31 December 2024. For figures which are not displayed in the region's local currency, currencies have been converted to US dollars at the exchange rate prevailing on 31 December 2024.

External Sources

Links to external sources are provided within the document.

Research Limitations

This report includes analysis based on fund disclosure data from Morningstar alongside investor survey results from GSIA members, supplemented by broader industry research on asset manager and asset owner practices.

This year the United States and Europe, which together accounted for 74% of global sustainable assets in the 2022 report, were unable to provide data. Despite efforts to bridge this gap, the scope of data analysis was limited to legal fund disclosures made by asset managers, significantly reducing the volume of assets covered (a greater than 50% reduction).

Research comparing disclosure regulations regarding responsible and sustainable investment (R&SI) further emphasised the focus on fund markets and the omission of assets managed within segregated mandates or directly managed by asset owners. It also clearly identified the discrepancy between disclosed practices and investor intentions (or purpose).

The variations between Morningstar data and GSIA member surveys reflect the impact of different regulatory approaches, but more fundamentally, they highlight how much capital exists beyond the investment structures that current regulatory disclosure frameworks are designed to capture. Critically, it means that policy discussions about the effectiveness of sustainable finance actions plans, market development needs, and regulatory improvements proceed with incomplete information about how the largest pools of capital operate. The demonstrated existence of this information gap underlines the importance of the work that GSIA members have undertaken over the last decade and the need for this to continue into the future.

DEFINITIONS OF INVESTMENT APPROACHES

The GSIR 2022 detailed the harmonised definitions for responsible and sustainable investment approaches, developed by GSIA, PRI, and the CFA Institute. These definitions have since informed, and in some cases been adopted by, regulators in the development of their classification frameworks.

Definitions: GSIA, PRI & CFA Institute

Growing global interest in responsible and sustainable approaches to investment demands greater standardisation 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 responsible investment approaches, to ensure consistency throughout the global asset management industry."

In response, CFA Institute, The Global Sustainable Investment Alliance (GSIA), and Principles for Responsible Investment (PRI) came together to harmonise definitions and provide guidance for usage. The report can be accessed here and the definitions are detailed in Table 1. For the purposes of this report the category of screening is further defined to identify norms based, negative and positive screening approaches, as detailed in Table 2. In addition, Stewardship is described as "Corporate Engagement and shareholder action." Providing an element of stability, these definitions remain unchanged from the GSIR 2022.

FIGURE 2: Investment Approaches

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.
Impact Investing	Investing with the intention to generate positive, measurable social and/or environmental impact alongside a financial return.

FIGURE 3: Screening Approaches

APPROACH	DEFINITION
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	The exclusion from a fund or portfolio of certain sectors, companies, countries or other issuers based on activities considered not investable. Exclusion criteria (based on norms and values) can refer, for example, 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.

GLOBAL INVESTMENT INSIGHTS

GLOBAL INVESTMENT INSIGHTS

For over a decade, the Global Sustainable Investment Review has tracked the growth in the use of responsible and sustainable investment approaches by bringing together comprehensive surveys from GSIA member organizations across major markets.

This year the United States and Europe, which together accounted for the vast majority of USD$124 trillion AuM covered in the GSIR 2022, were unable to provide data on the use of responsible or sustainable investment approaches.

To bridge this gap, we have included data from Morningstar, it is important to note two material differences in the scope and measurement of this data.

Despite these differences, there is a continuation of the trends highlighted in previous GSIR; including the rise of Stewardship & Engagement and increasing adoption of responsible and sustainable investment approaches, particularly in markets where regulations are more developed.

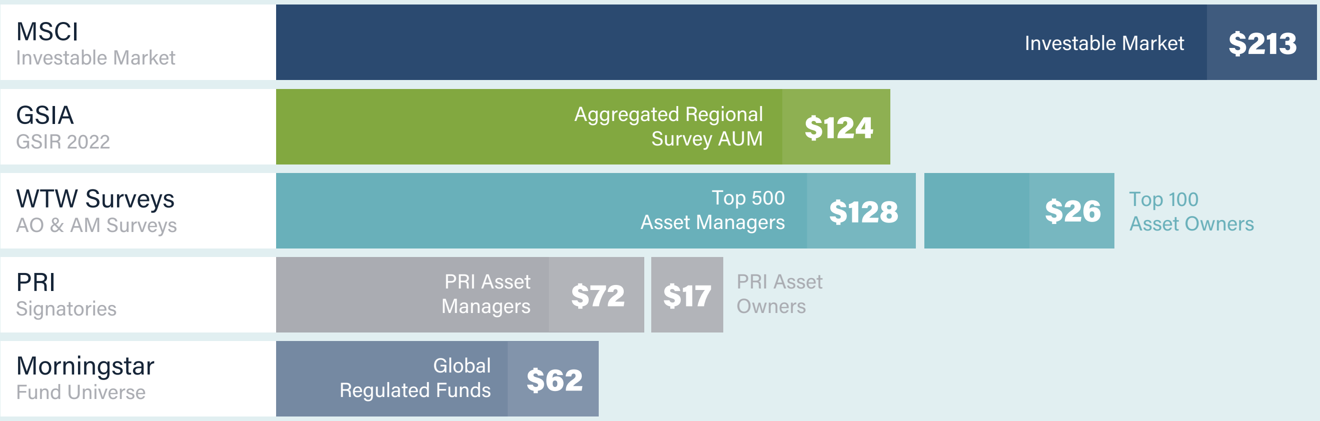
Investment Landscape Overview (USD$ trillion)
(Investable Market, Investor Types, Data & Survey Coverage)

Investible Market Attributes

The global investable market, which excludes investments that are not easily accessible to investors, was valued at approximately USD$213 trillion at the end of 2013 (MSCI). Fixed income comprises over half the market, whilst equity comprises 36%. The United States is the dominant region across all asset classes, representing 44%, followed by Developed Markets ex US (36%), China (11%) and EM ex China (9%).

Market Participants

The OECD defines three predominant types of market participants: Corporations, Direct Investors and Institutional Investors (which aggregates Asset Managers and Owners), estimating that the value held by asset owners or managers is between 35% and 70%. This figure is in line with research from Willis Towers Watson and the PRI which report aggregated assets of 72% and 42% respectively.



Data Sources: MSCI 2025, WTW AM Report, WTW AO Report, PRI 2025

Differences in Scope & Measurement

1. **Scope: Reduced from USD$124tn to USD$62tn.**
   - The Morningstar universe is limited to collective investment funds run by Asset Managers, representing 30% of the investable market.
   - The GSIR 2022 research universe included asset managers (both funds and segregated mandates) and asset owners, representing 58% of the investable market.
   - The 50% reduction in scope of assets considered within the following analysis is due to the exclusion of asset owner directly managed assets and segregated mandates run by Asset Managers, which were captured in previous GSIR reports, via GSIA member surveys.
2. **Measurement: Investor practices vs legal disclosures**
   - Morningstar rely on **publicly disclosed fund documentation** i.e. legal filings, to measure the use of responsible and sustainable investment approaches.
   - Historically the GSIR has relied upon **self disclosed investor practices** gathered through surveys undertaken by GSIA members.

Figure 1 quantifies the above differences, providing Morningstar data across all regions and GSIA member survey data reported in 2024, from Canada, Japan and Australia & New Zealand.

Impact of Differences in Scope & Measurement

The impact of the difference in scope and measurement is particularly evident in Japan, a market characterised by large and influential asset owners.

1. **Scope:** The scope of assets covered in the JSIF 2024 Trends report is USD$8.6 trillion, whilst the Morningstar scope is limited to 15% of this value, (USD$1.5 trillion).
2. **Measurement:** The lack of mandatory disclosure further exacerbates this difference; JSIF survey participants disclose 64% of assets or USD$5.4 trillion adopt one or more *'R&SI Approaches'*, contrasting with 1.5% of fund assets (USD$22bn) which include disclosures in fund legal filings.

This 'disclosure vs practice disconnect' reflects the impact of different regulatory approaches and highlights how much capital is managed beyond the investment structures that current regulatory disclosure frameworks are designed to capture.

More critically, it means that policy discussions about sustainable finance effectiveness, market development needs, and regulatory improvements proceed with incomplete information about how the most influential investors are managing the largest pools of capital. Reinforcing the importance of the work that GSIA members have undertaken over the last decade and the need for this to continue into future.

FIGURE 1
Comparison of Research Coverage 2024 (USD$ billions)

	MORNINGSTAR FUND DISCLOSURES			GSIA MEMBER RESEARCH SURVEY PRACTICES		
REGION	**FUND AUM**	**R&SI APPROACHES**	**%**	**SURVEY AUM**	**R&SI APPROACHES**	**%**
Europe	17,689	14,345	81%			
Australia & New Zealand	639	366	57%	2,476	1,043	42%
Canada	1,335	420	31%	4,950	3,520	71%
Japan	1,467	22	1%	8,600	5,461	64%
United States	40,456	1,602	4%			
Total (USD Billions)	**61,677**	**16,754**	**27%**	**16,026**	**10,024**	**63%**

Data Sources: GSIR 2022, 2024 Reports from Canada, Japan, Australia & New Zealand, Morningstar Direct and Morningstar Research

MORNINGSTAR INVESTMENT INSIGHTS

MORNINGSTAR SCOPE & DEFINITIONS

DISCLAIMER

The Morningstar fund universe referenced in this report comprises funds that have reported the adoption of "Responsible or Sustainable Investment Approaches" in their prospectuses.

Morningstar's dataset is based on publicly disclosed fund information, which provides a consistent and transparent foundation for analysis.

It is important to note that the Morningstar research universe does not include non-disclosed investment assets or institutional segregated mandates, as such the figures presented here represent only a subset of the broader universe of responsible or sustainable investments.

The scope of previous GSIR reports incorporated research from regional SIF members, covering Asset Owners and Asset Managers (including funds and segregated mandates) as such the data in this report is not directly comparable with previous reports in the series.

SCOPE

Universe: The fund universe analyzed in this report includes open-end funds and exchange-traded funds (ETFs) domiciled in Europe, the United States, Japan, Canada, and Australia & New Zealand. It encompasses money market funds, funds of funds, and feeder funds.

Data Sources: The Morningstar dataset is based on publicly available fund regulatory filings. It focuses on funds that explicitly identify and disclose the use of responsible or sustainable investment approaches. Applying a single methodology across markets ensures consistency; however, variations in disclosure requirements may also result in inconsistencies across geographies.

Extract Date: September 2025. Applies to Morningstar data. All figures are based on the value of assets on the 31 December in the year they represent. The exchange rate represents the rate applicable at that point in time.

DEFINITIONS

To identify the use of *'Responsible or Sustainable Investment Approaches'*, this report has drawn on Morningstar's ESG Intentional Investment Attribute framework, which includes data points such as the ESG Intentional Investment and Employs Exclusions, as well as regional data such as SFDR Fund type, the European ESG Template, and other datapoints to ensure comprehensive global coverage.

1. Norms-Based Screening

Funds applying this strategy exclude investments that violate internationally accepted norms and standards, such as the UN Global Compact Principles, ILO Conventions, and OECD Guidelines for Multinational Enterprises. These frequently involve human rights violations, child labor issues, or investments in companies in conflict zones.

2. Negative / Exclusionary Screening

This strategy involves excluding investments in specific sectors, companies, or activities that conflict with defined ESG criteria which can be qualitative or quantitative in nature.

3. Positive / Best-in-Class Screening

Funds in this category invest in securities that meet specified criteria related to ESG factors. The criteria usually include thresholds related to ESG performance or scoring on ESG factors where only securities that meet the selected thresholds are considered for investment.

4. Sustainability-Themed Investing

These funds focus on investment themes that align with the UN Sustainable Development Goals (SDGs), such as clean energy, climate solutions, or social impact.

5. Impact / Community Investing

Funds in this category target measurable positive social and/or environmental outcomes alongside financial returns.

6. Corporate Engagement and Stewardship

Funds employing this strategy actively use their ownership rights to influence corporate behavior and promote sustainable business practices. This includes proxy voting, shareholder resolutions, and direct engagement with companies to advance ESG objectives.

7. ESG Integration

This strategy reflects the systematic incorporation of ESG factors into investment analysis and decision-making to improve risk-adjusted returns.

MORNINGSTAR INSIGHTS

The value of fund assets reporting the use of responsible or sustainable investment approaches has reached USD$16.7 trillion, increasing by nearly USD$5.5 trillion (49%) over the last two years.

The proportion of fund assets reporting the use of *'R&SI Approaches'* , relative to the total fund market, has risen from around USD$900 billion, or 3% of the fund market, in 2018, to 27% in 2024.

The most pronounced growth occurred between 2020 and 2022 reflecting regulatory shifts such as the EU Sustainable Finance Disclosure Regulation (SFDR) in 2021, which improved both the availability and quality of fund-level data. 2021 was also the year when several sustainability-focused alliances, such as the Glasgow Financial Alliance for Net Zero (GFANZ), were formed, and the movement reached peak momentum.

Europe continued to dominate this market during the 2022 – 2024 reporting period. Fund assets adopting *'R&SI Approaches'* have increased by more than 40% in the past two years, reaching USD$14.3 trillion in 2024. The implementation of SFDR in 2021 and the UK's Sustainability Disclosure Requirements (SDR) in 2024 have led to greater transparency and better understanding of ESG strategies.

The United States remain the second largest market for the use of *'R&SI Approaches'*, with $1.6 trillion in assets in 2024, accounting for roughly 10% of the total reported assets. This market has more than doubled over the last two years despite the lack of ESG-focused regulation and the growing anti-ESG sentiment.

Meanwhile, Canada has seen assets in funds that disclose the use of *'R&SI Approaches'* almost triple, from USD$149 billion in 2022 to USD$420 billion in 2024. A key contributor to that growth has been the Canadian Investment Funds Standards Committee (CIFSC)'s investment product classification framework.

In Australia & New Zealand , the value of assets in funds that disclose the use of *'R&SI Approaches'* began from a relatively higher base, of USD$221 billion in 2022, growing to USD$366 billion in 2024.

In Japan, the value of assets in funds that disclose the use of *'R&SI Approaches'* grew from USD 4 billion in 2018 to nearly USD 22 billion in 2024, with the most substantial expansion occurring between 2020 and 2021. Since then, growth has moderated, reflecting market adjustments and a return to more stable investment flows.

FIGURE 1
Use of Responsible & Sustainable Investment Approaches, 2018-2024 (USD Billions)

REGION	2018	2020	2022	2024
Europe	676	2,740	10,164	14,345
United States	136	393	715	1,602
Canada	64	94	149	420
Australia & New Zealand	23	121	221	366
Japan	4	18	25	22
R&SI Approaches AuM (USD Billions)	**902**	**3,366**	**11,274**	**16,754**
% change		*273%*	*235%*	*49%*
Total AuM of Regions (USD)	**34,596**	**46,920**	**46,560**	**61,677**
% adopting R&SI Approaches	*3%*	*7%*	*24%*	*27%*

Source: Morningstar Direct & Morningstar Research, Sept 2025.

Growth in disclosed use of *'R&SI Approaches'*

Figure 2 provides further detail on regional and aggregate AuM and their respective growth rates over the reporting periods. The compound annual growth rate (CAGR) of aggregate AuM over the 2018 – 2024 period was 63%. Europe was a significant contributor to growth over this period, with a CAGR of 66%, followed closely by Australia & New Zealand (59% CAGR) and the United States (51% CAGR). Canada and Japan reported a CAGR of 37% and 32% respectively. The range of regional CAGR over the six year period (30% - 60%) should not be interpreted as reflecting a common experience across the regions. The table below, which details the asset base in 2018 and the growth per two-year reporting period, demonstrates differentiated pathways across regions.

Europe experienced significant growth over the 2018 – 2022 period, with the value of assets disclosing the use of *'R&SI Approaches'* almost tripling every two years, followed by a period of slower growth in between 2022 and 2024. Similarly, Australia & New Zealand and Japan each reported substantial growth over the 2018 – 2020 period (427% and 329% respectively), albeit from a significantly lower base than Europe, with the rapid growth tempering during the 2020 – 2024 period.

In contrast, Canada experienced a reversal of this trend, with the value of assets disclosing the use of *'R&SI Approaches'* growing modestly between 2018 – 2022 (49% and 58% respectively), followed by 181% growth during the 2022 – 2024 period. The United States demonstrates a hybrid pattern, with a period of strong growth (189%) between 2018 – 2020, a slight dip during the intervening period, before rebounding during 2022 – 2024, with assets disclosing the use of *'R&SI Approaches'* increasing by 124%, albeit from a relatively small base.

FIGURE 2
Growth in use of R&SI Approaches, 2018-2024 (USD Billion)

					GROWTH PER PERIOD			
REGION	**2018**	**2020**	**2022**	**2024**	**2018-2020**	**2020-2022**	**2022-2024**	**COMPOUND ANNUAL GROWTH RATE (CAGR) 2018-2024**
Europe	676	2,740	10,164	14,345	306%	271%	41%	**66%**
United States	136	393	715	1,602	189%	82%	124%	**51%**
Canada	64	94	149	420	49%	58%	181%	**37%**
Australia & New Zealand	23	121	221	366	427%	82%	65%	**59%**
Japan	4	18	25	22	329%	40%	-13%	**32%**
Total (USD Billions)	**902**	**3,366**	**11,274**	**16,754**	**273%**	**235%**	**49%**	**63%**

Source: Morningstar Direct & Morningstar Research, Sept 2025.

FIGURE 3
Market size and use of R&SI Approaches across regions, 2024 (USD Billion)

REGION	MARKET SIZE	% OF TOTAL MARKET SIZE	R&SI APPROACHES	% OF TOTAL	% USE OF R&SI WITHIN REGION
Europe	17,689	29%	14,345	86%	81%
United States	40,546	66%	1,602	10%	4%
Canada	1,335	2%	420	3%	31%
Australia & New Zealand	639	1%	366	2%	57%
Japan	1,468	2%	22	0%	1%
Total AuM (USD Billions)	**61,677**	**100%**	**16,754**	**100%**	**27%**

Source: Morningstar Direct & Morningstar Research, Sept 2025.

Use of *'R&SI Approaches'* across regions in 2024

As shown in Figure 3, Europe remains by far the dominant region, accounting for 86% of fund assets which disclose the use of *'R&SI Approaches'*, supported by continuous interest in sustainability issues, by product innovation, and by market appreciation. The United States represents 10%, followed by Canada with 3%, Australia & New Zealand with 2%, and Japan with 0.1%.

It is important to note that the regional distribution is heavily influenced by the relative size of the market. This effect is detailed in Figure 3. The United States represents 66% of the aggregated regional markets, and despite a relatively low rate of disclosure (4%), this remains a relatively high absolute value of USD$1.6 trillion and equates to 10% of the total assets disclosing *'R&SI Approaches'*.

The European market represents 29% of aggregated regional markets at USD$17.7 trillion, 81% of European assets disclose the use of *'R&SI Approaches'* and this represents 86% of aggregated regional use.

Canada represents 2% of aggregated regional markets at USD$1.3 trillion and despite achieving a relatively high 31% use of *'R&SI Approaches'*, given the relatively small absolute figure (USD$420 billion) this equates to 3% of aggregated regional use. This is equally true of the Australia & New Zealand markets, where their small market size is reflected in 2% of aggregated regional use, despite 57% of the market disclosing use of *'R&SI Approaches'*.

Use of *'R&SI Approaches'* within Regions

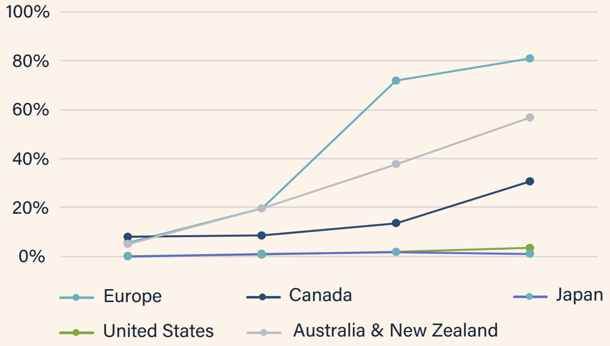
As shown in Figure 4, all Regions have seen the percentage of fund assets disclosing the use of *'R&SI Approaches'* increase over the past 6 years. Within Europe, the proportion increased dramatically from 6% in 2018 to 72% in 2022, with a moderate increase to 81% in 2024.

In Australia & New Zealand, growth has been almost linear, from a base of 6% in 2018 to 57% in 2024. After a slower start, disclosures in Canada increased from a base of 9% in 2020 to 31% in 2024, with the majority of this growth occurring in the last two years (17%).

By contrast, the proportion of funds that disclose the use of *'R&SI Approaches'* in the United States and Japan remains noticeably low, accounting for 4% and 1.5%, respectively. This, in part, reflects the lack of regulation requiring disclosures in fund prospectuses.

Note: This imbalance does not necessarily indicate that investors in these countries consider ESG factors significantly less than their European peers, but rather it reflects Europe's regulatory disclosure framework, whereas in other regions, disclosure is either voluntary or less comprehensive

FIGURE 4
Percentage of assets disclosing use of R&SI Approaches by Region, 2018-2024 (USD Billion)



REGION	2018	2020	2022	2024
Europe	6%	20%	72%	81%
United States	0.6%	1.3%	2.4%	4%
Canada	9%	9%	14%	31%
Australia & New Zealand	6%	20%	38%	57%
Japan	0.5%	1.5%	2.3%	1.5%

Source: Morningstar Direct & Morningstar Research, Sept 2025.

Popularity of *'R&SI Approaches'* over time

Figure 5 illustrates the disclosed use of *'R&SI Approaches'* from 2018 to 2024. The most frequently disclosed approaches in 2018 were ESG integration (94%), Negative or exclusionary screens (74%) and Positive or Best in Class (40%). By contrast, only 27% of fund assets disclosed the use of Corporate Engagement & Stewardship and Norms-based screening, whilst Themed and Impact Investment were 7% and 5% respectively.

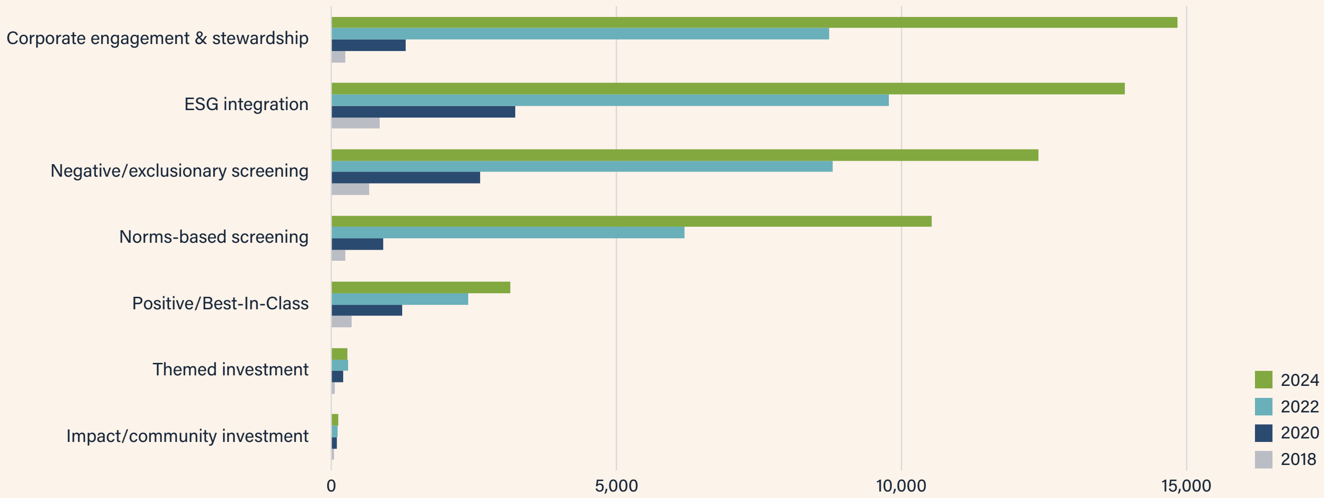
2020 saw a further USD$2.4 trillion disclosing the use of *'R&SI Approaches'*; ESG integration (96%) and Negative or exclusionary screens (78%) remained popular, and Corporate Engagement & Stewardship increased by USD$1 trillion (39%), representing a turning point in the use of this approach. The use of Themed and Impact investment declined on a relative basis despite increasing in absolute value by USD$210 billion and USD97 billion, respectively.

In 2022, the disclosed use of *'R&SI Approaches'* increased by nearly USD$8 trillion, which materially reshaped the proportional use. ESG integration (87%), Corporate Engagement & Stewardship (77%) and Negative or exclusionary screening (78%) emerged as the favoured approaches, followed closely by Norms-based screening (55%).

There was a corresponding decline in relative use of Positive or Best in Class from 37% to 21%, despite USD$2.4 trillion disclosing the use of this approach. The value of assets disclosing the use of Themed or Impact Investment stabilised, with relative use of 3% and 1% respectively.

2024 saw an increase of USD$5.5 trillion disclosing the use of *'R&SI Approaches'*, which reinforced the trends of 2022; Corporate Engagement & Stewardship (89%) became the most widely disclosed approach with USD$14.8 trillion in assets, reflecting European investors' increased focus on influencing change within portfolio companies and the broader economy. ESG integration (83%) remained popular with USD$13.9 trillion employing this approach, driven by the growing use of ESG data in investment processes, particularly for risk analysis. Negative screening (74%) was the third most commonly used approach, with the value of USD$12.4 trillion reflecting the widespread application of exclusions in European fund management. Norms-based screening continued to rise in importance from 55% to 63%, an absolute increase of over USD$4 trillion, whilst Positive, Themed and Impact related disclosures continued their relative decline despite stable or growing assets.

FIGURE 5
Responsible & Sustainable Investment Approaches, 2018 - 2024 (USD Billions)



RESPONSIBLE & SUSTAINABLE INVESTMENT APPROACHES					% USE OVER TIME			
	2018	2020	2022	2024	2018	2020	2022	2024
Corporate engagement & stewardship	245	1,305	8,732	14,832	27%	39%	77%	89%
ESG integration	849	3,219	9,778	13,910	94%	96%	87%	83%
Negative/exclusionary screening	667	2,613	8,787	12,398	74%	78%	78%	74%
Norms-based screening	224	908	6,196	10,525	27%	27%	55%	63%
Positive/Best-In-Class	359	1,238	2,402	3,143	40%	37%	21%	19%
Themed investment	63	210	293	285	7%	6%	3%	2%
Impact/community investment	47	97	113	122	5%	3%	1%	1%
Use of one or more R&SI Approaches	**902**	**3,366**	**11,274**	**16,754**				

Note: The sum of assets across each category includes duplication of indicators. The figure calculated to determine the use of one or more R&SI Approaches removes duplication Source: Morningstar Direct & Morningstar Research, Sept 2025.

Regional use of *'R&SI Approaches'*

Figure 6 illustrates the percentage of regional AuM adopting each 'R&SI Approach'. This method offers a clearer picture of regional preferences, unbiased by the relative size of markets. Analysing this data reveals significant differences in the disclosed approaches across regions.

This is particularly clear in Japan, where there is lower disclosure of Corporate Engagement and Stewardship (20% vs average of 89%) and significantly higher disclosure of the use of Positive or Best in Class (77% vs average of 19%) and Themed and Impact investment approaches (22% & 16% vs average of 2% and 1%). Japan also reports the highest percentage use of ESG Integration (100%).

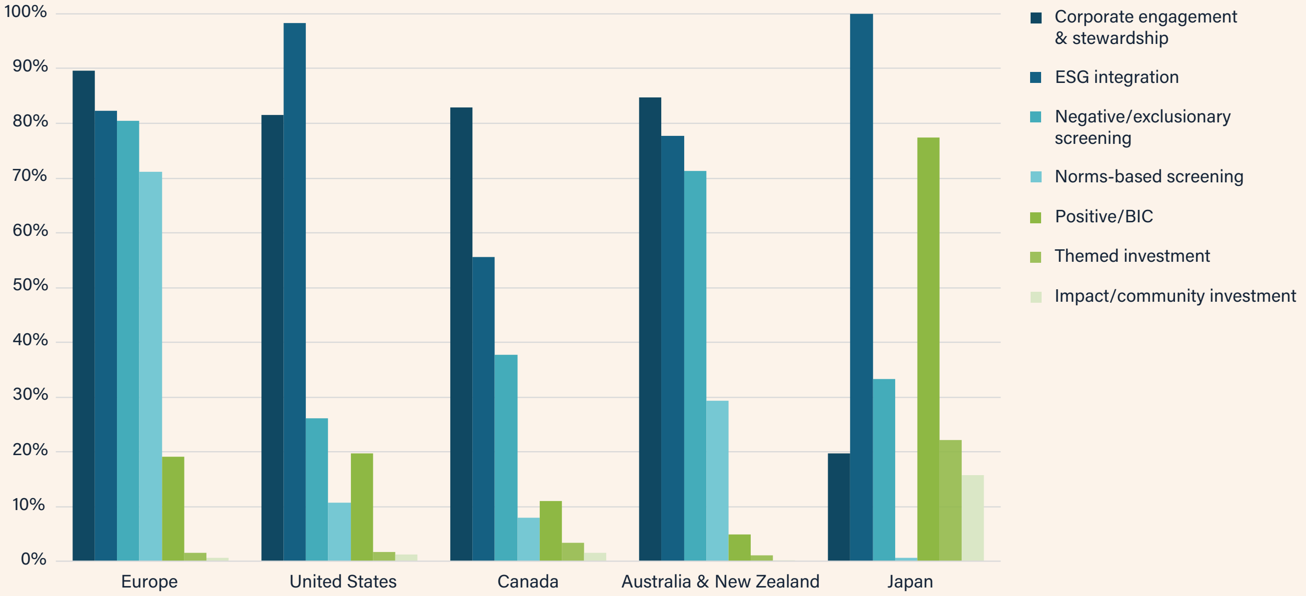
Corporate Engagement & Stewardship and ESG Integration remain the most frequently disclosed approaches in Europe (90% & 82%), the United States (81% & 98%), and Australia & New Zealand (85% & 78%), although ESG Integration drops to 56% in Canada.

Negative screening is widely disclosed in Europe (81%) and Australia & New Zealand (71%), with Norms-based screening disclosed strongly in Europe (71%) but less so across the other regions, dropping to 29% in Australia & New Zealand and less than 12% across the remaining regions.

Disclosures of Positive or Best In Class screening approaches represent a smaller proportion of total disclosures in the United States (20%), Europe (19%) and Canada (11%), and are less frequently disclosed in Australia & New Zealand (5%). In all regions (except Japan), less than 3% of disclosures relate to Themed or Impact Investment.

FIGURE 6

Normalised use of R&SI Approaches within Regions, 2024



RESPONSIBLE & SUSTAINABLE INVESTMENT APPROACHES	EUROPE	UNITED STATES	CANADA	AUSTRALIA & NEW ZEALAND	JAPAN	TOTAL
Corporate engagement & stewardship	90%	81%	83%	85%	20%	89%
ESG integration	82%	98%	56%	78%	100%	83%
Negative/exclusionary screening	81%	26%	38%	71%	33%	74%
Norms-based screening	71%	11%	8%	29%	1%	63%
Positive/BIC	19%	20%	11%	5%	77%	19%
Themed investment	2%	2%	3%	1%	22%	2%
Impact/community investment	1%	1%	2%	0%	16%	1%

Note: Normalised use calculated based on 2024 values, with regional use of one or more R&SI approaches as the denominator.
Source: Morningstar Direct & Morningstar Research, Sept 2025.

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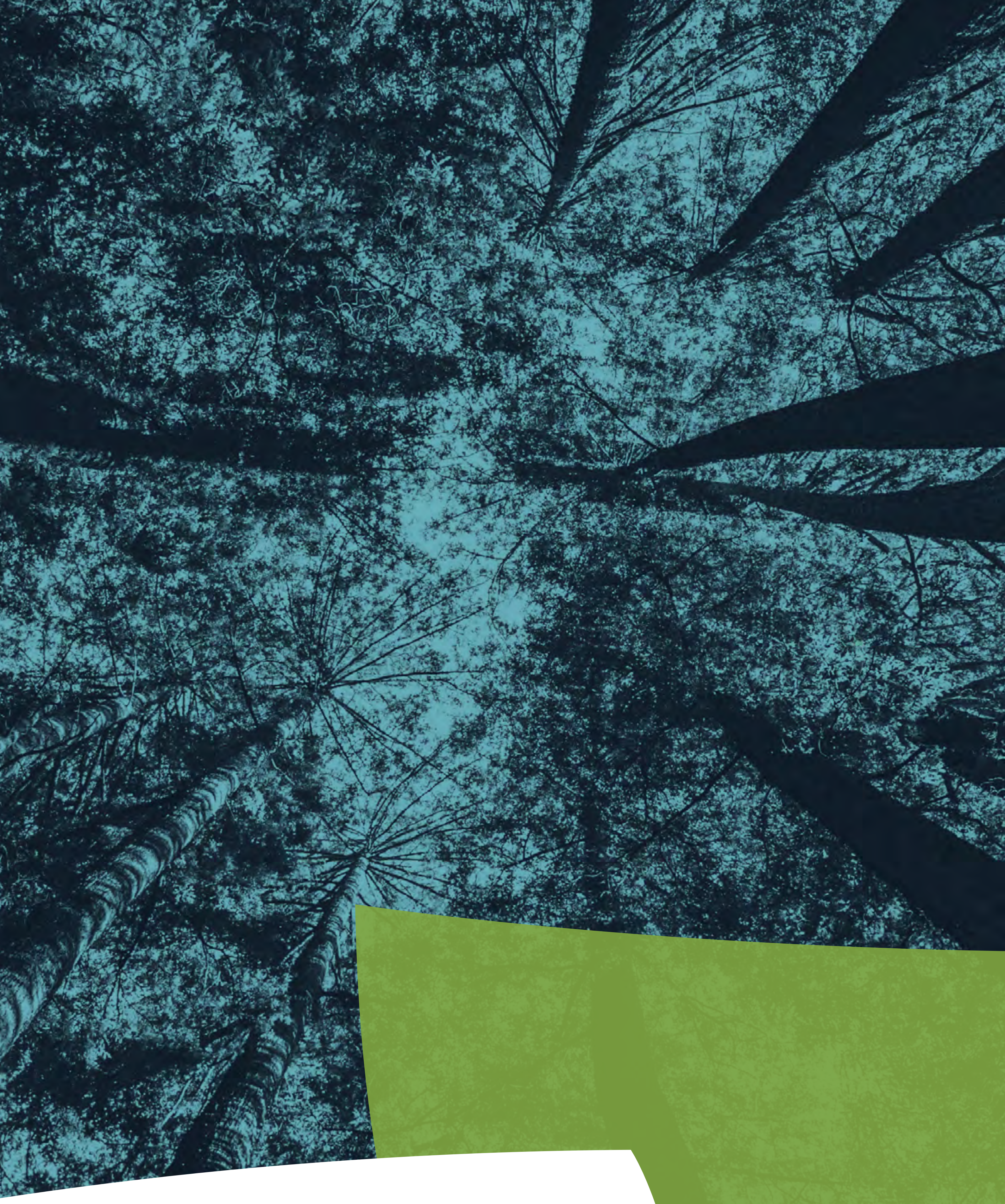

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