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European Securities and Markets Authority (ESMA)
201-203 rue de Bercy
CS 80910
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Berlin, 18 October 2024

Subject: Response to Public Consultations on “Supervisory Expectations for the Management Body” and “Guidelines on the Submission of Periodic Information to ESMA by Benchmark Administrators, Credit Rating Agencies and Market Transparency Infrastructures”

Dear Sir/Madam,

We welcome the opportunity to respond to the two public consultations issued by the ESMA concerning “Supervisory expectations for the management body” and “Guidelines on the submission of periodic information to ESMA by Benchmark Administrators, Credit Rating Agencies, and Market Transparency Infrastructures.”

We would like to express our general support for ESMA’s efforts to strengthen governance frameworks and ensure the application of best practices in the implementation of the Regulation on ESG Ratings (“ESG rating regulations”).

As an organization focused on driving progress in the environmental and broader sustainability space, we recognize how critical is good governance in entities of all sectors. While our core work emphasizes advancing the environmental sustainability, including some of the social and governance aspects related to environmental sustainability, in organizations globally, it is equally critical that the wider governance of entities responsible for collecting and rating sustainability data also adheres to the highest standards.

Generally supporting ESMA's approach, we believe it is essential for organizations to conduct comprehensive risk assessments across their operations, integrating these insights into their governance mechanisms at the board level. Regular updates and reviews of these governance structures are vital for ensuring that entities remain aligned with best practices. We agree with ESMA's approach to ensuring these standards are upheld by those under ESG rating regulations.

We generally support the benefits of driving best practice in organisational governance, including:

- ▶ Enhancing awareness of risks at the entity level, enabling organizations to better mitigate those risks.
- ▶ Contributing to greater credibility and transparency among ESG data and ratings products providers.
- ▶ Protecting and improving the reputation of entities operating within the ESG data and ratings products space.
- ▶ Promoting a level playing field among ESG data and ratings products providers within the EU, and with global standards such as the IOSCO recommendations.
- ▶ Ensuring governance best practices are consistently applied by all relevant entities.

We remain committed to supporting the advancement of best governance practices within the sustainability landscape and are interested in further engaging with ESMA throughout this process. We look forward to continued collaboration as these important topics evolve. The below Annex provides few more insights on CDP's work and contributions to this topic.

Thank you for your consideration.

Sincerely,



Maxfield Eric Weiss
Managing Director
CDP Worldwide (Europe) gGmbH



Pietro Bertazzi
Chief Policy & Projects Officer
CDP Worldwide

Annex

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. With a 20-year history at the forefront of environmental disclosure, CDP has the largest and most robust environmental reporting platform with the most comprehensive dataset on corporate and city action. In 2024, **more than 700 [Capital Market Signatories](#)** representing more than **US\$142 trillion** in assets requested companies disclose through CDP. During the 2023 CDP disclosure cycle, **330+ major buyers**, with a combined purchasing power of **US\$6.4 trillion** asked their suppliers to disclose through CDP, **23,000+ companies** representing two thirds of global market capitalization reported through CDP on climate change, forests and water security, alongside 1,100 cities, states and regions.

The role of ESG ratings and data products has increased significantly in financial markets with 94% of investors using them at least once a month. Despite the rapid increase in availability and use of these products, studies remain limited. As jurisdictions globally begin to introduce national voluntary codes of conduct and regulatory frameworks aimed at these products' providers, CDP is tracking developments closely and guiding policymakers toward impact interventions while avoiding fragmentation. CDP has engaged on the establishment of ESG ratings and data products regulations globally, including with the publication of [two reports](#):

- ▼ Tracking Progress - Taking stock of ESG ratings and data products regulations (August 2024)
- ▼ Data for the Public Good (July 2023)



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