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| Reply form for the Consultation Paper on technical standards on the European Green Bond Regulation |
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**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **30 May 2025.**

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Use this form and send your responses in Word format (**pdf documents will not be considered except for annexes**);
3. Please do not remove tags of the type <ESMA\_QUESTION \_EUGB\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
4. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
5. When you have drafted your response, name your response form according to the following convention: ESMA\_EUGB\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_EUGB\_ABCD\_RESPONSEFORM.
6. Upload the form containing your responses, **in Word format**, to ESMA’s website (www.esma.europa.eu under the heading “Your input – Open Consultations” -> Consultation Paper on technical standards on the European Green Bonds Regulation”).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

**Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper**

# All interested stakeholders are invited to respond to this Consultation Paper. In particular, ESMA encourages entities that intend to apply for registration as external reviewers of European Green Bonds, as well as financial market participants who have or intend to issue or invest in green bonds or sustainability-linked bonds, to participate.

**General information about respondent**

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| --- | --- |
| Name of the company / organisation | Scope ESG Analysis GmbH |
| Activity | Other Financial service providers |
| Are you representing an association? |[ ]
| Country/Region | Germany |

**Questions**

1. **Do you agree with ESMA’s proposals for the assessment of the appropriateness, adequacy and effectiveness of systems, resources and procedures?**

<ESMA\_QUESTION\_EUGB\_1>

We agree with the objective of ensuring that all external reviewers have the necessary systems, resources, and procedures to deliver robust and independent assessments. However, we emphasize that the implementation of these requirements should follow a proportionalandscalable approach.

Smaller external reviewers with established credibility, especially those operating in emerging markets, often maintain lean but effective structures and deliver high-quality assessments. We recommend ESMA to clarify that adequacy may be demonstrated through the functionalityandeffectiveness of systems and resources, rather than their scale or formality alone.

Several elements listed in Annex I (e.g. “techniques, methods, and protocols for designing, periodically testing and reviewing the methodologies,” or “measures to address potential shortcomings”) could be interpreted as requiring a high degree of operational complexity. We suggest ESMA adopt an outcome-oriented approach, allowing external reviewers to demonstrate effectiveness through context-appropriate processes that reflect their business model, risk profile, and size.

In particular, alignment with established international standards - such as the ICMA Principles, ISO, CBI, among others - could serve as credible evidence of system adequacy. This would reduce duplication for reviewers already working under rigorous frameworks and promote cross-border consistency and interoperability.

Furthermore, we recommend ESMA explicitly acknowledge that compliance can be demonstrated through a variety of operational structures and assessment tools, particularly by smaller or regionally specialised providers. While the RTS mandates alignment with the EUGBS, the methods used to reach and document that alignment - such as data analysis techniques, review protocols, and evidence sources - should remain open to contextual adaptation and innovation, provided they are transparent and robust.

We recommend a proportional approach designed to meet ESMA’s expectations around critical safeguards – such as information security, sufficient resources, and error management – through flexible but effective systems. This ensures that credible external reviewers can comply without undue burden, particularly those operating small structures or in emerging markets.

A balanced implementation of these criteria will reinforce the quality and integrity of external reviews, while keeping the market open to diverse, high-integrity providers – including local European providers and those playing a catalytic role in emerging markets, where issuing an EU Green Bond could serve as a signal for reform and attract relevant or needed sustainable investment.

<ESMA\_QUESTION\_EUGB\_1>

1. **Do you agree with ESMA’s proposals for the assessment of whether the compliance function has the authority to discharge its responsibilities properly and independently, the necessary resources and expertise and access to all relevant information?**

<ESMA\_QUESTION\_ EUGB\_2>

We support the requirement for a robust compliance function to ensure impartiality, consistency, and accountability in external reviews, as outlined in the RTS. It is essential that the compliance function has clear authority, adequate resources, the necessary expertise, and comprehensive access to relevant information.

We encourage ESMA to adopt a proportionate and principles-based approach to the organisation of the compliance function, especially for smaller external reviewers with established safeguards. Rather than prescribing specific structural formats, ESMA may acknowledge that effective oversight can be achieved through diverse arrangements enabling the operations of a three lines of defence model.

Applying a risk-based proportionate approach to compliance requirements - where the scale and independence of the function are adapted to the reviewer’s activity level - shall help ensure both effectiveness and proportionality. For instance, compliance oversight may be effectively supported through digital monitoring tools or tailored self-assessments aligned with risk exposure and operational scale.

This proportionate approach would allow for regulatory consistency without imposing unnecessary structural burdens, helping maintain a diverse and competitive external review ecosystem within the EU.

<ESMA\_QUESTION\_ EUGB\_2>

1. **Do you agree with ESMA’s proposals for the assessment of the soundness of administrative and accounting procedures and of internal control mechanisms and the effectiveness of control and safeguard arrangements for information processing systems?**

<ESMA\_QUESTION\_ EUGB\_3>

We agree with the importance of documented internal procedures and sound administrative and internal control mechanisms, as outlined in the draft RTS. These are essential to maintaining consistency, accountability, and investor confidence in the external review process.

We encourage ESMA to adopt a proportional, outcome-oriented approach - particularly in the context of smaller external reviewers and those operating in emerging or data-sparse markets.

For example, while we support criteria such as the segregation of duties and maintaining an audit trail, these objectives can be met through proportionate and context-appropriate arrangements, rather than prescriptive formats. Smaller entities may not have fully distinct departments but can demonstrate strong internal controls through clear documentation, role separation, and transparent review processes.

Similarly, we support the need for strong IT and data security measures, especially to ensure business continuity. However, the rules should allow for flexible and scalable approaches based on the size and risk level of the external reviewer. For instance, smaller external reviewers or those in lower-resource environments may lack large IT systems but can still meet the goals of the regulation through simple yet effective measures – such as secure data backups, limited access to sensitive files, and regular system checks.

We suggest ESMA maintain a targeted focus on procedures directly relevant to review quality, information integrity, and business continuity. While due diligence, information systems, and accountability mechanisms are important, requirements around financial risk management or internal audit structures should avoid overlapping with controls already governed under national corporate or financial regulations. This would help avoid duplication and maintain clarity on ESMA’s supervisory role, particularly for providers or small size entities.

Overall, transparency, traceability, and risk awareness - rather than uniform prescriptive structures - will support credibility and inclusiveness, enabling external reviewers from diverse markets to contribute meaningfully to the EUGBS framework.

<ESMA\_QUESTION\_ EUGB\_3>

1. **Do you agree with ESMA’s proposals to specify the criteria to assess whether the information used when providing reviews is of sufficient quality and from reliable sources?**

<ESMA\_QUESTION\_ EUGB\_4>

We broadly support the proposed criteria, particularly the emphasis on using complete, relevant, and evidence-based information. However, we recommend that application of these criteria remain proportionate and context-sensitive, especially for projects in sectors or regions with limited data infrastructure. Flexibility in demonstrating completeness, reliability, and traceability will be key in such cases to accompany the ongoing transition related to increasing transparency of data.

Where audited data is unavailable, reviewers may rely on credible documentation from project developers, certification schemes, or third-party assessments aligned with international standards. ESMA could consider explicitly allowing the use of data sources, verification practices, and assessment approaches consistent with international frameworks such as the ICMA Guidelines for External Reviews or regional climate disclosure standards, promoting interoperability and reducing friction for cross-border issuances.

We also recommend that ESMA formally recognise context-appropriate sources and assessment approaches - including expert judgment, proxy indicators, or third-party certifications - particularly in markets where traditional or audited datasets may not be readily available. Flexibility in information collection and analysis methods will encourage methodological innovation while still ensuring alignment with the EUGBS criteria.

Where data limitations are inherent, external reviewers should clearly disclose gaps and explain the mitigation steps, including the use of expert judgment or triangulation with credible proxies.

By maintaining a principles-based, outcome-oriented approach, ESMA can balance rigour with inclusiveness and enable the EUGBS framework to support sustainable finance across diverse economic contexts.

<ESMA\_QUESTION\_ EUGB\_4>

1. **Do you agree with ESMA’s proposals to specify the information, form and content of applications for recognition?**

<ESMA\_QUESTION\_ EUGB\_5>

We agree with the objective of ensuring clarity, traceability, and accountability in the application process. The proposed format - structured, machine-readable, and accompanied by attestations from senior management - can support ESMA’s supervisory role and improve efficiency in handling applications.

We encourage ESMA to provide implementation guidance to help applicants navigate requirements efficiently and avoid procedural complexity.

We suggest ESMA recognise alignment with international standards (e.g. ICMA Guidelines, ISO assurance norms, CBI guidance) as acceptable evidence in applications, where applicable, reducing duplication for providers operating under existing credible global frameworks.

Allowing reasonable flexibility in how supporting information is presented, particularly for external reviewers with equivalent but differently structured governance, control, or quality assurance systems, would preserve robustness while enhancing accessibility.

Finally, we support the use of digital and durable formats and encourage ESMA to consider offering technical support or a user-friendly digital submission platform to reduce administrative burdens and facilitate smoother application processes.

A flexible but robust recognition pathway would help broaden the pool of qualified external reviewers, strengthen diversity within the ecosystem, and increase the resilience of the external review market overall.

<ESMA\_QUESTION\_ EUGB\_5>

1. **Do you agree with ESMA’s proposals to specify the standard forms, templates and procedures to notify ESMA of material changes in the information provided at registration?**

<ESMA\_QUESTION\_ EUGB\_6>

We support the clear, standardised approach for notifying ESMA of material changes. Uniform forms, templates, and machine-readable formats will enhance transparency, traceability, and efficiency in updating registration data.

We also see value in clearly defining thresholds or examples of what constitutes a material change to ensure consistent application across external reviewers. Clear guidance on this point will help avoid uncertainty and improve the quality and timeliness of notifications.

To further support external reviewers, especially smaller providers, we suggest ESMA to consider providing detailed guidance and an intuitive digital submission platform to reduce administrative burdens and improve notification quality and timeliness.

Overall, this structured yet flexible notification framework will contribute to maintaining up-to-date, reliable registration information, thereby supporting market confidence and regulatory oversight.

<ESMA\_QUESTION\_ EUGB\_6>

1. **Do you have comments or quantitative information to provide on the CBA and options considered by ESMA?**

<ESMA\_QUESTION\_ EUGB\_7>

We welcome ESMA’s effort to conduct a detailed cost-benefit analysis (CBA) and to outline the rationale behind the selected policy options. In particular, we appreciate the intention to balance the credibility of the EUGBS with the need to ensure a workable and inclusive supervisory regime for external reviewers.

We encourage ESMA to further strengthen the CBA by explicitly assessing the potential impacts of the RTS on smaller or specialised external reviewers, especially those operating in emerging or developing markets. The proposed requirements, while aiming to safeguard quality, may entail fixed compliance costs that could become disproportionately high for service providers initially lacking operational scale. Cost imbalance could prevent healthy competition in the sector by limiting market diversity and reduce the accessibility of the EUGBS for issuers outside major EU financial centres.

We suggest including cost scenarios or sensitivity analyses based on reviewer size, operating model, or regional scope. This would help identify which areas of the RTS could benefit most from proportional or scalable implementation - such as reporting formats, compliance structures, or IT systems - and where targeted guidance or flexibility would deliver the greatest cost-efficiency gains without compromising quality.

We also note that some of the baseline costs may already be partially absorbed by providers aligned with international standards (e.g. ISO, ICMA, CBI), and this overlap could be used more explicitly in the final CBA to identify areas of regulatory coherence and potential cost savings.

A refined cost-benefit analysis that incorporates these aspects would help ensure the final RTS remains effective, inclusive, and resilient - particularly as the EUGBS framework scales and interacts with external reviewers of varying profiles.

<ESMA\_QUESTION\_ EUGB\_7>