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| Reply form  for the Consultation Paper on Technical Standards under the Regulation on transparency and integrity of Environmental, Social and Governance (ESG) rating activities |
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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 **20 June 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 \_ESGR\_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\_ESGR\_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 publically 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 | Genoa Centre for Law and Finance |
| Activity | Audit/Legal/Individual |
| Are you representing an association? |  |
| Country/Region | Italy |

**Questions**

**Q1** **Do you agree with ESMA’s proposals for the draft technical standard under Articles 6(3) and 12(9)?**

<ESMA\_QUESTION\_ESGR\_1>

Yes, we fully support ESMA’s approach of consolidating the technical standards for both authorization and recognition into a single RTS. This method promotes coherence, reduces duplication, and contributes to regulatory simplification. Furthermore, the pyramid approach adopted by ESMA can effectively facilitate easier compliance and enhance legal certainty regarding the obligations of ESG rating providers.

We also agree with the decision not to introduce differentiated regimes based on size for authorization or recognition. Although the authorization mechanism may create a barrier to entry in the already highly concentrated ESG rating providers’ market, the information required under these RTS is essential to achieving the objectives of the ESG rating regulation and appropriately reflects the principle of proportionality.

However, we would like to point out that the information required under Part C of Annex III of these RTS may overlap with the information required under Parts H and N of Annex II of the same RTS. As a general principle, we believe it is important to avoid duplications in order to enhance clarity and support ESG rating providers in effectively complying with the regulation.

<ESMA\_QUESTION\_ESGR\_1>

**Q2** **Do you agree with ESMA’s proposals for the draft technical standard under Article 16(5)?**

<ESMA\_QUESTION\_ ESGR\_2>

We broadly agree with ESMA’s proposals to ensure the effective separation of ESG rating activities from other potentially conflicting business lines. The emphasis on organisational, physical, and technical safeguards is well-justified and essential to preserving the independence and integrity of ESG ratings. Furthermore, the pyramid approach adopted by ESMA can effectively support easier compliance and enhance legal certainty regarding the obligations of ESG rating providers.

However, we suggest a few clarifications and amendments to the proposed RTS under Article 16(5).

Firstly, we recommend clarifying Article 1(1)(c), which states that employees and other persons directly involved in the assessment of a rated item should periodically submit (we assume: to the ESG rating provider) a self-declaration confirming they do not perform any of the activities listed in Article 16(1) of Regulation (EU) 2024/3005. In particular, the phrase “*at regular intervals*” may be vague and lead to inconsistent interpretations, potentially resulting in divergent practices and legal uncertainty. We suggest specifying a pre-defined time window within which the self-declaration must be submitted – for example, “*at least once every calendar year*”.

Secondly, we suggest considering the extension of the contractual measures set out in Article 2(1)(e) to all safeguards related to the separation of business and activities. These measures – namely, “*contractual measures that ensure compliance of employees, throughout the term of their employment, with the internal policies of ESG rating providers*” – can strengthen adherence to the regulatory framework without imposing an excessive burden on ESG rating providers. Such contractual provisions could accompany the draft measures under Article 1(1)(a).

Finally, we recommend that ESMA further consider the current structure of the ESG rating providers market, which is characterised by relatively high market concentration. As observed in analogous sectors such as credit rating agencies, market concentration can enhance efficiency but also increases the potential systemic impact of significant misjudgments.

In this context, we suggest two additional supportive measures:

1. clarification of proportionality: ESMA could clarify how certain requirements – particularly those involving physical separation or complex IT controls – should be applied proportionately to smaller ESG rating providers, for whom such measures may be disproportionately burdensome;
2. practical implementation support: supplementary guidance or illustrative examples of best practices would assist ESG rating providers — particularly the smaller ones — in applying the ESMA’s RTS consistently and effectively.

<ESMA\_QUESTION\_ ESGR\_2>

**Q3. Do you agree with ESMA’s proposals for the draft technical standard under Articles 23(4) and 24(3)?**

<ESMA\_QUESTION\_ ESGR\_3>

Yes, we generally agree with ESMA’s proposal technical standards under Articles 23(4) and 24(3). Additional structured and standardised disclosures are indeed essential to better navigate and understand the underlying assumptions and approaches employed by different ESG rating providers. Specifying these types of disclosures is essential to enhance the reliability of the information provided, particularly given the role of ESG rating providers as crucial information intermediaries.

Moreover, we consider that ESMA’s proposal is in line with Articles 23(4) and 24(3) of Regulation (EU) 2024/3005, which clearly state that the RTS shall not introduce any additional disclosure requirements beyond those listed in points 1 and 2 of Annex III of the same Regulation.

However, we suggest a few modifications to further enhance the clarity and usability of the regulatory framework.

Firstly, we propose reconsidering the overall structure of the Commission Delegated Regulation proposal. As it currently stands, disclosure items are grouped by topic or category within each Article. A more effective approach might be to align the RTS structure more closely with the sequence of disclosures outlined in Annex III of Regulation (EU) 2024/3005. In this respect, it may be helpful to restructure the RTS around just two core Articles: one specifying the information required under Annex III, point 1, of Regulation (EU) 2024/3005, and the other under Annex III, point 2, of the same Regulation. Additionally, adopting the alphabetical order already used in Annex III of Regulation (EU) 2024/3005 would further enhance clarity and internal consistency. This revised structure would make compliance easier for ESG rating providers and ensure clearer alignment with the Regulation.

As an alternative, we recommend repositioning certain paragraphs within individual Articles to follow alphabetical order. This would support more intuitive navigation and facilitate compliance. For example:

1. move Article 3(4) before the current Article 3(3);
2. similarly, adjust the sequence of paragraphs in Article 6 to reflect alphabetical order;
3. likewise, move Article 7(3) before the current Article 7(1).

While these are formal modifications, they would nonetheless contribute meaningfully to improving clarity and usability.

Secondly, we propose adding some non-exhaustive examples to Article 3(2)(b), which requires “*a description of the specific issues that the ESG rating covers*”. For example, the Annex III, point 1, letter (g), of Regulation (EU) 2024/3005 refers to “*transition risks*” as one such issue. It would be beneficial for ESG rating providers if the RTS included a few more illustrative examples of what qualifies as “*specific issues*.” This would support more consistent application and facilitate easier compliance.

Finally, we suggest revising Article 4(1)(e), which requires ESG rating providers to disclose how “*major*” new information is incorporated into their methodologies. We propose replacing the term “*major*” with “*material*” to standardise terminology (this ensuring consistency across related provisions) and reflect the principle that the selection of relevant (i.e., material) information shall be made according to the applicable methodology.

<ESMA\_QUESTION\_ ESGR\_3>

**Q4. Do you consider that the draft technical standards under Articles 23(4) or 24(3) should instead provide an expanded table in Annex proposing a sequence and structure for all disclosures to be made under parts 1 and 2 of Annex III? If yes, please explain the benefits of such an approach.**

<ESMA\_QUESTION\_ ESGR\_4>

Yes, we support the inclusion of an expanded and unified disclosure table encompassing both Part 1 and Part 2 of Annex III. A comprehensive structure would offer significant advantages in terms of consistency, clarity, and comparability of ESG rating providers’ disclosures – for both ESG rating providers and end users. On the one hand, although the information required under ESMA’s RTS in relation to point 2 of Annex III is less extensive than that required under point 1, it remains important and still places certain burdens on ESG rating providers. Introducing a unified disclosure table covering both parts of Annex III could therefore effectively facilitate compliance – without, at the same time, becoming an overly burdensome task for the authority. On the other hand, this approach could also support end users as it would facilitate comparison among disclosures and support the understanding the methodologies applied.

<ESMA\_QUESTION\_ ESGR\_4>

**Q5 Do you agree with ESMA’s proposed cost benefit analysis? If not, please explain.**

<ESMA\_QUESTION\_ ESGR\_5>

We agree with ESMA’s overall assessment that the proposed technical standards are consistent with the objectives of Regulation (EU) 2024/3005, and we recognise that many of the associated costs are already embedded within the same Regulation.

However, we recommend a more detailed assessment of the potential operational burden – particularly for smaller ESG rating providers, given that the ESG rating market is characterised by high market concentration. It is therefore important to closely and carefully assess the costs and benefits of imposing highly burdensome obligations.

This is especially relevant with regard to the compliance costs associated with the ESMA’s RTS on the separation of activities. While we fully support the objective of ensuring a level playing field, it is equally important to avoid introducing unintended barriers to entry in an already highly concentrated market. Smaller providers may face disproportionately high compliance costs when implementing internal control and IT security measures necessary to guarantee functional separation – costs that can vary considerably based on firm size and organisational structure.

As noted above, further clarification on the proportional application of the ESMA’s RTS would be helpful to ensure that the overall cost-benefit balance remains both appropriate and sustainable for providers of varying sizes and capacities.

<ESMA\_QUESTION\_ ESGR\_5>