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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 | ESG Book GmbH |
| Activity | Other Financial service providers |
| Are you representing an association? |[ ]
| Country/Region | Europe |

**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>

As a boutique provider, we would like to confirm whether the full scope of the authorisation/recognition requirements as laid out in the Draft RTS would apply to us. Specifically, we would appreciate further clarity on the thresholds and criteria for applying the derogation under Article 16(3), and whether simplified or proportionate reporting obligations will be developed for small providers. As a smaller ESG ratings provider, while we are exempt from the full-scale requirements set out in the draft technical standards, implementing and disclosing prohibitive conflict of interest prevention measures—such as operational separation of business activities—can be challenging, given our size and structure. In this context, principles-based voluntary codes of conduct, such as ICMA, offer a more practical and flexible approach to ensuring good governance and ethical standards. Therefore, we would like to recommend an approach that balances the requirements of conflict of interest prevention with the needs and compliance capacity of less complex data and ratings providers. We also support efforts to promote interoperability and reduce compliance burdens through the recognition of equivalence between different ESG ratings regimes.

<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 support the proposed measures aimed at enhancing transparency and reinforcing checks and balances to prevent undue influence in ESG rating activities. As a smaller provider, we recognise the importance of clear organisational separation and safeguards to uphold the integrity of the rating process. While the full suite of structural measures—such as physical separation or digital access controls—may present operational challenges, especially for smaller entities, we believe the regulation strikes an appropriate balance by allowing for proportionate implementation. We welcome a principles-based approach that preserves independence and builds trust, while also ensuring flexibility through equivalence and interoperability across regulatory regimes.

<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>

We welcome the enhanced transparency provisions set out in the draft Delegated Regulation and fully support efforts to improve the comparability and clarity of ESG ratings. We already disclose our methodologies in full to rated entities and strongly support the move toward public disclosure to foster greater market trust and informed use of ESG ratings.

While we note that the underlying source data is not currently required to be made publicly available—consistent with the scope outlined in Annex III of the draft RTS—we maintain a high standard of transparency. Indeed, all of ESG Book’s scoring products can be fully disaggregated into the underlying data components that influence a given score or calculation. Moreover, each data point is itself always supplemented by the original reference in the form of source documentation, page number and text snippet. This ensures that both rated entities and the end users of the data can have full transparency, traceability and auditability of the scoring products and their underlying components. Although ESG Book is a smaller provider subject to less onerous regulatory treatment, we strive to be best-in-class in our disclosure practices, particularly regarding methodological clarity and analytical assumptions. We believe that this approach—balancing methodological transparency with flexibility around proprietary data—strikes the right equilibrium between user needs and feasibility for smaller actors in the ESG ratings market.

<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>

A standardised disclosure sequence would ensure that all providers present key information (methodologies, data sources, limitations, etc.) in a uniform order and format. This directly supports comparability across ESG ratings. ESG rating providers will be less likely to misinterpret disclosure expectations or omit required information if a clear, ordered template is provided. This can be particularly important for smaller providers that may not have a compliance team. For users of ESG ratings (investors, rated entities, public) a consistent structure optimizes efficiency. For example, knowing that Section 1 will always contain methodology, Section 2 data limitations, etc., increases transparency and trust in the ratings ecosystem.

Providing a sequenced and structured table for disclosures under Annex III would prevent the use of opaque or “black box” methodologies by ensuring all ESG rating providers disclose key assumptions, data inputs, and processes in a transparent, standardised manner.

A uniform structure forces disclosure of methodological choices and data limitations in a comparable format. It makes it harder for providers to hide behind proprietary language or vague explanations. This approach increases accountability by ensuring stakeholders can trace how scores are derived and understand the rationale behind them.

<ESMA\_QUESTION\_ ESGR\_4>

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

<ESMA\_QUESTION\_ ESGR\_5>

1. **Underestimation of Operational and Technical Costs for Smaller Providers**

The CBA assumes that many disclosure, organisational, and IT compliance measures are already in place or trivial to implement. For smaller ESG rating providers, establishing separate operational structures, physical and IT firewalls, and additional compliance monitoring introduces material fixed costs—these may not be proportionate to some organisations’ size or business model.

2. **Disproportionate Burden of Separation of Activities RTS**

The requirement to set up separate office spaces, technical infrastructure, internal control functions, and training procedures to comply with Article 16(1)(c)(d)(f) creates a disproportionate cost for boutique or specialist providers. This may discourage innovation, limit market entry, or force smaller firms to reduce their service scope to remain compliant.

ESG Book wholeheartedly supports the goal of increased transparency, comparability, and conflict of interest mitigation in the ESG ratings market. We encourage ESMA to:

1. Clarify proportionality mechanisms for smaller providers, possibly through thresholds or simplified templates.
2. Introduce transitional periods or phased compliance mechanisms for smaller firms.
3. Provide technical guidance and standardised templates to reduce the burden of interpretation and implementation.
4. Engage in targeted consultation with SME ESG providers to better understand operational realities and calibrate expectations accordingly.

<ESMA\_QUESTION\_ ESGR\_5>