

## **Targeted consultation on the functioning of the ESG ratings market in the European Union and on the consideration of ESG factors in credit ratings**

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#### **1.- Target participants**

The main stakeholders identified are: 1) ESG rating providers; 2) credit rating agencies; 3) investors; 4) companies; 5) public authorities, including supervisors; 6) civil society, including NGOs, academics. Other interested stakeholders are welcome to contribute.

#### **2.- Informative Note**

The targeted consultation on environmental, social, and governance (ESG) ratings and sustainability factors in credit ratings is an integral part of the renewed sustainable finance strategy adopted in July 2021. Both credit ratings and ESG ratings are opinions provided by specialised entities and used by financial institutions and professional investors. This consultation will help the European Commission to gain a better insight into the functioning of the market for ESG ratings, as well as to better understand how credit rating agencies incorporate ESG risks in their creditworthiness assessment. Responses from market participants will be incorporated into an impact assessment that will evaluate whether a possible policy initiative on ESG ratings and on sustainability factors in credit ratings is needed. These actions are expected to contribute to the achievement of the European Green Deal objectives by improving the quality of information on which basis investors, businesses and other stakeholders take decisions impacting the transition to a sustainable economy.

The first part of the paper is intended to inform the European Commission on the dynamics relating to the ESG ratings market, and on the interaction between larger and smaller market players. The aim of this section is to inform on the use and objectives of ESG ratings, as well as the potential issues that hamper its development and trust by market participants.

In view of the current situation and recent developments of the ESG ratings markets, and the potential issues affecting it, the paper seeks to gather stakeholder views on the need and type of a possible intervention at EU level.

The second part of the consultation is intended to identify possible shortcomings in relation to the consideration of sustainability risks in credit ratings and the disclosures made by credit rating agencies.

### **3.- Submission of comments**

The deadline for submitting comments is **6 June 2022**.

Stakeholders should send their contributions through an online questionnaire available on the [European Commission](#) website (place the cursor over the word to obtain the link).

The CNMV would also appreciate it if stakeholders could send a copy of their responses to the consultation to the following address: [documentosinternacional@cnmv.es](mailto:documentosinternacional@cnmv.es)

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