



SFB supports EU-wide regulation of ESG rating providers

In its current position paper, the Sustainable Finance Advisory Committee of the German Federal Government (SFB) advocates the introduction of an EU regulation of ESG rating providers and points out the elements of such a regulation that are essential from its point of view.

Berlin, June 08, 2023 - Based on a stakeholder survey and expert discussions, the SFB publishes in the current position paper a practice-oriented overview of requirements for an EU regulation of ESG rating providers from the perspective of market participants.

"ESG ratings are one of the key ingredients for sustainable financing decisions. Companies, financial actors and other stakeholders need to be confident that the analysis used is of good quality. Our paper makes a multi-stakeholder contribution to the current discussion so that future regulation can set a guiding framework for ESG rating providers operating in Europe." Says Julia Haake, co-chair of the sub-working group on ESG ratings regulation.

Based on its work, the SFB recognizes a need for:

1. quality standards for rating methodologies and their transparency;
2. regular dialogue between ESG rating providers and companies, or other stakeholders;
3. regulation of conflict of interest management.

"For companies, the importance of ESG ratings for corporate financing, e.g. green bonds, is increasing. Therefore, it is essential that rating results on ESG processes and performance gain robustness and that companies are included in the analysis process." Said Lothar Rieth, co-chair of the sub-working group.

The background to the paper is the legislative proposal on ESG ratings announced by the EU Commission, which is to be published in June. The SFB will continue to closely monitor this topic in the future.

The full text in English and German will be published found here:

<https://sustainable-finance-beirat.de/publikationen/>

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The Sustainable Finance Advisory Committee

The German Sustainable Finance Advisory Committee advises the German Federal Government on sustainability aspects in the financial system. Consisting of 34 experts from the financial sector, the real economy, civil society and academia, and supported by 19 observers, it acts independently. It supports the German Federal Government in the implementation and further development of the German Sustainable Finance Strategy and advises relevant stakeholders on how to position themselves.