



European Securities and Markets Authority (ESMA)
201-203 Rue de Bercy, 75012
Paris, France.

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Consultation on rules for ESG Rating Providers

We refer to the European Securities and Markets Authority's consultation paper on Technical Standards under the Regulation on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, published on May 2, 2025. We appreciate the opportunity to provide our perspective on the draft technical standards.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank (Norges Bank) and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 1.67 trillion EUR at year end 2024. Of this total, ca 284 billion EUR was invested in the shares of 1,066 companies in 27 EU countries.

As a long-term and global investor, we consider our returns to be dependent on sustainable development in economic, environmental, and social terms. We are a user of ESG ratings and have an interest in a well-functioning global ESG data market. While we do not use individual ESG ratings directly to make investment decisions, risk management, or voting, we use them in combination with other information to make informed judgments. For example, we have built internal models to support our monitoring and analysis of ESG risk in the equity portfolio which draw on various ESG ratings and their underlying data points.

We welcome ESMA's work on technical standards to implement the Regulation on ESG rating activities. Greater transparency, reliability, and integrity in ESG ratings can enhance pricing efficiency and the well-functioning of markets. This contributes to a higher degree of confidence in these products, benefiting investors while enhancing market integrity, risk pricing, and capital allocation.

Our response focuses the specific questions raised in your consultation paper:

Disclosure to the public, users of ESG ratings, rated items and issuers of rated items

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

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We strongly support ESMA's proposals for enhanced disclosure requirements. Transparent methodologies are essential for enabling users to understand ESG ratings and make informed decisions about their use. We welcome:

- The requirement to disclose information on the rating product's coverage of ESG factors, materiality approach, and ranking system.¹
- The detailed methodological disclosures, including time horizons, data estimation methods, and ranking systems.²
- The transparency on limitations in data sources, methodologies, and information.³
- The organizational disclosures covering conflicts of interest, ownership structure, and fee models.⁴
- The specific methodological disclosures addressing non-public data collection and engagement with rated entities.⁵
- The requirements for disclosure of methodology revision processes and impact assessment.⁶

These disclosure requirements align with our position that ESG rating providers should disclose their methodologies, data sources, and use of estimation.⁷ We have consistently advocated for providers to explain the objectives of the ratings and their approach to financial and/or impact materiality, which is reflected in Article 3 of the draft technical standards. We support the regulation's approach that accommodates different materiality frameworks (risk-based, impact-based, double materiality, or other dimensions). This variety in ESG ratings can serve investors with varying needs and perspectives, provided each approach is transparently disclosed.

We suggest the technical standards could be strengthened in a few areas:

First, while Article 4(1)(h)(iii) addresses relative values and peer groups, it could be enhanced to require more detailed disclosure of what constitutes a peer group if the rating is expressed in relative terms.⁸ Understanding how peer groups are defined would enable users to better compare relative ratings across providers.

¹ Article 3 of the draft technical standards under Articles 23(4) and 24(3).

² Article 4 of the draft technical standards under Articles 23(4) and 24(3).

³ Article 5 of the draft technical standards under Articles 23(4) and 24(3).

⁴ Article 6 of the draft technical standards under Articles 23(4) and 24(3).

⁵ Article 7 of the draft technical standards under Articles 23(4) and 24(3).

⁶ Article 8 of the draft technical standards under Articles 23(4) and 24(3).

⁷ [ESG ratings | Norges Bank Investment Management](#).

⁸ Article 4(1)(h)(ii) of the draft technical standards under Articles 23(4) and 24(3).



Second, the standards should require disclosure of how historical ratings are treated when methodologies change. This would complement Article 8(1)(d) which currently addresses the assessment process for methodology revisions but not their specific impact on existing ratings.⁹

Third, a formal error correction process for rated entities should be required. While Article 7(2) addresses general engagement with rated entities, it lacks specific provisions for correcting factual mistakes in ratings.¹⁰

In addition to these enhancements, we believe certain disclosure requirements should be reviewed for proportionality. While we strongly support transparency, some requirements go beyond what is necessary in Regulation (EU) 2024/3005 (the “Level 1 regulation”) without providing commensurate benefit to users.

For example, requiring “the title, author and publication dates of the studies” (Article 4(3) of the draft technical standards) goes significantly beyond the Level 1 requirement to provide “information on whether and how the rating methodologies are based on scientific evidence.”¹¹ This would require ESG rating providers to maintain bibliographic databases for potentially hundreds of studies that inform their methodologies. Each methodology update would trigger bibliographic updates - particularly burdensome in rapidly evolving areas like climate metrics.

Similarly, requiring explanations of “how the proportion of the risk and impact materiality is determined” (Article 3(1)(d) of the draft technical standards) expands upon the Level 1 requirement to disclose “the proportion of the risk and impact materiality”.¹² This would require detailed documentation of complex methodological processes that may vary across sectors and rating products. Both requirements create significant documentation and maintenance burdens that may not be proportionate to their added value for transparency.

As a separate consideration, we note the broader considerations between general methodological disclosures (made to the public) and specific rating disclosures (made to users, rated items and issuers). While the Level 1 regulation establishes a two-tier disclosure framework, ESMA’s technical standards should provide clearer guidance on implementing this structure effectively.

Some requirements already demonstrate effective differentiation. For example, Article 5(1)(c) of the draft technical standards requires public disclosure of “limitations in respect of the lack of

⁹ Article 8(1)(d) of the draft technical standards under Articles 23(4) and 24(3).

¹⁰ Article 7(2) of the draft technical standards under Articles 23(4) and 24(3).

¹¹ Article 4(3) of the draft technical standards under Articles 23(4) and 24(3) compared with Annex III, point 1(e) of Regulation (EU) 2024/3005.

¹² Article 3(1)(d) of the draft technical standards under Articles 23(4) and 24(3) compared with Annex III, point 1(f) of Regulation (EU) 2024/3005.



completeness, timeliness and accuracy of information”, while Article 8(1)(e) of the draft technical standards requires disclosure to users of “steps taken to ensure the accuracy and consistency of the data revision process.”¹³ This approach clearly distinguishes between identifying limitations (public) and explaining remediation steps (users).

However, other areas would benefit from similar clarity. For instance, Article 4(1)(e) of the draft technical standards requires public disclosure of “how major new information is taken into account in the methodology,” while Article 8(1) of the draft technical standards covers methodology revision processes including “conditions for determining the need for a revision” which could potentially include new information.¹⁴ The distinction between what belongs in public versus user disclosures is less clear in this case.

ESMA could provide more consistent guidance by establishing a clear pattern - such as general principles for public disclosure and specific implementation details for users. Explicit cross-referencing between related public and user disclosure requirements would also help providers understand the relationship between these requirements and what additional information is expected at each level. This approach would ensure the two-tier disclosure system functions as intended by the regulation.

Q 4: 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.

Yes, we support extending the current Table 1 in Annex of the draft technical standards under Articles 23(4) and 24(3) to include disclosures under point 2 of Annex III. This expansion would offer several benefits:

- Enhanced comparability across different ESG rating providers
- More efficient information location and analysis for users
- Clearer guidance for providers on structuring their disclosures

A standardized structure aligns with our position that ESG ratings should be presented in a manner that ensures comparability, ultimately facilitating better-informed investment decisions and risk management.

¹³ Article 5(1)(c) compared with Article 8(1)(e) of the draft technical standards under Articles 23(4) and 24(3). These implement Annex III, points 1(m) and 1(q) compared with Annex III, points 2(b)(iii), 2(b)(iv), and 2(b)(v) of Regulation (EU) 2024/3005.

¹⁴ Article 4(1)(e) compared with Article 8(1) of the draft technical standards under Articles 23(4) and 24(3). These relate to Annex III, point 1(a) compared with Annex III, points 2(a)(v) and 2(f) of Regulation (EU) 2024/3005.



We look forward to the finalization of these technical standards and remain available for further discussion should you require any clarification on our feedback.

Yours sincerely

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