

19 June 2025

Sent via: [ESMA website form](#)

Dear Sir or Madam,

Re: [Consultation on the Technical Standards under the Regulation on the transparency and integrity of ESG rating activities](#)

Minerva appreciates the opportunity to provide input to your consultation on the rules for ESG rating providers.

About Minerva

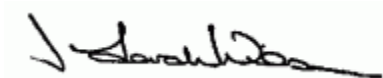
Since 1995, Minerva has provided independent, objective and expert sustainable stewardship support services to professional investors. Although some stakeholders may only think of us as a “proxy advisor”, Minerva has, for many years, provided a range of complementary services to support clients in their stewardship responsibilities.

Vote Agency	Minerva has pioneered secure, point-to-point electronic vote execution and management tools.
Shareholder Voting Research	Objective and independent analysis across the three critical dimensions – governance, sustainability and remuneration.
Stewardship Support	From policy development to vote reporting and manager vote audits, our expert analysts provide tactical support to institutional investors.
ESG Ratings and Data	In addition to the core governance analysis, we also provide norms-based screening which together means that clients can create their own ratings to support their own individual investment thesis. Through our parent company, Solactive AG, Minerva’s data is used to support the creation of bespoke ESG index solutions.

Minerva is uniquely able to offer clients a fully customised approach to stewardship which fully reflects each individual client’s investment beliefs. We firmly believe that ‘one size fits all’ means ‘one size fits nobody’. As such, Minerva has considerable practical experience of the varying standards of global financial markets disclosures and, critically, how best to align those market-by-market differences.

Should you have any questions about our individual responses, we would be happy to provide further background. Thank you again for this opportunity to support informed stewardship.

Yours sincerely,



Sarah Wilson
Chief Executive

1. Do you agree with ESMA's proposals for the draft technical standard under Articles 6(3) and 12(9)?

Minerva broadly supports ESMA's attempts to bring structure and clarity to the authorisation and application process. A clear outline of the submission process helps both applicants and regulators. We have previously responded to similar consultations on Regulations for ESG Providers, notably HM Treasury's consultation in 2023 on the Future of Regulatory Regime for ESG rating providers. As noted in this response, we outlined our belief that regulatory requirements must carefully balance the need to robust regulatory requirements and the risk of burdening smaller specialist providers. There are many firms across the Union and globally that operate with lean teams and the scale of resources available to smaller firms differs greatly from larger multi-service data providers.

Considering the regulatory developments, many providers already comply with a range of international standards, codes of conduct (such as [BPPG](#)) and regulations like SFDR, TCFD, CSRD and similar. The UK has already conducted consultations for the regulation of ESG Rating providers, and the risk of overlapping submission requirements creating duplicative application and regulatory compliance administrative burden appears to be growing.

We agree with ESMA's proposal for machine-readable submissions. However, further guidance on technical aspects for formats that ESMA deems acceptable would be useful to help prevent unnecessary IT investment for smaller providers. Additionally, we recognise the value of senior leadership accountability, but care should be taken to ensure that the attestation requirement does not expose senior staff to excessive personal liability for minor application and administrative errors.

2. Do you agree with ESMA's proposals for the draft technical standard under Article 16(5)?

We support ESMA's objective of managing conflicts of interest, which are core to maintaining market trust. Minerva is absolutely committed to providing clarity around ESG risks and ensuring that clients have the best quality information based on transparent, justifiable rationales to support informed investment decision-making. There is limited risk of a conflict of interest to occur within an entity such as Minerva, because we do not directly interact with the companies rated and only use verifiable public information in our scoring process.

Regarding transparency, Minerva ensures that its methodologies are reviewed and updated and that any changes and amendments made are clearly communicated and justified for the clients for whom the ratings and scorings are provided, with updated copies of methodologies. However, as a matter of good practice, we do not share our findings with issuers, nor do we seek or solicit any revenues or opinions from them. Our clients are clear that we act as their agent and they wish to engage with their investee companies directly.

Regulation is typically provided to protect against market failure or remedy a proven abuse. To date, we have not seen a robust case of abuse or regulatory failure presented.

The “varieties of ESG” issue is not problematic, except to those who believe in one methodology to rule all, which in the context of sustainability and climate change would be extremely unhelpful.

Markets need as much research variety as possible to uncover optimal solutions. Companies need to be able to tell their individual stories, not be put in a straightjacketed rules-based framework that does not suit their business. A data vendor unable to cope with qualitative data should probably not be in the ESG space.

We therefore do not believe that black letter law or hard regulation is necessary at this time. We would instead encourage the ESMA board and the European Ombudsman to consider the success of soft mechanisms such as industry monitored codes of conduct, the Best Practice Principles for Shareholder Voting being a useful reference point.

A further challenge in black letter regulation is that it disproportionately favours larger incumbents, which is the opposite of what clients (and we assume the Commission) are looking for. The proposed rules around physical office separation, IT access controls, and Chinese Walls will be unduly burdensome for smaller providers, especially those that do not offer multiple regulated services. For smaller teams a strict segregation of office space and IT systems will create significant operational costs, complexities and inefficiencies without improving independence. Moreover, and critically, the requirements do not reflect the reality of service provision, or existing conflict of interest management processes.

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

We support appropriate transparency of ESG methodologies, indeed our clients are fully aware of the full detail of our methodologies, but encourage proportional application of disclosure obligations. Minerva already provides clients with comprehensive documentation of our methodologies and rationales. While ESMA's proposed sequencing of disclosures is said to “improve comparability”, excessive standardisation risks diluting methodological diversity, which remains valuable in a rapidly-evolving field. Forcing identical structures will limit the identification of real methodological diversity on which investors rely.

The Article 23 requirement to disclose methodologies to the public is said to be designed to enhance clarity and reliability for investors and counters greenwashing risks overall. However, this disclosure, together with user-specific disclosure requirements adds excessive and disproportionate layers of compliance and administrative obligations as providers must match disclosures across Annex III and ESMA’s sequencing while keeping documentation up to date.

We suggest that ESMA considers reframing the proposed structure as a recommended format, rather than a mandatory sequence, allowing providers to reflect their methodological design while ensuring transparency.

We also suggest that ESMA includes on voluntary basis a disclosure element regarding the verification process applied to data and sources, similar in approach to CRA regulation. Offering providers an option to share this information voluntarily would promote transparency and accountability while allowing providers of different sizes to adapt and prepare for future regulatory expectations.

Furthermore, we caution that overly rigid formatting could disproportionately favour large data providers with the resources to standardise complex methodologies across all outputs. This could unintentionally reinforce market concentration by incentivising the issuers and investors to engage primarily with a handful of dominant players. Ensuring flexibility is therefore also a matter of promoting competition and innovation in the ESG rating space.

We would additionally note that the market offers a variety of methodological approaches (which, as we have said, is a positive feature of the industry). Consequently, how can comparability in ESG Rating assessments or judgements be achieved? Again, for the avoidance of doubt, unless the Commission intends that there is a singular “EU defined” ESG rating, the subjectivity of individual opinions is essentially a pointless exercise. Our clients are sophisticated institutional investors who have clear ideas of what issues matter to them, to suggest that they are being led astray by devious ESG research analysts is, quite bluntly, a travesty which grossly underestimates the competence of fiduciaries who daily allocate trillions of citizens savings Euros.

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, the provision of an expanded table proposing a sequence and structure for all disclosures required under Parts 1 and 2 of Annex III would provide structure, clarity and additional information summarising all disclosure requirements. This would enable ESG-Rating providers to better prepare for disclosures in advance with greater clarity and align documentation more efficiently, reducing the risk of duplication or omissions. The inclusion of an expanded table would be highly beneficial as it would support consistency across ESG rating providers and offer a consolidated view of the complete set of disclosure requirements. We recommend that ESMA provides an expanded table available as part of the final RTS or future accompanying guidance.

5. Do you agree with ESMA's proposed cost benefit analysis? If not, please explain.

ESMA suggests that that better transparency (which assumes that there is none) and reduced conflicts (assuming they actually exist) may foster trust and address greenwashing concerns. We recognize that the adoption of ESG or sustainability issues in the investment market is still developing and is presently adapting to rapid regulatory and policy changes, many of which are politically motivated rather than focused on investment outcomes. To be clear, Minerva has always supported research integrity as a core aspect of our mission.

We agree with ESMA's recognition of applying proportionality. ESMA states that the design of the RTS aims to avoid undue burdens for smaller ESG rating providers by allowing flexibility in internal processes. Some clarity on the extent of flexibility and allowance would further enhance clarity for smaller providers on their commitments to meet requirements.

All that said, in regard to the RTS requirements and costs, taking account of the extensive documentation for applications outlined in Annex I and II, the requirements for detailed public and under disclosures as well as the organisational and IT separation, not to mention the legal and insurance implications, as well as additional management overhead, **there is a gross underestimation of real-world costs.**

We welcome the aims of the consultation to strengthen transparency in the provider space, however, throughout the consultation and cost-benefit analysis there is no presentation of a dynamic modelling of market impact.

We would like ESMA to consider that:

- The assumption that transparency = competition = better outcome is deeply flawed.
- As the burden of compliance becomes too costly or demanding for smaller providers, it will lead to the elimination of smaller, niche participants, the consequence of which will be a reduction in diversity with consequential negative market impacts.

As was the case with CRA regulation and MIFID, the regulatory medicine killed the patient.

The structural changes proposed by the regulations are significantly greater than has been estimated. The consequence is that the smaller providers who bring much needed diversity to a market dominated by three large US vendors will be crowded out. It is immaterial to suggest that small vendors will be afforded "flexibility", marking out a small vendor as a small vendor will ensure that they remain a small vendor as the financial hurdles to growth become excessive.

Where political forces seek to eliminate the application of ESG, climate change and sustainability risk factors by ideological means, the Commission will have achieved it through disproportionate bureaucracy.