

## Sustainability Blog

By PwC Deutschland | 10.05.2022

# Countdown for harmonization – European Commission is gathering insights to ESG ratings

**As soon as those harmonization efforts are finalised, next steps will likely involve the inclusion of ESG Risks in the capital buffer of credit institutions.**

## Background

**ESG-Ratings** remain in the regulatory focus of various institutions. Current initiatives strive to set standards in the ESG-Rating market.

## Current regulatory initiatives

In a [recent article](#) we already pointed out the key drivers that led to the harmonization initiative of the **European Commission (EC)** regarding ESG-Ratings. That said, we would like to remind you of the ongoing [survey](#) of the EC in which you can take part by filling out the questionnaire until **6th of June**. The EC strives to gain better insight in the **functioning of the ESG-Rating market** and in the **incorporation of ESG risks into creditworthiness assessments** by credit rating agencies.

The **European Securities and Markets Authority (ESMA)** has also been conducting a [survey](#) to collect information about the *“size, structure, resourcing, revenues and product offerings of the different ESG rating providers operating in the EU”* by 11th of March, in which it gathered evidence of ESG-Rating providers, users of ESG-Ratings and entities subject to rating assessment of ESG-Rating providers. The **results** gathered therein will also be **used by the EC**.

As soon as those harmonization efforts are finalised, next steps will likely involve the **inclusion of ESG Risks in the capital buffer** of credit institutions. For that ESG-Ratings are needed and it therefore **heavily relies on** the aforementioned **harmonization efforts**. To highlight that also from an academic view, three PwC colleagues (Martin Neisen, Dieter Lienland and Benjamin Bruhn) conducted research on that topic and published the paper [“ESG rating as input for a sustainability capital buffer”](#) in the Henry Stewart Publications which shall be highly recommended in that context.

## Conclusion

We remain curious concerning further developments in the ESG-Rating market. If you are seeking advice in setting up an adequate ESG-Rating procedure, please feel free to reach out to us. Our experts have **extensive experience in the development and implementation of ESG ratings**, as well as the **tailored selection of ESG rating agencies** for your specific use case with regard to portfolio characteristics and in anticipation of upcoming harmonization efforts.

Find the original article [here](#).

[To further PwC Blogs](#)

## Keywords

[ESG](#), [Kapitalpuffer](#), [Rating](#), [Sustainability Risk](#), [Sustainable Finance \(SF\)](#)

## Contact



**Angela McClellan**

Berlin

[angela.mcclellan@pwc.com](mailto:angela.mcclellan@pwc.com)