

External Review Services

**EU Taxonomy  
Assessments**

Methodology

---

January 2026

# Table of contents

1. Introduction .....	3
2. EU Taxonomy Assessment .....	3
3. Evaluation Criteria .....	3
4. Information Quality and Sources .....	4
5. Process.....	4
6. EU Taxonomy Assessment Results .....	6
7. Responsibility .....	7

## 1. Introduction

ISS-Corporate (“ICS”) offers Second Party Opinions and External Reviews that assess whether projects, assets, or eligibility criteria outlined in Issuer frameworks, factsheets, or post-issuance reports align with the requirements of the EU Taxonomy Climate and/or Environmental Delegated Acts (EU Taxonomy).<sup>1</sup>

ICS also offers External Review services for European Green Bonds under the EU Green Bond Standard Regulation, which requires an EU Taxonomy alignment assessment.

## 2. EU Taxonomy Assessment

Framework or factsheet alignment with the EU Taxonomy is assessed in two steps:

1. Establishing whether the economic activity is Taxonomy-eligible, i.e., listed in the EU Taxonomy as potentially contributing to one of the six environmental objectives?
2. Establishing whether an eligible economic activity is Taxonomy-aligned:
  - » Whether the activity meets the criteria for substantial contribution according to the relevant Technical Screening Criteria (TSC);
  - » Whether the activity meets the Do-No-Significant-Harm (DNSH) requirements, i.e., causing no harm to any of the other environmental objectives; and
  - » The Issuer’s adherence to Minimum Safeguards, i.e., ensuring that operations comply with recognized human rights, labour rights, and governance standards.

If the projects, assets, or eligibility criteria described in the Issuer’s framework, factsheet, or post-issuance report meet all requirements of both assessment steps, they are designated as “aligned.” Each component of the second step is evaluated individually and labelled as either “aligned” or “not aligned.”

## 3. Evaluation Criteria

ICS maintains a proprietary EU Taxonomy Toolkit with detailed assessment guidelines, applicable thresholds and examples. The Toolkit incorporates guidance from the [EU Taxonomy Regulation](#), supporting delegated acts and implementation guidance, as well as recognized standards for responsible business conduct.

---

<sup>1</sup> If the client opts to limit the evaluation to eligibility for future EU Taxonomy alignment, the assessment will cover only the requested criteria (substantial contribution, DNSH, and/or Minimum Safeguards).

## 4. Information Quality and Sources

ICS endorses the core principles of information quality as articulated in both the European Sustainability Reporting Standards (ESRS) and the global disclosure frameworks developed by the International Sustainability Standards Board (ISSB).

External reviews are based on information supplied by issuers and reinforced by publicly available disclosures and reputable third-party sources. To ensure consistent and reliable assessments, ICS applies the following hierarchy of issuer documentation, from highest to lowest credibility:

1. Audited issuer disclosures.
2. Disclosures required by law.
3. Public issuer disclosures.
4. Public third-party disclosures.
5. Internal documents submitted to ICS.
6. Written confirmation provided by the issuer to ICS, including a detailed rationale for the absence of formal internal or public documentation.

## 5. Process

The assessment process is iterative, as illustrated in figure 1 below.

Figure 1: Assessment Process Steps



Table 1 outlines the assessment steps and details the type of information required, acceptable sources, and the corresponding assessment level.

Table 1: Detailed Process Steps

Step, Level	Key Guidance	Reviewed Information
<b>ELIGIBILITY</b>		
Whether the economic activity covered is Taxonomy-eligible	<a href="#">Taxonomy Climate Delegated Act</a> <a href="#">Environmental Delegated Act</a>	Exhaustive list of selected projects, formalized project selection criteria; or

Step, Level	Key Guidance	Reviewed Information
<p><i>Per individual project or project criterion</i></p>	<p><a href="#">Complementary Climate Delegated Act (Gas and Nuclear)</a></p> <p><a href="#">Q&amp;A on the Taxonomy Climate Delegated Act</a></p>	<p>A clear reference to specific EU Taxonomy-eligible activities may serve as an acceptable alternative to providing a detailed Issuer-specific project list or formalized selection criteria.</p>
<b>ALIGNMENT</b>		
<b>Substantial Contribution</b>		
<p>Whether the economic activities covered meet the criteria for substantial contribution</p> <p><i>Per individual project or project criterion</i></p>	<p><a href="#">Taxonomy Climate Delegated Act</a></p> <p><a href="#">Environmental Delegated Act</a></p> <p><a href="#">Complementary Climate Delegated Act (Gas and Nuclear)</a></p> <p><a href="#">Q&amp;A on the Taxonomy Climate Delegated Act</a></p>	<p>Detailed description of all selected projects or project selection criteria including thresholds where applicable; and</p> <p>Detailed description of internal procedures for ensuring compliance with the requirements of the Technical Screening Criteria for Substantial Contribution</p>
<b>Do No Significant Harm</b>		
<p>Existence of policies, processes, and measures to prevent significant harm to any of the environmental objectives</p> <p><i>Per relevant activity, with individual pass/fail designations for each individual DNSH (sub) requirement</i></p>	<p><a href="#">Taxonomy Climate Delegated Act</a></p> <p><a href="#">Environmental Delegated Act</a></p> <p><a href="#">Complementary Climate Delegated Act (Gas and Nuclear)</a></p> <p><a href="#">Q&amp;A on the Taxonomy Climate Delegated Act</a></p>	<p>Detailed description of DNSH processes and mechanisms, including applicable thresholds</p> <p>The analysis takes into account DNSH measures mandated under national EU Taxonomy transposition laws applicable to the locations of projects or assets</p>
<b>Minimum Safeguards</b>		
<p><b>Corporate issuers</b></p> <p>Whether the Issuer's policies and practice align with recognized standards for responsible business conduct</p> <p><i>Issuer-level assessment</i></p>	<p><a href="#">Platform on Sustainable Finance, Final Report on Minimum Safeguards</a></p> <p><a href="#">EU Corporate Sustainability Due Diligence Directive</a></p> <p><a href="#">OECD Guidelines for Multinational Enterprises</a></p>	<p>Description of due diligence mechanisms in line with established standards (e.g. OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights)</p> <p>Public human rights, labour rights policies</p>

Step, Level	Key Guidance	Reviewed Information
	<a href="#">UN Guiding Principles on Business and Human Rights</a>  <a href="#">Guide to human rights for small and medium sized businesses</a>	<p>Reported human rights and labour rights controversies</p> <p>The analysis takes into account national sustainability due diligence (disclosure) laws</p>
<p><b>Financial institutions, excluding entities that exclusively provide mortgages to retail clients</b></p> <p>Whether the financial institution implements human rights due diligence throughout the lending, and/or financing project life cycle, in line with recognized standards for responsible business conduct</p> <p><i>Issuer-level assessment</i></p>	<p><a href="#">Platform on Sustainable Finance, Final Report on Minimum Safeguards</a></p> <p><a href="#">OECD Guidelines for Multinational Enterprises</a></p> <p><a href="#">UN Guiding Principles on Business and Human Rights</a></p>	<p>Detailed description of mechanisms for systematic due diligence aimed at ensuring compliance with established standards for responsible business conduct (e.g. OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights), including risk assessment, mitigation, remediation, and reporting</p>
<p><b>(Sub)Sovereign Issuers</b></p> <p>Whether the Issuer's country has ratified core UN human rights conventions</p> <p>Whether the Issuer conducts human rights due diligence in own operations</p> <p><i>Issuer-level assessment</i></p>	<p><a href="#">Platform on Sustainable Finance, Final Report on Minimum Safeguards</a></p>	<p>Ratification of human rights conventions</p> <p>Authoritative information about human rights practices in the Issuer's country</p> <p>Description of Issuer due diligence mechanisms in line with established standards (e.g. OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights)</p>

## 6. EU Taxonomy Assessment Results

Table 2 outlines the structure of assessment results.

The following applies to External Review services under the EU Green Bond Standard Regulation: In order to receive a positive opinion on the Issuer's Factsheet under the EU Green Bond Regulation, each assessed criterion must be aligned. In case an individual criterion is not aligned, the entire economic activity is considered not aligned.

Table 2: EU Taxonomy Assessment Results

Assessed Criteria	Assessment Signal	Notes
Substantial Contribution	Aligned   Not aligned	An assessment is conducted for each individual activity.
Do No Significant Harm	Aligned   Not aligned	The assessment summary provides a cumulative view of all activities and identifies any that are not aligned.
Minimum Safeguards	N/A   Aligned   Not aligned	Minimum safeguards assessment does not apply to entities that exclusively provide mortgages to retail clients.

## 7. Responsibility

This methodology document is owned by the Head of Corporate Sustainability Services. It will be reviewed on an annual basis and updated as necessary.

# Empowering resilient businesses

## Our data, insights, and analytics empower you to meet market demands and make your business more resilient.

Email [info@iss-corporate.com](mailto:info@iss-corporate.com) or visit [www.iss-corporate.com](http://www.iss-corporate.com) for more information.

---

ISS-Corporate is a leading provider of robust SaaS and expert advisory services to companies, globally.

ISS-Corporate's data-driven, research-backed Compass platform empowers businesses to understand and shape the signals they send to institutional investors, regulators, lenders, and other key stakeholders. By delivering essential data, tools, and advisory services, ISS-Corporate can help businesses around the world to be more resilient, align with market demands, and proactively manage governance, compensation, sustainability, and cyber risk initiatives.

ISS Corporate Solutions, Inc. ("ISS-Corporate") is a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS") and part of the ISS STOXX GmbH group of companies. This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of ISS-Corporate or its affiliates. The Information may not be reproduced or disseminated in whole or in part without prior written permission of ISS-Corporate. ISS-Corporate MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION. ISS-Corporate provides advisory services, analytical tools and publications to companies to enable them to improve shareholder value and reduce risk through the adoption of improved corporate governance practices. The ISS STOXX Governance and Sustainability research teams, which are separate from ISS-Corporate, will not give preferential treatment to, and are under no obligation to support, any proxy proposal of a corporate issuer nor provide a favorable rating, assessment, and/or any other favorable results to a corporate issuer (whether or not that corporate issuer has purchased products or services from ISS-Corporate). No statement from an employee of ISS-Corporate should be construed as a guarantee that ISS STOXX will recommend that its clients vote in favor of any particular proxy proposal or provide a favorable rating, assessment or other favorable result.

© 2026 | Institutional Shareholder Services and/or its affiliates