

External Review Services

European Green Bonds

Methodology

January 2026

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1. Background & Purpose

This document outlines the key elements of the methodology applied by ISS-Corporate (“ICS”) to conduct assessment to determine whether bonds comply with the criteria established under the European Green Bond Regulation¹ (“EuGB Regulation”).

ICS offers the following external review services for European Green Bonds:

- » Pre-Issuance Reviews of European Green Bond Factsheets
- » Post-Issuance Reviews of Allocation Reports; and
- » Post-Issuance Reviews of Impact Reports.

2. Regulatory Framework

ICS’s methodology incorporates the requirements outlined in the following EU regulations and accompanying official guidance²:

- » [EuGB Regulation](#) – Regulation (EU) 2023/2631.
- » [EU Taxonomy Regulation](#) – Regulation (EU) 2020/852.
- » [EU Taxonomy Technical Screening Criteria](#) – Delegated Regulation (EU) 2021/2139.
- » [NACE 2 Revision](#) – Regulation (EC) 2006/1893.
- » [Accounting Directive](#) – Directive (EU) 2013/34.

3. 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.

¹ Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.

² Relevant guidance documents include, but are not limited to the following: [Commission notice C/2025/5885 on the interpretation and implementation of certain legal provisions of the European Green Bond Regulation](#), Frequently Asked Questions (FAQs) document, 6 November 2025.

4. Pre-Issuance Reviews

ICS provides external reviews that evaluate whether an issuer’s EU Green Bond Factsheet - and the associated projects, assets, or eligibility criteria - conform to the requirements of the EuGB Regulation. Table 1 below outlines the structure of the Pre-Issuance Reviews for European Green Bond Factsheets in greater detail.

Table 1

Section	Dimension	Signal	
Part 1	Use of Proceeds (Art. 4)	Aligned Not aligned	
	Flexibility Pocket (Art. 5)	N/A Aligned Not aligned	
	Financial Assets (Art. 6)	N/A Aligned Not aligned	
	CapEx Plan (Art. 7)	N/A Aligned Not aligned	
	Grandfathering (Art. 8)	Aligned Not aligned	
	Factsheet Content (Annex I)	Aligned Not aligned	
	Reporting (Art. 11-12)	Aligned Not aligned	
	Securitisation (Art. 16-18)	N/A Aligned Not Aligned	
Part 2	Alignment with EU Taxonomy	Substantial Contribution	Aligned Not aligned
		Do No Significant Harm (DNSH)	Aligned Not aligned
		Minimum Safeguards	N/A Aligned Not aligned

4.1. Part 1: European Green Bond Factsheet Content

Table 2 below outlines key regulatory requirements, assessment steps, and considerations for each dimension in Part 1 of the external review.

Table 2

Requirements	Assessment
<p>Art. 4: 100% of the bond proceeds must be allocated to sustainable economic activities aligned with the requirements of the EU Taxonomy Regulation.</p> <p>Two approaches are allowed: Gradual approach; Portfolio approach</p>	<p>ICS checks the Issuer’s Factsheet to determine if a gradual or portfolio approach is used.</p> <p>Gradual approach: Where detailed project information is available, ICS reviews the project registry and related project information and verifies that each project includes type, sector, and NACE code according to NACE Rev. 2.</p> <p>Portfolio approach: Where detailed project information is available, ICS reviews eligible portfolio details and verifies each activity includes type, sector, and NACE code according NACE Rev. 2.</p> <p>Where no detailed project information is available, ICS validates the eligibility of economic activities and the robustness of the project tracking system.</p>
<p>Art. 5: A flexibility pocket allows up to 15% of the proceeds to be directed</p>	<p>ICS checks if the issuer intends to make use of the flexibility provision.</p>

Requirements	Assessment
<p>toward activities not yet covered under the EU Taxonomy, provided these activities contribute to one of its environmental objectives and comply with the generic Do No Significant Harm (DNSH) criteria.</p>	<p>If used, ICS obtains written confirmation that the issuer will allocate no more than 15% of bond proceeds; requests justification for non-applicability of technical screening criteria; collects estimated percentage of proceeds (total and per activity).</p> <p>For economic activities that are not eligible under the EU Taxonomy Regulation at the time of the External Review, ICS requests a statement of compatibility with one of the environmental objectives of the EU Taxonomy. ICS also requests per-activity evidence of compliance with generic DNSH criteria.</p> <p>For activities conducted in the context of international support, ICS requires documentation demonstrating that the activities comply with the requirements of the EU Taxonomy Regulation and make a substantial contribution to one of the Taxonomy’s six environmental objectives. Where applicable, ICS also verifies alignment Article 19(3) of the Energy Union and Climate Action Regulation. ICS validates that the issuer meets the TSC on a best effort basis.</p>
<p>Art. 6: Proceeds from financial assets must be allocated to EU Taxonomy-aligned uses.</p> <p>Proceeds may be reinvested into up to three successive financial assets, provided that the final asset in the sequence allocates proceeds to eligible activities.</p> <p>The issuer must ensure transparency and traceability.</p>	<p>ICS obtains written confirmation from the issuer regarding reallocation plans, including allocation schedule. ICS also validates the issuers’ tracking systems of successive investments of financial assets and evaluates transparency.</p> <p>ICS verifies reallocations do not exceed three successive financial assets.</p> <p>ICS confirms final allocation to the following for issuers: fixed assets that are not financial assets, capital expenditure, operating expenditure incurred no more than three years before the issuance of the European Green Bond, assets and expenditure of households – all in accordance with EU Taxonomy requirements; or, for sovereign or sub-sovereign issuers: tax relief, subsidies, intermediate consumption, current transfers within a general government, current international cooperation or other types of public expenditure, in accordance with EU Taxonomy requirements.</p> <p>ICS reviews and assesses issuer’s internal controls and audit trails.</p>
<p>Art. 7: Issuers must publish a CapEx plan when proceeds are used for activities that are expected to become EU Taxonomy-aligned.</p>	<p>Where the underlying activity is not yet aligned with the EU Taxonomy and falls outside the scope of Article 5, ICS verifies that the issuer discloses a CapEx plan when allocating proceeds to new capital expenditures or operational expenditures incurred within three years prior to the issuance of the European Green Bond.</p> <p>ICS examines the CapEx plan and verifies it includes a clear deadline before bond maturity for EU Taxonomy alignment of funded CapEx and OpEx.</p> <p>ICS obtains confirmation that a post-issuance external review will assess EU Taxonomy alignment within 60 days of the deadline.</p>

Requirements	Assessment
	ICS checks that the CapEx plan describes alignment methodology and key parameters used to determine EU Taxonomy compliance.
<p>Art. 8: Issuers must allocate bond proceeds in line with the EU Taxonomy Technical Screening Criteria (TSC) in force at the time of issuance.</p>	<p>If applicable, ICS requests the following disclosures:</p> <p>Gradual approach: ICS requests confirmation that any unallocated proceeds or CapEx plan proceeds will be allocated according to the amended TSC within seven years of their application date.</p> <p>Portfolio approach: ICS requests confirmation that the issuer will take measures to ensure that projects within the portfolio will remain aligned with any TSC applicable within the seven years preceding the allocation report's publication.</p>
<p>Annex I: Issuers must align their Factsheets to Annex I of the EuGB Regulation.</p>	<p>ICS verifies that the content of the European Green Bond Factsheet meets the requirements of Annex I, including the following: Sustainability disclosures do not contradict the Issuer's confirmation of the European Green Bond's coherence and consistency with the overall business and sustainability strategy; the issuer discloses the anticipated environmental impacts of bond proceeds in the Factsheet, or provides a clear and reasonable justification for the omission; the issuer discloses at least an estimated amount of issuance costs deducted or allocates an amount equal to the gross proceeds of the bonds.</p>
<p>Art. 11: Issuers must commit to publishing an annual allocation report according to the template specified in EuGB Regulation Annex II until all proceeds are fully invested.</p> <p>Art. 12: Issuers must commit to publishing at least one environmental impact report according to the template specified in EuGB Regulation Annex III during the bond's lifetime.</p>	<p>Unless covered in the issuer Factsheet, ICS requests confirmation of the following:</p> <p>Commitment to publishing an annual allocation report until all proceeds are fully allocated, and to obtaining a post-issuance review of the allocation report at least after full allocation of proceeds under the gradual approach and a post-issuance review of every allocation report under the portfolio approach.</p> <p>Commitment to publishing at least one environmental impact report during the bond's lifetime.</p>
<p>Securitisation Bonds: Certain restrictions as well as additional disclosure requirements apply to securitisation bonds.</p>	<p>If applicable:</p> <p>ICS confirms with the issuer whether there is a single originator or multiple originators and verifies that this information is accurately and transparently disclosed in the Factsheet.</p> <p>ICS verifies the exclusion of bonds issued for the purpose of synthetic securitisation (Art. 17), or exposures financing the exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, and trade of fossil fuels (Art 18).</p> <p>ICS validates that additional disclosure requirements are met (Art. 19).</p>

4.2. Part 2: Alignment with EU Taxonomy

The EuGB Regulation relies on the EU Taxonomy criteria for defining green and sustainable activities. These steps are detailed in the ICS's *EU Taxonomy Assessment Methodology for Second Party Opinions*.

5. Post-Issuance Reviews

ICS offers Post-Issuance Reviews of Allocation Reports and Impact Reports. The reviews assess whether the issuers' allocation and impact reports, as well as the underlying projects, assets, or eligibility criteria align with the requirements of the EuGB Regulation and whether the issuer has completed the mandatory templates.

ICS performs a comprehensive consistency check across all relevant dimensions to verify that the information provided at pre-issuance aligns with the documentation available post-issuance.

Table 3 below outlines the structure of Post-Issuance Reviews of Allocation Reports and Impact Reports.

Table 3

Section	Dimension	Signal	
Part 1: Bond Characteristics	Use of Proceeds (Art. 4)	Aligned Not aligned	
	Flexibility Pocket (Art. 5)	N/A Aligned Not aligned	
	Financial Assets (Art. 6)	N/A Aligned Not aligned	
	CapEx Plan (Art. 7)	N/A Aligned Not aligned	
	Grandfathering (Art. 8)	Aligned Not aligned	
	Factsheet Content (Annex I)	Aligned Not aligned	
Part 2: Allocation Report Content (Annex II)	Contribution to Environmental Strategy	Environmental Objectives	Aligned Not aligned
		Link to Taxonomy-Aligned KPIs	N/A Aligned Not aligned
		Link to Transition Plan	N/A Aligned Not aligned
		Securitization	N/A Aligned Not aligned
	Allocation of Proceeds	Taxonomy Aligned Activities	Aligned Not aligned
		Specific Taxonomy Aligned Activities	N/A Aligned Not aligned
		Not Aligned Activities	N/A Aligned Not aligned
		Issuance Costs	Aligned Not aligned
	Reporting	Aligned Not aligned	
	CapEx Plan	N/A Aligned Not aligned	
Part 3: Impact Report Content (Annex III)	Contribution to Environmental Strategy	Environmental Strategy	Aligned Not aligned
		Link to Taxonomy-Aligned KPIs	N/A Aligned Not aligned
		Link to Transition Plan	N/A Aligned Not aligned
	Allocation of Proceeds	Specific Taxonomy Aligned Activities	N/A Aligned Not aligned
		Not Aligned Activities	N/A Aligned Not aligned
		Environmental Impact of Bond Proceeds	Aligned Not aligned
	Reporting	Aligned Not aligned	
	CapEx Plan	N/A Aligned Not aligned	

5.1. Part 1: Use of Proceeds

Regulatory requirements and assessment steps according to Articles 4 to 8 and Annex I of the EuGB Regulation correspond to those applicable to Pre-Issuance Reviews of European Green Bond Factsheets, outlined in Table 2 above.

If an issuer submits an Allocation Report without a corresponding Impact Report, ICS will request confirmation of their commitment to provide an impact report - using the template in Annex III of the EuGB Regulation - upon full allocation of proceeds and at least once during the bond's lifetime.

5.2. Part 2: European Green Bond Allocation Report

Key regulatory requirements, assessment steps and considerations under each individual dimensions covered in Part 2 of the External Review are outlined in Table 4 below. Verification of the Allocation of Proceeds is based on the established assessment procedure under *ICS EU Taxonomy Assessment Methodology for Second Party Opinions for the Use of Proceeds*.

Table 4

Requirements	Assessment
Contribution to Environmental Strategy	
Environmental Objectives	ICS validates that the Allocation Report includes clear reference in the environmental objectives pursued by the bond to one or several of the EU Taxonomy's environmental objectives.
Link to Taxonomy-Aligned KPIs	For Issuers subject to Article 8 of the EU Taxonomy Regulation: ICS validates that the Allocation Report details how, to which extent and in which financial period bond proceeds contribute to the financial KPIs disclosed in the latest Taxonomy Disclosure.
Link to Transition Plan	For Issuers mandated to publish a Climate Transition Plan in their consolidated management report or the consolidated sustainability report, or those voluntarily disclosing such a plan: ICS confirms that the Allocation Report explicitly details how proceeds from the bond issuance contribute to the funding and implementation of the Climate Transition Plan.
Securitization	If a securitisation bond was issued, ICS ensures the report contains the following (on a best-efforts basis and to the best of the originator's ability): <ul style="list-style-type: none"> » Share of EU Taxonomy-eligible securitised exposures. » Share of EU Taxonomy-aligned exposures by activity. » Share of exposures failing sustainability criteria.
Allocation of Proceeds	
Taxonomy Aligned Activities	ICS confirms the following information is disclosed at least at the level of the economic activity, and ideally at the level of the project or group of projects: <ul style="list-style-type: none"> » Issuer's approach and bond type. » Portfolio stability statement. » Allocation reporting. » Compliance confirmation: Confirmation of adherence to Minimum Safeguard requirements.

Requirements	Assessment
	<ul style="list-style-type: none"> » Sovereign issuer disclosure, if applicable. <p>ICS verifies the allocation to Taxonomy-aligned activities through standard sampling. To maintain a streamlined, consistent, and cost-efficient review process, the following principles shall govern project sampling:</p> <ul style="list-style-type: none"> » Minimum Coverage per Category. » Consideration of Third-Party Audit or Report. » Random Sampling to ensure clarity, consistency, and alignment with market practices. » Flexibility Pocket as Distinct Category.
Specific Taxonomy Aligned Activities	<p>ICS confirms the following information is disclosed at least at the level of the economic activity, and ideally at the level of the project or group of projects:</p> <ul style="list-style-type: none"> » If bond proceeds are allocated to enabling or transitional activities, type of activity financed, along with the amount and proportion of proceeds allocated to each type. » If applicable, the amount and proportion of assets linked to EU Taxonomy-aligned activities involving nuclear energy and fossil gas.
Not Aligned Activities	<p>If the Issuance makes use of the flexibility pocket, ICS confirms the following information is disclosed at least at the level of the economic activity, and ideally at the level of the project or group of projects:</p> <p>Statement that some bond proceeds are allocated to activities not meeting the Taxonomy's TSC.</p> <p>Specification of not aligned activities, including percentage of proceeds allocated to each, both in total and per activity.</p> <p>Specification of whether non-aligned activities fall under the flexibility pocket in line with Art. 5 (1) (a), and if so, meet the EU Taxonomy's DNSH requirements, OR Art. 5 (1) (b), and if so, meet, on a best efforts basis, the relevant TSC.</p> <p>Explanation of why the TSC cannot be applied and how the activities contribute to one or more of the Taxonomy's environmental objectives, do not significantly harm any of the other environmental objectives, and how compliance with Minimum Safeguard requirements has been ensured.</p>
Issuance Costs	<p>Unless the issuer allocates gross proceeds (as confirmed in the Factsheet), ICS confirms the Allocation Report includes at least an estimated amount of issuance costs deducted from the proceeds, with an accompanying explanation.</p>
Reporting	
Reporting	<p>ICS confirms the following information is available on the Issuer's website:</p> <ul style="list-style-type: none"> » Completed European Green Bond Factsheet, pre-issuance review, and link to the prospectus (if applicable) before the bond is issued. » Allocation Reports, their post-issuance reviews, and the Impact Report disclosed without undue delay after they are prepared or obtained. » Where relevant, CapEx plan, any Impact Report External Review. <p>If applicable, ICS confirms the link to the consolidated management report or the consolidated sustainability report is available and accessible.</p>

Requirements	Assessment
CapEx Plan	
CapEx Plan	<p>If proceeds are used for projects that are not yet EU Taxonomy-aligned but are expected to become aligned over time, ICS confirms the following information is provided:</p> <ul style="list-style-type: none"> » Progress on implementing the CapEx plan and the estimated completion date for projects. » If there are significant delays or changes, the reasons and their impact on the CapEx plan. » If proceeds of an outstanding bond risk not meeting amended Technical Screening Criteria: <ul style="list-style-type: none"> ○ Existence and external review of a corrective plan. ○ Publication of the plan no later than seven years after the date of application of the amended criteria.

5.3. Part 3: European Green Bond Impact Report

Key regulatory requirements and assessment steps and considerations under each individual dimension covered in Part 3 of the external review are outlined in Table 5 below.

Table 5

Requirements	Assessment
Contribution to Environmental Strategy	
Environmental Strategy	<p>ICS confirms the following information is disclosed:</p> <ul style="list-style-type: none"> » How the bond has contributed to the Issuer’s broader environmental strategy. » If applicable, any changes to the environmental strategy since the publication of the European Green Bond Factsheet. » Clear reference in the environmental objectives pursued by the bond to one or several of the EU Taxonomy’s environmental objectives.
Link to Taxonomy-Aligned KPIs	<p>For Issuers subject to Article 8 of the EU Taxonomy Regulation:</p> <ul style="list-style-type: none"> » ICS validates that the Impact Report details how, to which extent and in which financial period bond proceeds contribute to the financial KPIs disclosed in the latest Taxonomy Disclosure.
Link to Transition Plan	<p>For Issuers mandated to publish a Climate Transition Plan in their consolidated management report or the consolidated sustainability report, or those voluntarily disclosing such a plan:</p> <ul style="list-style-type: none"> » ICS confirms that the Impact Report explicitly details how proceeds from the bond issuance contribute to the funding and implementation of the Climate Transition Plan.
Allocation of Proceeds	
Specific Taxonomy Aligned Activities	<p>ICS confirms the following information is disclosed at least at the level of the economic activity, and ideally at the level of the project or group of projects:</p> <ul style="list-style-type: none"> » The proportion of bond proceeds allocated to activities that are environmentally sustainable under Article 3 of the Taxonomy Regulation - calculated following the methodology set out in their Green Bond Allocation Report.

Requirements	Assessment
	<ul style="list-style-type: none"> » If bond proceeds are allocated to enabling or transitional activities, the type of economic activity financed, along with the amount and proportion of proceeds allocated to each type. » ICS confirms the Impact Report specifies the amount and proportion of assets linked to EU Taxonomy-aligned activities involving nuclear energy and fossil gas, if applicable.
Not Aligned Activities	<p>If the Issuance makes use of the flexibility pocket, ICS confirm the following information is disclosed at least at the level of the economic activity, and ideally at the level of the project or group of projects:</p> <ul style="list-style-type: none"> » Statement that some bond proceeds are allocated to activities not meeting the EU Taxonomy's TSC. » Specification of not aligned activities, including percentage of proceeds allocated to each, both in total and per activity. » Explanation of why the TSC cannot be applied and how the activities contribute to one or more of the Taxonomy's environmental objectives, do not significantly harm any of the other environmental objectives, and how compliance with Minimum Safeguard requirements has been ensured.
Environmental Impact of Bond Proceeds	<p>ICS confirms the following information is disclosed:</p> <ul style="list-style-type: none"> » An estimate of positive and adverse environmental impacts in aggregated form. » The methodology and assumptions used to evaluate the impacts of projects. » The projects' positive and negative environmental impacts and related metrics, where available. An explanation if project-level data is unavailable. » Optional disclosure about contributions to social factors. » If applicable, separate disclosures for the above for projects and activities within the flexibility pocket. <p>ICS assesses the relevance of selected impact indicators and the robustness of the methodology.</p>
Reporting	
Reporting	<p>ICS confirms the following information is available:</p> <ul style="list-style-type: none"> » Completed European Green Bond Factsheet, pre-issuance review, and link to the prospectus (if applicable) before the bond is issued. » Allocation Reports, their post-issuance reviews, and the Impact Report disclosed without undue delay after they are prepared or obtained. » Where relevant, CapEx plan and any Impact Report External Review. » Accessibility of all documents and any updates on the issuer's website, free of charge, for at least 12 months after bond maturity. <p>If applicable, ICS confirms the link to the consolidated management report or the consolidated sustainability report is available and accessible.</p>
CapEx Plan	
CapEx Plan	<p>If proceeds are used for projects that are not yet EU Taxonomy-aligned but are expected to become aligned over time, ICS confirms the following information is provided:</p> <ul style="list-style-type: none"> » Progress on implementing the CapEx plan and the estimated completion date for projects.

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