INTERNATIONAL STANDARD

ISO 14030-4

First edition
2021-09

Environmental performance evaluation — Green debt instruments —

Part 4: Verification programme requirements

Évaluation de la performance environnementale — Titres de créance verts —

Partie 4: Exigences pour un programme de vérification

Reference number
ISO 14030-4:2021(E)

© ISO 2021



COPYRIGHT PROTECTED DOCUMENT

© ISO 2021

All rights reserved. Unless otherwise specified, or required in the context of its implementation, no part of this publication may be reproduced or utilized otherwise in any form or by any means, electronic or mechanical, including photocopying, or posting on the internet or an intranet, without prior written permission. Permission can be requested from either ISO at the address below or ISO's member body in the country of the requester.

ISO copyright office
CP 401 • Ch. de Blandonnet 8
CH-1214 Vernier, Geneva
Phone: +41 22 749 01 11
Email: copyright@iso.org
Website: www.iso.org

Published in Switzerland

Contents

Page

Foreword ... **iv**
Introduction ... **v**
1 Scope ... **1**
2 Normative references ... **1**
3 Terms and definitions ... **1**
4 Requirements for bodies performing verification and validation engagements ... **4**
4.1 General requirements ... 4
4.2 Requirements for processes additional to those specified in ISO 14065 ... 4
4.3 Engagement ... 5
4.3.1 Pre-issuance engagement ... 5
4.3.2 Post-issuance or post-origination engagement ... 5
4.4 Requirements for competence of verification and validation teams ... 5
4.5 Competence of reviewers of verification and validation engagements ... 5
5 Third-party marks of conformity ... **6**
5.1 General ... 6
5.2 Licensing and control of third-party marks ... 6
6 Facts discovered after the issuance of an opinion ... **6**
Annex A (informative) **Verification programme/validation programme** ... **7**
Bibliography ... **12**

© ISO 2021 – All rights reserved

Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 207, *Environmental management*, Subcommittee SC 4, *Environmental performance evaluation*.

A list of all parts in the ISO 14030 series can be found on the ISO website.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

© ISO 2021 – All rights reserved

Introduction

0.1 General

ISO 14030-1 and ISO 14030-2 specify requirements for issuers, originators and borrowers of green debt instruments. These requirements are designed to ensure the integrity of the green designation for bonds and loans. ISO 14030-3 establishes a taxonomy of eligible projects, assets and supporting expenditures.

This document specifies requirements for bodies verifying conformity to the requirements of ISO 14030-1 and ISO 14030-2 and, where applicable, validating eligibility. This document references ISO 14065. It also sets out requirements for a pre-issuance verification engagement and at least one post-issuance verification engagement. Annex A provides guidance to owners of verification programmes/validation programmes.

The ISO 14030 series is designed to be used as a set for users wishing to claim conformity to it. Green bond issuers who claim conformity meet the requirements of ISO 14030-1 and either ISO 14030-3 or an alternate taxonomy. Green loan borrowers, or lending institutions acting on their behalf, who claim conformity meet the requirements of ISO 14030-2 and either ISO 14030-3 or a suitable alternate taxonomy. In the case where users invoke ISO 14030-1:2021, 5.4, or ISO 14030-2:2021, 6.3, or ISO 14030-2:2021, 7.3, to identify projects, assets and supporting expenditures that are not included in their selected taxonomy, a validation of eligibility is performed in accordance with this document. Claims of conformity to ISO 14030-1 and ISO 14030-2 may only be made when the issuer, borrower, or lending institution acting on behalf of a borrower, engages the services of a body to verify conformity to ISO 14030-1, ISO 14030-2 and ISO 14030-3 or an alternate taxonomy.

This document references ISO/IEC 17030 for those verification programme owners who choose to issue marks of conformity (e.g. labels).

ISO 14030-1 describes the process by which issuers determine green bond eligibility. ISO 14030-2 describes the process for green loan eligibility. The process in ISO 14030-2 works differently depending on whether the loan is “specialized” or “standardized”. In specialized lending, the borrower takes responsibility for meeting the requirements of ISO 14030-2, ISO 14030-3 and this document. In the case of a standardized loan, however, the lender of the loan (bank, insurance company, pension fund, governmental agency or other) takes responsibility for ensuring that borrowers participating in the standardized loan programme meet the requirements of the relevant parts of the ISO 14030 series.

Figure 1 outlines the relationship between the four parts of the ISO 14030 series.

© ISO 2021 – All rights reserved

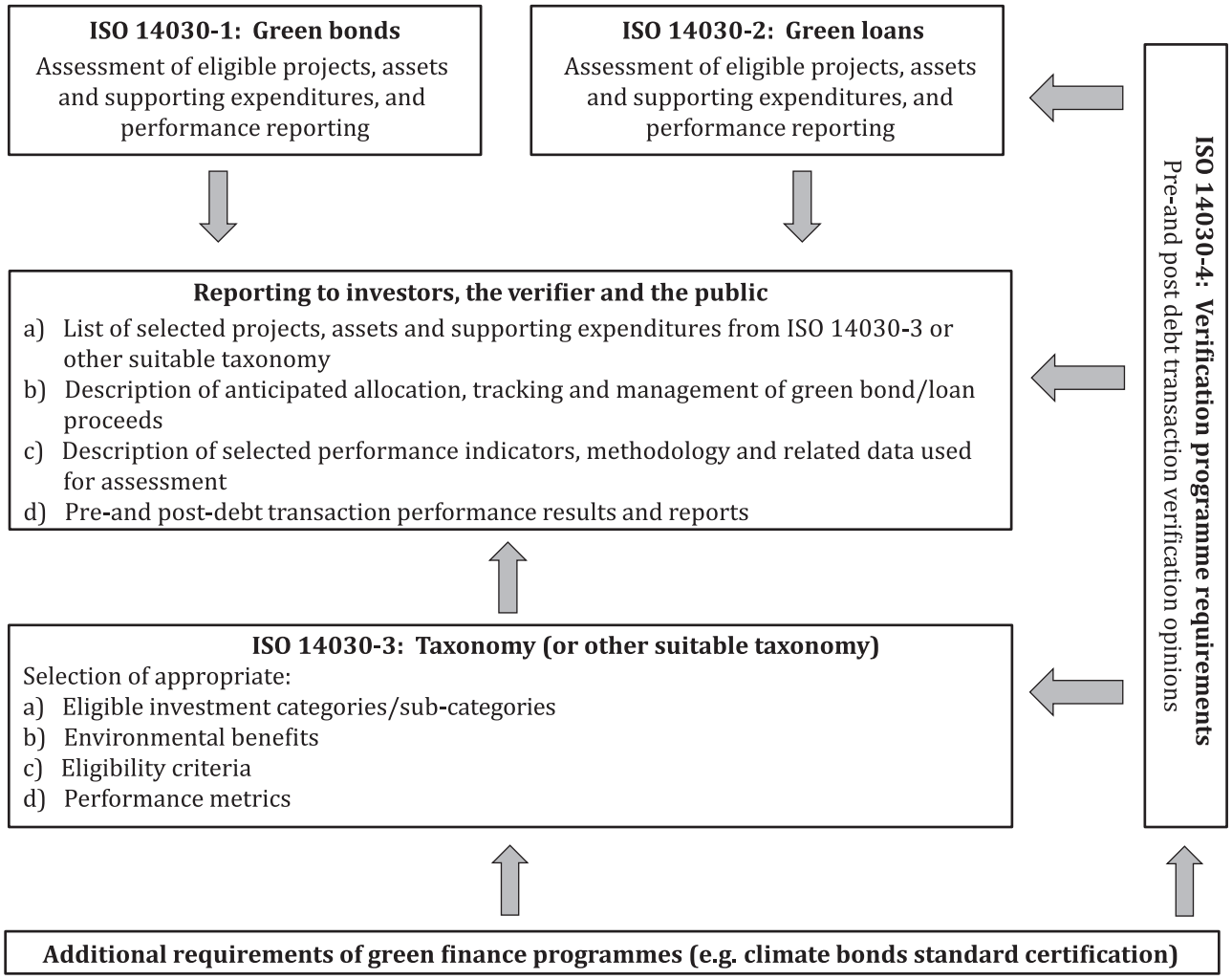


Figure 1 — Relationship between the parts of the ISO 14030 series

0.2 Background information on ISO conformity assessment standards

ISO has an established history of publishing conformity assessment standards. This work is performed primarily by ISO's Conformity Assessment Committee, more commonly known as "CASCO". CASCO publishes standards that are used by accreditation bodies around the world. An accreditation body, often referred to as an "AB", is defined in CASCO's standard on terminology (see ISO/IEC 17000) as an "authoritative body that performs accreditation". Accreditation bodies may be organized within government agencies or as independent organizations. They accredit and oversee the work of conformity assessment bodies, a term that includes third-party verification and validation bodies.

It is the role of CASCO to write standards on conformity assessment. ISO, and by extension CASCO, leave the offering of accreditation and conformity assessment services to economic actors who operate without any direct oversight by ISO. In addition to accreditation bodies, these economic actors include verification and validation bodies, training course providers, bodies certifying persons, and operators of "conformity assessment programmes", which are also known as "conformity assessment schemes". ISO/IEC 17000 states that a conformity assessment scheme is "related to specified objects of conformity assessment to which the same specified requirements, specific rules, and related procedures apply". In accordance with CASCO's terminology, this document defines requirements for bodies verifying or validating claims of conformity to the ISO 14030 series. Annex A provides guidance to owners of verification programmes/validation programmes.

A generic diagram in Figure 2 illustrates how oversight of different elements of the accreditation system in conformity assessment is performed. This diagram begins with the International Accreditation

 © ISO 2021 – All rights reserved

Forum (IAF), a membership organization that includes accreditation bodies from around the world. The IAF seeks to standardize the accreditation approach through the issuance of guidance documents and through peer assessment of its members.

Accreditation bodies operate in conformity to ISO/IEC 17011, which specifies requirements for accredited verification bodies. Verification and validation bodies, in turn, operate in conformity to ISO/IEC 17029. In addition to following the requirements of ISO/IEC 17029, verification bodies verifying or validating environmental information also conform to the requirements of ISO 14065, a sector-specific application of ISO/IEC 17029.

The clients of verification bodies are issuers of green bonds, specialized green loan borrowers, or lending institutions offering standardized green loans. Each of these economic actors takes responsibility for the designation of their debt instruments as green in conformity to ISO 14030-1, ISO 14030-2 and ISO 14030-3 or an alternate taxonomy. They engage verification and validation bodies to provide opinions about the accuracy of their claims and about their conformity to relevant parts of the ISO 14030 series.

Verification and validation bodies conduct verification and validation engagements in accordance with methodologies described in ISO 14065 and other documents. At present, ISO has not published a standard describing specific methodologies to use in green bond or green loan verification or validation. One standard that may serve as a guideline for verification is ISO 14064-3:2019. Verification and validation bodies may also conduct their engagements in accordance with standards written by the financial auditing profession for reviews and audits of non-financial information. The main document issued by the International Federation of Accountants is ISAE 3000 Revised.

Figure 2 illustrates the relationship among parties in conformity assessment. It identifies the relevant standards used by the parties involved and how oversight of verification and validation bodies is maintained.

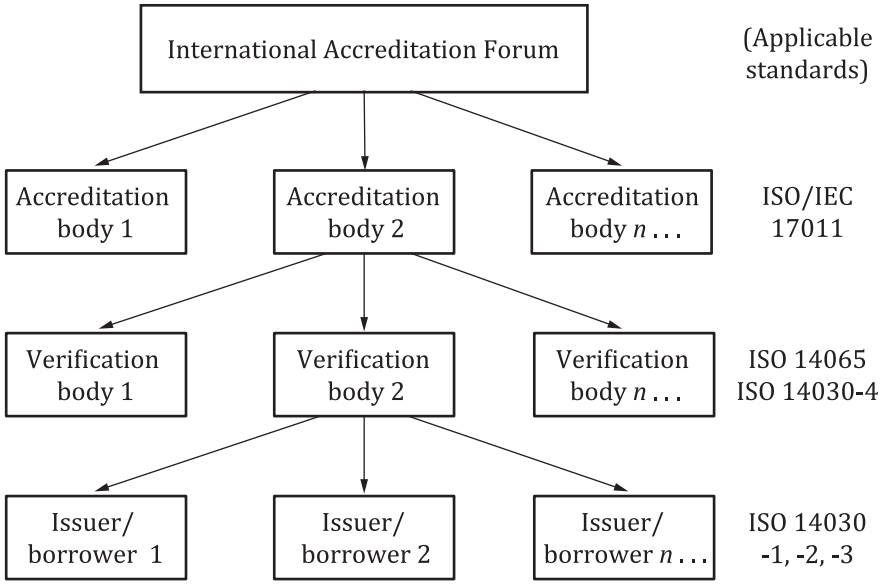


Figure 2 — Illustration of the relationship among parties in conformity assessment

NOTE In the case of green loans, the term "borrower" can refer to "borrower" or "lender", as applicable.

Users of this document can refer to ISO/IEC 17000 for definitions used in conformity assessment. These definitions are also available on ISO's Online browsing platform: https://www.iso.org/obp. Requirements for accreditation bodies are found in ISO/IEC 17011.

This document requires verification and validation bodies to be accredited to ISO 14065, which refers to and incorporates requirements published in ISO/IEC 17029. To avoid duplication, this document does not reproduce the generic requirements for verification bodies included in ISO/IEC 17029 or ISO 14065.

© ISO 2021 – All rights reserved

0.3 Purpose and applicability of this document

This document:

— establishes as a requirement (see Clause 1) that claims of conformity to ISO 14030-1, ISO 14030-2 and ISO 14030-3 cannot be made unless the person or organization making the claim has had that claim verified, or validated and then verified, by an accredited verification and validation body;

— specifies requirements for verification bodies performing verification, validation, or agreed-upon procedures in engagements where criteria are defined in ISO 14030-1, ISO 14030-2, or ISO 14030-3 or other suitable taxonomy;

— describes specific requirements of verification of environmental claims associated with a debt instrument, including competence requirements for verification teams and independent reviewers;

— makes reference to International Standards on the use of marks of conformity where those marks are applied or licensed;

— provides guidance to owners of conformity assessment programmes (programme owners).

0.4 Role of a verification programme owner

The role of the owner of a verification scheme is an important one. This document recognizes different types of verification programmes. At a minimum, a verification programme can be defined within a single verification and verification body that is accredited to ISO 14065.

This document provides guidance to verification programme owners because of the key role they play in establishing the basis for claims that will be verified (and sometimes validated). Verification programme owners may add requirements to their programmes that are not included in ISO 14030-1 or ISO 14030-2. To preserve the integrity of verification body opinions, this document discourages verification programme owners from influencing verification decision-making. It recommends against the introduction of bias or partiality into the operation of the programme and identifies certain management responsibilities of programme owners. This document recommends that verification programme owners engage in periodic peer assessment of their programmes in accordance with the principles of ISO/IEC 17040.

0.5 Requirements for verification bodies

Verification bodies will find generic requirements for the operation of their verification activities in ISO 14065. For clarity, the key stages of the verification process are described in this document as well as any requirements that are specific to green debt issuance verification and validation.

This document requires the performance of a pre-issuance verification engagement when debt instruments (bonds or loans) are to be issued or originated with a claim of conformity to the ISO 14030 series. It also requires the performance of a post-issuance verification engagement, whose purpose is to provide assurance to intended users that the requirements of the ISO 14030 series have been met.

This document does not specify what standard a verification body is required to use when verifying claims of conformity to the ISO 14030 series. Two main options exist: a verification body may use ISAE 3000 and ISRS 4400, or they may use ISO 14064-3:2019, a document designed for the verification and validation of greenhouse gas statements. Verification bodies will find that some adjustments are needed when using ISO 14064-3:2019 for the purpose of verifying conformity to the requirements of the ISO 14030 series, notably language more appropriate for green debt instruments.

Competence requirements for green debt instrument verification teams are defined in this document, as well as for reviewers of verification or validation engagement results.

Verification bodies are required by this document to control and legally enforce agreements associated with the use of any marks or statements related to verification or validation opinions. This document requires the use of ISO/IEC 17030, which defines requirements on this topic.

© ISO 2021 – All rights reserved

Environmental performance evaluation — Green debt instruments —

Part 4: Verification programme requirements

1 Scope

This document specifies requirements for verification bodies performing verification of claims of conformity to ISO 14030-1 or ISO 14030-2 and to ISO 14030-3 or a suitable substitute taxonomy. Conformity to the requirements of this document is mandatory for the verification of statements made by green debt issuers, borrowers and lenders that claim that their products conform to the ISO 14030 series. This document specifies requirements for the validation of claims of eligibility made in conformity to ISO 14030-1:2021, 5.4, ISO 14030-2:2021, 6.3, and ISO 14030-2:2021, 7.3. This document also establishes requirements for the optional use of third-party marks of conformity.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 14030-1, *Environmental performance evaluation — Green debt instruments — Part 1: Process for green bonds*

ISO 14030-2, *Environmental performance evaluation — Green debt instruments — Part 2: Process for green loans*

ISO 14030-3,[1)]*Environmental performance evaluation — Green debt instruments — Part 3: Taxonomy*

ISO 14064-3:2019, *Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements*

ISO 14065:2020, *General principles and requirements for bodies validating and verifying environmental information*

ISO/IEC 17011, *Conformity assessment — Requirements for accreditation bodies accrediting conformity assessment bodies*

ISO/IEC 17030, *Conformity assessment — General requirements for third-party marks of conformity*

International Standard on Assurance Engagements (ISAE) 3000 Revised, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-upon Procedures Regarding Financial Information*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 14030-1, ISO 14030-2, ISO 14030-3, ISO 14065:2020 and the following apply.

1) Under preparation. Stage at the time of publication: ISO/DIS 14030-3.2:2021.

© ISO 2021 – All rights reserved

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at https://www.electropedia.org/

3.1
verification
process for evaluating an environmental information statement based on historical data and information to determine whether the statement is materially correct and conforms to *criteria* (3.14)

[SOURCE: ISO 14065:2020, 3.3.15, modified — The notes to entry have been deleted.]

3.2
validation
process for evaluating the reasonableness of the assumptions, limitations and methods that support a statement about the outcome of future activities

[SOURCE: ISO 14065:2020, 3.3.15, modified — "environmental information" has been deleted from the term and the definition and Note 1 to entry has been deleted.]

3.3
verification programme
rules, procedures and management for carrying out *verification* (3.1) activities related to green debt instruments

Note 1 to entry: Verification programmes may be operated at international, regional, national, sub-national, sector-specific or organizational levels.

Note 2 to entry: A programme can also be called a "scheme".

Note 3 to entry: A set of standards able to cover all the requirements of this document can serve as a programme.

Note 4 to entry: A verification programme can be as simple as the letter of engagement between the verification body and its client, or refer to a formal programme document which has a set of rules that can have varying degrees of specification and complexity.

Note 5 to entry: Guidance for the establishment and operation of a verification programme or *validation programme* (3.4) is provided in Annex A.

Note 6 to entry: General guidance for the development of a verification or validation programme is given in ISO/IEC 17029:2019, Annex A.

[SOURCE: ISO 14065:2020, 3.3.2, modified — "related to green debt instruments" has replaced "in a specific sector or field" and Notes 5 and 6 to entry have been added.]

3.4
validation programme
rules, procedures and management for carrying out *validation* (3.2) activities related to green debt instruments

Note 1 to entry: Validation programmes may be operated at international, regional, national, sub-national, sector-specific or organizational levels.

Note 2 to entry: A programme can also be called a "scheme".

Note 3 to entry: A set of standards able to cover all the requirements of this document can serve as a programme.

Note 4 to entry: A validation programme can be as simple as the letter of engagement between the validation body and its client, or refer to a formal programme document which has a set of rules that can have varying degrees of specification and complexity.

Note 5 to entry: Guidance for the establishment and operation of a *verification programme* (3.3) or validation programme is provided in Annex A.

© ISO 2021 – All rights reserved

Note 6 to entry: General guidance for the development of a verification or validation programme is given in ISO/IEC 17029:2019, Annex A.

[SOURCE: ISO 14065:2020, 3.3.1, modified — "related to green debt instruments" has replaced "in a specific sector or field" and Notes 5 and 6 to entry have been added.]

3.5
verification and/or validation programme owner
person or organization responsible for developing and maintaining a specific *verification programme* (3.3) or *validation programme* (3.4)

Note 1 to entry: The programme owner can be the verification body/validation body itself, a governmental authority, a trade association, a group of verification bodies/validation bodies, an external programme owner or others.

3.6
verification body
body that performs *verification* (3.1)

[SOURCE: ISO 14065:2020, 3.3.27, modified — The notes to entry have been deleted.]

3.7
validation body
body that performs *validation* (3.2)

[SOURCE: ISO 14065:2020, 3.3.26, modified — The notes to entry have been deleted.]

3.8
verification/validation team
person or persons conducting *verification* (3.1)/*validation* (3.2) activities

[SOURCE: ISO 14064-3:2019, 3.2.8, modified — Note 1 to entry has been deleted.]

3.9
engagement
arrangement between two parties with the terms to perform services, usually specified in the form of a contract

Note 1 to entry: Verification engagements provide *assurance* (3.17) (see ISO 14064-3:2019).

[SOURCE: ISO 14065:2020, 3.3.13, modified — "two parties" has replaced "the validation or verification body and its client" in the definition.]

3.10
verifier
competent and impartial person with responsibility for performing and reporting on a *verification* (3.1)

[SOURCE: ISO 14064-3:2019, 3.2.6]

3.11
validator
competent and impartial person with responsibility for performing and reporting on a *validation* (3.2)

[SOURCE: ISO 14064-3:2019, 3.2.7]

3.12
accreditation
third-party attestation related to a conformity assessment body conveying formal demonstration of its competence to carry out specific conformity assessment tasks

© ISO 2021 – All rights reserved

3.13
accreditation body
authoritative body that performs *accreditation* (3.12)

[SOURCE: ISO/IEC 17000:2020, 4.7, modified — Note 1 to entry has been deleted.]

3.14
criteria
policy, procedure or requirement used as a reference against which a statement is compared

Note 1 to entry: Criteria may be established by governments, verification programmes, standards, good practice guidance or internal procedures.

[SOURCE: ISO 14064-3:2019, 3.6.10, modified — "a statement" has replaced "the GHG statement" in the definition and Note 1 to entry has been added.]

3.15
client
organization or person requesting *validation* (3.2) or *verification* (3.1)

Note 1 to entry: The client can be, for example, the issuer, investor, regulator, programme owner or any other party.

[SOURCE: ISO 14065:2020, 3.2.1, modified — Note 1 to entry has been replaced.]

3.16
interested party
person or organization that can affect, be affected by, or perceive itself to be affected by a decision or activity

EXAMPLE Customers, communities, suppliers, regulators, non-governmental organizations, investors and employees.

Note 1 to entry: To "perceive itself to be affected" means the perception has been made known to the organization.

[SOURCE: ISO 14001:2015, 3.1.6]

3.17
assurance
confidence in a statement that is historical in nature

3.18
origination
steps involved in making a new loan from initial application to entering it on the lender's books

4 Requirements for bodies performing verification and validation engagements

4.1 General requirements

Bodies providing verification engagements or validation engagements for issuers, originators or borrowers of green debt instruments in accordance with the requirements of ISO 14030-1 or ISO 14030-2 and ISO 14030-3 or an alternate taxonomy shall be accredited by an accreditation body operating in accordance with ISO/IEC 17011.

Bodies providing verification or validation engagements shall conform to ISO 14065, and shall perform their engagements in accordance with ISO 14065:2020, Clause 9.

4.2 Requirements for processes additional to those specified in ISO 14065

The verification body/validation body shall determine the information needed for the performance of verification/validation engagements and shall inform the issuer, borrower or lender accordingly.

© ISO 2021 – All rights reserved