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| Reply form for the Consultation Paper on technical standards on the European Green Bond Regulation |
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**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **30 May 2025.**

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Use this form and send your responses in Word format (**pdf documents will not be considered except for annexes**);
3. Please do not remove tags of the type <ESMA\_QUESTION \_EUGB\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
4. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
5. When you have drafted your response, name your response form according to the following convention: ESMA\_EUGB\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_EUGB\_ABCD\_RESPONSEFORM.
6. Upload the form containing your responses, **in Word format**, to ESMA’s website (www.esma.europa.eu under the heading “Your input – Open Consultations” -> Consultation Paper on technical standards on the European Green Bonds Regulation”).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

**Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper**

# All interested stakeholders are invited to respond to this Consultation Paper. In particular, ESMA encourages entities that intend to apply for registration as external reviewers of European Green Bonds, as well as financial market participants who have or intend to issue or invest in green bonds or sustainability-linked bonds, to participate.

**General information about respondent**

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| --- | --- |
| Name of the company / organisation | ASSIREVI |
| Activity | Audit/Legal/Individual |
| Are you representing an association? |[x]
| Country/Region | Italy |

**Questions**

1. **Do you agree with ESMA’s proposals for the assessment of the appropriateness, adequacy and effectiveness of systems, resources and procedures?**

<ESMA\_QUESTION\_EUGB\_1>

Before addressing the specific questions hereunder, Assirevi considers it appropriate to provide some general comments on the draft RTS under consultation, referring also to our remarks already submitted in response to ESMA’s previous consultation on the first set of RTS, dated 26 March 2024.

First of all, we observe that, in identifying the requirements that external reviewers must meet in order to operate within the European Union — and to ensure a genuine level playing field —two different approaches could have been taken: (i) directly define in the RTS a comprehensive set of binding rules and requirements applicable to all EU external reviewers; or (ii) with a view to reducing costs and burdens, including of a legislative nature, refer to already existing and internationally recognised standards.

The analysis of the current draft delegated acts, as well as the RTS on which we expressed our comments on 26 March 2024, however, reveals in our view that neither of these two approaches has been adequately pursued.

On the one hand, the RTS under consultation introduce high-level criteria lacking concrete and operational guidance, which are therefore inadequate in our view to define a clear and self-standing regulatory framework. While such a choice may be aimed at reducing regulatory burdens, the outcome is in our view not effective, as it may result in an inconsistent application of the requirements across external reviewers, ultimately undermining the comparability of their activities.

On the other hand, the draft delegated acts miss in our view the opportunity to make explicit reference to the professional standards already adopted at international level by entities that typically perform assurance activities. These standards, widely recognised by national supervisory authorities, are the result of work carried out over time by technically qualified standard-setting boards composed of assurance professionals and other stakeholders, under the supervision of international oversight bodies. For this reason, they currently represent the most robust framework available for assessing the experience, competence, ethics and independence requirements – as well as the quality management systems – of those entities that perform assurance engagements.

In particular, we refer to the International Standards on Quality Management (ISQM) issued by the International Auditing and Assurance Standards Board (IAASB), and to the ethical and independence standards issued by the International Ethics Standards Board for Accountants (IESBA).

In this context, we strongly encourage ESMA — after choosing not to develop ad hoc principles for external reviewers in the RTS — to reconsider the approach outlined in the draft delegated acts and place greater value on the aforementioned international standards. Should ESMA decide to maintain the current high-level approach without adopting either of the two alternatives outlined above, it would at least be necessary to recognise that the aforementioned international standards are adequate for the purposes of the RTS, thereby rendering them equivalent to meeting the requirements of the EuGB Regulation.

There is no doubt in our view that the requirements set out in the aforementioned international standards fully meet the quality expectations associated to carrying out external review activities, as well as the need to ensure ethic and independent conduct, as required by the EuGB Regulation.

In this regard, Assirevi notes that a policy approach based on the reference to existing and widely recognized international standards would contribute to simplifying the regulatory framework and reducing compliance costs, in particular for those external reviewers who are already required to comply with registration rules and oversight regulations related to the performance of audit and assurance activities. Such an approach would also be fully consistent with the European Commission’s latest policy direction, as reaffirmed in the Communication *A Competitiveness Compass for the EU – Simplification* (29.1.2025), which emphasizes the importance of simpler rules and a drastic reduction in administrative burdens to enhance the speed and flexibility of the regulatory environment.

This conclusion is further reinforced by the fact that the EuGB Regulation itself does not provide any guidance on the standards to be applied by external reviewers when conducting pre-issuance, post-issuance or impact report reviews. The approach adopted in the Regulation seems to suggest that the mere disclosure of methodologies by the external reviewer would be sufficient. It is evident, however, that such an approach may significantly affect the comparability of the reports issued and the overall quality of external review activities.

From another perspective, Assirevi also wishes to highlight that the Level 1 framework (i.e. Articles 59 *et seq*. of the EuGB Regulation) does not adequately define the modalities and timelines according to which ESMA is expected to carry out its supervisory activity over external reviewers.

In our view this element, combined with the lack of reference to established international standards to which the external reviewers’ activities should conform, may generate uncertainty for market participants. In particular, external reviewers might end up lacking a clear understanding upfront of both the minimum requirements to be met in order to carry out the activities under the EuGB Regulation, and of the potential supervisory actions to be undertaken by ESMA.

Furthermore, the absence of predefined evaluation parameters could also result in a significant burden for ESMA itself, which, under the current RTS framework, would be required to exercise a high level of discretion—inevitably to be applied on a case-by-case basis—in assessing the performance of external reviewers and its compliance with applicable requirements.

Lastly, Assirevi highlights that, in the absence of predetermined supervisory and assessment frameworks to be applied by ESMA, potential external reviewers may face significant legal and operational uncertainty as a result of the lack of initial clarity on the compliance requirements under the EuGB Regulation.

Considering all the aspects mentioned above for the purpose of our response to Q1, we do acknowledge that ESMA’s proposals concerning the assessment of the appropriateness, adequacy, and effectiveness of systems, resources, and procedures for external reviewers do establish a framework that aligns closely with the rigorous quality management principles that firms already licensed to provide audit and other assurance services already implement under established international standards, notably the International Standard on Quality Management 1 (ISQM 1), and related ethical requirements. However, we strongly recommend that the final regulation explicitly recognize the comprehensive quality management systems and professional standards that firms already licensed to provide audit and other assurance services already implement.

In considering its approach to recognizing existing professional standards, we recommend that ESMA should focus on the unique aspects of the green bond verification. This would involve identifying the specific additional competencies required for sustainability and green bond assessments, rather than creating parallel systems that duplicate existing quality management requirements.

Moreover, we recommend developing a regulatory approach that:

* Emphasizes requirements specific to green bond verification not already covered by existing frameworks.
* Clarifies specialized expertise requirements for the EU Taxonomy technical screening criteria and green bond frameworks.
* Allows firms to demonstrate compliance through the cross-referencing of existing quality management documentation.
* Establishes a proportionate approach that recognizes the varying sizes and capabilities of potential external reviewers.

Finally, we would suggest that ESMA should consider aligning the terminology used in the draft RTS with established auditing and assurance standards to facilitate implementation and avoid confusion (e.g., by adopting terms such as "quality objectives" and "engagement teams" consistent with ISQM 1).

<ESMA\_QUESTION\_EUGB\_1>

1. **Do you agree with ESMA’s proposals for the assessment of whether the compliance function has the authority to discharge its responsibilities properly and independently, the necessary resources and expertise and access to all relevant information?**

<ESMA\_QUESTION\_ EUGB\_2>

 Consultation paper - **Q2.3 Do you agree with ESMA’s proposals for the assessment of whether the compliance function has the necessary access to all relevant information?**

We agree with the objective to ensure that external reviewers have a proper internal organization providing the necessary powers and authority to the internal quality functions to perform their activities properly and independently, with sufficient resources and expertise and access to all relevant information to carry out their tasks in an appropriate manner.

However, we highlight once again that the professional standard already applied internationally by entities that perform assurance activities (i.e., the International Standards on Quality Management - ISQM 1) does represent the best framework currently available, which requires having in place a system of quality management (SoQM) tailored to the firm and its client base. This scalability enables firms to design a system which addresses their specific circumstances and risks. As part of its SoQM, an entity must put in place a process for monitoring the SoQM’s effectiveness and ensure deficiencies are identified in a timely manner, allowing corrective actions to be implemented. This process represents a continuous cycle which firms are specifically required to undertake. In this context a firm, within its Governance and Leadership, would define the organizational structure and the assignment of roles, responsibilities and powers in the manner it deems appropriate to allow the configuration, implementation and operation of its quality management system.

Therefore, we strongly recommend that the final version of the RTS under consultation does recognize the framework provided by quality management systems already applied by assurance providers, also to have a more efficient process and avoid duplication of burdens and costs.

<ESMA\_QUESTION\_ EUGB\_2>

1. **Do you agree with ESMA’s proposals for the assessment of the soundness of administrative and accounting procedures and of internal control mechanisms and the effectiveness of control and safeguard arrangements for information processing systems?**

<ESMA\_QUESTION\_ EUGB\_3>

Consultation paper - **Q3.1 Do you agree with ESMA’s proposals for the assessment of the soundness of administrative and accounting procedures?**

We acknowledge and support, in principle, the concept that an external reviewer requires sound administrative procedures for the proper functioning of its organization and to comply with relevant professional standards, laws and regulations. However, it appears that the intention of the proposed RTS is to introduce requirements for the external reviewer concerning also its internal control and IT systems specifically in relation to the preparation of its own financial statements.

We believe this objective is not directly related to the external reviewer’s responsibilities in performing assurance engagements. In fact, it significantly differs from the objective of a quality management system under ISQM 1, which is designed to ensure high-quality performance in the execution of engagements. These are two distinct objectives, and we believe that the focus of the RTS should remain on the latter.

Consequently, should the final RTS include requirements that are intended to address the preparation of financial statements, they would not be covered by the System of Quality Management (SoQM) implemented under ISQM 1, and would instead constitute an additional obligation for firms already licensed to provide audit and assurance services. In particular, Article 1 of the proposed RTS lacks clarity as to whether it refers to an external reviewer’s administrative and accounting system or to its management system of the engagements performed. In particular, the rationale for requiring compliance with applicable accounting standards and rules, which is clearly relevant when it applies to supervising the issuers of EU Green Bonds, is much less clear when regulating an external reviewer.

Therefore, if this section is indeed intended to address "administrative and accounting procedures", we suggest removing it from the proposed RTS. It would be more appropriate for an external reviewer to be required to adopt a SoQM in line with ISQM 1 when performing engagements, as is currently the case for other assurance services provided by firms already licensed to perform audit and assurance activities.

Consultation paper - **Q3.2 Do you agree with ESMA’s proposals for the assessment of the soundness of internal control mechanisms?**

We agree that internal control mechanisms are essential for ensuring the proper functioning of an organization. However, as with the administrative and accounting procedures discussed above, it appears that ESMA’s proposed RTS aims to impose requirements on an external reviewer’s own internal controls — particularly in relation to financial reporting and IT systems — rather than focusing on the controls relevant to the performance of assurance engagements.

This approach seems to diverge from the objective of the quality management system under ISQM 1, which is specifically designed to ensure the consistent performance of high-quality engagements. The internal control mechanisms proposed by ESMA appear to target a different objective: the governance and reliability of the external reviewer’s organizational processes, rather than the quality of the review work itself.

If the RTS requirements are indeed focused on the internal controls for the preparation of an external reviewer’s financial statements, they would fall outside the scope of the System of Quality Management (SoQM) and would result in additional obligations for firms already licensed to perform audit and assurance activities. To avoid confusion, we suggest clarifying whether these provisions relate to organizational controls or to engagement-level quality controls.

In our view, the latter (i.e., controls linked to the execution of engagements) should remain the primary focus. As such, it would be more appropriate to require the external reviewer to implement a SoQM compliant with ISQM 1, in line with other assurance services provided by firms already licensed to perform audit and assurance activities.

Also, Article 2, a) refers to internal control functions and their independence from the business lines. However, these functions are not explicitly defined and, consequently, the nature of these functions is unclear, including how they differ from the compliance function required by the draft Technical Standard 10.1.2. If this specific requirement is maintained in the final version of the RTS, it should therefore be appropriately clarified.

Consultation paper - **Q3.3 Do you agree with ESMA’s proposals for the assessment of the effectiveness of control and safeguard arrangements for information processing systems?**

With specific reference to Article 3 of the proposed RTS , we do not consider it appropriate to include criteria for assessing the control and safeguard arrangements for information processing systems applied by external reviewers. In fact — as mentioned in paragraph 29 of the Executive Summary, although not explicitly referenced in Article 3 — these requirements appear to be aligned to those of Regulation (EU) 2022/2554 (DORA). That regulation sets out uniform requirements concerning the security of network and information systems supporting the business processes of financial entities (as defined in Article 2), including their ICT third-party service providers.

External reviewers, however, do not fall within the current scope of DORA, as they are not considered financial entities or account information service providers. While ESMA notes that external reviewers may fall within scope in the future, the rationale for such inclusion is not clear at this stage. In our view, external reviewers should remain outside the scope of DORA, both now and in the future, given that their role and responsibilities — particularly in the context of the European Green Bond framework — are not relevant for the objectives of the DORA Regulation, which is primarily aimed at enhancing the digital operational resilience of financial institutions and protecting markets from ICT-related risks.

Instead, we believe it would be more appropriate to refer, once again, to ISQM 1, which is the professional standard already applied by entities performing assurance activities, including external reviewers. ISQM 1 requires that appropriate technological resources be obtained or developed, implemented, maintained, and used to support the operation of the firm’s system of quality management and the performance of engagements. Further guidance is provided in the Application and Other Explanatory Material (paragraphs A98–A101) of the standard, which also incorporates scalability considerations.

For this reason, we suggest that Article 3 be reconsidered and aligned to, or replaced with, the requirements of ISQM 1

<ESMA\_QUESTION\_ EUGB\_3>

1. **Do you agree with ESMA’s proposals to specify the criteria to assess whether the information used when providing reviews is of sufficient quality and from reliable sources?**

<ESMA\_QUESTION\_ EUGB\_4>

Consultation paper - **Q4.2 Do you agree with ESMA’s proposals to specify the criteria to assess whether the information used when providing reviews is from reliable sources?**

We welcome ESMA’s objective to ensure that the evidence underpinning the review of information under the EuGB Regulation comes from reliable sources and is of sufficient quality, as expressed through the wording “*information of sufficient quality and from reliable sources*” (See Art. 31.3).

However, we strongly recommend that the RTS under consultation be fully aligned with the principles and framework established in the International Standard on Sustainability Assurance (ISSA) 5000, which is the authoritative international standard developed by the IAASB for sustainability assurance engagements. The ISSA 5000 is designed to supersede ISAE 3000 (Revised) and is expected to become the principal standard adopted in the context of providing assurance on European Green Bonds.

In particular, paragraphs 90 and 91 of ISSA 5000 address the practitioner’s responsibility to assess the appropriateness of information used as evidence, including the aspects of relevance and reliability. The concept of reliability is further clarified in paragraph 91 (a) and (b), which require the assurance practitioner to:

*“(a) Obtaining evidence about the accuracy and completeness of the information; and*

*(b) Evaluating whether the information is sufficiently precise and detailed for the practitioner’s*

*Purposes*”.

Such evaluation of reliability is further supported by paragraph A260 of ISSA 5000, which outlines those common attributes of reliable information — such as accuracy, completeness, neutrality, and verifiability — that the practitioner should consider when assessing whether the information is sufficiently reliable for the purpose of the engagement.

The Application and Other Explanatory Material accompanying ISSA 5000 offers practical guidance on how the abovementioned criteria are to be applied, including, for example, a clear distinction between information obtained from internal sources (e.g., internal control systems, management reports) and information obtained from external sources (e.g., third-party data providers, consultants, benchmarks). By way of illustration, as to internal sources, the practitioner may assess the design and implementation of controls over data collection and processing; for external sources, the practitioner should evaluate the credibility and methodological soundness of the source.

Accordingly, we recommend that ESMA’s regulatory standards be explicitly and conceptually aligned with the ISSA 5000 framework, to prevent regulatory fragmentation or conceptual inconsistencies that may hinder the quality of assurance and its comparability across the market.

Finally, we would also like to raise a clarification request regarding the final sentence of Whereas 1 of the draft RTS:

“*This includes thresholds to determine that information is of sufficient quality based on minimum level of data needed.”*

It is not clear how this sentence is intended to be interpreted. If the aim is to ensure that a minimum quantity of evidence is available to enable the external reviewer to express a conclusion based on the review performed under the EuGB Regulation (i.e. pre, post-issuance and impact report reviews), we would caution against conflating quality and reliability of information with its quantity. The ISSA 5000, in paragraph 18, provides a clear conceptual distinction between the appropriateness (relevance and reliability) and the sufficiency (quantity) of information used as evidence by the practitioner. To avoid any misinterpretation or inconsistency with international standards, we suggest that ESMA clarifies this point in the final RTS, keeping these two dimensions of evidence (quality/reliability vs. quantity) conceptually distinct. This clarification would also avoid the concept of “sufficient quality” being improperly conflated with the mere quantity of data available.

<ESMA\_QUESTION\_ EUGB\_4>

1. **Do you agree with ESMA’s proposals to specify the information, form and content of applications for recognition?**

<ESMA\_QUESTION\_ EUGB\_5>

The draft RTS includes eight Annexes listing a number of data points and documents that must be submitted by third-country external reviewers as part of their application for recognition by ESMA, with the aim of demonstrating compliance with the requirements laid down in the EuGB Regulation. However, the delegated act under consultation does not provide further clarification on the modalities and criteria that the competent authority responsible for the recognition and supervision of external reviewers will apply in assessing compliance with those requirements.

In our view, the absence of clearly defined and identifiable assessment criteria may create uncertainty for market participants seeking to act as external reviewers, as they would lack upfront a clear understanding of the minimum requirements necessary to apply for recognition by ESMA.

In this respect, as already highlighted in the general remarks provided in our response to question 1, Assirevi believes that the recognition process for third-country external reviewers should also explicitly refer to compliance with internationally recognised professional standards commonly applied by entities performing assurance engagements.

Indeed, it is evident that a proper reference to uniform international standards could ensure an effective level playing field — both among EU-based external reviewers and between third country and EU based external reviewers.

<ESMA\_QUESTION\_ EUGB\_5>

1. **Do you agree with ESMA’s proposals to specify the standard forms, templates and procedures to notify ESMA of material changes in the information provided at registration?**

<ESMA\_QUESTION\_ EUGB\_6>

*Although the purpose of the RTS regarding the communication to ESMA of changes in standard forms, templates and procedures is clear, we believe that the notion of “material changes” required by such communication should be better clarified.*

<ESMA\_QUESTION\_ EUGB\_6>

1. **Do you have comments or quantitative information to provide on the CBA and options considered by ESMA?**

<ESMA\_QUESTION\_ EUGB\_7>

None

<ESMA\_QUESTION\_ EUGB\_7>