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Sustainability Markets Insights

On the record: Eight ways to make sustainable
bond impact reporting more effective

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On the record: Eight ways to make sustainable bond impact reporting more effective

Impact reporting is how the sustainable bond market demonstrates that labelled proceeds deliver environmental and social outcomes. It also underpins investors' own accountability, forming the basis of fund impact reports, regulatory disclosures and client reporting.

While allocation reporting is now commonplace for issuers of use of proceeds bonds, investors continue to highlight shortcomings in impact reporting. Methodologies vary, attribution is often unclear, estimated and actual impacts are not clearly labelled, and data can be difficult to extract and use at scale.

Under the International Capital Market Association (ICMA) Principles for green, social, sustainability and transition use of proceeds bonds¹, allocation reporting is a core requirement for alignment. Meanwhile, impact reporting remains a strong recommendation.

Primarily intended for bondholders, the reports are usually published on the issuer's website within a year of any issuance, and then annually until full allocation. If reporting is on a portfolio rather than bond-by-bond basis, reporting would be expected to continue annually until maturity of all outstanding instruments. This is to reflect that the outstanding issuances and underlying pool of eligible projects or assets will likely change year to year.

For guidance on core indicators for each green and social category, as well as summary templates, refer to the ICMA Harmonised Frameworks for Impact Reporting².

The EU Green Bond Standard stipulates that at least once during the lifetime of any EU Green Bond, reporting on the environmental impact of the proceeds should be published. The regulation provides a template for this, found in Article 12 and Annex III of EU Regulation 2023/2631³.

Looking into the state of impact reporting

Against a backdrop of improving data availability, evolving disclosure requirements and technological advances, Lloyds convened a series of interviews and a roundtable. The research interrogated how impact reporting has developed and where the investment community would welcome further progress.

Interviews included investors, data providers and impact specialists. The roundtable discussion brought together asset managers, with Sheer Khan, Chief Impact Officer and Chief Economist at the National Wealth Fund providing the keynote address.

Participants explored how impact reporting is used in investment decisions, portfolio construction, stewardship, fund reporting and regulatory disclosures. They also identified practical steps issuers can take to make reporting more decision-useful while being recognised for the additional effort involved.

Drawing on the roundtable and research interviews conducted in July 2026, eight recommendations emerged to help improve the effectiveness and usability of sustainable bond impact reporting.

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks>

² <https://www.icmagroup.org/sustainable-finance/impact-reporting/green-projects>

³ <https://eur-lex.europa.eu/eli/reg/2023/2631/oj/eng>

1. Show your pro-rata share of the impact

Investors need to know how much of a project's impact can reasonably be linked to the bond proceeds. Without this, they cannot calculate their own share of the impact, and it risks double counting. Attribution was viewed as one of the most important features of a credible report; ensure you label your reporting so there's no ambiguity over the scope of the data.

“ While there have been improvements in quality and standardisation, it's still difficult to aggregate reliably. A methodology is essential so we can trace the impact to the financed metric. ”
– **Asset Manager, July 2026**

2. Explain how the numbers were calculated

The headline figures matter, but so does the method behind them. Investors want to understand the assumptions, baselines and calculations used to produce impact metrics, and if these have changed from past years. A methodology section can be more valuable than pages of additional narrative. This helps investors standardise and aggregate the impact.

“ We look at a company's year-on-year weighted average carbon intensity impact, as well as comparing it with their peer group. ”
– **Asset Manager, July 2026**

3. Report at bond level where possible

Investors typically prefer bond-by-bond reporting as it helps them get closer to the impact of their funding, but they understand, and indeed ICMA does not preference one over the other, that portfolio basis reporting can be more practical. For corporates with four retrofit or infrastructure projects, bond-by-bond reporting is easier than for others, such as banks with a portfolio of loans.

“ To help with our stewardship, engagement and issuer analysis, bond-by-bond reporting is much more decision-useful and better suited for attribution. ”
– **Asset Manager, July 2026**



How does your impact reporting compare with investor expectations?

Speak to our Lloyds team to explore emerging best practice and what investors are looking for in credible impact reports.

4. Focus on the established metrics

Having unified core indicators from issuers helps investors. It means they can compare investments and aggregate to determine fund-level sustainability credentials.

Investors and data providers tend to anchor around core indicators for each theme, allowing for harmonisation across geographies and sectors.

- The climate-related metric tends to be emissions avoided per annum in tonnes of carbon dioxide equivalent
- For nature-based projects, it can be area of land or volume of water supported per year
- For social projects, the focus point is typically the estimated number of people supported in the target population.

For guidance on core metrics per project category, see the [ICMA Harmonised Frameworks for Impact Reporting](#).

“ There’s a trend of issuers introducing more KPIs, but we’d rather have fewer and more robust datapoints. ”

– Asset Manager, July 2026

5. Use case studies to add context

While the consensus recommendation was to report on the established core indicators, it’s worth noting that across the research interviews, there was divergence of opinion.

Some flagged that, for some projects – particularly those with social outcomes – homogenous indicators limited the ability to represent the full impact story. Research into measurement and disclosure continues⁴. In the meantime, additional tailored indicators and case studies are great complements to core metrics.

Strong data is the foundation of any impact report. Well-chosen case studies can bring the figures to life, showing how decisions were made and how proceeds were used in practice.

6. Be open about what didn't go to plan

Investors do not expect perfection. In fact, many said they gain confidence from reports that discuss delays, data gaps, challenges and lessons learned. Balanced reporting shows that issuers are actively managing and improving their programmes rather than simply highlighting successes.

“ To comply with the FCA’s Sustainability Disclosure Requirements⁵, we’re looking for additionality and intentionality. ”

– Asset Manager, July 2026

⁴ For example, Impact Frontiers’ Impact Management Project and the ICMA Impact Reporting working group

⁵ FCA, 2024. Sustainability Disclosure Requirements (SDR) regime, accessed 31 July 2026

<https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-requirements-sdr-regime>

7. Consider external assurance

External review of allocation and impact reporting is not a requirement of the ICMA Principles, but rather a recommendation. It is, however, common practice. Investors see value in independent assurance of impact data. While assurance alone is unlikely to drive investment decisions, it can strengthen trust in the information provided.

8. Make reporting easy to find and use

As well as using third party data providers for impact data⁶, some investors shared that they use technology and AI tools to extract information from reports. Clear tables, standard templates and downloadable spreadsheets make reporting easier to use. Several participants suggested that providing machine-readable data may be one of the most valuable improvements issuers can make.

Conclusion

The direction of travel

Investors' expectations are rising. There is growing demand for reporting that is transparent, consistent and supported by clear evidence. Additionality of the labelled bond market comes in linking the bond to the context for the issuer. Sustainable bonds can provide evidence of capex alignment with sustainability goals, to evidence action on transition plans.

- “ Investors want to understand not just what was financed, but what difference it made. That requires a thoughtful balance between objective metrics and more subjective assessments of impact.
- “ The National Wealth Fund's Impact Framework⁷ demonstrates how a clear approach to prioritisation can strengthen both reporting and decision-making. ”
- **Sheer Khan, Chief Impact Officer and Chief Economist of the National Wealth Fund**

The good news is that investors are not asking for longer reports. They are asking for better ones. The issuers that stand out are those that provide robust data, explain their methodology, acknowledge limitations and show how they are progressing. It is part of maintaining credibility in the sustainable bond market.

⁶ For a selection of the providers, see <https://www.icmagroup.org/sustainable-finance/impact-reporting/databases-guidelines-and-mapping>

⁷ The National Wealth Fund. *Impact, additionality and ESG*, accessed 31 July 2026

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