

Recommendations of ICMA Transition Finance Handbook

1 Issuer's climate transition strategy and governance

Transition finance should enable issuer's climate change strategy. The strategy should:

- Communicate the transformation of the business model to make a positive contribution
- Address climate change related risks
- Align with the goals of the Paris Agreement

4 Implementation transparency

Market communication should provide transparency to the extent practicable of:

- Underlying investment program including capital and operational expenditure (R&D and also where such operating expenditures is 'non-Business as Usual')
- Details of any divestments, governance and process changes in connection to transition strategy

2 Business model environmental materiality

The planned climate transition trajectory should be:

- Relevant to the environmentally material parts of the issuer's business model
- Take into account potential future scenarios which may impact on current determinations concerning materiality

3 Climate transition strategy to be science-based: targets and pathways

Issuer's climate strategy should reference science-based targets and transition pathways. The planned transition trajectory should be :

- Quantitatively measurable (based on a measurement methodology which is consistent over time)
- Aligned with, benchmarked or otherwise referenced to recognized, science-based trajectories where such trajectories exist
- Publicly disclosed (ideally in mainstream financing filings) and include interim milestones
- Supported by independent assurance or verification

