Towards a green and sustainable repo market?
ERCC AGM
ICMA’s role in sustainable finance

ICMA’s issuance guidance is referenced by more than 95% of sustainable bonds issued globally (ex-China)

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Description</th>
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<tbody>
<tr>
<td>2007</td>
<td>GBP’s launch</td>
<td>GBP launched with support of leading IBs and ICMA. Builds on existing practice for use-of-proceeds bond issuance by MDBs</td>
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<td>2014</td>
<td>SBP’s launch</td>
<td>SBP developed by GBP ExCom to federate array of social-themed bonds (e.g. education, gender) under one umbrella</td>
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<td>2017</td>
<td>SBG’s launch</td>
<td>SBG launched to allow a mix of green and social projects in the new sustainability bonds label</td>
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<td>2019</td>
<td>SLBP’s launch</td>
<td>Innovative and complementary approach focused on entity-level sustainable targets and KPIs rather than use-of-proceeds</td>
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<td>2020</td>
<td>CTF Handbook released</td>
<td>Issuer-level disclosure guidance for climate transition finance applicable to both GSS bonds and SLBs</td>
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What is the role of repo in sustainable finance?

**Repo with green/sustainable collateral**
- + Support liquidity for green and sustainable assets
- ? Existing market standards
- ? ‘Greenwashing’

**Repo with green/sustainable cash proceeds**
- + Create additional funding for green projects
- ? Do the underlying securities have to be ‘green assets’

**Repo between green/sustainable counterparties**
- + Reputation & client demand
- + Transition of business model
- + First mover advantages
- ? Short term nature vs long term objectives

**Potential Risks/Considerations**
- Greenwashing
- Collateral eligibility
- Collateral quality
- Documentation
- Data quality and availability
- Operational costs
The next step

1. Publish the consultation paper and collect feedback from all interested stakeholders
2. Identify areas for developments
3. Formulate ERCC strategy and establish working group as required
4. Assess potential scope for best practice