

## Standardization WG – ESG Standards Subgroup

13 August 2024, On Teams

### Meeting Minutes

#### Participants (in attendance in bold):

- Ashraf Ammar, Euroclear
- Jai Baker, Proximity
- **Flora Belladonna, BNP Paribas (Co-Chair)**
- Besa Chenge, Standard Bank of South Africa
- Kishan Changlani, Tata Consultancy Services
- Wallace Chu, Taiwan Depository & Clearing Corporation
- Louise Colfach, UBS
- **Peter Cox, Northern Trust**
- **Matthew Crowther, UBS**
- Jean-Marc De Cato, Clearstream
- Eva Dzerve, Nasdaq
- Carlos Fan, Chongwa (Macao)
- Siwei Feng, Deutsche Bank
- Charu Jain IHS Markit
- Vinod Jain, Datos Insights
- Haruna Jalo-Waziri, CSCS
- Helen Johnson, MYRIAD Group Technologies
- **Duygu Kaya, SWIFT**
- Julie Millot, Clearstream Banking
- Abiola Rasaq, CSCS
- Gabriel Sampaio, JP Morgan
- Fikir Sanders, DTCC
- Stefan Schorsch, McKinsey
- Adler Smith, Datos Insights
- Fabian Vandenreydt, NowCM
- Polina Yafizova, DTCC
- Richard Young, Bloomberg
- **Karen Zeeb, ISSA**

#### Executive Sponsor:

- Margaret Harwood-Jones, Standard Chartered Bank

### Agenda

1. Introductions and Welcome
2. Document Review
3. AOB

## Introductions and Welcome

### Introduction

Karen and Flora welcomed the participants to the meeting and outlined the agenda.

### Key Points Addressed

Flora thanked the WG participants for the great input to the white paper to date. The paper is coming together well.

## Document Review

### Introduction

Flora then walked through the latest version of the paper (v1.6 clean) and highlighted which included changes that she had proposed to the current wording.

### Key Points Addressed

The WG participants reviewed the current version of the document and Flora highlighted the following key points:

### General

- Flora and Karen had proposed an amended title which the participants agreed
- In the Executive Summary, some key points were added which were confirmed
- No significant changes were made to Chapter 1 giving the Context

## Chapter 2: First Line of Defence

- 2.1 Introduction (formerly 2.2)
  - It was proposed that the text on understanding the first line of defence in the context of the Securities Services industry should become the introduction to Chapter 2
  - Request for Julie to add further wording for the EU, if available, on ESG regulations
- 2.2 ESG Regulatory Landscape (formerly 2.3)
  - Flora introduced a graph for all to review
  - Peter to review wording to ensure clarity around regulations vs frameworks and mandatory versus voluntary
- 2.3 Stakeholders' expectations on ESG and Sustainability (formerly 2.4)
  - Flora proposed that a short introduction be added on ESG stakeholders in Securities Services
  - Request for Fikir to review and update
- 2.4 Design and implement securities services solutions with ESG criteria in mind (formerly 2.5)
  - Matt to add a piece on green bond issuance

## Chapter 3: Second Line of Defence

- Overall, this chapter is in good shape
- 3.2 ESG Risks
  - This section is still missing
  - Request for Ashraf to add an overview of the main ESG risks

- 3.5 Developing Robust ESG Risk Frameworks and Monitoring Mechanisms
  - There appears to be duplication with the text very similar to the later bullets
  - Request for Ashraf to review
- 3.6 ESG Compliance Costs
  - Flora proposed that the costs should be added into the conclusion instead which the participants agreed
- 3.7 Integrating ESG Considerations into Compliance Programmes for Securities Services
  - Request for Fikir to create this section

#### **Chapter 4: Third Line of Defence**

- 4.2 Evaluating ESG Impact through Internal Audit in Securities Services
  - Peter and Julie to create this section
- 4.3 Assurance Mechanisms for Validating ESG Reporting and Disclosure in Securities Services
  - Request for Fikir to create this section

#### **Chapter 5: Conclusions**

- Flora to write conclusions to the paper, to include a paragraph on the cost of ESG, and the cost of non-compliance

#### **Use Cases**

- Flora has proposed a number of use cases and Karen has reached out to seven different Board members to request their input
- Three have already responded and two (Clearstream and BNP Paribas) have agreed to provide input
- Karen to follow up on outstanding four names and add Duygu and Peter into the respective emails to their Board members

#### **Follow Up Actions**

- Julie to confirm if similar wording covering the EU on ESG regulations for 2.1
- Peter to review wording to ensure clarity around regulations vs frameworks and mandatory versus voluntary in 2.2
- Fikir to review and add an introduction to 2.3
- Matt to add a piece on green bond issuance to 2.4
- Ashraf to add an overview of the main ESG risks for 3.2
- Ashraf to review duplication concern for 3.5
- Fikir to create section 3.7
- Peter and Julie to create section 4.2
- Fikir to create section 4.3
- Karen to follow up on use case agreement
- Flora to write conclusions chapter

## AOB and Close

### Introduction

No other business was raised so Karen closed the meeting.

### Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Confirm if similar wording covering the EU on ESG regulations for 2.1	Julie	31 August 2024
2.	Review wording to ensure clarity around regulations vs frameworks and mandatory versus voluntary in 2.2	Peter	31 August 2024
3.	Review and add an introduction to 2.3	Fikir	31 August 2024
4.	Add a piece on green bond issuance to 2.4	Matt	31 August 2024
5.	Add an overview of the main ESG risks for 3.2	Ashraf	31 August 2024
6.	Review duplication concern for 3.5	Ashraf	31 August 2024
7.	Create section 3.7	Fikir	31 August 2024
8.	Create section 4.2	Peter and Julie	31 August 2024
9.	Create section 4.3	Fikir	31 August 2024
10.	Write conclusions chapter	Flora	13 September 2024
11.	Follow up on use case agreement	Karen	COMPLETE