

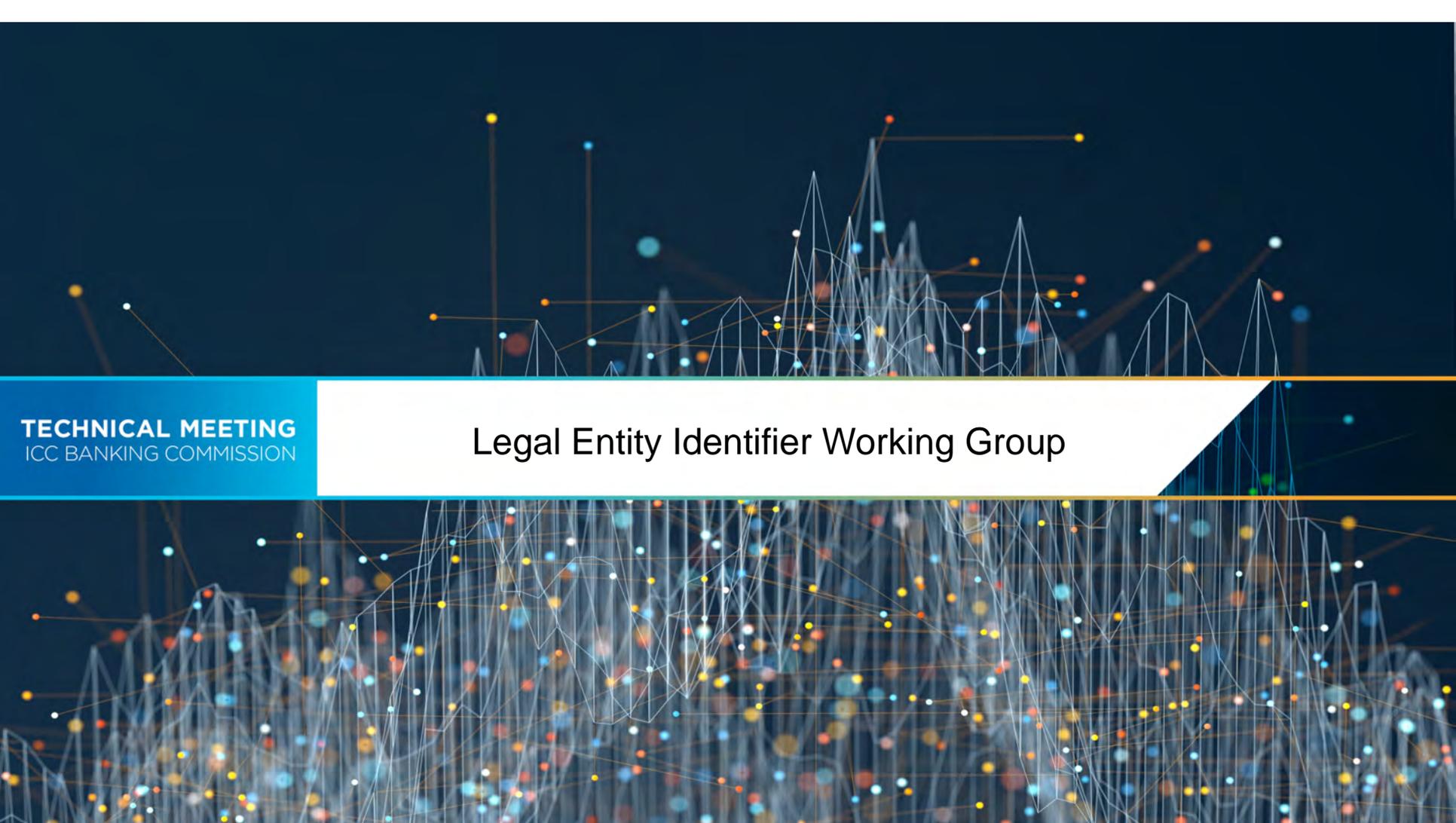
TECHNICAL MEETING
ICC BANKING COMMISSION

Digital Standards Initiative

Digital Standards Initiative

The Digital Standards Initiative (“DSI”) was officially launched by ICC in September 2020 with the aim of addressing longstanding barriers to widespread digitization of cross-border trade processes. To achieve this objective our strategy is to resolve six critical path challenges to widespread digitization of international trade flows by:

- ✓ Unifying digital standards efforts across alliances
- ✓ Champion legislative reforms
- ✓ Establishing interoperable rulebooks
- ✓ Creating standards for cross industry requirements (example: legal entity identifiers)
- ✓ Facilitating harmonized industry specific standards (example: electronic bill of lading)
- ✓ Establish digital platform standards (example: Communication protocols)

The background of the slide features a complex network of white lines connecting various colored nodes (blue, yellow, red, white) against a dark blue background. The nodes are scattered across the frame, with some appearing as larger, glowing spheres. The lines form a dense web of connections, suggesting a global or interconnected system.

TECHNICAL MEETING
ICC BANKING COMMISSION

Legal Entity Identifier Working Group

Mandate and process of the WG Legal Entity Identifier

Mandate:

- The develop the ICC Identity Management Guide
- Inclusion of all standards and registers of subjects and objects relevant for exporters and importers (and their service providers)

Process followed

- Call for members from NCs and 4 ICC Commissions
- WG started on 9 January 2020
- Version # 2 presented for comments on 27 March to all NCs and 4 ICC Commissions
- Version # 3.2 (final draft) presented on 27 Aug for comments to 4 ICC Commissions
- Version 4 Draft for review on the WG agenda of 14 October
- The WG recommended on 14 Oct the final Draft for approval in the next process step of ICC

High quality data are critical for the international supply chain

- Trading relations between business partners
- Digitalisation of business processes of the partners in the value chains (including communication networks, blockchain solutions)
- Compliance challenges of businesses among more for reporting purposes to public agencies
- High quality data mission critical for DSI project
- Data standards and registers of **subjects: with** rights and obligations
 - Legal forms ISO 20275 ELF
 - Business registers: 750 registers
 - ISO 17442 LEI
- Data standards and registers of **objects: without** right and obligations
 - Transport: vessels, planes, etc
 - Packaging: containers etc
 - Products: barcodes, QR codes
 - Documents: BoL, CoO, ATA carnets etc



- Global Legal Entity Identifier System: a G20 initiative
- Purpose: to support businesses and government agencies with the unique and standardised identification of (international) businesses for financial transactions (B2G and B2B)
- ICC Chair asked the G20 leaders on 28 Nov 2018 to support the broad adoption of the LEI ‘to improve the transparency, compliance and efficiency in the financial supply chains’
- The FSB and the BIS CPMI published policies in 2020 to include the LEI for cross-border payments messages
- GLEIF was mandated by the G20-FSB for the development and maintenance of the global LEI system and is subject to oversight and policy making of the LEI ROC (www.leiroc.org)
- The LEI is a broad public good and the data records are free of charge available for any user
- GLEIF delivers free mapping services with other identifiers such as with the ISO 9362 BIC



TECHNICAL MEETING
ICC BANKING COMMISSION

Working Group on Digitalisation in Trade Finance

Co-Chairs: Michael Vrontamitis & Alexander Goulandris

Two Key Streams of Work

- ICC Digital Rules & Practices
- Accelerating Digital Adoption

*We are continually evaluating new streams and sub-streams of work.
Do you reach out if you think you can help the digital trade finance movement.*

ICC Digital Rules & Practices

- eRules - eUCP version 2.0 and eURC version 1.0 (Stream Lead: Dave Meynell)
Objective: Evaluate all existing ICC rules to ensure that they enable banks to accept electronic documents and data
- Uniform Rules for Digital Trade Transactions (Stream Lead: Dave Meynell)
Objective: Develop a high-level framework for rules and obligations covering the use of Electronic Records to process Digital Trade Transactions
- Automation of Document Examination under documentary credits (Stream Leads: Uzair Bawany & Merisa Lee Gimpel)
Objective: Produce a set of clear guidelines on how trade finance document checking can be automated using new technologies (i.e. Artificial Intelligence, Machine Learning etc)

Accelerating Digital Adoption

- Roadmap & communications (Stream Leads: Chris Southworth & Alisa DiCaprio)
Objective: Develop guidance for digital advocacy. The digital trade roadmap provides a framework to articulate concrete policy changes required to promote the global digital agenda. Additional actions include monitoring and influencing progress
- Legal adoption (Stream Lead: Sean Edwards)
Objective: Accelerate the adoption of legal frameworks to enable digital trade
- Fintech adoption (Stream Leads: Hari Janakiraman & Jacco De Jong)
Objective: Issue guidelines that parties in the trade finance digital ecosystem can use to connect with each other digitally.
- APIs Standards for Trade Finance (Stream Leads: Valeria Sica & Ali Ansari)
Objective: Develop catalogue of Trade Finance APIs to be leveraged in the industry



TECHNICAL MEETING
ICC BANKING COMMISSION

Global Supply Chain Finance Forum

Global Supply Chain Finance Forum - Governance

Global Supply Chain Finance Forum

Steering Board: Representatives from 5 member organizations
BAFT (Tod Burwell), **EBA** (Jose Vicente), **FCI** (Peter Mulroy), **ICC** (t.b.d.), **ITFA** (Sean Edwards)

Chairman of the Forum: Christian Hausherr

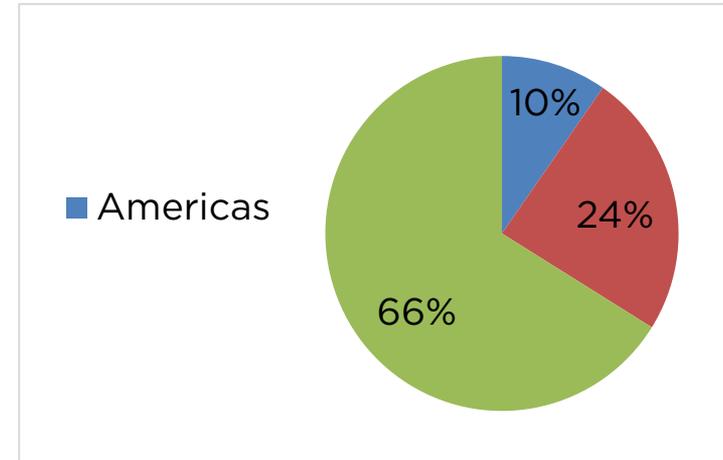
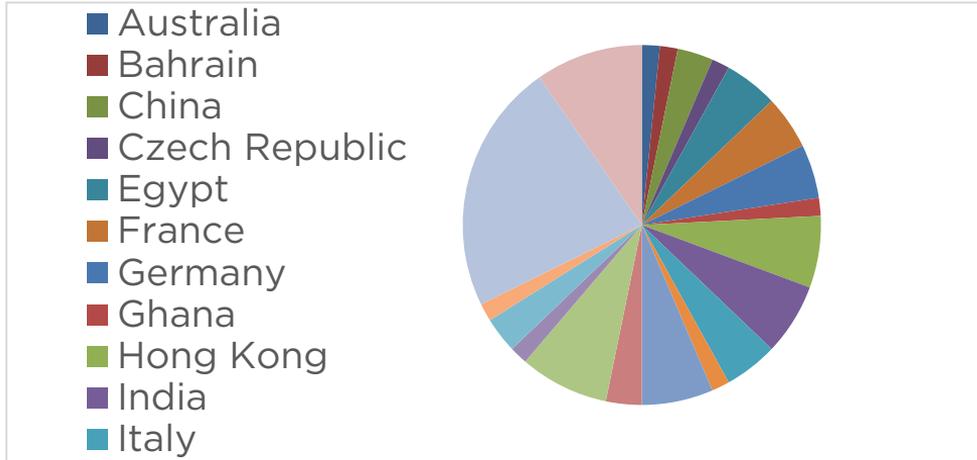
Working Group: Selected Subject Matter Experts upon invitation / nomination

- Delegates from participating organizations
- Subject Matter Experts from further organizations

Areas of work: Activities and initiatives as agreed with the Steering board

- Create additional guidance on SCF
- Prepare the ground for Rules
- Market Engagement on SCF-related matters

Global Supply Chain Finance Forum – Participant Base



- 60+ participants from banks and non-banks
- 20 countries across 3 regions

Global Supply Chain Finance Forum – accomplishments since October 2019

- 10/2019** Decision to expand the GSCFF Standard Terminology with an additional category ('Advanced Payable')
- 12/2019** Guidance on Receivables Discounting available in Chinese language
- 03/2020** Fact Sheet on Payables Finance (Payables finance - how it helps global supply chains)*
- 03/2020** Publication of the EU study on SCF – GSCFF as recognized source for SCF definitions
- 09/2020** Comprehensive Q&A on Payables Finance*
- 09/2020** Finalized draft for position paper on ICC Rules for SCF (currently under review by ICC Banking Commission ExCo)
- 10/2020** Guidance on Payables Finance

* Over the past months, there were widespread concerns from rating agencies and accounting firms on SCF Payables Finance, mainly focused around reported cases of inadequate usage of SCF programs and increased attention from governments. The GSCFF has publicly addressed these concerns with these papers and promotes SCF in the market.

Global Supply Chain Finance Forum – work in progress

- Publication of the position paper on ICC Rules
- Translation of the guidance on Payables Finance into Chinese language
- Enhancement of the GSCFF Standard Terminology
 - Finalization of the technique description for corporate payment undertaking (three feedback rounds completed)
 - Production of the technique description for dynamic discounting
- Successors in Trade sub-project on SCF (topic t.b.d.)

Global Supply Chain Finance Forum – outlook

- Further marketing and advocacy on Supply Chain Finance via industry events and print / offline publications
- Gradual increase of membership base (recently added members joined as a reaction to the GSCFF market advocacy papers)
- Continue working relationship with relevant organizations / initiatives (EBRD, e-invoicing organizations, payment and clearing institutions) to promoted the SCF Standard definitions
- Publication of the technique description for the corporate payment undertaking
- Successors in Trade project

The background features a complex network of white lines connecting various colored nodes (blue, orange, yellow, and white) against a dark blue gradient. The nodes are scattered across the frame, creating a sense of interconnectedness and data flow.

TECHNICAL MEETING
ICC BANKING COMMISSION

Sustainability in Trade Finance

Update on ICC Working Group



BACKGROUND:

- ICC Banking Commission recognizes banks' vital role in achieving internationally adopted sustainable development goals and environmental objectives
- Trade finance banks can support and influence adoption of sustainable practices by customers and in their supply chains
- Customers, investors, employees and regulatory authorities are focusing on environmental, social and credit risks to banks and whether their portfolios align with sustainability objectives

WORKING GROUP Mission and Governance:

- Established in 2016 to develop tools and best practice standards to promote sustainability across the trade finance industry
- Membership: commercial banks, multilateral development banks and other trade and sustainability experts
- Liaising with key regulatory and industry initiatives, including within ICC
- Co-Heads: Roberto Leva (Relationship Manager, Trade and Supply Chain Finance, Asian Development Bank) and Harriette Resnick (Independent); SIT: Cristina Fuster (Deutsche Bank)



FOUR WORKSTREAMS:

A: Process and Principles

B: Training

C: Capital Requirements and green finance

D: Definitions and Taxonomies

Next: Work stream membership, current scope, achievements to date and strategy going forward



A Sustainable Trade Finance: Work Stream on Process and Principles

PARTICIPANT INSTITUTIONS

ADB, ANZ, CDC Group, China Guangfa Bank, Citibank, EBRD, ESAF, HSBC, IFC, ING, ITC, NAB, Rabobank, RMB, Santander, Standard Bank, Standard Chartered Bank; Co-Leads: Nigel Beck, Executive & Head, Environmental & Social Risk and Finance (Standard Bank, Johannesburg); Lindokuhle Ndlangamandla, Associate/ Trade Product/ TPS/CIB (Standard Bank, Johannesburg); **SIT:** Jessica Craven (Kimura Capital)

CURRENT SCOPE

- Encourage piloting/feedback on integrated GMAP/ITC tool by FIs for sustainability risk assessment of agro-commodity trade customers
 - Regular training / feedback sessions arranged with IFC/WWF;
 - Evaluation of potential connection between GMAP and SWIFT.
- Implementation by year end of ICC Sustainability Customer Due Diligence Questionnaire into the SWIFT KYC registry for corporates & ongoing preliminary discussion on implementation of similar questionnaire for Financial Institutions.

ACHIEVEMENTS TO DATE

- GMAP-ITC integration completed;
- Feedback session on GMAP between IFC and working group members;
- Customer due diligence questionnaire finalized, implementation of SWIFT KYC Registry by end of 2020

NEXT STEPS

- Investigate how the GMAP-ITC tool can be operationalized/automated, e.g. connection with SWIFT
- Develop process incorporating the above questionnaires and GMAP-ITC (similar to that of Equator Principles)

B Sustainable Trade Finance: Work Stream on Training

PARTICIPANT INSTITUTIONS

ADB, HSBC

- **Lead:** Roberto Leva, Relationship Manager, Trade and Supply Chain Finance (ADB)
- **SIT:** Oladipo Olarewaju (Sterling Bank)

CURRENT SCOPE

- Creation/endorsement of training materials on sustainability for the banking industry, possibly via ICC academy, as well as organization of podcasts and webinars on the topic.

ACHIEVEMENTS TO DATE

- June 2020: Sustainability Webinar with ICC UK (ADB)
- August 2020: Podcast on Sustainability in Banking (ADB/HSBC/BIDV)
- Identification of Online training via Quarter Penny Consulting and Coastline (already tested by lead)

NEXT STEPS

- October 2020: Podcast on Trade Finance Sustainability and MLAs (ADB/EBRD/IFC)
- Free training will be provided to volunteers for the Quarter Penny Consulting to provide feedback on a potential suggestion for endorsement from the ICC
- Brainstorming on future podcasts
- Asking for new members to volunteer for this stream



C Sustainable Trade Finance: Work Stream on Capital Requirements

PARTICIPANT INSTITUTIONS

ADB, Barclays, BBVA, BNP Paribas, Coriolis Technologies, EBRD, Halotrade, HSBC, International Trade Centre, JPM, Lloyds, Natixis, Qbera Capital, Santander, Standard Chartered, Unicredit

- **Co-Leads:** Merisa Lee Gimpel (Lloyds Bank), NLN Swaroop (HSBC)
- **SITS:** Maria Mogilnaya (EBRD); Sara Pianigiani (Standard Chartered)

CURRENT SCOPE

To explore the connection between sustainable trade finance and capital requirements:

1. Can capital relief be provided for sustainable trade finance transactions and/or programmes?
2. Are sustainable trade finance transactions / supply chain finance programmes lower risk? How can this be evidenced?
3. Can sustainability (of a company / its supply chain) positively influence a company's credit rating? How will ESG ratings contribute?

ACHIEVEMENTS TO DATE

1. Information hub created for members to share key insights, findings & materials
2. Hosted an ICC Banking Technical Webinar on Sustainable Trade Finance (Jun 2020)
3. Completed two rounds of surveys on incentivizing sustainable trade finance

STRATEGY GOING FORWARD

1. Publish a whitepaper on Capital Treatment for Sustainable Trade Finance with support from the ICC Trade Registry group
2. Share best practices / case studies e.g. green weighting factor framework for sustainable trade finance
3. Engagement with regulators and other stakeholders on publication of whitepaper



D Sustainable Trade Finance: Work Stream on Sustainable Trade Definitions

PARTICIPANT INSTITUTIONS

ADB, Barclays, BBVA, BNP Paribas, EBRD, HSBC, ING, Lloyds, International Trade Centre, Santander, Societe Generale, Standard Chartered, Unicredit, Coriolis Technologies, Environmental and Social Agency for Financiers; **Lead:** Simon Connell (Standard Chartered); **SIT:** Lusine Balasanyan (Santander)

CURRENT SCOPE

- Define principles for sustainable trade finance
- Extend the harmonized definition of sustainable investments to Trade Finance
- Assess how regulatory initiatives such as the EU Taxonomy can inform definition of sustainable trade

ACHIEVEMENTS TO DATE

Four key areas of operation identified by the Stream D:

- **Trade instruments:** *focus on the trade and supply chain finance instruments covered by the ICC Trade Registry*
- **Mechanisms:** *focus on goods and services*
- **Data:** *ICC's support may be needed to assure the availability of ESG data from customers and their supply chains*
- **Safeguards:** *ensure wider sustainability goals e.g. human rights*

STRATEGY GOING FORWARD

- Engage stakeholders & third-party consultant- Q4 2020
- Organize structured interviews with FIs and collect data - Q1 2021
- Summate sustainable trade finance practices and present findings- Q2 2020
- Outreach and engagement of regulators, policymakers and governments- Q3 2020

ACHIEVEMENTS TO DATE

- **Response to EU FISMA Consultation on Renewed Sustainable Finance Strategy**
 - Coordinated ICC response to FISMA's consultation request with other WGs
 - Input from Export Finance, Regulatory Advocacy and Institutional Investors in Trade Finance
 - Addressed need for common definitions, due diligence standards, policy incentives and corporate disclosure
- **UNFCCC Fashion Charter: Financial Tools Working Group**
 - Liaison to fashion brand signatories' work towards decarbonizing operations and supply chains
 - Raising awareness of risk management tools and sustainable finance structures

ONGOING ENGAGEMENT STRATEGY

- **Coordination with other ICC Priority Projects and WGs:**
 - SME Climate Hub initiative
 - Help identify resources and incentives to assist SMEs on decarbonization pathway
 - Export Finance sustainability deep-dive
- **Leveraging WG Members' Involvement with External Initiatives:**
 - UNEP-FI bank product/taxonomy initiative
 - Task Force on Nature-Related Financial Disclosure
 - FATF Project on Environmental Crimes