

# Sustainable finance



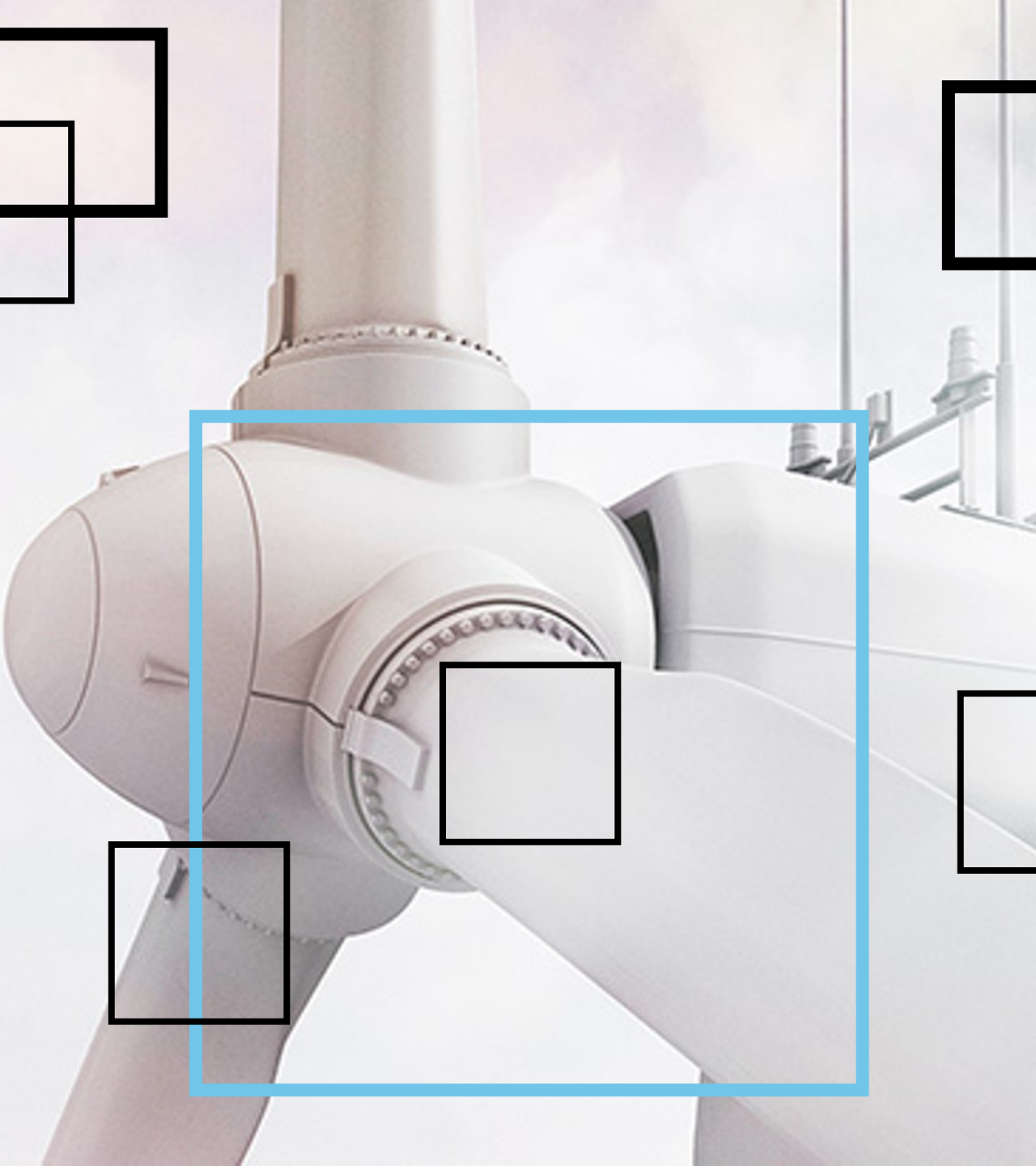
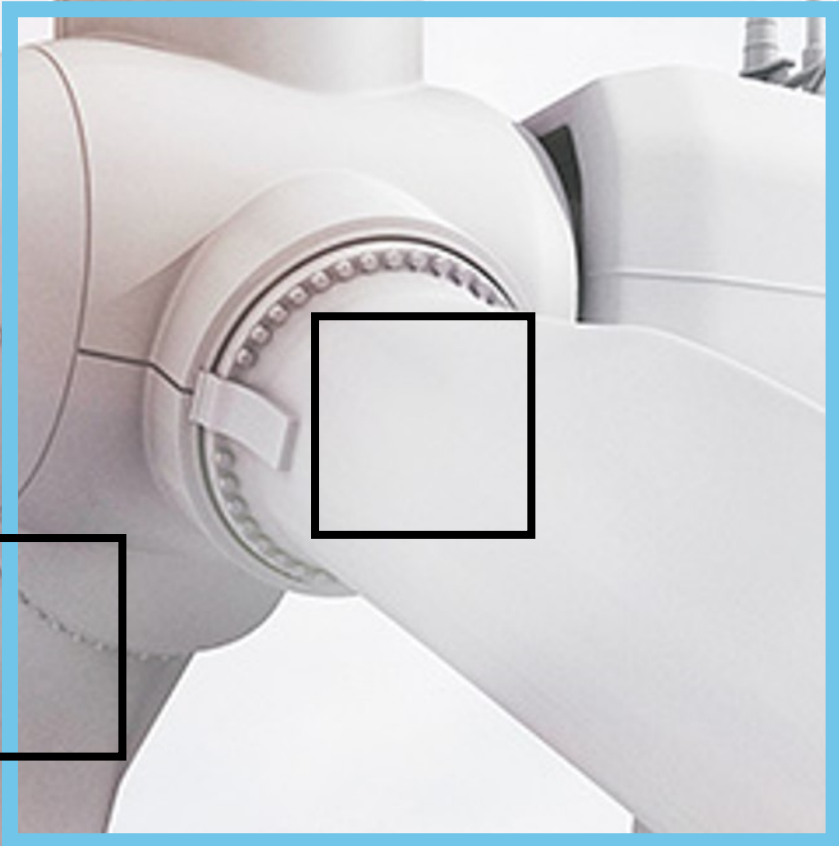
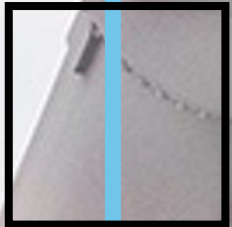
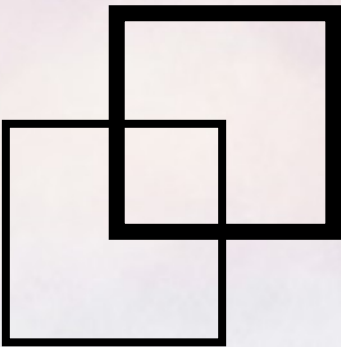
Gordon Bennett

Managing Director, Utility Markets

**CFTC's Energy and Environmental Markets  
Advisory Committee**

June 3, 2021

# ICE ESG Solutions

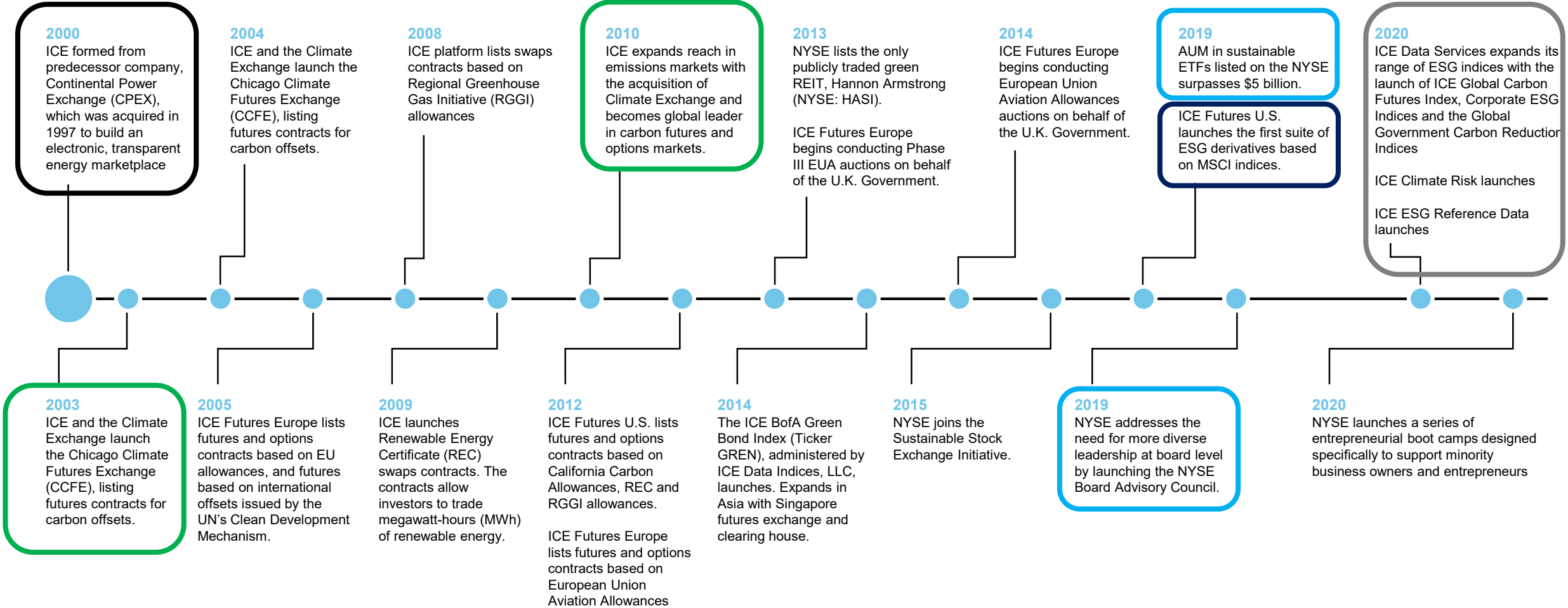




**With ESG solutions across the investment lifecycle ICE connects people to opportunity to create insights and drive sustainable decision-making.**



# Our track record of creating sustainable products and solutions





# Sustainable markets

ICE Exchanges power global markets

## Global leadership

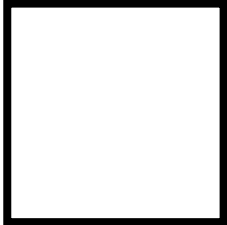
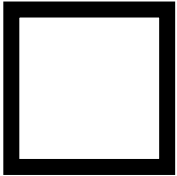
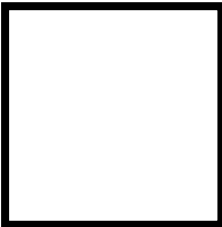
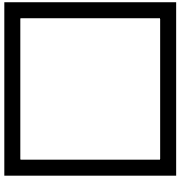
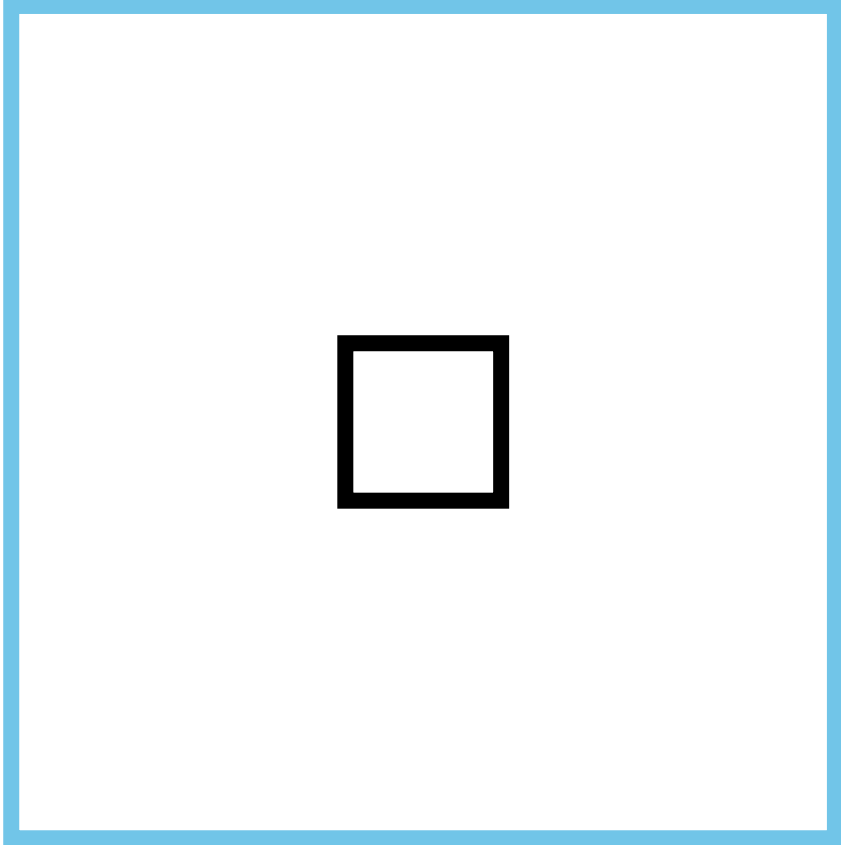
- A leader in environmental markets for nearly two decades. Today, our environmental markets span Europe and North America
- ICE partnered with MSCI to launch the first suite of futures referencing MSCI ESG indices
- NYSE-listed companies currently attract 80% of all US ESG-focused investment capital

## Asset Classes

- Carbon
- Green attribute
- ESG equity derivatives
- NYSE ESG ETFs



# Environmental portfolio



# Global environmental markets

ICE has the largest and most liquid environmental markets in the world

## ICE Environmental Markets

Carbon



Green

Allowances

Offsets

Renewable fuels

Renewable electricity

EU Allowance (EUA)

UK Allowance (UKA)

California Carbon Allowance (CCA)

Regional Greenhouse Gas Initiative (RGGI)

Certified Emission Reduction (CER)

California Carbon Offset (CCO)

Biodiesel & Ethanol

Low Carbon Fuel Standard (LCFS)

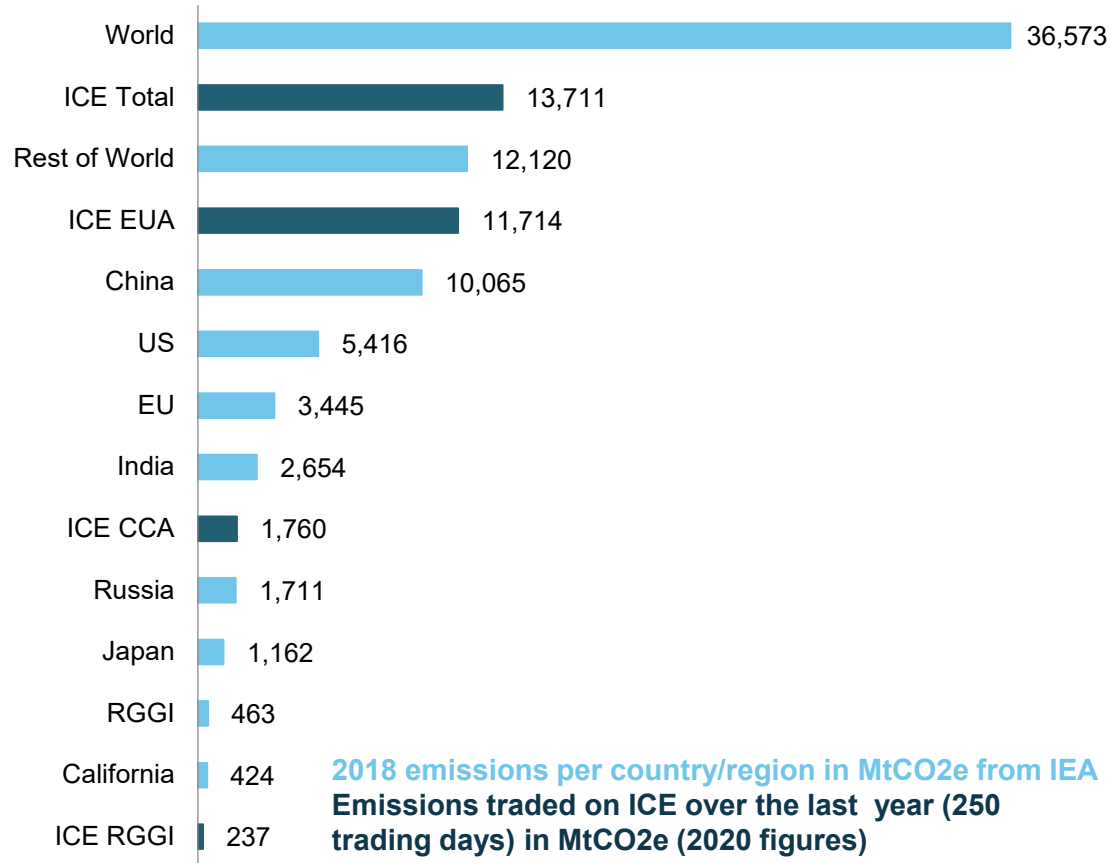
Renewable Identification Number (RIN)

Renewable Energy Certificate (REC)

# Market size

ICE has the largest and most liquid environmental markets in the world

## Emissions per region and traded on ICE



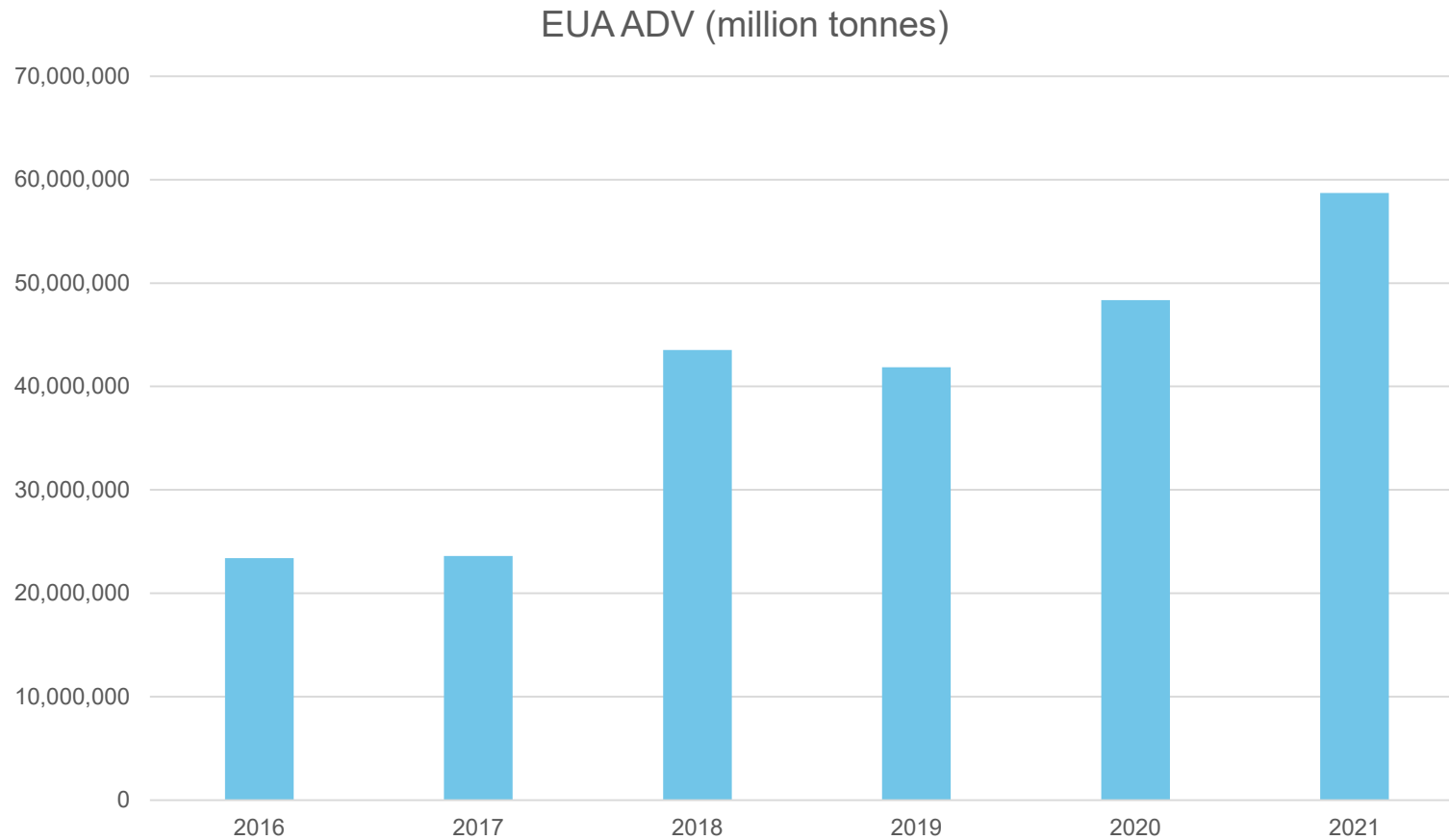
## Key Statistics

- Annual carbon allowance trading on ICE is ~40% of the world's total annual emissions footprint
- ~14 Gigatonnes of carbon trade on ICE annually
  - ~\$3 billion notional per day
  - ~60 million tonnes of carbon trade on ICE a day
- ~95% of all globally traded environmental futures and options trade on ICE
  - ~\$100 billion notional open interest in EU Carbon
  - ~\$10 billion notional open interest in US Carbon



# 2021 Highlights

Open interest (OI) in ICE's environmental complex is up 14% year-over-year at approximately 2.83 million lots



## Europe

■ EUA ADV +17%

■ EUA options OI record at 804,000 lots

## USA

■ RGGI ADV +75%

■ US RECs OI +15%

# Voluntary initiatives

## A blueprint for corporate action on climate and nature

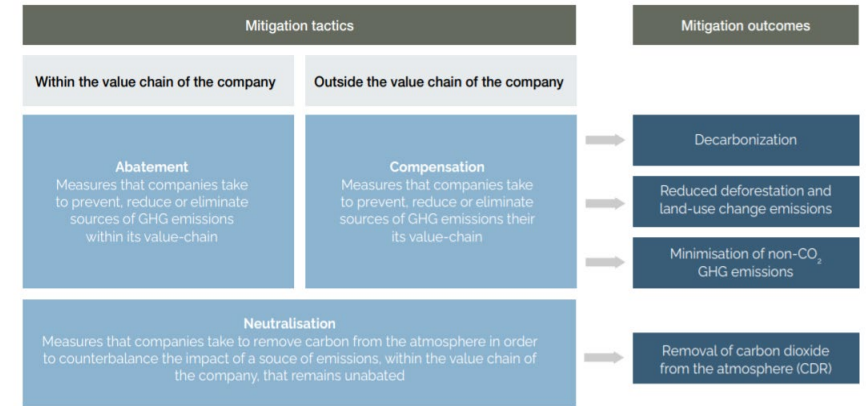
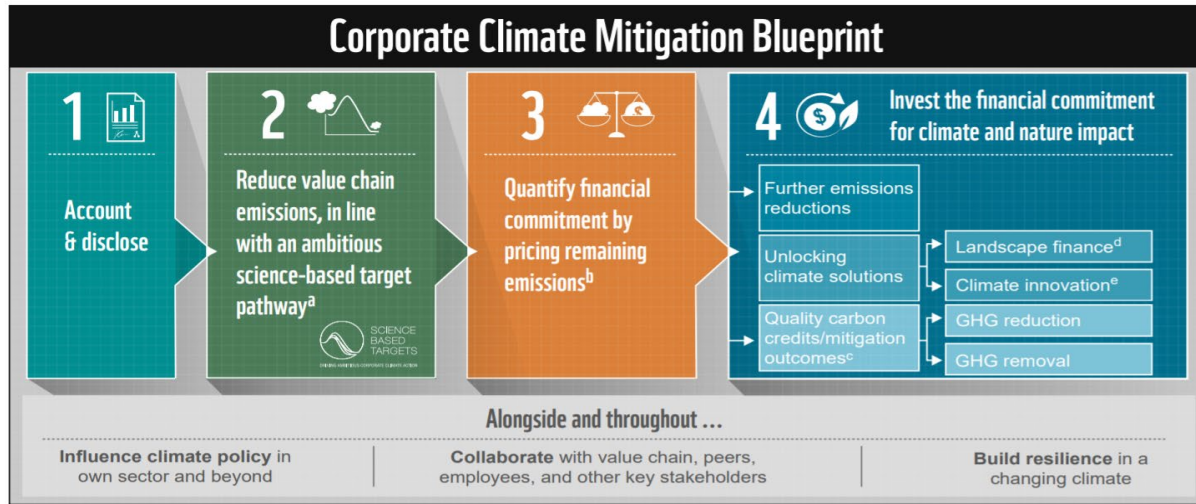


Figure 3. Taxonomy of climate mitigation tactics and outcomes

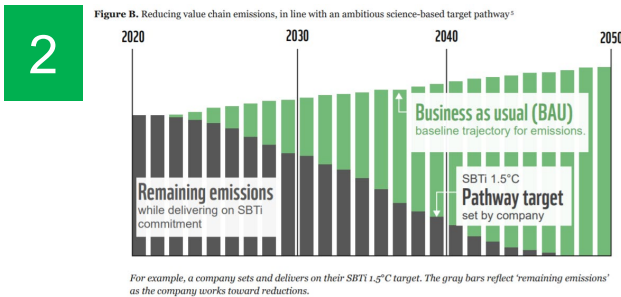


Figure C. Quantify a financial commitment by pricing remaining emissions

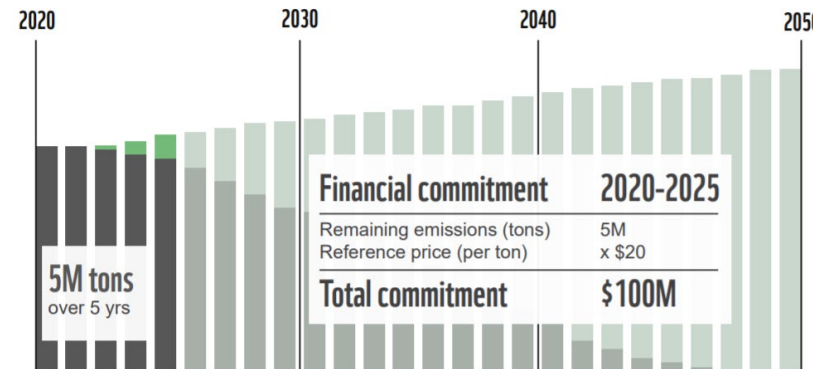
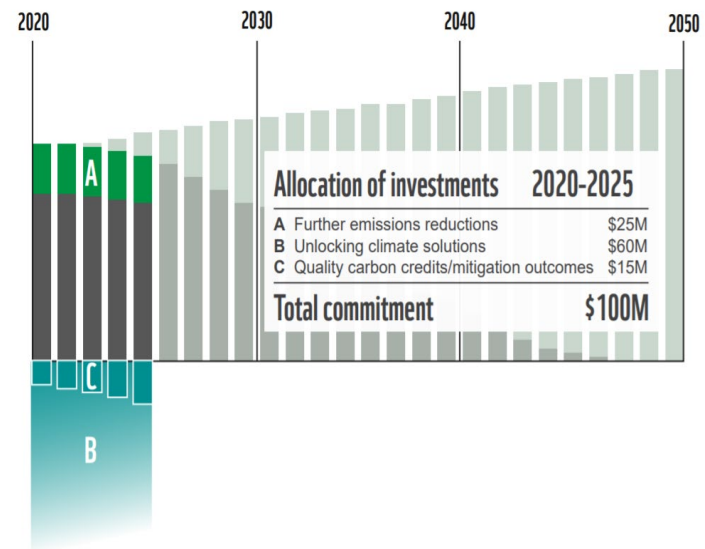


Figure D. Invest the financial commitment for climate and nature impact

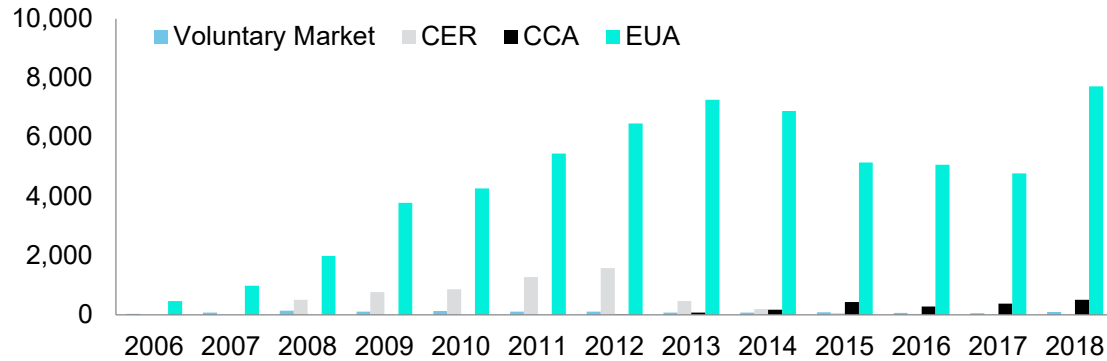


Source: Beyond Science Base Targets: A blueprint for corporate action on climate and nature. World Wide Fund For Nature (formerly World Wildlife Fund), Gland, Switzerland and Boston Consulting Group

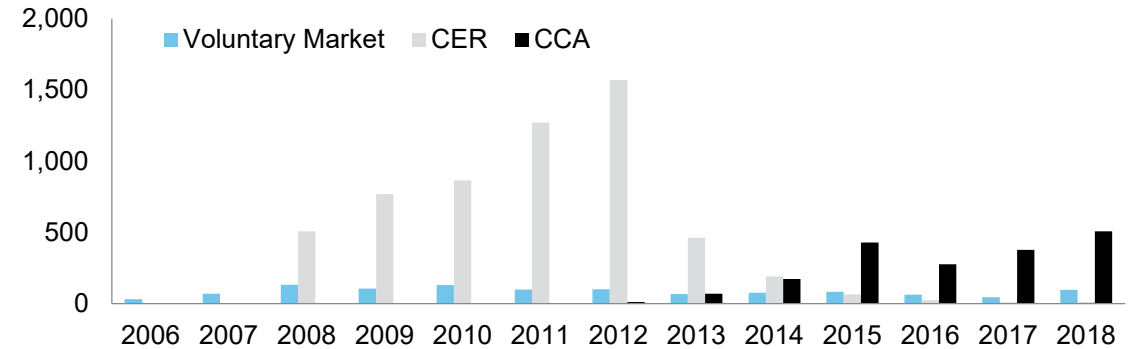
# Voluntary carbon offset market

Voluntary markets are small in comparison to compliance markets

## Volume (MtCO<sub>2</sub>e)



## Volume (MtCO<sub>2</sub>e)



Project Types	2017			2018			2019		
	Volume (MtCO <sub>2</sub> e)	Average Price (\$)	Value (\$ millions)	Volume (MtCO <sub>2</sub> e)	Average Price (\$)	Value (\$ millions)	Volume (MtCO <sub>2</sub> e)	Average Price (\$)	Value (\$ millions)
Forestry and Land Use	16.6	3.4	63.4	50.7	3.2	171.9	36.7	4.3	159.1
Renewable Energy	16.8	1.9	31.5	23.8	1.7	40.9	42.4	1.4	60.1
Waste Disposal	3.7	2	7.4	6.1	4.8	29.5	7.3	2.5	18
Household Devices	2.3	5	11.8	4.5	2.2	10	6.4	3.8	24.8
Chemical Process/Indust. Manufacturing	2.6	1.9	4.9	2.8	2.8	7.8	4.1	1.9	7.7
Energy Efficiency/Fuel Switching	1.1	2.1	3.3	2.5	3.1	7.9	3.1	3.9	11.9
Transportation	0.1	2.9	0.2	0.3	1.7	0.5	0.4	1.7	0.7

Source: Ecosystems marketplace

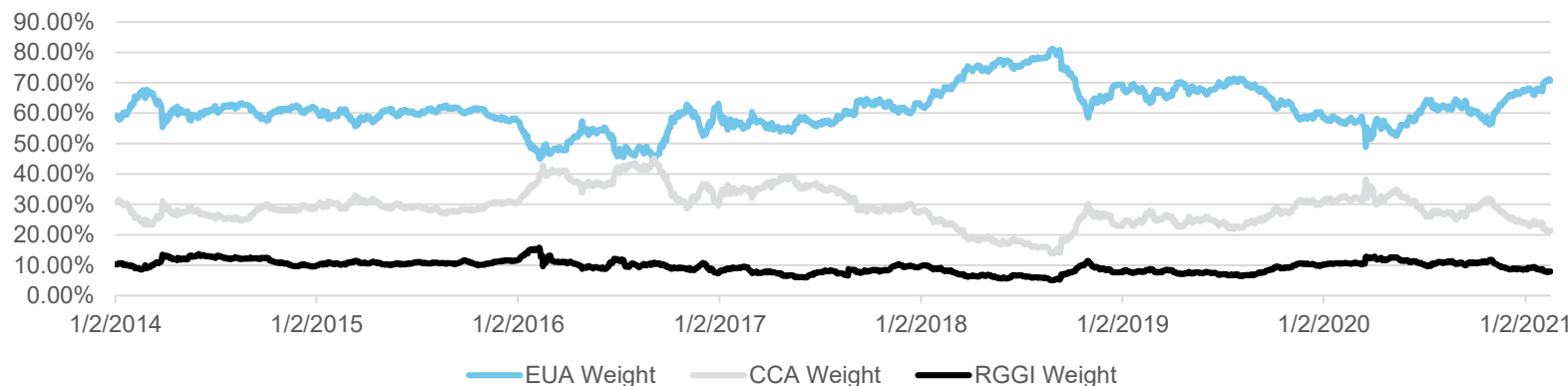
# ICE carbon futures index (or underlying futures)

Policy makers, corporates, banks, asset managers, etf issuers

ICECRBN Global Carbon Price



ICECRBN Contract Weights



- Carbon benchmarking
  - Shadow carbon pricing
  - Internal carbon pricing
- Carbon as asset class
  - Portfolio diversification
  - Portfolio hedge against transition risk
- Boost ESG profile
  - Asset managers or corporates bot subject to compliance obligations can buy, hold and retire them voluntarily reducing the overall cap of an ETS



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