



Sustainable Stock Exchanges



SSE Consultative Group Call – Q1

18 March 2020: 9AM and 4PM CEST (Geneva)

Moderator:
Anthony Miller
SSE

Presenter:
Frank Bergkamp
GRI

Tech Support:
Rita Schmutz
SSE



Agenda

- 1. Welcome to new partner exchanges**
- 2. Presentation of GRI, HKEX, Colombo Stock Exchange**
- 3. Q&A and exchange updates**
- 4. SSE updates - Global Dialogue and other plans for 2020**

*Please feel free to share ideas, feedback, updates and questions
at any point during the call
(via chat function or via audio connection)*

New SSE Partner Exchanges





GRI Working with stock exchanges and regulators

SSE Q1 Quarterly call

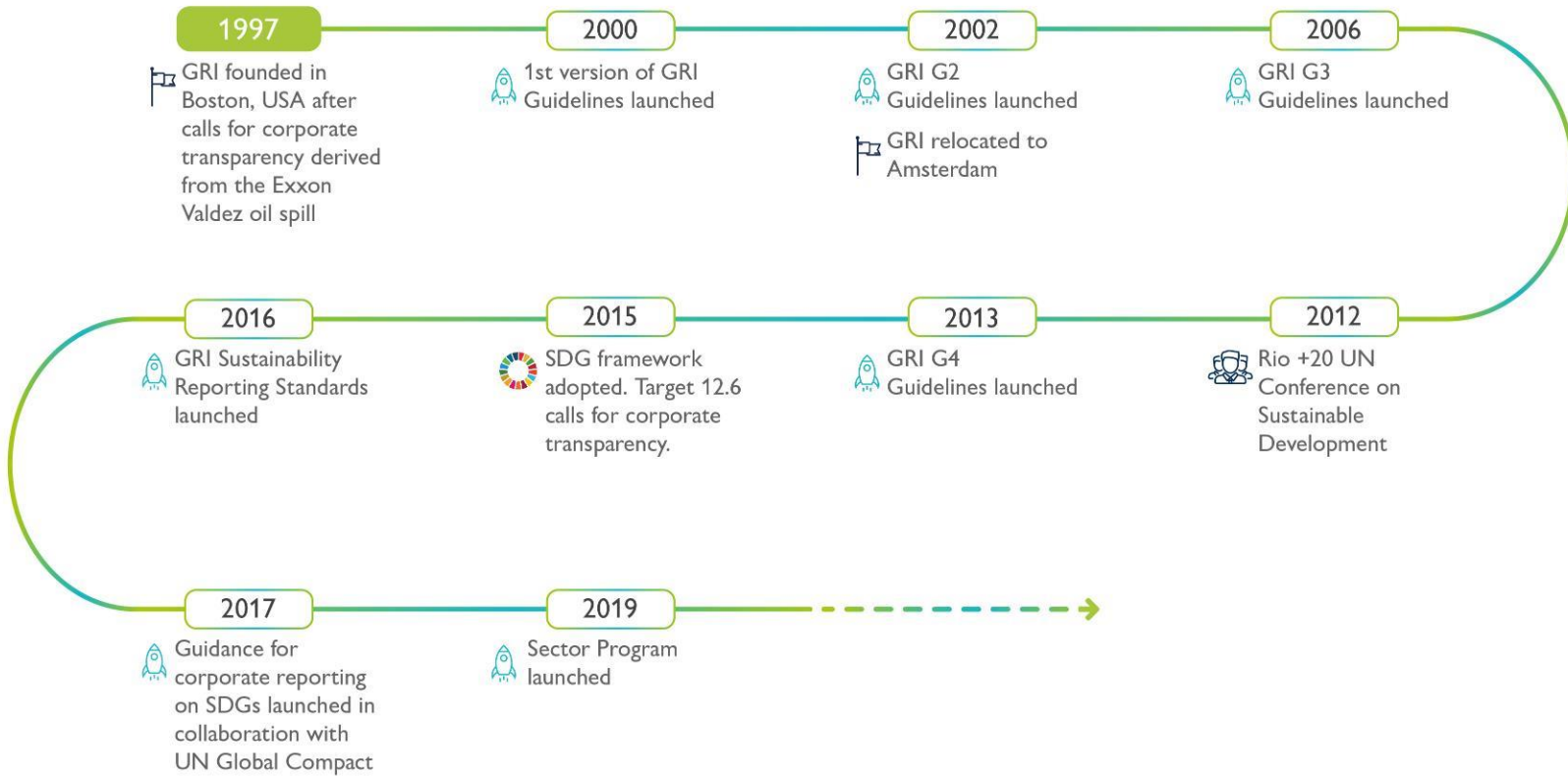
Frank Bergkamp

18 March 2020





History



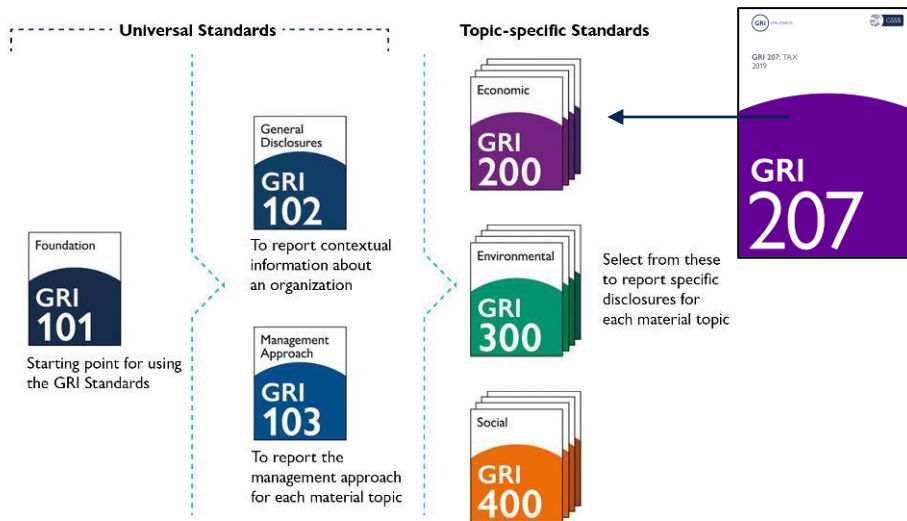


About GRI

GRI contributes to sustainable development by creating a **global, common language** for disclosing impacts, which enables organizations to assume **responsibility** for their activities.

The GRI Standards are a set of interrelated reporting standards, enabling organizations to **report publicly on their economic, environmental and social impacts** and contribution towards sustainable development.

The GRI Standards represent **global best practice** for reporting sustainability information – enhancing its comparability and quality.



- Three universal Standards, applicable to all organizations.
- 33 topic-specific Standards, organized into Economic, Environmental, and Social series.
- Organizations select and use only the relevant topic-specific Standards, based on their material topics.
- First global reporting standard to combine management approach disclosures on tax strategy, with public country-by-country reporting of income, taxes, and business activities.
- GRI 207 is a topic-specific Standard and fits in the GRI 200 Economic Series Standards. Includes Management approach disclosures on tax strategy, with public country-by-country reporting of income, taxes, and business activities.

Learn more:
globalreporting.org/standards



Expert input

Content developed by a **multi-stakeholder technical committee** of leading experts and practitioners and overseen by the **Global Sustainability Standards Board (GSSB)** GRI's dedicated standard-setting body.



Multi-stakeholder engagement

Transparent and **inclusive** development process in the **public interest** including a 90-day public comment period.



Full transparency

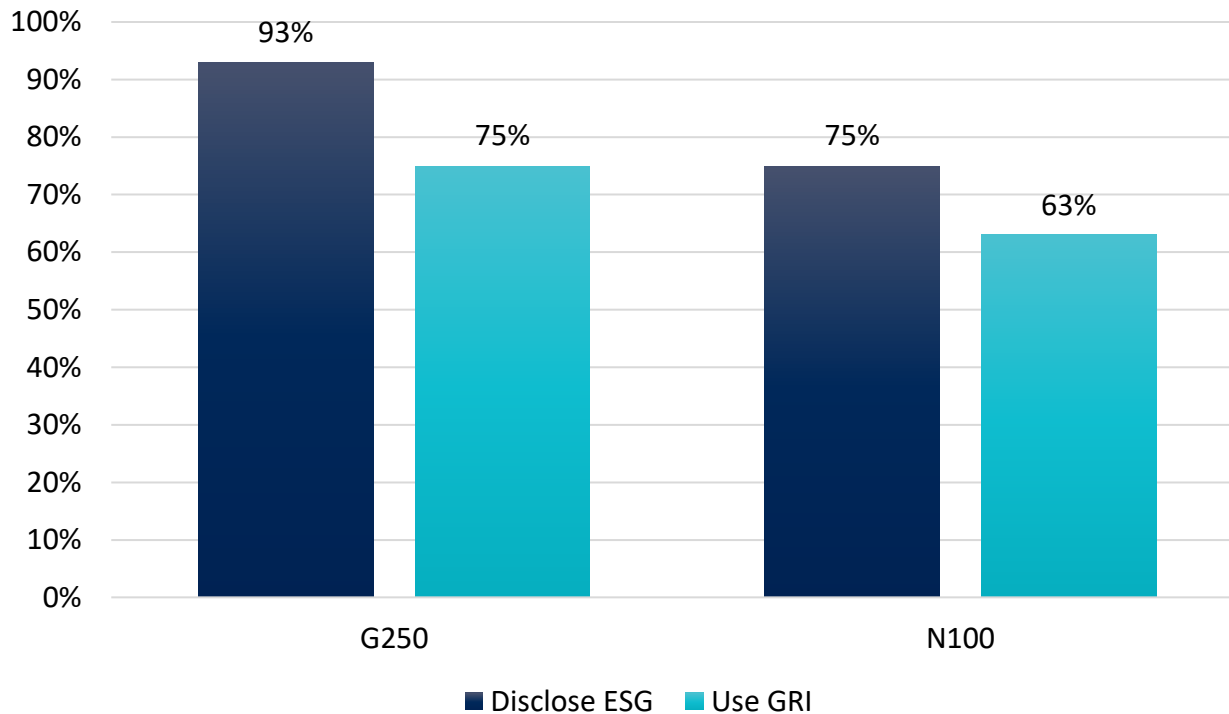
All GSSB standard-setting meetings and materials are open to the public following the GSSB's **Due Process Protocol**.

Learn more:
globalreporting.org/standards



Issuer Adoption

Global Adoption of GRI



G250 – Largest 250 companies in the world by revenue

N100 – Largest 100 Companies by revenue in 49 countries



GRI Community

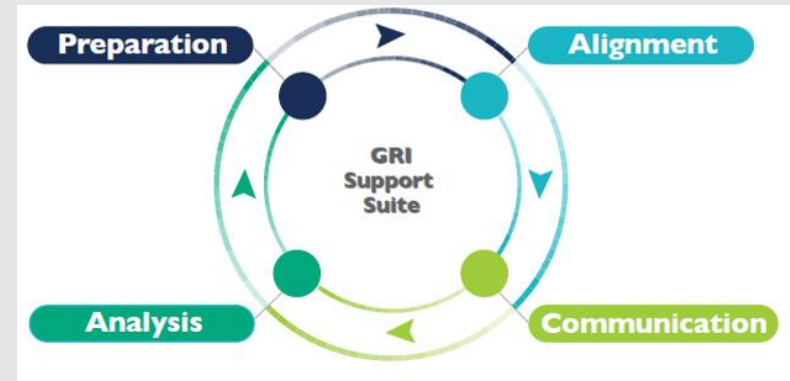


Belong to a global
network of sustainability
ambassadors



Support the GRI
mission

GRI Services





Training content

GRI Standards Course

- Helps reporters understand how to use the GRI Standards for their sustainability reporting process
- Participants are eligible for a Certificate of Attendance via GRI's learning management system, GRI Academy

SDGs workshop

- Introduces participants to the SDGs and how they set the global agenda for sustainable development
- Helps participants understand the method of integrating the SDGs into their reporting process

Topic specific content

- Explores current trends and challenges related to OHS management
- Helps participants understand why and how to use GRI 403 to report on OHS topics



Working with stock exchanges and regulators

- We work with governments and international organizations to ensure sustainability issues are considered in [global policy](#)
- Work with stock exchanges and market regulators to improve transparency in [financial markets](#).
- Currently, the GRI Standards are referenced in 130+ [policy instruments in 60+ countries and regions](#)
 - Including sustainability reporting guidance documents
 - Listing requirements



Working with stock exchanges and regulators

- Workshops on sustainability and reporting
 - For the exchanges and listed companies
- Supporting exchanges with their own reporting
- Technical support for guidance documents
- Convening

For questions email: fbergkamp@globalreporting.org

HKEX

香港交易所



Colombo stock exchange:

Significance of written guidance on ESG reporting

NISHANTHA HEWAVITHANA

18TH MARCH 2020

HEAD, RESEARCH & NEW PRODUCTS

COLOMBO STOCK EXCHANGE

SRI LANKA

Content

- ▶ About Colombo Stock Exchange
- ▶ Journey towards promoting Sustainability
 - ▶ Offering Trainings
 - ▶ Issuing written Guidance
 - ▶ Launching Indices
- ▶ How our written Guidance can be helpful to listed companies.

Colombo Stock Exchange

- ▶ Established in 1985
- ▶ 291 Listed Companies
- ▶ 700k+ investors
- ▶ 28 Broker firms
- ▶ Total Market Cap 16bn USD (20% as a % of GDP)
- ▶ S&P and Global Industry Classification Standards(GICS) adopted
- ▶ Member of WFE(1999) & SAFE(2005) & SSE(2015)
- ▶ Among listed companies there is a growth (of 25%) in companies producing sustainability reporting from 2017 to 2018. [114 companies in 2017, 143 companies in 2018]

Promoting Corporate Governance...

- ▶ First Voluntary code issued in 1997 (Revised in 2003, 2008, 2013 and 2017)
- ▶ New Company Act No 7 of 2007 introduced compulsory solvency test
- ▶ The rules on corporate governance have been incorporated into the CSE Listing Rules from 2007 and made mandatory for listed companies from April 2008.

Promoting Corporate Governance...(Contd.,)

- ▶ CSE listing Rules
 - ▶ Introduced in 2007 and made mandatory in 2008
 - ▶ Key Areas
 - ▶ Non Executive Directors
 - ▶ Independent Directors
 - ▶ Disclosures Relating to Directors
 - ▶ Criteria for defining independence
 - ▶ Board Sub Committees (Remunerations, Audit)
 - ▶ Functions/ Composition/ Required Disclosures in Annual Report

Promoting Corporate Governance...(Contd.,)

- ▶ Central Bank of Sri Lanka(CBSL) has also issued a mandatory code of corporate governance - the Banking Act Direction No. 01 of 2008 on Corporate Governance for Licensed Commercial Banks in Sri Lanka in April 2008
- ▶ Further, the CBSL has issued Direction, No. 3 of 2008 on **Corporate Governance for finance companies** registered under Section 2 of the Finance Companies Act, No. 78 of 1988.
- ▶ Both made mandatory from 2009.

Promoting ESG

- ▶ CSE Joined Sustainable Stock Exchange (SSE) Initiative in 2015
- ▶ Published Communicating Sustainability: Six Recommendations for Listed Companies (V01) in March 2018
- ▶ Published the enhanced version of the same in collaboration with GRI in March 2019
- ▶ Started offering training sessions for listed companies on communicating sustainability with the help of GRI
 - ▶ April 2018: CSE/GRI signed an MoU for 2 years for training programs
 - ▶ April 2018: 1st Training for 100 participants from 50 listed companies
 - ▶ August 2018: 2nd Training for 50 participants from 50 listed companies
 - ▶ December 2018: 3rd Training for 100 participants from 100 listed companies¹
 - ▶ December 2018: Round Table for Senior Mgt of Non Reporting companies
 - ▶ March 2019: 'Communicating Sustainability: Six Recommendations for Listed Companies (V02)'
 - ▶ Sept. 2019: Technical Series titled "Preparing a Sustainability Report"
 - ▶ Dec.2019: Technical Series titled "Preparing a Sustainability Report", Contd.,

Promoting ESG, Contd.,

- ▶ Published Communicating Sustainability: Six Recommendations for Listed Companies (V02) in March 2019
 - ▶ Guided by GRI
 - ▶ Industry Consultation
 - ▶ Public Consultation
- ▶ Sponsoring Award Ceremonies

Promoting ESG, Contd.,

- ▶ Communicating Sustainability: Six Recommendations for Listed Companies (V02)
 - ▶ Leadership and Drive
 - ▶ Consider Stakeholder Interest
 - ▶ Identify and Prioritize material ESG issues
 - ▶ Adopt Relevant performance Indicators
 - ▶ Reporting Integrity and Transparency
 - ▶ Proper Communication

Promoting ESG, Contd.,

- ▶ What is next
 - ▶ Launch of ESG Index
 - ▶ Mandatory ESG disclosures...?



Bolsa de Valores de Colombia





**PARTNERSHIPS FOR SUSTAINABILITY:
THE NIGERIAN STOCK EXCHANGE &
GLOBAL REPORTING INITIATIVE**

MARCH 2020

**THE Nigerian
STOCK EXCHANGE**



**THE Nigerian
STOCK EXCHANGE**



Overview



Africa's Preferred Exchange Hub

We create value for investors and businesses in Africa, and beyond...

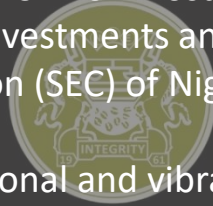
We are the engine to Africa's largest economy. We measure our success by the size and prosperity of our community of issuers, investors and intermediaries in Nigeria, Africa and world over.

Established in 1960, the NSE now host over 327 securities across 12 diverse sectors. The NSE is registered under the Investments and Securities Act (ISA) and regulated by the Securities and Exchange Commission (SEC) of Nigeria.

We are an open, professional and vibrant exchange, connecting Nigeria and Africa to the world. We continue to evolve to meet the needs of our valued customers by working at the centre of the capital market, helping to effectively allocate the resources required to achieve sustainable development.

We operate in Africa but possess a holistic world view. We are committed to achieving the highest levels of competitiveness across our business, matching local expertise with global insights, best practices and partnerships.

THE NIGERIAN
STOCK EXCHANGE



NSE CORPORATE SUSTAINABILITY RESPONSIBILITY PILLARS

Community



Contributing
Positively to
the communities
where we live and
work.

Workplace



Fostering a qualitatively
oriented work environment
that values employee
diversity and wellbeing
and harnesses the talent
and skills of our people

Marketplace

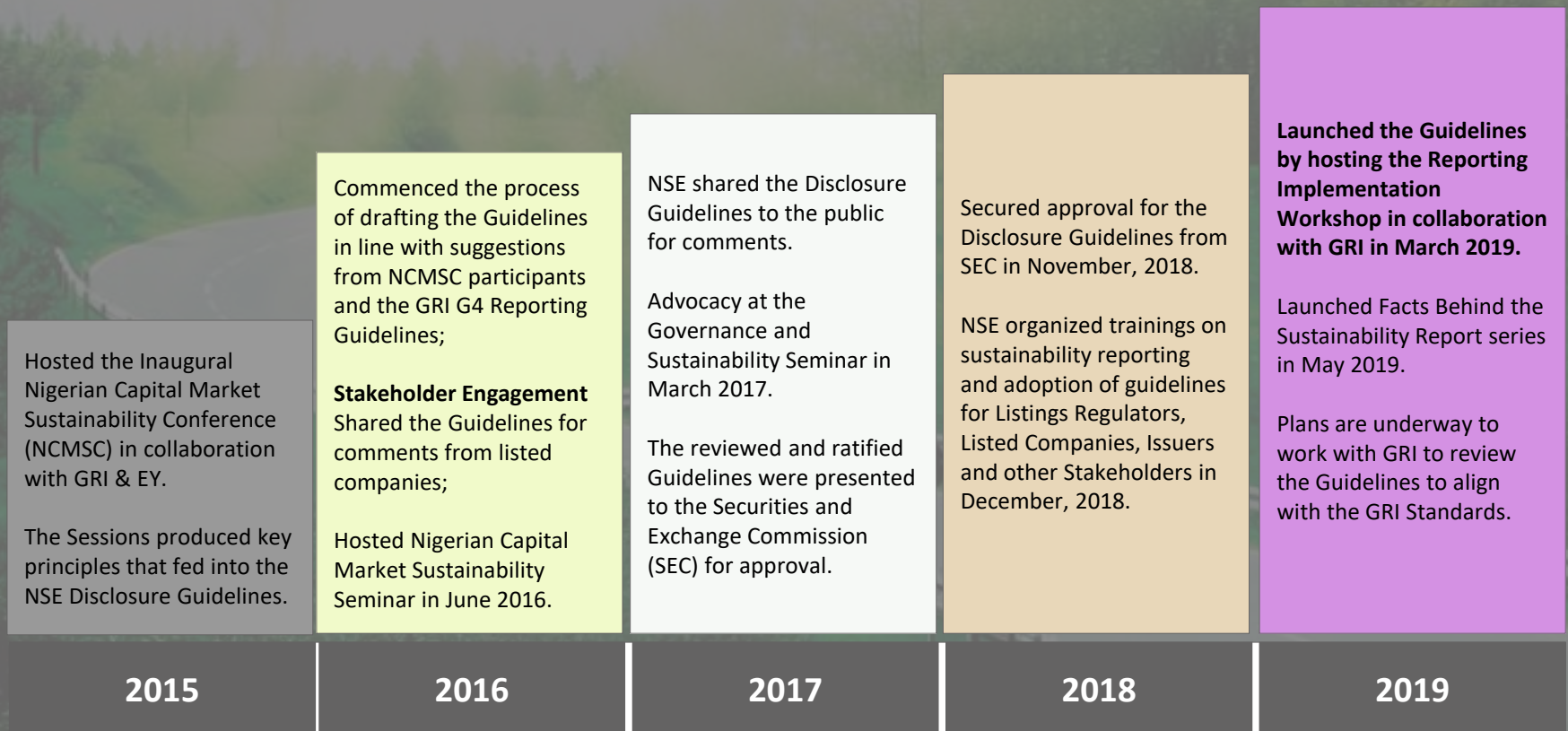


Promoting
Market-based approach
to Environmental, Social
and Governance (ESG)
imperatives amongst
all stakeholders.

Environment



Focusing on reducing
the environmental
impact of the
Exchange's operations.



The Guidelines are a set of 9 Principles and 49 core elements which encourage and enable businesses to go beyond compliance and embrace sustainability as part of their business ethos, through indicators based on which the NSE defines responsible business conduct.

The Guidelines are mandatory for companies listed on the NSE Premium Board only.



Governance

- **Principle 1:** Businesses should conduct and govern themselves with ethics, transparency and accountability.
- **Principle 2:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.



Economic

- **Principle 3:** Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.
- **Principle 4:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.



Social

- **Principle 5:** Businesses should promote the wellbeing of all employees.
- **Principle 6:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- **Principle 7:** Businesses should respect and promote human rights.
- **Principle 8:** Businesses should support inclusive growth and equitable development.



Environment

- **Principle 9:** Business should respect, protect, and make efforts to restore the environment.



Following the launch of the NSE Sustainability Disclosure Guidelines in March 2019, GRI and the NSE intensified the partnership by hosting quarterly trainings for key NSE stakeholders to deepen the adoption of sustainability reporting.

The following sessions were hosted in 2019 with planned sessions scheduled for 2020:

2019				2020
March	July	September	September	Q2
<p>Sustainability Reporting Implementation Workshop</p> <p>Unveiled the Sustainability Disclosure Guidelines and trained stakeholders on the sustainability reporting</p> <p>Target: Listed Companies Attendance: 238</p>	<p>Roundtable on the SDGs</p> <p>Trained stakeholders awareness on the inherent economic opportunities and social impact derivable from the SDGs</p> <p>Target: All Stakeholders Attendance: 40</p>	<p>Sustainability Reporting for Issuers</p> <p>Practical training for issuers on the implementation of the NSE Sustainability Disclosure Guidelines</p> <p>Target: Issuers/Listed Companies Attendance: 35</p>	<p>Sustainability for Financial Analysts & Communications Practitioners</p> <p>Building capacity of key enablers for sustainability across the NSE ecosystem</p> <p>Target: Financial and Communications Professionals Attendance: 44</p>	<p>Local launch of the GRI Tax Standards in Nigeria</p> <p>Sustainability and ESG implementation for Investors</p>



Case Studies: Sustainability aligns with profitability

The early adopters of the Sustainability Disclosure Guidelines are companies listed on the NSE Premium Board which the NSE has tasked with achieving higher levels of corporate governance and sustainability. Across the NSE, there has been a positive correlation between sustainability and profitability. Two case studies of this alignment are detailed below:

NSE Premium Board outperforms index in H1, hits N7.6 trillion

In 2019, The Nigerian Stock Exchange Premium Board outperformed the All-share index in the first half of the year (H1), as its market capitalisation rose by N2.507 trillion to close at N7.567 trillion as at June 28, 2019...Also, the NSE Premium Board Index during the period rose 9.17 per cent to emerge as the only gainer... The Guardian, 24 July 2019



- Dangote Cement Plc., the largest listed company on the NSE by market capitalization leveraged the NSE's *Facts Behind the Sustainability Report* platform at the NSE. This report was the first report written in accordance with the Guidelines.
- Since Dangote Cement Plc migrated to the Premium Board in 2015, The company's shares have grown 5.2%, from N171 to 179.90



- Zenith Bank plc, Nigeria's 3rd largest bank, was the second company to publish a sustainability report in accordance with the NSE Sustainability Disclosure Guidelines.
- Since when the bank migrated to the Premium Board, Zenith bank's shares have grown 4.79% from N16.06 in 2015 to N20.85 in 2020.

1

A coordinated Corporate Sustainability and Responsibility strategy is a critical step to ensure long term success. Engaging our ecosystem was factored into the NSE CSR strategy at the onset.

2

Lead by example. Securities exchanges should publish own sustainability reports that meet globally accepted standards. The NSE has published 4 reports in accordance with the GRI sustainability reporting frameworks.

3

Improving adoption of ESG reporting requires extensive time and stakeholder engagement. To achieve success, a partner willing to go the long haul is highly beneficial. GRI has been a partner of the NSE since 2015.

4

It is important to leverage on the early adopters of ESG reporting. Showcasing success of the earlier adopters can help improve adoption across board.

5

Securities exchanges should recognize that sustainability is a journey and not issuers will travel at the same pace. In promoting sustainability among issuers and investors, securities exchanges need to understand that a phased approach may be necessary.

THANK YOU

Questions & Answers

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Q&A and exchange updates



What is happening in your market and within your exchange?

- Updates on ESG reporting guidance for those committed to produce one: challenges, release date, engagement with stakeholders, etc.
- New products being developed
- Events
- New publications, studies or guidance documents
- General market news
- Any other items you'd like others on the call to know about.

SSE Secretariat Updates



- Over 75 Ring the Bell for Gender Equality events this month



- New online ESG guidance database: <https://sseinitiative.org/esg-guidance-database/>



- New research coming on carbon intensity of markets



- SSE Global Dialogue (7 or 8 Dec in Abu Dhabi)



Sustainable Stock Exchanges



The SSE Welcomes:
QUESTIONS | FEEDBACK | INVOLVEMENT

Thank you!

www.SSEinitiative.org

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