



**Sustainable
Stock Exchanges
Initiative**



IFC

**International
Finance Corporation**
WORLD BANK GROUP

How exchanges can promote sustainable SMEs

An action plan for exchanges



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With support from:

**Swiss Agency for Development
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Foreword: Amman Stock Exchange

Co-Chair of the SSE Advisory Group on Sustainable SMEs

The Amman Stock Exchange (ASE) is constantly taking steps to attract foreign investment, as well as stimulate national investment, to improve economic growth and quality of life, whilst observing the latest global sustainability standards and practices. To complement this, we at the ASE are committed to championing the cause of sustainable development in our country and the broader region. We have implemented several initiatives already to support our listed companies in their sustainability journey.

In the contemporary economic landscape, the significance of SMEs cannot be overstated. These enterprises are the bedrock of the global economy, driving innovation and generating employment. Small and Medium Enterprises (SMEs) are the backbone of our economies, driving innovation, job creation, and economic resilience. As we navigate a rapidly evolving global landscape, the integration of sustainability into business practices is no longer optional—it is essential for long-term success.

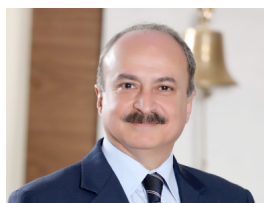
Investor and regulator focus on sustainability continues to intensify, permeating every sector of the global economy, with businesses acknowledging that it is not merely an ethical imperative but a strategic necessity. SMEs can leverage sustainability integration as an avenue to enhance their competitiveness, ensure long-term viability, and contribute to broader societal goals.

At ASE, we recognize the unique challenges SMEs face in embedding sustainability into their operations. Limited resources, regulatory complexities, and market dynamics often make this transition seem difficult. However, we firmly believe that sustainability is not just an obligation—it is an opportunity. It enhances competitiveness, fosters resilience, and opens doors to new markets and partnerships.

Sustainability integration by SMEs can lead to improved operational efficiencies, reduced costs, and enhanced brand reputation. Moreover, sustainable practices can unlock new market opportunities, attract new investors, and foster resilience in the face of social and environmental shocks.

This new UN SSE-IFC guidance comes at a critical time to help SMEs around the world to leverage the opportunities that arise from sustainable practices. As we navigate the complexities of the 21st century, it is imperative that we prioritize sustainability as a foundation for long-term growth and prosperity for all. Given SMEs' footprint across the global economy, these firms have a unique opportunity to lead the charge to a better future. At ASE, we are dedicated to supporting SMEs every step of the way.

We thank the UN Sustainable Stock Exchanges initiative for the opportunity to contribute to this very important workstream, which we believe will contribute greatly to progress in the emergence of more sustainable SMEs. By empowering these enterprises to adopt sustainable practices, we can build a resilient, inclusive, and prosperous economy that benefits all.



Mr Mazen Wathaifi

Chief Executive Officer
Amman Stock Exchange

Foreword: Philippines Stock Exchange

Co-Chair of the SSE Advisory Group on Sustainable SMEs

Small and medium enterprises (SMEs) are among the cornerstones of the vibrant Philippine economy. These businesses not only showcase the entrepreneurial spirit and diligence of Filipinos but they serve as a potent driver for social and economic development.

Recognizing the significant role that SMEs have in the domestic economy, The Philippine Stock Exchange, Inc. (PSE) launched its SMEs listing facility two decades ago. More recently, PSE eased initial public offering (IPO) requirements to make its SME Board more accessible to entrepreneurs who want to raise equity capital. Alongside this initiative, PSE fortified its marketing program to encourage SMEs to go public. This resulted in over 50 SMEs signing up for PSE's IPO handholding program.

Aside from the guidance they receive to ensure a successful IPO journey, companies in the handholding program are also introduced to corporate governance standards and best practices in sustainability of listed firms. PSE likewise hosts workshops in partnership with regulators and co-sustainability advocates to underscore the relevance of strong sustainability-related disclosures for SMEs gearing for their IPO and those that are already listed.

These internal initiatives of PSE, as well as programs of other exchanges for SMEs listed in their respective bourses, will greatly benefit from the work of the United Nations Sustainable Stock Exchanges (UN SSE) in promoting sustainability specifically for this sector. I commend the working team for the expertise and effort they shared in putting together this valuable tool.

I believe the model guidance developed by UN SSE is a much-needed complement to support the work of exchanges in bringing SMEs along on the journey to integrate sustainability in their corporate culture. The new SSE-IFC action plan and sustainability guidance for SMEs will serve as a practical manual for exchanges in their endeavor to elevate the level of sustainability awareness and practices of SMEs.

The journey toward sustainable development is complex, but it is one worth pursuing. SMEs have a unique opportunity to drive meaningful change in this transformative era, and at PSE, we are committed to supporting them every step of the way.



Mr Ramon Monzon

President & CEO
The Philippine Stock Exchange

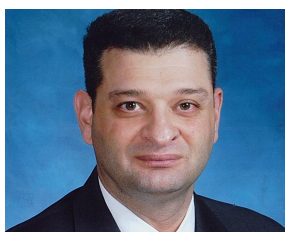
Foreword: International Finance Corporation

The International Finance Corporation (IFC) is committed to fostering sustainable development and inclusive economic growth worldwide. Central to our mission is the growth of small and medium enterprises (SMEs), which form the backbone of economies by driving innovation, job creation, and regional development. Indeed, IFC's new IFC 2030 strategy has as one of its key four pillars enhanced support for micro, small, and medium enterprises (MSMEs) and SMEs. In this regard, IFC has been at the forefront of providing governance and sustainability guidance tailored for SMEs. Our resources aim to equip SMEs with the necessary tools to enhance their sustainability practices, including better corporate governance policies and practices, thereby improving their resilience and competitiveness.

Stock exchanges play a pivotal role in this process. By creating an environment that encourages SMEs to adopt sustainable practices, stock exchanges can significantly influence the broader economic landscape. We applaud the efforts of stock exchanges around the world already promoting sustainable practices among SMEs. Initiatives such as relaxing listing rules for initial public offerings (IPOs) and organizing events and workshops on sustainability are commendable steps in the right direction. By fostering a culture of sustainability, stock exchanges can help SMEs to not only meet regulatory requirements but also to build stronger, more resilient businesses capable of thriving in a rapidly changing world.

The new IFC and UN Sustainable Stock Exchanges (UN SSE) action plan for exchanges, along with its model guidance for companies, offer essential tools to drive sustainability integration among SMEs, highlighting our joint commitment to fostering responsible business practices.

The road ahead is challenging, but the rewards of sustainable development are immense. SMEs have a unique opportunity to lead this transformative era, and we at the IFC are committed to supporting them every step of the way. We believe that by working together with stock exchanges, regulators, and other stakeholders, we can create a more sustainable and prosperous future, and we look forward to continuing this important initiative together with the UN SSE.



Mr Chuck Canfield

Corporate Governance Manager
Corporate Governance Unit
Institutional Risk and Governance Department
International Finance Corporation

EXECUTIVE SUMMARY

Stock exchanges care about smaller and mid-sized enterprises (SMEs) because SMEs constitute the backbone of the global economy, comprising many different kinds of organizations across an unlimited range of sectors. Integral to global value chains, SMEs are important for global economic stability and sustainable development through the Sustainable Development Goals (SDGs) and beyond. By adopting sustainable business practices, they can help drive positive change and address urgent environmental and social challenges. At the same time, SMEs can benefit from these practices by mitigating risks and seizing opportunities that arise from global sustainability trends.

Exchanges have long interacted with SMEs in various ways, however not necessarily with a focus on sustainability integration. This guidance discusses how exchanges can support SMEs to adopt sustainable business practices. It provides an introduction to the relevance and growing importance of sustainability for SMEs and the business case for SMEs to respond.

Guidance is presented in the form of an action plan for exchanges to support sustainability integration by SMEs. It sets out actions that exchanges can take to support SMEs, focusing on three areas with increasing levels of involvement ([figure 1](#)):

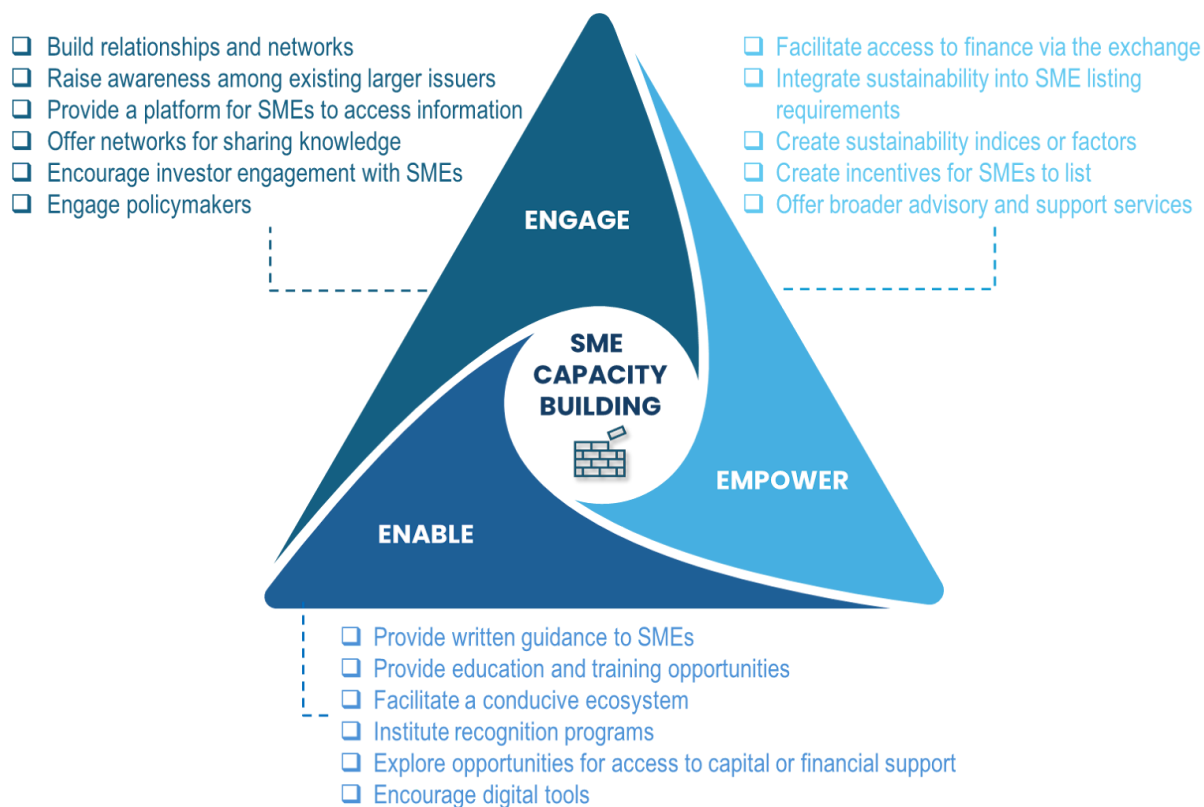
- **Engage** with SMEs, investors and policymakers to build relationships and networks, raise awareness and platforms for knowledge exchange.
- **Enable** integration of sustainable business practices by SMEs through guidance, training, partnerships and collaborations, and recognition.
- **Empower** integration through creation of sustainability-linked products focused on SMEs, facilitating on-exchange capital raising for SMEs, implementing sustainability-focused listing requirements for SMEs and offering broader services.

Capacity building is a cross-cutting aspect that can be targeted by some of the actions taken or which results from initiatives that exchanges implement.

In implementing this action plan, exchanges can also use the SSE's "*Model Guidance for SMEs to Integrate Sustainable Business Practices*" to provide guidance to SMEs.¹

¹ Publications | SSE Initiative

Figure 1: Action plan for exchanges



Source: UN SSE

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1. Context for exchanges

1.1 Purpose and scope of the action plan

This action plan seeks to explore the role of exchanges in supporting small or midsize enterprises (SMEs) along their sustainability journey, considering barriers and drivers that may influence their adoption of sustainable practices and implementation of strategies for leveraging sustainability as a strategic advantage. It offers a menu with a range of actions that exchanges can consider to implement or expand (where an approach is already in place). This plan complements the SSE's "*Model Guidance for SMEs to Integrate Sustainable Business Practices*" and should be read in that context.²

The plan does not aim to establish or promote a single global definition for what constitutes a small or midsize enterprise. In applying the guidance provided, exchanges need to consider their particular operating context, ensuring that the approach taken and businesses targeted are informed by what the exchange aims to achieve.

The Brundtland Commission's well-established definition of "sustainability" as meeting the needs of the present without compromising the ability of future generations to meet their own needs, encompasses environmental, social, and economic dimensions, emphasizing the importance of maintaining the health of the planet while promoting equity and well-being for all people. This interconnected concept of sustainable development aligns with the United Nations Sustainable Development Goals (SDGs), which advocate for integrated solutions to global challenges, including poverty, inequality, climate change, and environmental degradation. These goals underscore the need for a holistic approach to sustainability, which informs perspectives of sustainability in this guidance.

1.2 What is an SME?

The technical definition or categorization of businesses as SMEs differs across jurisdictions and industries (See [Annex 2](#) for a selection of examples). The attributes that are typically applied in the categorization are *number of employees*³ and / or a *financial asset* attribute such as annual revenue or turnover.

The range and types of SME businesses are broad and virtually unlimited. The bulk of SMEs operate in the informal sector, as unregistered (and often, unregulated) businesses including small shops (for example community-based convenience stores such as those found in informal settlements), home-based businesses, hawkers, micro-agri-businesses such as market gardeners or those involved in animal husbandry, pavement sellers and other micro-entrepreneurs. Many of them only employ the labour of an individual or family.

² Publications | SSE Initiative

³ Small businesses could have anywhere between 10 to 50 or up to 250 employees (fewer than 10 employees typically constitutes a micro enterprise), whereas midsize enterprises can have up to 999 employees. In some contexts over 50 employees is considered midsize while upwards of 500 employees is considered as large.

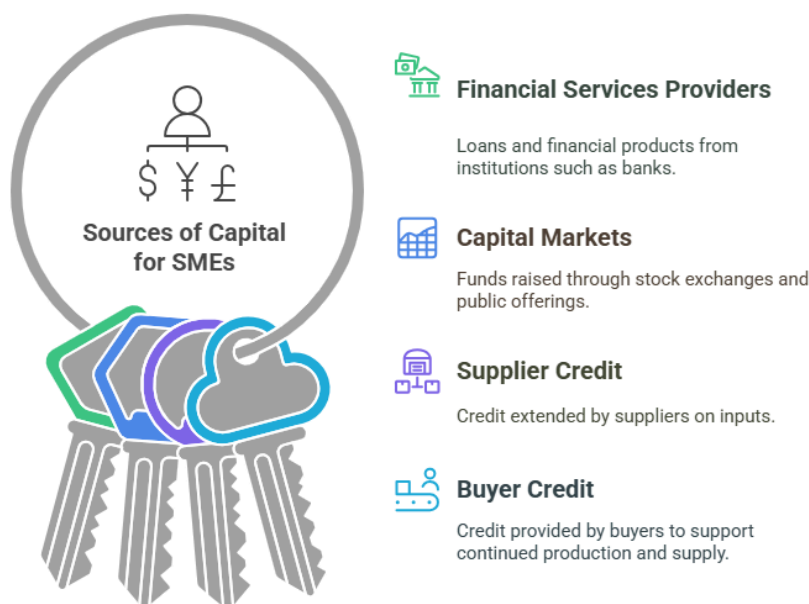
Formalized SME businesses operate in a more regulated environment taking various legal forms, such as a sole proprietor, partnership, registered company or other form of organization. Businesses could range from smaller law firms, medical and accounting practices, restaurants and coffee shops to startup companies in sectors such as construction, mining, agriculture, technology, finance, manufacturing or retail, that wish to enter the business environment with creative solutions to problems, introducing new concepts, products or technological innovations.

As with any business, an SME's growth is influenced by various factors, including its own ambitions. Most informal businesses have a set scope and may not aim to become more formalized. Many of the more formalized businesses are also content as small businesses. Given that these businesses enable economic activity, they are still important components of the economic ecosystem and as a result many jurisdictions have initiatives that aim to support these businesses for example through government grant programs and tailored banking services, among other approaches.

SMEs can access financial capital through a combination of avenues ([Figure 2](#)).

- Financial service providers offer a range of financing options.⁴ Traditional banking institutions provide loans and lines of credit. They may require SMEs to present comprehensive business plans and financial statements to demonstrate creditworthiness. Microfinance institutions cater specifically to smaller businesses that may not have access to traditional banking services, and may offer microloans with flexible repayment terms and lower interest rates. Other financial intermediaries, such as venture capitalists, may offer equity financing in exchange for ownership stakes. SMEs can also engage with alternative financing options such as crowdfunding platforms and peer-to-peer lending.
- SMEs can access finance through the capital markets, such as through listing on a stock exchange, which provides access to a wider pool of investors and access to funds for expansion, innovation and operational improvements. It can also improve their visibility for strategic partnerships and enhance credibility through improved corporate governance. (Also see [section 1.4](#))
- Another avenue for SMEs to secure funding is through buyers and suppliers. Buyers can offer advance payments or deposits on orders, which provide immediate working capital to SMEs, facilitating their ability to fulfill large orders without the strain of upfront costs. Suppliers, on the other hand, may extend trade credit, allowing SMEs to purchase goods and services with deferred payment terms.

⁴ See for example the IFC's offering in this regard: [MSME Finance](#)

Figure 2: Potential financing avenues for SMEs

Source: UN SSE adapted from World Bank⁵

SME businesses that target growth are interested in a broader range of instruments to access capital, and wish to eventually compete with larger counterparts, for example through targeting an Initial Public Offering (IPO) or listing on a stock exchange market.

1.3 The relevance of SMEs in the sustainability discourse

SMEs constitute the backbone of the global economy

The World Bank characterizes SMEs as “the economic backbone of virtually every economy in the world”.⁶ The consensus is that they constitute the largest proportion of businesses worldwide, with estimates that roughly 90% of all firms are SMEs, contributing up to 40% of GDP in emerging markets⁷ and as much as 50% of global GDP.⁸

Research points to nearly 360 million SMEs worldwide in 2023, fast approaching 400 million, following a steady increase in numbers over the last two decades (despite a slight drop in 2020 during the COVID-19 pandemic).⁹ In terms of regional spread, the largest number of SMEs are found in Asia, followed by Africa.¹⁰ Their importance for local economies, means that SMEs are often a high priority for many governments around the world.

⁵ World Bank Blogs (2014) Rethinking SME Finance Policy – harnessing technology and innovation

⁶ World Bank Group website: [World Bank SME Finance](#)

⁷ World Bank Group website [World Bank SME Finance](#)

⁸ IFC [MSME Finance](#)

⁹ Statista (August 2024) [SMEs worldwide 2023](#)

¹⁰ SME Finance Forum [MSME Economic Indicators Database 2019](#)

SMEs are considered as a main source of job creation, providing as much as two thirds of global private sector employment opportunities.¹¹ They make an increasing contribution to GDP as economies develop, with potential to accelerate economic development. The proportion of jobs that are generated by SMEs (as much as 70% in emerging markets),¹² means that SME development is a high priority for many governments around the world.

It is clear then that SMEs could play a significant role in the economic wellbeing and development of countries. Their proximity to communities through provision of goods and services for daily needs, local employment and procurement, balanced with their presence in the value chains of large multinational corporations and governments, position them as critical components in the economic development ecosystem.

SMEs have a significant presence in financial markets

SMEs are not limited to being private entities; many are also publicly listed companies. There are 77 exchanges in the world that offer listing platforms for SMEs,¹³ and by the end of 2022 there were over 8,000 companies listed on SME markets, representing a market capitalization of more than USD 2.65 trillion.¹⁴ This figure relates to SMEs listed on dedicated SME platforms (such as those noted in [Annex 3](#)), and excludes SME companies that may be listed on an exchange's main board or which may be engaging in capital market activity through other means such as bond issuance or other dedicated SME offerings.

Especially in smaller economies, medium sized enterprises often constitute a significant proportion, sometimes even the majority, of listed companies. Their performance and growth are vital for the overall health and dynamism of these economies. The World Federation of Exchanges (WFE) has found that while the number of listed companies in advanced economies has not grown significantly between 2012 and 2022, it has nearly doubled in emerging and developing countries in this period.¹⁵ This has resulted in an estimated thirteen-fold increase in the market capitalization of SME platforms, dominated by growth in the East Asia and Pacific region, which accounts for around half of global SME listings.

SMEs suffer from capacity constraints due to their size

While being economically significant, SMEs are subject to structural challenges and constraints, which can manifest in various ways, such as restricted access to financial resources, limited capacity and access to human capital, and reduced bargaining power with suppliers and customers. SMEs are characterized by a high degree of informality in operation, with concentration of power from ownership level.

SMEs may struggle to invest in advanced technologies, comprehensive training programs, wide-reaching recruitment drives or extensive marketing campaigns, which larger enterprises can more easily afford. Additionally, the smaller scale of operations can make it challenging to achieve economies of scale, leading to higher per-unit costs.

¹¹ OECD website [SMEs and entrepreneurship](#)

¹² World Bank Group website [World Bank SME Finance](#)

¹³ UN SSE [Stock exchange database](#)

¹⁴ WFE (September 2024) [Global developments in SME markets over the past decade](#)

¹⁵ WFE (September 2024) [Global developments in SME markets over the past decade](#)

SME practices are being shaped by the mainstreaming of sustainability

The growing emphasis on sustainability management for SMEs is being driven by its widespread adoption among large enterprises, institutional investors, banks, insurance providers, and other financial service entities, as well as SMEs' own customers, clients and staff. Sustainability disclosure, a critical aspect of sustainability management, is now subject to international standards and national regulations, which are increasingly applicable to SMEs as well. This is particularly visible in relation to climate disclosures and the increasing demand for Scope 3 disclosures which generally include SMEs as emissions sources.¹⁶ To weather these challenges, SMEs that integrate sustainability practices early on into their businesses can benefit in the longer term.

Research by SAGE¹⁷ indicates that nearly two-thirds of the SMEs studied¹⁸ have sustainability strategies in place, however concrete action is still lagging. It further found that while more SMEs are acknowledging the significance of climate action, the obstacles to implementing effective measures are growing.

1.4 How do exchanges currently work with SMEs?

Exchanges around the world have long been interacting with SMEs in various ways, some of which are described below. Exchanges have strong incentives to work with SMEs as it helps expand their listing base, diversify revenue streams, and foster innovation-driven sectors. Supporting SMEs enhances trading volumes, positions exchanges as contributors to national economic growth, and creates opportunities to support the global economic transition.

Exchanges in smaller markets primarily list medium sized enterprises

For national exchanges in many developing countries (and even some developed markets), the majority of listed companies are often medium-sized enterprises, unlike the larger companies typically found on large developed market exchanges. For instance, the average market capitalization of a company listed on a large multinational exchange group in regions like Europe, or countries like China or the United States, can be several times larger than that of the largest company listed on a smaller national exchange. Consequently, main board listing requirements (which are often set by a local regulator rather than the exchange itself) need to cater to the needs of medium-sized enterprises. Additionally, these exchanges in small developing countries can often be considered SMEs themselves, whether in terms of the number of employees or financial revenue.

Exchanges provide custom SME listing platforms

Stock exchanges provide a listing venue for many SMEs around the world. According to the UN SSE Stock Exchange Database more than half of equity exchanges (77) around the globe have an SME offering (Figure 3 and Annex 3). In most jurisdictions, the initial listing requirements and continued obligations of a traditional stock exchange may be more suited to the ability of larger corporations to comply. However, stock exchanges in many

¹⁶ UNCTAD (2025) [Sustainability disclosure for small and medium-sized enterprises in developing economies: Challenges and responses](#)

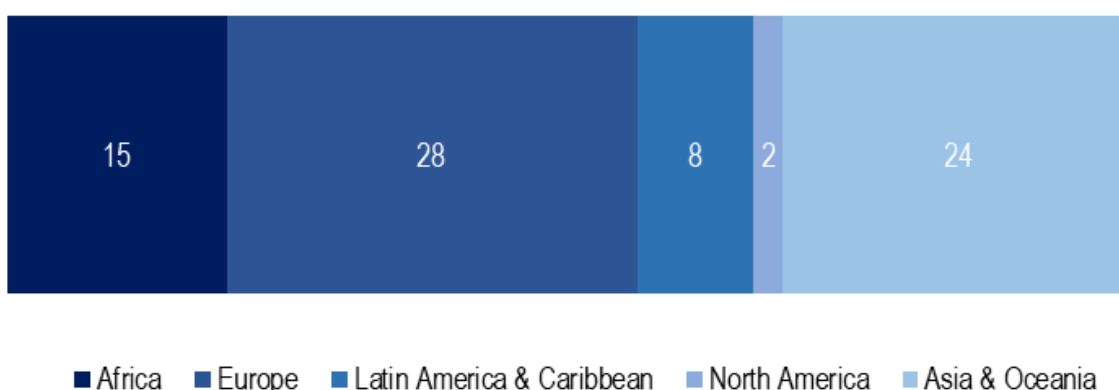
¹⁷ Sage (2024) [Unlocking sustainable finance for SMEs - The \\$789 billion green growth opportunity](#)

¹⁸ Research covered 6,250 SMEs employing up to 500 people, across 13 geographies

jurisdictions have developed more relaxed regulatory regimes and tailored platforms that accommodate the specific needs of SMEs, including access to public markets for raising capital. Of the different benefits that SME platforms offer to issuers, the most frequent are exemptions of minimum profitability requirement, a less frequent reporting schedule, no minimum free-float requirement,¹⁹ and no historical financial statements requirement.²⁰ See [sections 3.2 and 3.3](#) for examples.

According to joint research by UNCTAD and the WFE,²¹ an SME initiative can be positioned either as an independent market or as a separate board or segment within an existing exchange structure. These approaches also enable SMEs to move to the main board once they are ready.

Figure 3: Number of exchanges with an SME offering, by region



Source: UN SSE database

Other SME-targeted service offerings

As noted above, the bulk of exchanges either offer SMEs a listing solution on the main board alongside larger issuers, or structure an SME solution as a separate board or market of the exchange. However, there are also standalone exchanges which provide other products targeting the needs of SMEs specifically. These products could be debt-based such as promissory notes, deferred payment options, or equity-based. This approach consolidates a range of SME-focused financing options in an exchange environment and is aimed at overcoming fragmentation of SME-focused products from various providers to support a more consistent source of liquidity from investors. See [section 3.3](#) for examples.

In addition to facilitating easier listing for SMEs or offering SME-targeted products, exchanges can also support SMEs in other ways. For example, advisors support SMEs in the listing process and with ongoing compliance. Mentorship and training structures are also emerging, as well as enabling non-trading platforms that allow SMEs to raise capital. See [section 3](#) for examples.

¹⁹ For example, London's AIM market has no free float limit

²⁰ WFE (September 2024) [Global developments in SME markets over the past decade](#)

²¹ UNCTAD and World Federation of Exchanges (September 2017) [The Role of Stock Exchanges in Fostering Economic Growth and Sustainable Development](#)

2. The sustainability business case for SMEs

2.1 Responding to pressure along the value chain

When it comes to the role and capability of businesses to respond to sustainable development, SMEs have often been overlooked. As societal values continue to evolve and the climate crisis intensifies, the demand for responsible products and services is rising. In response, SMEs are becoming increasingly aware of the need to move beyond traditional business practices to address critical sustainability challenges, including resource scarcity, climate change, economic instability, and growing regulatory pressures. These challenges force businesses, large and small alike, to address rising operational costs, supply chain disruption and changing consumer demand. As a result, SMEs must navigate complex transitions to integrate sustainable practices, innovate their business models, and align with global sustainability goals—all while operating with significantly fewer resources and less expertise than larger corporations.

While policy mandates for sustainable practices and disclosure have traditionally targeted larger corporations, the direction of regulation is shifting to include smaller businesses. For example, as monitoring and reporting of Scope 3 emissions grow in response to investor and regulatory pressures, an increasing number of companies are asking their suppliers to prepare for disclosing their own emissions.²² SMEs need to ensure that they review their contract obligations and have robust contingency plans in place since non-compliance may put them at risk of penalties or even losing contracts.

An important distinction between SMEs and large companies or multinational corporations relates to the media and public opinion.²³ SMEs have significantly less visibility and may therefore not attract the same level of attention or be prominent targets for public scrutiny (although their proximity to local stakeholders does result in vulnerability). They often operate in a single market and their interactions with stakeholders are different from the way in which large corporations manage stakeholder relations. As a result smaller firms have been less likely than their larger peers to examine their sustainability impacts.

However, the pressures that larger (particularly multinational) corporations are under, can spill over to SMEs. Accountability for sustainability impacts in the value chain has led to large corporations imposing contractual conditions and other expectations on their suppliers and partners around quality and safety, to mitigate social, environmental and economic risks and meet compliance requirements.²⁴ Therefore, to the extent that an SME may find itself within a large corporation's value chain, it is increasingly exposed to extended regulatory pressures or direct demands for improved sustainability performance and/or reporting.²⁵ The proliferation of global standards and policy instruments related to sustainability is further altering the operational environment of SMEs through indirect pressure.²⁶

²² For example in Malaysia the Central Bank's [Climate Change and Principle-based Taxonomy](#) (CCPT) requires financial institutions who apply for green financing or sustainability-linked loans, to provide ESG data disclosures.

²³ Loucks, Elizabeth & Martens, Martin & Cho, Charles (2010) Sustainability Accounting, Management and Policy Journal.Vol. 1 No. 2, pages 178-200. [Engaging small- and medium-sized businesses in sustainability](#)

²⁴ IFC (November 2018) [The Unseen Sector: A Report on the MSME Opportunity in South Africa](#)

²⁵ GRI (August 2018) [Empowering Small Business: Recommendations for Policy Makers](#)

²⁶ UN Trade & Development Global Sustainable Finance Observatory (June 2024) [Shaping the Future of SME Sustainability Disclosure: A Holistic Approach](#)

2.2 Leveraging unique SME features

The business case for large firms engaging in sustainability has evolved significantly, driven by the realization that many risks and opportunities have roots in sustainability impacts. Evidence is growing that sustainability can be leveraged as a differentiator while being beneficial both to society and business performance.

For SMEs, managing sustainability impacts carefully may similarly enhance access and competitive opportunities to enter global supply chains, which improves the chances for economic success.²⁷ If business owners understand and actively pursue business opportunities that may become available through sustainability strategies, SMEs may increasingly be persuaded to employ sustainable business practices strategically.²⁸

SMEs have unique “DNA” or inherent features (figure 4) that bring broader social and economic benefits which, when realized, may result in positive outcomes for the SME itself. Leveraging these benefits may enhance the business case for SMEs to pursue sustainable business practices.

Figure 4: The DNA of SMEs: unique features of SMEs



Source: UN SSE

²⁷ GRI (August 2018) [Empowering Small Business: Recommendations for Policy Makers](#)

²⁸ Loucks, Elizabeth & Martens, Martin & Cho, Charles (2010) Sustainability Accounting, Management and Policy Journal.Vol. 1 No. 2, pages 178-200. [Engaging small- and medium-sized businesses in sustainability](#)

Proximity between SMEs and communities

The historic tendency to pit businesses and communities against each other is increasingly being rejected as destructive to both, when balancing the needs of both may have numerous positive outcomes.²⁹ SMEs often work closely with local communities, sustaining and generating local employment and procurement opportunities where they operate, and contribute to local economic activity and revenue generation, for example through payment of taxes.³⁰ Research further shows that SMEs contribute to diversification in the economic base of the local community and potentially the country as a whole, promote innovation and help deliver goods and services to the bottom of the social pyramid.³¹

SMEs as a force for societal upliftment

SMEs are considered to be a powerful force for enabling mainstream access to the economy for women, youth and minorities. In the United Kingdom, around 19% of businesses are led by women, while in the United States, women started 49% of new businesses in 2021, a significant increase from 28% in 2019.³² Globally, women own about one-third of all businesses. However, these businesses remain disproportionately neglected in accessing capital.³³ The lack of funding available from the financial sector for SMEs is known as the "financing gap" and IFC estimates that over 30 percent of SMEs in the financing gap are women-owned.³⁴

Funding programs worldwide are recognizing that investing in women-owned SMEs not only promotes gender-balanced economic empowerment but also creates pathways for women's leadership and socio-economic advancement. Uplifting women, particularly in rural areas, has ripple benefits for affected families, communities and even regions, promoting more equitable and inclusive societies.³⁵

SMEs as agents for innovation

SMEs can leverage their agility and innovative potential to find creative solutions and carve out niche markets, ensuring their continued growth and success. Support from influential intermediaries, such as stock exchanges, can help SMEs maximize their unique strengths to lead in innovative solutions. Such solutions can contribute to the alleviation of sustainable development challenges but can also enhance the environmental and social performance of the SME and bolster its financial sustainability and growth.

²⁹ Loucks, Elizabeth & Martens, Martin & Cho, Charles (2010) Sustainability Accounting, Management and Policy Journal.Vol. 1 No. 2, pages 178-200. [Engaging small- and medium-sized businesses in sustainability](#)

³⁰ Investopedia (updated June 2024) [Small and Midsize Enterprise \(SME\): Definition and Types Around the World](#)

³¹ World Bank Group (2017) [What's Happening in the Missing Middle - Lessons from Financing SMEs](#)

³² Prowess - Women in Business (May 2023) [Women In Business Facts And Statistics 2023](#)

³³ OECD (March 2024) [Financing SMEs and Entrepreneurs 2024 AN OECD SCOREBOARD](#)

³⁴ IFC report (March 2025) [MSME Finance Gap](#)

³⁵ Water and Energy for Food (16 October 2023) [What SMEs Can Do to Empower Women in Agriculture - Water and Energy for Food Grand Challenge](#)

SMEs have potential for enhanced collective impact

While SMEs typically have a relatively small individual environmental footprint they can collectively have a significant environmental impact. It is estimated that SMEs generate around 40% of business-sector greenhouse gas (GHG) emissions.³⁶ Their role in the net zero transition is therefore crucial. The collective negative impact does not necessarily translate into incentives for action by individual SMEs. However, exactly because of their large combined weight in the global economy and their tendency to innovate and propagate new solutions, many still consider SMEs as key drivers of the green transition.³⁷ As a result, there are efforts to involve SMEs more closely in efforts such as energy efficiency initiatives, easier access to financing sustainability solutions (rather than through lending), and transfer of skills and technologies.³⁸ This in turn can strengthen the business case for SMEs to pursue sustainable business practices.³⁹ With fewer financial resources, trade-offs between financial and sustainability objectives are typically more keenly experienced by SMEs at an individual level. This is especially true when the SME considers its individual footprint as insignificant when compared to a large corporation. However, in what has been called the paradoxical nature of SMEs,⁴⁰ when considered as a collective, SME impacts are considerable and therefore they have an important contribution to make towards sustainable development.

SMEs as drivers of economic development

Given their significant role in job creation and employment as well as generating government revenues through tax payments, SMEs are essential for growth, job creation, innovation, international trade, and balanced regional development. However, challenges such as access to finance hamper not only their ability to survive but to realize their potential to contribute to economic development.⁴¹

2.3 Incentives for SMEs to integrate sustainability

A number of factors contribute to the incentive for sustainability integration by SMEs:⁴²

- **Market Demand and Consumer Expectations.** Consumers are becoming more environmentally and socially conscious. There is growing demand for products and services that are produced sustainably, with minimal environmental impact and adherence to ethical standards. SMEs that adopt sustainable production and sourcing practices can differentiate themselves in the market and attract environmentally and socially conscious consumers.

³⁶ OECD COP28 event overview (December 2023) [COP28 - No net-zero without SMEs: Accelerating the green transition of SMEs](#)

³⁷ OECD website [Greening SMEs](#)

³⁸ OECD website [Greening SMEs](#)

³⁹ OECD (March 2024) [Financing SMEs and Entrepreneurs 2024 AN OECD SCOREBOARD](#)

⁴⁰ Journal of Business Research, Volume 149 (October 2022) [SMEs engagement with the Sustainable Development Goals: A power perspective](#)

⁴¹ World Federation of Exchanges (September 2024) [Global developments in SME markets over the past decade](#)

⁴² Accountancy Europe, Ecopreneur.eu and the European Association of Cooperative Banks (November 2023) [5 reasons why sustainability matters for SMEs](#)

- **Regulatory Requirements.** Stricter environmental regulations and standards are burgeoning. Whether such requirements apply directly or indirectly (e.g. via presence in the value chain of a larger regulated organization), SMEs that make an effort to comply timeously reduce their exposure to fines, penalties, operational restrictions or reduced business opportunities.
- **Access to Financing and Investment.** Investors and financial institutions are increasingly integrating sustainability factors into their investment decisions. SMEs that demonstrate strong sustainable business practices enhance their credibility with investors and lenders, increase access to financing,⁴³ attract a broader range of sustainability-conscious and impact investors, and benefit from lower borrowing costs.
- **Risk Management and Resilience.** Adopting sustainable practices can assist SMEs to manage disproportionate exposure to risks such as climate change, resource scarcity and economic downturn. Building resilience can enhance business continuity and long-term sustainability.
- **Competitive Advantage and Innovation.** Embracing sustainability can stimulate innovation within SMEs. Developing eco-friendly products, implementing sustainable production methods, exploring renewable energy solutions or diversifying teams can create new business opportunities, address new markets, enhance competitiveness, and position SMEs as leaders in their industry.
- **Attraction and Retention of Talent.** Often, SMEs have difficulty competing with larger organizations to attract and retain high caliber staff. However, a growing social and environmental consciousness among employees and job-seekers sees them prioritize working for a sustainable company. SMEs that integrate sustainability can leverage it as a recruitment and engagement tool.⁴⁴

⁴³ Sage (2024) [Unlocking sustainable finance for SMEs - The \\$789 billion green growth opportunity](#)

⁴⁴ Workiva (22 February 2023) [Attract employees through your sustainability initiatives](#)

3. Action plan to promote sustainable SMEs

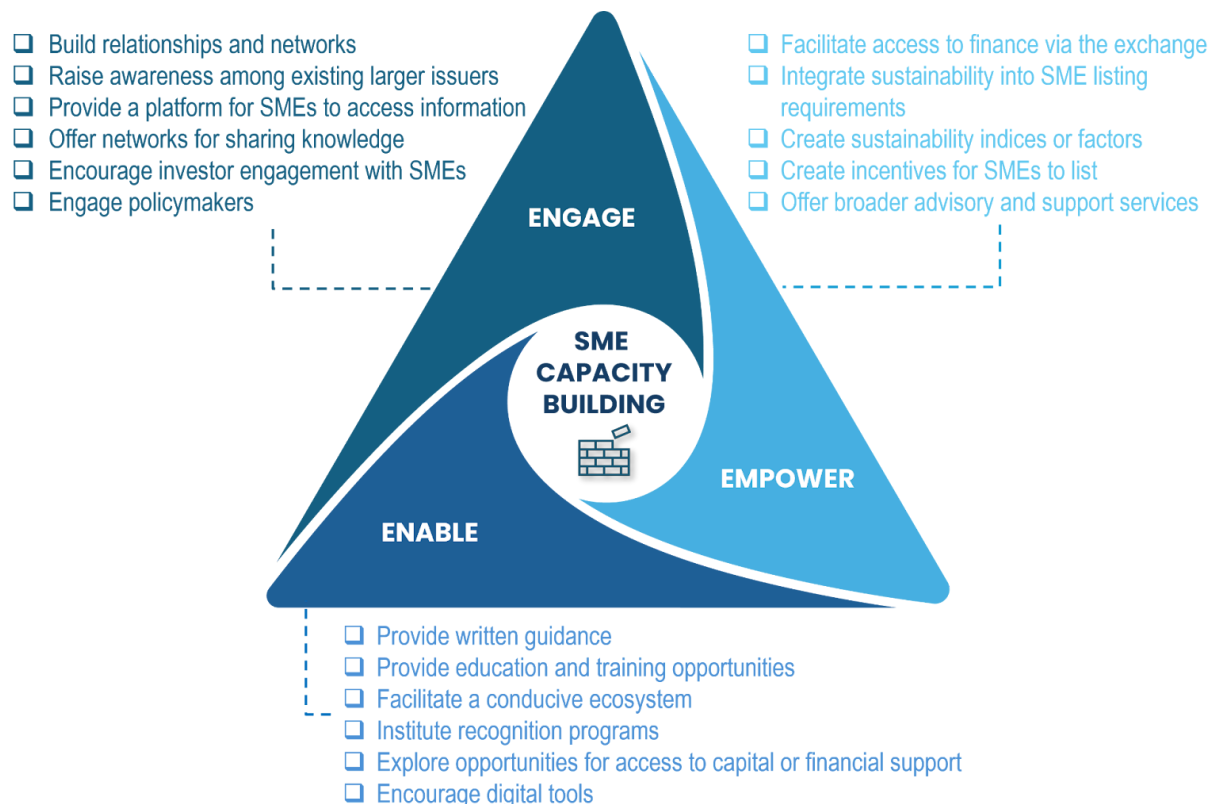
Stock exchanges can play a crucial role in promoting sustainability among SMEs through various mechanisms and initiatives. Existing initiatives can be scaled and customized with a sustainability focus, while new initiatives will enhance the impact.

Initiatives that are implemented will vary according to the individual exchange's circumstances and business model; whether SME initiatives are already in place; where regulatory authority lies; the scope of the exchange's activities (e.g. national, regional or global); and how it wishes to target its initiatives (e.g. targeted for SMEs with which it already has relationships or beyond to the broader SME sector). Initiatives that go beyond the exchange's direct client base will involve more effort and resources, but can offer benefits to the exchange in increased potential for new customers, products and services.

When developing strategies for promoting sustainability among SMEs, exchanges should consider the national, regional or cultural context including any unique challenges or distinct regulatory frameworks that apply, alongside opportunities for innovation.

Potential actions by exchanges (Figure 5) span three areas, representing an increasing level of activity by the exchange, namely **Engage**, **Enable** and **Empower**.

Figure 5: Action plan for exchanges to support sustainable SMEs



Source: UN SSE

Capacity building is a cross-cutting aspect that can have a significant impact on an SME's ability to sustain its businesses and effectively manage sustainability impacts, risks and opportunities. Exchanges could pursue capacity building as a targeted action or an outcome of an initiative within an area of activity.

The actions that are noted are not intended to provide an exhaustive list of initiatives that exchanges can undertake, but aims to provide an idea of what is possible and practical for most exchanges. Some of the actions may already be in place at certain exchanges, but could offer ideas to others or could be expanded upon where it is already in place.

Each of the areas is followed by illustrative examples of initiatives or exchange actions that are already in place.

For ease of reference, discussions are signposted with icons as follows:



Actions that relate to capacity building



Boxes containing illustrative examples

3.1 Engage

Engagement activities include the following:

- Leverage stakeholder engagement processes to **build relationships and networks** between and among SMEs (whether listed or not), industry bodies, local chambers of commerce and relevant associations to share knowledge and build capacity. In addition to facilitating the building of relationships between SMEs and such bodies, exchanges can also collaborate with these bodies to deliver tailored sustainability programs. 
- **Raise awareness among existing larger issuers** about the challenges that SMEs may face in integrating sustainable business practices in order to support decarbonization or other sustainability goals of their procuring/contracting partners. Exchanges can create mechanisms for larger issuers to collaborate with their SME suppliers, starting with opportunities for interaction and engagement between large issuers and SMEs to enable exchange of experiences, challenges and knowledge. For example, creating discussion opportunities between larger issuers and SMEs to explore the needs of the larger issuer compared to the challenges faced by the SME.

- **Provide a platform for SMEs** that are active in the exchange's sphere of operation (whether listed or not) to access information about trends and available tools and guidance. This could take place through in person or online events, an online resource, etc. Such an initiative could open opportunities for SMEs to form networks and share knowledge, while enhancing visibility and creating possibilities for new business. Without a dedicated or sufficient marketing budget, SMEs often rely on personal relationships and reputation in their market and community to win customers.
- Exchanges can **offer networks for sharing sustainability knowledge**. Research suggests that SMEs would benefit from more accessible sustainability tools, resources and networks for encouraging collaborative actions. Such networks may also provide SMEs with social and intellectual support for implementing new strategies or activities, and create opportunities for peer learning and a community of best practices. 
- **Engage policymakers** about trends and plans in regulating sustainability for SMEs. Although regulations that specifically target SME sustainable business practices remain limited, they are emerging, and in the meantime SMEs are influenced by global pressures towards transparency. National governments have started to issue guidelines, requirements and standards on SME sustainability disclosure, and are likely to push SMEs towards more detailed sustainability reporting.⁴⁵ Working with regulators to minimize fragmentation or duplication of reporting will minimize fatigue that SMEs are subjected to as a result of multiple sets of requirements. In addition, the involvement of regulatory authorities through joint efforts with specialized SME exchanges or platforms to avoid the fragmentation of liquidity and explore means to support the development and financing of sustainable SMEs, can be an impactful step.
- Exchanges can **encourage investor engagement with SMEs** on sustainability issues by providing information and resources, and platforms for dialogue between SMEs and investors that are interested in SMEs and how they integrate sustainability.



Illustrative Examples

The ICC Small Business Champions Network

The International Chamber of Commerce (ICC)'s Small Business Champions Network works with SMEs from different sectors and geographies that are engaged in cross-border trade. They constitute a diverse forum that can engage constructively with the wider ICC network and work with policy makers across global and regional forums, to help address the issues that matter to the SME community. Their priorities include addressing the finance gap by identifying policy levers and solutions that can help unlock new opportunities for SMEs; promoting the use of digital technologies to help SMEs access global markets and accelerating digital uptake to build the foundations for future resilience; and fostering more sustainable business models to ensure small businesses take a leading role in climate and environmental action.


Source: International Chamber of Commerce⁴⁶

⁴⁵ UN Trade & Development Global Sustainable Finance Observatory (June 2024) [Shaping the Future of SME Sustainability Disclosure: A Holistic Approach](#)

⁴⁶ International Chamber of Commerce (January 2022) [Small Business Champions Network to enable SMEs to thrive in global economy](#)

3.2 Enable

The actions outlined in this category are aimed at providing support and resources that enhance and strengthen SMEs' skills and therefore encourage them to integrate sustainable practices into their businesses.

- Exchanges can **leverage written guidance** to promote the integration of sustainability by SMEs.
 - The guidance could be targeted **to SMEs** (both listed and unlisted) and can be comprehensive across all ESG topics, or focused on aspects such as reporting or relevant themes such as climate change. A model guidance for exchanges on supporting SMEs in integrating sustainability across their business is available as part of the SSE's series of model guidance publications.⁴⁷
 - Exchanges can also provide guidance **to larger issuers** focusing on how these larger entities can help SMEs in the value chain integrate sustainability and to provide guidance on consistent value chain reporting. SMEs (especially unlisted businesses) struggle with complying with different listed issuers' sustainability requirements. A common template may be less resource-intensive for SMEs, especially micro SMEs.
 - Existing sustainability reporting guidance for listed companies can be enhanced to incorporate considerations of decarbonizing the supply chain or expanding engagement on sustainability management with SMEs in its value chain. The UN SSE's goal is for all stock exchanges to provide listed companies with guidance on sustainability reporting. 73 of the 122 stock exchanges tracked by the SSE have already published ESG reporting guidance for their listed companies.⁴⁸ These can be customized to focus on SMEs.
- Exchanges can **provide opportunities for education and training** to help SMEs understand the benefits of integrating sustainability into their business strategies and provide guidance on implementation. 
 - Workshops, webinars, and training programs focused on sustainability for SMEs can be developed by the exchange or offered in conjunction with others. The UN SSE offers training programs on sustainability-related topics such as sustainability reporting and gender equality which can be customized for a particular exchange's context.⁴⁹ Many of the exchanges that have taken up the opportunity to host training for their market, are smaller exchanges whose issuers are mid-sized companies. This opportunity has already proven itself as useful to reach market participants of all sizes and types, including SMEs.
 - Showcase events have proven to be successful for mainstream listed companies. Scaling these to focus on SMEs or supply chain entities of listed large corporates could be very impactful, as it provides the opportunity to highlight localised examples of SMEs that have successfully implemented sustainability strategies or practices.

⁴⁷ Publications | SSE Initiative

⁴⁸ Stock Exchange Database | SSE Initiative (2024)

⁴⁹ See the SSE Academy [website](#) for more information

- Facilitating investor awareness programs and roadshows aimed at connecting SMEs with investors can not only enhance opportunities to access finance, but also to enable engagement or interaction about sustainability priorities as they relate to the SME and/or the interest of the investor.
- **Facilitate the development of an ecosystem** which is conducive to sustainability integration by SMEs. Such an ecosystem can be created through strategic partnerships and collaborations with defined and determined outcomes and impacts. The following possible actions can be considered:
 - Establishing relationships with industry associations, regulatory bodies, and sustainability experts (such as the development of guidelines, standards, and best practices specifically tailored for SMEs) can help SMEs navigate the complexities of sustainability and adopt feasible strategies and may provide exchanges with access to a broader base of SMEs to reach.
 - Developing sustainability innovation labs or incubators specifically for SMEs in collaboration with experts can provide facilities through which SMEs can access essential resources, mentorship and networking opportunities to develop and test sustainable business practices and technologies. Promoting collaboration with larger corporations can further help SMEs gain access to knowledge and market opportunities through the supply chain.
- Exchanges can **institute recognition programs** to celebrate listed SMEs that excel in sustainability. This can motivate other SMEs to prioritize sustainability efforts and showcase successful sustainability strategies. Labeling SMEs engaged in credible or certified sustainable activities will enhance visibility and acknowledge SME efforts and can be impactful in enabling SMEs to gain greater access to financing opportunities.
- Exchanges can explore opportunities to **facilitate or provide information** about the availability of opportunities for SMEs to access capital or financial support for example by identifying mechanisms that exist such as the Green Climate Fund or other regional or national sustainability financing programs.
- Data availability about sustainability performance is a challenge for both larger corporations and SMEs, with a critical need to access accurate data.⁵⁰ Exchanges can **promote and encourage** the development of better data infrastructure or the use of free or affordable **digital tools** for example for carbon footprinting or tracking other sustainability measures that can help SMEs manage sustainability risks and performance, while enabling higher quality reporting.



⁵⁰ UNCTAD (2025) *Sustainability disclosure for small and medium-sized enterprises in developing economies: Challenges and responses*



Illustrative Examples

❖ Canada: National Champion Programmes

A study involving the Business Development Bank of Canada (BDC) showed that one of the most effective ways to support SMEs is by pairing financing with advisory services. One way to provide this dual support is through National Champion Programmes. These programmes aim to provide more than financial interventions, and may include advisory support, capacity building, and networking opportunities. They mostly target SMEs (and particularly mid-sized companies) with high growth potential to offer one-on-one support. The Growth Driver Program run by the BDC provides selected companies with management training, peer-to-peer networking, and other tailored services, through a dedicated team of advisers, who also offer management plans and targeted support for CEOs and leadership teams.

Source: McKinsey & Company⁵¹

❖ Bursa Malaysia's Public Listed Companies Transformation (PLCT) Programme

The PLCT Programme aims to steer corporate Malaysia to higher performance levels. The programme aims to increase the attractiveness and investability of listed companies in Malaysia by strengthening the growth narratives of public listed companies (PLCs) across all sizes, providing PLCs with best practices and guidance to drive better engagement with investors. The approach is a combination of information sharing (digital guidebooks), engagement and transparency. A set of five (5) guidebooks covering five topical pillars have been made available, offering best practices, guidance, case studies and additional useful tools or checklists, to guide PLCs in their reflection, and to help participating PLCs assess how best to adapt and adopt the relevant best practices into their own businesses and operations.

One of the pillars covered by the guidebooks is on the theme *Embody Sustainable, Socially Responsible and Ethical Practices*.⁵² The guidebook provides steps on the key components of a well defined ESG response and how PLCs can define their strategy, good practice initiatives, and metrics for improved implementation. Key enablers of ESG strategy and drivers for ESG practices, as well as disclosures, are highlighted to support public listed companies (PLCs) to enhance their ESG response. There are dedicated chapters for each of the Environmental, Social and Governance dimensions, with key focus topics and 'how-to' chapters that offer deep-dives into selected topics.

Source: Bursa Malaysia⁵³

❖ Johannesburg Stock Exchange (JSE) Annual Sustainability Showcase

The JSE hosts the annual JSE Sustainability Showcase, offering a platform for investors, issuers, and industry experts to engage in meaningful discussions on ESG issues, responsible investing, and sustainable development.

Source: JSE⁵⁴

❖ London Stock Exchange (LSEG) Green Economy Mark

LSEG offers a range of green economy solutions including a sustainable bond market, green indices and data on green revenues, renewables and sustainable finance bonds. The Green Economy Mark takes a data-driven approach and considers the revenue generating activities from products and services that

⁵¹ McKinsey & Company (26 January 2022) [Beyond financials: Helping small and medium-size enterprises thrive](#)

⁵² Bursa Malaysia (2022) [PLC Transformation \(PLCT\) Programme](#)

⁵³ Bursa Malaysia website [Public Listed Companies Transformation \(PLCT\) Programme](#)

⁵⁴ LinkedIn (2024) [JSE Annual Sustainability Showcase](#)

contribute to the global green economy of all the companies and funds that are listed on the London Stock Exchange, including both AIM and the Main Market.

The Green Economy Mark utilises a data-driven model based upon the FTSE Green Revenues Classification System (GRCS) which identifies green products and services across the whole value chain. It covers 10 sectors, 64 subsectors and 133 micro sectors and measures each micro sector against a range of environmental objectives: climate change mitigation and adaptation, pollution prevention and control, protection of healthy ecosystems, transition to a circular economy, waste prevention and recycling sustainable and efficient agriculture.

Sectors are classified according to the level of environmental benefit, ranging from Tier 1 (green products and services with significant and clear environmental benefits), Tier 2 (green products and services with more limited but net-positive environmental benefits) and Tier 3 (green products and services which have some environmental benefits but are overall net-neutral or negative). To achieve the Green Economy Mark the entity must demonstrate that at least 50% of their revenues are derived from Tier 1 or 2 activities. Companies and funds that have met the criteria for the Green Economy Mark range from renewable energy to the circular economy, from cloud computing to vertical farming, from infrastructure for withstanding climate impact to smart agricultural practices. The Green Economy Mark offers investors a unique lens to identify companies generating revenues from areas in which they are creating a clear and significant environmental impact. It provides transparency and visibility into a diverse range of green companies and funds, allowing investors to align their portfolios with their sustainability goals.

The exchange also publishes an annual *Investing in the Green Economy* report⁵⁵ and hosts a Green Economy Forum to deep dive into a variety of topics related to the green economy and provide a forum to connect with participants across the financial ecosystem.

Source: LSEG⁵⁶

❖ **Prague Stock Exchange's START market**

The START Market targets innovative SMEs from the Czech Republic or Slovakia looking to raise capital to support their growth. Alternatively, the company owners could capitalize their shares and make a full or partial exit on this public market. The advantage of the Start Market, when compared with other similar European markets, is a low cost for issuers making it a competitive option with other types of financing or exit strategies. Prague Stock Exchange organizes investor relations days, called Start Days, twice a year. During this event, existing Start Market issuers present their actual business results and meet investors to answer their questions.

Source: Prague Stock Exchange⁵⁷

❖ **Wiener Börse's sustainability awards**

The Vienna Stock Exchange awards aim to recognise companies that have excelled over the preceding year across a number of categories. One of the categories is the VÖNIX Sustainability Awards, named after the domestic sustainability benchmark VBV Austrian Sustainability Index (VÖNIX). Although not targeted at SMEs specifically, the award honours selected companies for their commitment to sustainability through their performance in the index in aspects such as best in sector, sector riser, etc.

Source: Vienna Stock Exchange⁵⁸

⁵⁵ LSEG (July 2024) *Investing in the green economy 2024: Growing in a fractured landscape*

⁵⁶ LSEG (July 2024) *Green Economy Mark Report 2024*

⁵⁷ Prague Stock Exchange website (2025) *START Market*

⁵⁸ Vienna Stock Exchange (6 April 2024) *Vienna Stock Exchange News : Vienna Stock Exchange Award 2024: Erste Group wins ATX Award and two further categories*

3.3 Empower

Finally, exchanges can pursue initiatives that directly involve SMEs in sustainability-related services of the exchange, or offer them opportunities. Again the nature of what is offered would vary depending on the exchange's business model, jurisdiction, markets and regulatory authority, but could include the following:

- **Facilitate access to finance via the exchange.** As noted earlier, access to finance is a key constraint - it is one of the most cited obstacles facing SMEs to grow their businesses in emerging markets and developing countries.⁵⁹ The financing gap constrains SMEs from playing a larger role in supporting economic growth, jobs and development.⁶⁰ As one of the primary reasons why SMEs engage with exchanges, exchanges can facilitate access to capital for sustainable SMEs by offering capital raising opportunities through listing on an SME market (See [Box 3.3.1](#) and [Annex 3](#) for examples) or developing and promoting sustainability-focused products that benefit SMEs, such as green bonds, social impact bonds, or other financial instruments tailored to sustainable SMEs. This can attract investors looking to support SMEs committed to sustainability. Exchanges can also consider the value of a specialized market solution that creates tailor-made solutions for SMEs, avoiding liquidity fragmentation while ensuring transparent pricing and reducing transaction costs in terms of both time and money. Specialized exchanges or offerings that can cater to the needs of SMEs with tailored solutions, can contribute to market stability and efficiency.

Box 3.3.1: Benefits and challenges of a dedicated SME listing board

A separate listing board specifically dedicated to promoting SMEs can potentially provide several benefits and opportunities. Integrating sustainability imperatives will further enhance these benefits.

- **Focused attention and visibility:** a dedicated SME listing board or SME listing attributes that highlight sustainability initiatives and performance, would showcase companies that have demonstrated a commitment to sustainability as well as progress. This focused attention can help raise awareness among investors and stakeholders about the importance and potential of sustainable SMEs, providing these SMEs with a platform to highlight their sustainability credentials. This can provide SMEs with external validation of their sustainability efforts, which will differentiate them in the marketplace, potentially leading to enhanced reputation, customer loyalty and potentially attracting investors who prioritize sustainability or its potential business or societal benefits.
- The listing requirements on a dedicated board can be tailored to the specific sustainability needs and capabilities of SMEs, taking into account their size, resources, and operational complexities. This can make it more feasible for SMEs to meet sustainability criteria while still maintaining competitiveness.
- A dedicated board can foster a community of sustainable SMEs, facilitating networking opportunities, knowledge sharing, and collaboration. This can enable SMEs to learn from each other, share best practices, and potentially collaborate on sustainability initiatives or projects.

⁵⁹ World Bank Group website [SME Finance](#)

⁶⁰ World Bank Group (2017) [What's Happening in the Missing Middle - Lessons from Financing SMEs](#)

- Over time, a dedicated board can contribute to the development of a sustainable market ecosystem, encouraging more SMEs to prioritize sustainability and facilitating the growth of sustainable finance instruments such as green bonds or impact investing.

However, there are also challenges to consider, such as ensuring sufficient liquidity and investor interest on a separate board, establishing clear and credible sustainability criteria, and managing the operational complexities of maintaining multiple listing boards. Effective governance, transparency, and alignment with broader market trends and regulatory frameworks are crucial for the success of a separate listing board for sustainable SMEs.

Source: UN SSE, adapted from InvestorGain⁶¹

- **Integrate sustainability into SME listing requirements.** Where exchanges have regulatory authority, they may explore ways to support the integration of sustainability practices among all listed companies, including SMEs. In markets with a dedicated SME board or segment, this could involve introducing sustainability-related disclosure expectations that are proportionate to the size and capacity of SMEs. Where no separate SME segment exists, exchanges could still consider providing tailored guidance or phased-in requirements to help smaller issuers build sustainability practices over time. An incremental approach (e.g. starting with voluntary guidance) may be appropriate to support uptake and capacity building.
- Exchanges can **create sustainability indices** or incorporate ESG factors into existing indices for SMEs. For example, an SME ESG index can highlight SMEs that demonstrate strong sustainability performance, providing visibility and recognition for their efforts. The UN SSE exchange database⁶² lists which member exchanges have sustainability indices available (although these may not be specific to SMEs).
- **Create incentives for sustainable SMEs to list**, such as reduced fees or enhanced visibility through dedicated sections on exchange websites, in promotional campaigns, research coverage and investor training / education programs.⁶³ A regulatory or self-regulatory sandbox (See [Box 3.3.2](#)) in which SMEs can access the market within some limitations can also foster the inclusion of SMEs into capital markets. SMEs engaged in credible sustainable activities can obtain a label that is exhibited on the trading screen, thus providing more visibility to these SMEs. Tailoring listing requirements to be SME-friendly (whether through reduced fees or simplified processes) can create a more conducive listing environment while maintaining transparency and accountability.

Box 3.3.2 What is a regulatory sandbox?

A regulatory sandbox is a controlled setting where businesses can test new innovations with oversight from a regulatory authority. The primary goal is to promote innovation safely and responsibly. This can encompass testing new products, services, technologies, business models, and even policies. Typically, regulations may be loosened or modified to foster an environment that is conducive to experimentation. Since these innovations have the potential to reshape industries, sandboxes also enable regulatory bodies to update their frameworks

⁶¹ InvestorGain website [Advantages of Listing SME IPO](#)

⁶² [Stock Exchange Database | SSE Initiative \(2024\)](#)

⁶³ World Federation of Exchanges (September 2024) [Global developments in SME markets over the past decade](#). The survey findings indicated that just less than half of the covered exchanges think that institutional investors do not have enough information about SME markets to invest in them, while more than half think retail investors do not. Hence, they have implemented measures to encourage investors to invest in SMEs.

and stay aligned with industry changes, such as ensuring consumer protection. Examples of such regulatory sandboxes exist in various countries such as Australia, Canada, India, Kenya, Malaysia, and are typically overseen by the national central bank or securities market authority.

The United Kingdom and Singapore are considered to be advanced examples of regulatory sandboxes. The Financial Conduct Authority (FCA) in the UK is working on expanding its offering, notably to open opportunities to start-up firms, and also to accommodate testing of new environmental, social and governance data and disclosure products.

With their widespread global presence, regulatory sandboxes have proven to be valuable tools, especially to promote balance between fostering innovation and ensuring compliance with regulations. In this way, regulatory sandboxes not only nurture the development of new ideas but also help build a more effective and adaptable regulatory framework.

Source: Ideagen⁶⁴

- Exchanges have a unique opportunity to help SMEs understand their own sustainability context and compare themselves to peers as they operationalize plans and strategies. To support this, exchanges can **offer broader business development and advisory services to SMEs**, for example market research insights, compliance and regulatory advisory services. While some such services are already in place to facilitate the economic growth of businesses and to support SMEs through the listing process, additional services could focus on sustainability imperatives and integration strategies. Exchanges can leverage existing initiatives or create customized efforts, but with emphasis on providing sustainability-focused assistance such as self-assessment, benchmarking, creating climate transition plans or developing decarbonization strategies.⁶⁵



Illustrative Examples

❖ Examples of SME-focused products

Botswana

The Botswana Stock Exchange (BSE) is set to launch a dedicated SME Fund aimed at improving access to capital for small and medium enterprises, supporting business growth, innovation, and economic diversification. Announced by the exchange's board chair, the initiative aligns with Botswana's goal to reduce reliance on government funding and democratize wealth through broader participation in capital markets.

Source: Daily News⁶⁶

Egypt's SME index

The Egyptian Exchange (EGX) operates the Nile market for SMEs, which had around 22 companies by August 2024. As part of its strategic efforts, the EGX launched the Tamayuz index in June 2021 to highlight high-growth companies with strong expansion strategies and a commitment to long-term development.

⁶⁴ Ideagen (10 July 2024) [Regulatory sandbox: 5 key things to know](#)

⁶⁵ Tools such as the IFC's [Sustainability Assessment and Improvement Tool for Midsize Growth Companies](#) may be useful in this regard

⁶⁶ Daily News Botswana (18 March 2025) [BSE to launch SME fund](#)

Source: EGX⁶⁷

❖ **Examples of exchange business development and advisory initiatives for SMEs**

Athex

For companies listed on ATHEX's Alternative Market EN.A., the exchange offers dedicated capacity building and support programs for the pre-listing as well as the post-listing stage, including ESG Reporting guidance and Research coverage. Through dedicated ATHEX events and Investor Roadshows, these companies gradually improve their corporate governance and transparency and get ready to eventually make the transition to the regulated market.

Source: Athex⁶⁸

B3 Brazil

The B3 exchange operates a market segment (Bovespa Mais) dedicated to facilitating the entry of SMEs. Bovespa Mais is designed for SMEs that wish to access the market gradually. This allows the SME to prepare adequately for being public by implementing corporate governance and transparency, while increasing the SMEs visibility to investors. Bovespa Mais allows for smaller issuances compared to the traditional market, but sufficient to finance the development of relevant SMEs. It even allows listings without an offering (IPO) for up to seven years.

Source: CVM⁶⁹

BME Growth

BME Growth is the Spanish exchange's market for SMEs focusing on companies in technology, biotech and health, engineering, telecommunications, renewables and real estate (REITs). BME Growth has specifically tailored regulation and prices and processes have been adapted to the characteristics of the SMEs that are listed. The market has a set of Registered Advisors to help companies throughout the listing process, both as they become listed on the Market and beyond, in the day-to-day, to comply with applicable regulations. In addition, SMEs have access to a training, coaching and networking program for growing SMEs called 'Pre-Market Environment', where companies can accelerate their transformation to prepare for joining BME Growth.

Source: BME⁷⁰

Botswana Stock Exchange

The Tshipidi Mentorship Program (TMP), initiated by the BSE, is designed to prepare SMEs for listing by offering practical, interactive training on key corporate and regulatory themes. The program addresses the gap in corporatization among Botswana's SMEs and aims to help them access equity finance for growth. Delivered by experts from the listings ecosystem, TMP includes needs assessments, training on corporatization, investor insights, improved governance, capital structure, and listing requirements. It also facilitates direct engagement with advisors and listed company leaders, and supports the development of a pipeline of future listing candidates.

Source: Botswana Stock Exchange⁷¹

⁶⁷ EGX (2024) EGX Adopts the Methodology of "Tamayuz" Index for the SMEs Market

⁶⁸ ATHEX website (2024) [Alternative Market Listing](#)

⁶⁹ B3 website (2024) [Bovespa Mais](#)

⁷⁰ BME website (2024) [¿What Is BME Growth? | BME Exchange](#)

⁷¹ Bursa Malaysia media release (21 June 2024) [Bursa Malaysia launches Centralised Sustainability Intelligence \(CSI\) Solution to drive Malaysian Companies' ESG excellence](#)

Bursa Malaysia

In 2024, Bursa Malaysia launched the Centralised Sustainability Intelligence (CSI) solution, aiming to support Malaysian companies in integrating ESG into their business strategies and operations, and boosting their overall competitiveness. The CSI Solution leverages automated tools to produce accurate climate reporting data, including emissions, risks, and opportunities, aligned with TCFD. It seamlessly enables ESG reporting, provides robust Scope 3 insights and connects corporates and their SME supply chains to specially curated financial incentive programs through partnerships with financial institutions. The CSI Solution is available for use by all companies – listed and unlisted, and of various sizes – from conglomerates to small and medium enterprises (SMEs).

Source: Bursa Malaysia⁷²

Euronext

Euronext offers a range of SME trading platforms and supporting services. Euronext Growth is suited to high-growth SMEs that want to raise funds to finance their growth. Euronext Access is designed especially for start-ups and SMEs that wish to join a stock exchange to finance growth and gain the reputational advantages of listing, but do not meet the criteria for admission to Euronext's regulated markets or Euronext Growth. Euronext Access acts as a springboard to other Euronext markets, helping companies transition smoothly and adapt to market practices. Both markets have their own listing criteria, and issuers have access to special assistance through a range of services and tailored coaching programmes such as TechShare, IPOready and FamilyShare as well as greater visibility through SME indices.

Source: Euronext⁷³

Ghana Alternative Market

The Ghana Alternative Market (GAX) is an innovative market operated by the Ghana Stock Exchange, focusing on businesses with high potential for growth. The GAX accommodates companies at various stages of their development, including start-ups and existing enterprises, both small and medium. The GAX defers upfront fees for applicants, and provides a Listing Support Fund which is a revolving credit facility to support SMEs in paying off their initial transaction costs up to the point where they have listed and raised the funds in the market. The Ghana Stock Exchange also offers information sessions for SMEs to provide the opportunity for these SMEs to obtain more information about the listing process and alleviate any concerns.

Source: Ghana Stock Exchange⁷⁴

Indonesia's IDX Incubator

The IDX Incubator is a program by the Indonesia Stock Exchange (IDX) aimed at encouraging SMEs to be listed on the Indonesia Stock Exchange. This program provides comprehensive training and mentoring on IPO preparation. Companies interested in the IDX Incubator Program will go through a curation process by IDX, which assesses their potential to go public in the coming years.

Source: IDX⁷⁵

⁷² BSE website (2025) Tshipidi Mentorship Program [Objectives & Benefits](#)

⁷³ Euronext website (2024) [SME | euronext.com](#)

⁷⁴ Ghana Stock Exchange (2023) [GHANA ALTERNATIVE MARKET - Accra](#)

⁷⁵ IDX website (2024) [IDX Incubator](#)

The Johannesburg Stock Exchange's SME Rise Initiative

The Johannesburg Stock Exchange in South Africa hosts the SME RISE Initiative in collaboration with a range of government agencies to support SMEs through Funding Readiness and Capital Matching initiatives. The initiative has two stages: in the Funding Readiness programme, companies participate in training sessions to support them to get ready to apply for funding. Companies that are “funding ready” are matched with a minimum of four potential investors. Once information has been shared and determined which investors the company will continue with, capital matching solutions are offered, such as equity and debt solutions, grant funding, enterprise supply development, etc. Minimum requirements apply for SMEs to participate. As part of the initiative, the JSE has launched a virtual speed coaching series in association with W-Suite, with two coaches providing insights into topics such as distinguishing the business for financial success, effectively managing a growing business and marketing the company.⁷⁶

Source: Johannesburg Stock Exchange⁷⁷

London Stock Exchange (LSE)'s Alternative Investment Market

LSE's Alternative Investment Market (AIM) offers SMEs more flexibility and accessibility through lighter regulatory requirements, which allows smaller companies to focus more on growth and less on compliance. Listing on the AIM market involves specific requirements tailored to support SMEs, such as appointment of a Nominated Adviser (Nomad), a clear business plan, sufficient working capital and corporate governance. AIM's use of nominated advisers (Nomads) provides SMEs with essential guidance and support throughout the listing process and beyond. This supportive ecosystem helps SMEs navigate the complexities of being publicly traded, from regulatory compliance to investor relations. AIM also attracts a diverse investor base, which can lead to more stable share prices and increased liquidity. The LSE also has a set of registered advisors to connect the entity with, be that for financing, investment, advisory, legal guidance through the IPO process.

Source: LSE⁷⁸

The Philippine Stock Exchange (PSE)'s LEAP program and SME Board

The PSE's initiative for prospective public issuers is the Listing Engagement and Assistance Program (“LEAP”). LEAP is a free hand holding initiative by the Exchange, providing a comprehensive one-stop service for potential listing applicants, including SMEs. This program includes personalized guidance, through one-on-one advisory sessions, access to online pre-listing assessment tools, facilitation in connecting applicants with experienced IPO advisors, and access to post-IPO services such as PSE STAR and additional workshops and training sessions.

The PSE's Small, Medium and Emerging Board (“SME Board”) was created in 2013 to make the capital market more accessible for SMEs. The SME Board has lower financial income and operating revenue requirements compared to the Main Board, and SME Board applicants must have an operating history of at least two years compared to the Main Board's three-year history requirement. Lastly, to incentivize more listings, PSE also instituted a sponsor model for start-ups and high-growth companies that do not have the required track record of profitable operations and/or stockholders' equity.

Source: PSE⁷⁹

⁷⁶ Johannesburg Stock Exchange website (2024) [JSE Speed Coaching Series](#)

⁷⁷ Johannesburg Stock Exchange website (2024) [SME Capital Matching Initiative | JSE](#)

⁷⁸ LSE AIM website (2024) [AIM | London Stock Exchange](#)

⁷⁹ PSE website (2025) [IPO Listing Requirements](#) and [LEAP](#)

❖ **Alternative options for SMEs to access finance**

Athex

Athex's EN.A Market targets SMEs and early-stage companies with growth prospects, seeking to meet the need for easy, fast and low cost fundraising. The market allows admission without an offering (IPO) and offers the alternative option of a Private Placement for both equity and debt securities.

Source: Athex⁸⁰

Cape Town Stock Exchange

The Cape Town Stock Exchange (CTSE) is South Africa's stock exchange for small- and medium-sized businesses. The exchange has a licence to list both equity and debt, and targets growth companies looking to build up both the South African and broader African economies.

Source: CTSE⁸¹

Borsa Istanbul Venture Capital Market

Borsa Istanbul in Türkiye launched a Venture Capital Market for companies that do not meet the requirements for going public, to sell their shares to qualified investors.

Source: Borsa Istanbul⁸²

London Stock Exchange PISCES initiative

The London Stock Exchange (LSE) is developing the Private Intermittent Securities and Capital Exchange System (PISCES) to support the growth of private companies by providing a regulated framework for intermittent secondary trading of their shares. PISCES aims to bridge the gap between private and public markets, offering liquidity and transparency while maintaining the flexibility of private markets. This system will allow private companies to trade their shares during specific trading windows, helping them scale up, attract investment, and prepare for potential future public offerings.

Source: LSE⁸³

MAV, Argentina's specialized SME exchange

Mercado Argentino de Valores S.A. ("MAV") is Argentina's Securities Exchange specializing in products for SMEs and in projects tailored to their diverse financial needs, with special emphasis on alternative and non-standardized products. Here SMEs can obtain financing and investors (principally mutual funds but also other institutional investors) provide the funding. Although there are equity securities traded on MAV, its core business targets fixed-term instruments such as Deferred Payment Cheques, IOUs and Large Enterprise Deferred Invoices (which are similar to Commercial Paper), SME Corporate Debt and Financial Trusts and Shares as well as Municipal Bond Financing.

MAV's SME funding proposal is mainly linked to short and medium-term debt destined for working capital. The instruments traded in MAV are unique. Any SME is free to choose the maturity, amount and currency where the discount interest rate is negotiated within an auction scheme - hence the instruments are non-standardized. Additionally, MAV promotes an alternative stock market⁸⁴ for startups and companies with a growth profile. It applies a Private Placement scheme that entails a soft landing into capital markets. This innovative system allows Qualified Investors to become partners of entrepreneurs. Also, it provides help to startups and growth companies who have a goal of being listed in stock markets.

Source: MAV⁸⁵

⁸⁰ ATHEX website (2024) [Alternative Market Listing](#)

⁸¹ Cape Town Stock Exchange [website](#) (2024)

⁸² Borsa Istanbul (September 2023) [Establishing Venture Capital Market](#)

⁸³ UK government website (2024) [Private Intermittent Securities and Capital Exchange System \(PISCES\): Consultation](#)

⁸⁴ MAV A2 programme [website](#) (2024)

⁸⁵ MAV [website](#) (2024)

TISE Private Markets

The International Stock Exchange (TISE) has introduced TISE Private Markets, a unique platform designed specifically for private companies in the United Kingdom. This platform offers a fully disintermediated environment, giving unlisted companies a dedicated marketplace with direct access to a range of customized electronic solutions, including trading, settlement, and registry management. Companies that join have complete control over their market, including managing shareholder onboarding, organizing auction events, and overseeing their registers. The platform provides a specialized auction model that concentrates liquidity, a custom auction algorithm to safeguard pre-emption rights, seamless electronic settlement of cash and shares, and online tools for efficient management of share transfers and shareholder records.

TISE Private Markets offers private companies and their shareholders a more efficient way to trade shares, without the high costs, administrative burdens, or loss of control typically associated with being publicly listed. It enables private companies to manage their shareholder registers independently and facilitates the buying and selling of shares without extra charges, transaction fees, or broker commissions. This platform supports company growth by improving share trading, increasing efficiency in managing the shareholder base, and streamlining business administration.

Source: SME Today⁸⁶

4. Conclusion: taking action

Exchanges can play a pivotal role in promoting sustainable SMEs by implementing strategies that engage, support, and empower them on their sustainability journey, ultimately fostering a more resilient and sustainable economy. This not only benefits SMEs by enhancing their access to capital and market opportunities but also contributes to broader societal and environmental goals. When the exchange leverages its influence and resources, it can create an enabling environment where sustainability becomes a strategic priority for SMEs. This not only enhances SMEs' resilience and competitiveness but also contributes to broader societal and environmental goals. In turn, the exchange can realize benefits in expanding its own product and service offering, bolster its ecosystem of current and future issuers and strengthen the resilience and positive impact of the capital market in its country.

Exchanges can take a step-based or incremental approach to activity, starting off with engagement and building to empowering SMEs in access to the market. However, exchanges could also take action in more than one area simultaneously. The actions taken will be informed by factors such as the existing SME landscape and extent of activity in the exchange's market, the level of activity that already exists, jurisdictional and regulatory authority and the capacity and resources of the exchange itself. It would be useful for the exchange to develop a comprehensive action plan across the short, medium and longer term.

⁸⁶ SME Today (September 2024) [TISE Private Markets – Private companies can trade their shares and create secondary liquidity](#).

Annex 1: Advisory Group Members

The Sustainable Stock Exchanges initiative gratefully acknowledges the valuable inputs to this guidance made by the experts listed here. Advisory Group experts participated in their personal capacity; their professional affiliations are provided for information only. The views expressed in this guidance do not necessarily represent the views of each member of the Advisory Group or the official views of their organizations. **The SSE expresses appreciation to the Amman Stock Exchange and the Philippine Stock Exchange for co-chairing the SSE Advisory Group on SMEs. (* denotes Co-Chairs)**

Market	Title	Name		Job Title	Organization
Jordan	Mr	Mazen	Wathaifi	CEO	Amman Stock Exchange
Philippines	Mr	Ramon	Monzon	President & CEO	The Philippine Stock Exchange, Inc. (PSE)
Argentina	Mr	Julian	Galles	Economist - Scrum Master	Mercado Argentino de Valores S.A.
Argentina	Mr	Nicolas	Helman	Economist - Business Analyst	Mercado Argentino de Valores S.A.
Armenia	Mr	Hayk	Arakelyan	Adviser to CEO	Armenia Securities Exchange
Bangladesh	Mr	Md. Robiul	Awwal	Senior Officer	Chittagong Stock Exchange PLC
Bangladesh	Ms	Most. Nahid	Afroz	Senior Officer	Chittagong Stock Exchange PLC
Botswana	Ms	Thapelo	Moribame	Head of Market Development	Botswana Stock Exchange
Brazil	Mr	Cesar	Sanches	Head of Sustainability	B3 The Brazilian Stock Exchange
Brazil	Mr	Claudio	Maes	Assistant Director	Securities Commission of Brazil
Canada	Ms	Ariane	Bourassa	Head, Sustainability & ESG Strategy	TMX Group
Canada	Ms	Valerie	Douville	Director - Compliance	TMX Group
Chile, Colombia, Peru	Mr	Carlos	Barrios	Sustainability & IR Senior Manager	Nuam exchange group (BCS, BVC, BVL)
China, Hong Kong	Mr	Aaron	Yip	Assistant Manager	Securities and Futures Commission of Hong Kong
Czech Republic	Mr	Luboš	Mazanec	Specialist	Prague Stock Exchange
Egypt	Ms	Mayar	Helal	Research and Sustainability Analyst	Egyptian Exchange EGX
Egypt	Mr	Mostafa	Hawas	Senior Sustainability and ESG Specialist	Egyptian Exchange (EGX)

Market	Title	Name		Job Title	Organization
Germany	Mr	Daniel	Sonnenburg	Sustainable Finance Policy Lead	Deutsche Börse Group
Ghana	Ms	Abena	Amoah	Managing Director	Ghana Stock Exchange
Ghana	Ms	Diana	Okine	Head of Strategy & International Relations	Ghana Stock Exchange
Ghana	Mr	Frank	Berle	Deputy Managing Director	Ghana Stock Exchange
Ghana	Mr	Jerry	Boachie-Danquah	Head, Marketing and Public Relations	Ghana Stock Exchange
Ghana	Ms	Joyce Esi	Boakye	Head, Listings and New Product	Ghana Stock Exchange
Ghana	Ms	Monica	Adam	Officer, Strategy & International Relations	Ghana Stock Exchange
Greece	Mr	Alexandros	Floros	ESG Officer	Athens Exchange (ATHEX)
Greece	Ms	Ioannis	Delatolas	Deputy Director, Listings Division	Athens Exchange (ATHEX)
Greece	Ms	Lillian	Georgopoulou	Deputy Chief Listings Officer	Athens Exchange (ATHEX)
Indonesia	Mr	Alan	Fatih	Head of Startups and SMEs Development Unit	Indonesia Stock Exchange
Indonesia	Ms	Inaya	Puspita	Startups and SMEs Development Analyst	Indonesia Stock Exchange
Indonesia	Mr	Rony	Djojmartono	Head of Indices and ESG Business Development	Indonesia Stock Exchange
Indonesia	Mr	Satria	Bagaskara	Indices and ESG Business Development Senior Officer	Indonesia Stock Exchange
International	Mr	Alexey	Volynets	ESG Knowledge Management Officer	International Finance Corporation (IFC)
International	Ms	Sonia	Essobmadje	Chief of Section	United Nations Economic Commission for Africa
Iran (Islamic Republic of)	Mr	Abolfazl	Dadkhah Jouybari	Issuers Expert	Tehran Securities Exchange
Jamaica	Ms	Patrice	Smith-Lindo	Jamaica Stock Exchange	Jamaica Stock Exchange
Jordan	Ms	Dr. Rasha	Dayyat	Director of Planning and Institutional Development Department	Amman Stock Exchange
Kazakhstan	Ms	Madina	Kassymbayeva	ESG Officer	Kazakhstan Stock Exchange
Korea (ROK)	Mr	Joongsuk	Han	Head	Korea Exchange
Korea (ROK)	Mr	Joonyoung	Park	Head	Korea Exchange
Korea (ROK)	Ms	Sungmin	Kim	Senior Manager	Korea Exchange

Market	Title	Name		Job Title	Organization
México	Ms	María José	Berrueta	ESG Solutions	Bolsa Institucional de Valores (BIVA)
New Zealand	Mr	Simon	Beattie	General Manager Corporate Affairs & Sustainability	New Zealand's Exchange (NZX)
Oman	Mr	Aadil	AlSaadi	Acting Chief Officer, Business Development	Muscat Stock Exchange
Palestine	Ms	Zakia	Hanani	Senior Business Development	Palestine Exchange
Panama	Ms	Maribelys	Núñez	Sustainability and SCR Analyst	Latinex
Philippines	Ms	Eunice	Ostaco	Sustainability Associate	The Philippine Stock Exchange, Inc. (PSE)
Philippines	Mr	Resurreccion	Velarde	Sustainability Specialist	The Philippine Stock Exchange, Inc. (PSE)
Philippines	Mr	Roel	Refran	Chief Operating Officer	The Philippine Stock Exchange, Inc. (PSE)
South Africa	Ms	Loshni	Naidoo	Chief Sustainability Officer	Johannesburg Stock Exchange (JSE)
South Africa	Ms	Tersia	Lister	Head: Impact	The Cape Town Stock Exchange
Spain	Mr	Miguel Ángel	Barba Naharro	Analyst	Bolsas y Mercados Españoles (BME)
Switzerland	Mr	Tobias	Lehmann	Product Manager	SIX Swiss Exchange
Türkiye	Ms	Banu	Budayoglu Yılmaz	Assistant Manager, Strategy and Sustainability	Borsa İstanbul
Türkiye	Ms	Secil	Sayin Kutluca	Deputy Head, Strategy Development Department	Capital Markets Board
United Kingdom	Ms	Nataliya	Manifold	Senior Manager, Sustainable Finance	London Stock Exchange Group (LSEG)

Annex 2: Selected examples of SME definitions

In **Argentina**, three definitions of SMEs coexist, which have implications for the instruments or securities that are traded on the market.⁸⁷ The primary definition classifies SMEs based on their annual revenue, number of employees, and the value of their assets. This mainstream definition enables SMEs to obtain the SME Certificate (“Certificado MiPyME”) which facilitates access to financing through Reciprocal Guarantee Companies (“SGR”). These companies guarantee SME securities, reducing their credit risk, pricing better discounted interest rates and improving repayment terms. Further, the National Securities Commission of Argentina (“Comisión Nacional de Valores” or “CNV”), the entity responsible for the regulation, supervision, promotion and development of Argentine capital markets, has an additional SME category. Closely aligned to the primary SME definition, this category results in the existence of the “CNV SME Category” which enables these SMEs to issue SME bonds.

Finally, there is a type of SME that arises by exclusion and is specific to a non-standardised instrument, the Deferred Commercial Invoice (“Factura de Crédito Electrónica MiPyME” or “FCE”). This definition arises from the value chain between MiPyMEs and large enterprises, in that if the company issuing the FCE is not a large enterprise listed in a specific registry by the Argentine Tax Authorities, it is classified as an SME.

Demonstrating a focus on local capital markets, for purposes of capital market regulation in **Brazil**, SMEs are companies that have earned gross revenues of less than about USD 90 million, based on financial statements from the previous fiscal year.⁸⁸

China’s Regulations on the Standards for Classification of Small and Medium-sized Enterprises also differ by industry, with businesses generally defined based on their operating revenue, number of employees, or total assets. For example, Chinese retail companies are small to medium if they employ 10 to 49 employees and have annual operating revenue of at least USD 1 million, while Chinese real estate developers are small to medium if they have annual operating revenue of USD 1 million to USD 10 million and total assets of USD 20 million to USD 50 million.⁸⁹

In the **European Union**, EU Commission Recommendation of 6 May 2003 aimed to create a set of common rules for the treatment of enterprises, based on the view that application of the same definition by the European Commission, the Member States, the European Investment Bank and the European Investment Fund would improve the consistency and effectiveness of policies targeting SMEs thus limiting the risk of distortion of competition.⁹⁰

The EU considers staff headcount as the main criterion; balanced with financial criteria to reflect the scale and performance of an enterprise compared to its competitors. Due to differing turnover figures between different sectors, a combination of turnover and balance sheet is used to reflect the overall wealth of a business.

⁸⁷ Argentina Ministry of Economy website ¿Qué es una MiPyME? | Argentina.gob.ar

⁸⁸ Securities Commission of Brazil (CVM) website Regulation of Interest

⁸⁹ China Briefing (July 2011) China Issues Classification Standards for SMEs

⁹⁰ Publications Office of the European Union (2003) [Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises \(Text with EEA relevance\) \(notified under document number C\(2003\) 1422\)](http://Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (Text with EEA relevance) (notified under document number C(2003) 1422))

In the EU an SME is defined as an enterprise with fewer than 250 employees and turnover not exceeding EUR 50 million and/or balance sheet not exceeding EUR 43 million. A small enterprise has fewer than 50 employees and turnover / balance sheet below EUR 10 million, while a micro enterprise has fewer than 10 employees and turnover / balance sheet below EUR 2 million. For purposes of determining certain obligations arising from EU financial markets regulation, EU directives also define SMEs as companies that had an average market capitalization of less than EUR 200 million for the previous three calendar years.⁹¹

The legislated definition of Micro, Small and Medium Enterprises (MSMEs) in some **Southeast Asian** countries applies financial size measures alone, without consideration of the number of employees. For example, in Indonesia, thresholds of net assets or sales turnover are prescribed, while in the Philippines the measure is the value of total assets (excluding land). Despite the legislative provisions, the national statistics bureaus in both countries also apply a “number of employees” measure.⁹²

In the **United Kingdom**, an SME is defined based on criteria related to the number of employees and either turnover or balance sheet total. Small enterprises are those with fewer than 50 employees and a turnover of up to €10 million or balance sheet total of up to €10 million. Medium enterprises have fewer than 250 employees, turnover of up to €50 million and balance sheet total up to €43 million.⁹³ All companies, regardless of size, are required to file financial statements with Companies House. However, the level of detail required in these financial statements can vary depending on the size and type of the company.⁹⁴

In the **United States**, there are differing standards applied at industry level, with classifications according to aspects such as ownership structure, number of employees and earnings. For purposes of certain government programs, such as loan programs and contracting opportunities, the Small Business Administration’s Office of Advocacy generally defines a small business as an independent business having fewer than 500 employees. However, in certain mining industries, businesses can have up to 1,400 employees and still be identified as SMEs. The Table of Size Standards⁹⁵ sets out the upper threshold for a business to remain classified as a small business and the definition varies by industry. The Office of Advocacy reported over 33 million small businesses as of March 2023, of which 82% had no employees. In the US economy, these small businesses comprise 99.9% of all firms, 99.7% of all firms with paid employees, and 97.3% of exporters.⁹⁶

The **International Finance Corporation (IFC)** classifies Micro, Small, and Medium Enterprises (MSMEs) based on the number of employees, total assets, and annual sales. Small enterprises typically employ between 10 and 49 people, hold total assets ranging from US\$100,000 to under US\$3 million, and generate annual sales within the same range of US\$100,000 to under US\$3 million. Medium enterprises have between 50 and 300 employees, with total assets between US\$3 million and US\$15 million, and annual sales ranging from US\$3 million to US\$15 million.⁹⁷

⁹¹ European Union law website (2025) [Directive - 2014/65 - EN - mifid ii - EUR-Lex](#)

⁹² Association of South East Asian Nations (ASEAN) (November 2023) [Definitions of MSME in ASEAN Member States](#)

⁹³ UK Government website (2024) [Small to medium sized enterprise \(SME\) action plan](#)

⁹⁴ UK Government website (2024) [When and how to file your annual accounts with Companies House](#)

⁹⁵ US Small Business Administration website [Table of Size Standards](#)

⁹⁶ US Small Business Administration Office of Advocacy (March 2023) [Frequently Asked Questions About Small Business](#)

⁹⁷ IFC website (2025) [Definitions of Targeted Sectors](#)

Annex 3: Exchanges with SME listing platforms

According to the UN SSE database 77 stock exchanges around the world operate listing platforms for SMEs.

Market	Exchange	SME platform
Australia	Australian Securities Exchange (ASX)	National Stock Exchange (NSX)
Austria	Wiener Börse	Direct Market and Direct Market Plus
Bahrain	Bahrain Bourse (BHB)	Bahrain Investment Market
Bangladesh	Chittagong Stock Exchange (CSE)	Listed Companies SME
Barbados	The Barbados Stock Exchange Inc. (BSE)	Innovation & Growth Market (IGM)
Belgium	Euronext Brussels	Euronext Growth, Euronext Access
Bhutan	Royal Securities Exchange of Bhutan	Alternative Investment Market (AIM) Board
Botswana	Botswana Stock Exchange	Tshipidi SME Board
Brazil	B3	BOVESPA MAIS
Bulgaria	Bulgarian Stock Exchange	beam (SME Growth Market)
Canada	TMX Group Inc.	TSX Venture Exchange
Chile	Bolsa de Santiago (nuam)	Mercado Venture (SSEV)
China	Hong Kong Exchanges and Clearing Limited	GEM
China	Shenzhen Stock Exchange	ChiNext
Colombia	Bolsa de Valores de Colombia (nuam)	a2censo
Croatia	Zagreb Stock Exchange	Progress Market
Cyprus	Cyprus Stock Exchange (CSE)	Emerging Companies Market
Czechia	Prague Stock Exchange	START Market
Denmark	Nasdaq Copenhagen	Nasdaq First North
Ecuador	Bolsa de Valores Guayaquil (BVG)	Registo Especial Bursátil (R.E.B.)
Ecuador	Quito Stock Exchange	Registro Especial Bursatil (R.E.B.)
Egypt	Egyptian Exchange	NILEX
Finland	Nasdaq Helsinki	Nasdaq First North
France	Euronext Paris	Euronext Growth, Euronext Access
Germany	Deutsche Börse	Venture Network

Market	Exchange	SME platform
Ghana	Ghana Stock Exchange	Ghana Alternative Market (GAX)
Greece	Athens Exchange Group	Athex Alternative Market (EN.A)
Hungary	Budapest Stock Exchange	Xtend
Iceland	Nasdaq Iceland	Nasdaq First North
India	Bombay Stock Exchange	BSE SME
India	National Stock Exchange of India	NSE India Emerge
Indonesia	Indonesia Stock Exchange	Acceleration Board
Iran (Islamic Republic of)	Iran Fara Bourse Securities Exchange	Iran Fara Bourse
Iran (Islamic Republic of)	Tehran Stock Exchange	Iran Fara Bourse
Ireland	Euronext Dublin	Euronext Growth, Euronext Access
Italy	Borsa Italiana (Euronext)	AIM Italia
Jamaica	Jamaica Stock Exchange	Junior market
Japan	Japan Exchange Group	TSE Growth Market
Kazakhstan	Kazakhstan Stock Exchange	The Alternative Platform
Kenya	Nairobi Securities Exchange	NSE Growth and Enterprise Market Segment
Korea (Republic of)	Korea Exchange	KOSDAQ (for startups and tech-focused SMEs)
Luxembourg	Bourse de Luxembourg	Euro MTF
Malaysia	Bursa Malaysia	LEAP
Malta	Malta Stock Exchange	MSE Alternative Companies List, Prospects MTF
Mauritius	Stock Exchange of Mauritius	SEMDEM Development & Enterprise Market
Morocco	Bourse de Casablanca	Development Market
Namibia	Namibian Stock Exchange	Alternative Investment Board (AIX)
Netherlands	Euronext Amsterdam	Euronext Growth, Euronext Access
New Zealand	New Zealand Stock Exchange	NZX Alternative Market
Nigeria	Nigerian Exchange (NGX)	NSE Alternative Securities Market
North Macedonia	Macedonian Stock Exchange	Sub-segments within official market
Norway	Oslo Børs (Euronext)	Euronext Growth, Euronext Access
Pakistan	Pakistan Stock Exchange	The Growth Enterprise Market (GEM) Board

Market	Exchange	SME platform
Peru	Bolsa de Valores de Lima (nuam)	BVL Venture Exchange
Philippines	Philippine Stock Exchange	SME Board
Poland	Warsaw Stock Exchange	WSE NewConnect
Portugal	Euronext Lisbon	Euronext Growth, Euronext Access
Qatar	Qatar Stock Exchange	QSE SME Bourse
Russian Federation	Moscow Exchange	Innovation and Investment Market (iIM)
Rwanda	Rwanda Stock Exchange	RSE Alternative Market Segment
Saudi Arabia	Saudi Exchange	Parallel market (Nomu)
Serbia	Belgrade Stock Exchange	Smart Listing
Seychelles	MERJ Exchange	Trop-X SME Board
Singapore	Singapore Exchange (SGX Group)	SGX Catalist
South Africa	Cape Town Stock Exchange (CTSE)	(market targets mainly SMEs)
South Africa	Johannesburg Stock Exchange (JSE)	AltX
Spain	Bolsas y Mercados Españoles (BME)	BME Growth
Sweden	Nasdaq Stockholm	Nasdaq First North
Switzerland	SIX Swiss Exchange	SPARKS SME Stock Market
Tanzania (United Republic of)	Dar es Salaam Stock Exchange	DSE Enterprise Growth Market Segment
Thailand	Stock Exchange of Thailand	Market for Alternative Investment (mai)
Tunisia	Bourse des Valeurs Mobilières de Tunis	Alternative Market
Uganda	Uganda Securities Exchange	Uganda Growth Enterprise Market Segment (GEMS)
United Kingdom of Great Britain and Northern Ireland	Euronext London	Euronext Growth, Euronext Access
United Kingdom of Great Britain and Northern Ireland	London Stock Exchange	Alternative Investment Market (AIM)
United Kingdom of Great Britain and Northern Ireland	The International Stock Exchange (TISE)	TISE Private Markets
United States of America	New York Stock Exchange	NYSE American
Viet Nam	Hanoi Stock Exchange	UPCoM



Note

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About UN SSE

The UN SSE initiative is a UN Partnership Programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI. The UN SSE's mission is to provide a global platform for exploring how exchanges, in collaboration with investors, companies (issuers), regulators, policy makers and relevant international organisations can enhance performance on environmental, social and corporate governance issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The UN SSE seeks to achieve this mission through an integrated programme of conducting evidence-based policy analysis, facilitating a network and forum for multi-stakeholder consensus-building, and providing technical guidelines, advisory services and training.



www.SSEinitiative.org

About IFC

IFC (a member of the World Bank Group) is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 developing countries, using our capital, mobilization capacity, expertise, and influence to create jobs and raise living standards for people. In fiscal year 2024, IFC committed a record \$56 billion to private companies and financial institutions, leveraging private sector solutions and mobilizing private capital to create a world free of poverty on a livable planet. For more information, visit www.ifc.org.

Acknowledgements

This report was developed by the United Nations Sustainable Stock Exchanges (UN SSE) initiative in partnership with the International Finance Corporation (IFC), with the support of the Swiss State Secretariat for Economic Affairs (SECO). It was prepared by Anthony Miller, Lisa Remke, and Corli Le Roux (UN SSE), along with Alexey Volynets (IFC), with design and cover art by Paulina Vidal and Santiago Haro (UN SSE). The report benefited from hundreds of valuable contributions by experts from numerous organizations around the world, members of the SSE SME Advisory Group (see Annex for full list). Special thanks go to the Advisory Group's Co-Chairs, Mazen Wathaifi (CEO, Amman Stock Exchange) and Ramon Monzon (CEO, The Philippine Stock Exchange). The UN SSE–IFC collaboration is carried out under the overall supervision of Nan Li Collins (Chair, UN SSE Governing Board; Director, Investment and Enterprise, UNCTAD) and Charles Canfield (Global Manager, Corporate Governance, IFC).



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