



**Sustainable  
Stock Exchanges**



**YEARS OF  
IMPACT  
AND PROGRESS**

**Sustainable Stock Exchanges 2009–2019**

## About the SSE

The SSE initiative is a UN Partnership Programme organised by the United Nations Conference on Trade and Development (UNCTAD), the UN Global Compact, UN Environment Finance Initiative (UNEP FI) and the UN-supported Principles for Responsible Investment (PRI). The 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 organizations, can enhance performance on environmental, social and corporate governance issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The 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 assistance and advisory services.

## Acknowledgements

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This paper is presented as an informal contribution to the discussion at the SSE 10 Year Anniversary event on 26 September 2019 at the New York Stock Exchange. The views expressed in this paper are those of UNCTAD, the UN Global Compact, UNEP FI and the PRI unless otherwise stated.

## Note

The designations employed and the presentation of the material in this paper do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

This paper is intended for learning purposes. The inclusion of company names and examples does not constitute an endorsement of the individual exchanges or organisations by UNCTAD, the UN Global Compact, UNEP FI or the PRI.

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## MESSAGE FROM ANTONIO GUTTERES, SECRETARY-GENERAL OF THE UNITED NATIONS<sup>1</sup>

It is a pleasure to join you on the 10<sup>th</sup> anniversary of the United Nations Sustainable Stock Exchanges initiative. The United Nations welcomes your global efforts to align financial flows with sustainable development. In the next decade, we must do even more.

I call on you to promote gender equality, and to support small and medium sized enterprises. I urge you to step up with green bonds, divestment from fossil fuels, disaster risk insurance instruments, and other products that will help us address the climate emergency.

I hope you will join the UN Global Compact's campaign on business ambition for 1.5 degrees celsius and engage with the Task Force on Climate Related Financial Disclosures.

Stock exchanges and the private sector are critical partners. We look forward to many more advances through this important initiative.

Thank you.

<sup>1</sup> Transcript of the UN Secretary General's video address to the SSE 10 Year Anniversary High-level Meeting.



## James Zhan

**Director of Investment and Enterprise, UNCTAD**  
**Chair of the SSE Governing Board**

In 2009, the Secretary General of UNCTAD and I met with stock exchange leaders in New York to kick off the first Sustainable Stock Exchanges meeting. We were joined by our colleagues at UN Global Compact, UN Environment and the UN-supported PRI, as well as key market leaders from the worlds of securities regulators, investors, issuers and policy makers. At the time we did not know where this discussion would take us or how eager exchanges were to engage in the global sustainability movement. However, that day we saw genuine interest among the participants for stronger efforts to align the practices of stock markets with the imperatives of sustainable development. And the rest is history: the SSE held its first of many Global Dialogues the following year in China as part of the UNCTAD World Investment Forum. In 2012, the SSE joined the ranks of the Global Compact, the PRI and UNEP-FI as a signatory initiative, beginning with just five pioneering exchanges and quickly growing to include nearly all of the exchanges in the world.

The SSE's work with exchanges, of course, does not exist in isolation, rather it forms an integral part of the broader mosaic of UN efforts contributing to investment for sustainable development, including UNCTAD's World Investment Forum, the UN Global Compact, the UN-supported Principles for Responsible Investment and UNEP-FI's Principles for Responsible Banking and Principles for Sustainable Insurance, among others. All of these initiatives share in common a new era of partnership and engagement between the UN and investment leaders in an effort to realize the targets member States agreed on in the Sustainable Development Goals and the Paris Climate Accord. This broad mosaic of UN initiatives reflects a broader sustainable development movement that is affecting all members of the global investment chain, from pension funds and asset managers, through stock exchanges and securities regulators to global firms engaged in foreign direct investment.

This publication tracks the first decade of the SSE's work and the remarkable rise of a chorus of stock exchange voices making a commitment to promote sustainable

finance. After ten years, it's good to take stock of how far we've come and how much further we need to go. The good news is that we have seen a big change in the level of engagement by exchanges. Where exchanges were once relatively quiet on the topic of sustainability, they have now become vocal and determined. This report tracks a significant upward trend in exchange sustainable finance activities, from guiding their issuers to produce better sustainability information for investors to innovating new sustainability themed products and listing segments like those for green bonds. The main exchange industry body, the World Federation of Exchanges, has created a sustainability working group and generated agreement among its members on a set of sustainability principles. The International Organisation of Securities Commissions (IOSCO) released a position statement on sustainable finance and launched a sustainable finance network. After a decade of working together, we in the UN and you in the exchange community can say that there has been real progress. That is the good news.

The bad news is that despite the gains of the past decade, we have only just begun to develop strategies to successfully address the challenges we face. Making matters even more serious, many of these goals, such as addressing climate change, are not aspirational in nature, but critical to the very survival of humanity. And to be clear, these are not only long-term problems, rather they are very much present-day challenges, some of which are already being felt in market prices, portfolio allocation and people's daily lives.

In such an era, every organ of society needs to stand up and be counted as part of the solution. Over the past decade, we have seen the exchange community engage as never before. Many of the things that have become common place today would have seemed impossible or unlikely just ten years ago. In the face of critical sustainability challenges, we need to ask ourselves what 'impossible' things we can accomplish over the next ten years. We ask you to be bold and we stand ready to assist. Exchanges can be instrumental for shaping the future we want, prosperous and sustainable!



## Lise Kingo

**CEO and Executive Director, UN Global Compact**

**Member of the SSE Governing Board**

Stock exchanges serve as a crucial interface between companies and investors. In the last decade, we have helped support the Sustainable Stock Exchange initiative (SSE) in engaging exchanges around the world to play their part in creating a more sustainable financial system. We are encouraged and excited to see a critical mass of stock exchanges joining the SSE and making a public commitment to mainstreaming sustainable finance.

It is a matter of fact that sustainable business is good business. Investors are increasingly cognizant of the economic value of sustainability and demand transparency on the environmental, social and governance impacts of their investments. The SSE has played a key role in bringing the financial sector to the table on core issues that we tackle at the UN Global Compact.

The Ring the Bell for Gender Equality event series, now in its fifth year, is one tangible example of how the SSE complements and amplifies the work of UN Global Compact local networks around the world. Guided by frameworks such as the UN's Women Empowerment Principles (WEPs), a growing number of exchanges are taking concrete action on gender equality every year. Over 17 exchanges have already committed to the WEPs, and we call on all other SSE members to join them.

Mirroring the path of the UN Global Compact, Principles for Responsible Investment and other signatory-based initiatives, we believe the SSE has the opportunity to accelerate its work in the years to come. With the threat of climate change looming over the financial sector, the SSE is well placed to build on its existing green finance work and mobilize market participants to better understand and disclose their climate-related risks.

Companies that do not recognize the risks of a rapidly warming ecosystem face an increasingly uncertain future. The UN Global Compact has launched an ambitious campaign for companies to align with a 1.5C warming scenario. The SSE can play a crucial part in improving transparency on climate-related risks and encourage their markets to adopt stronger governance and disclosure frameworks such as the Taskforce for Climate-related Financial Disclosures (TCFD).

The Sustainable Development Goals (SDGs) also provide a unique opportunity for stock exchanges to position themselves for the future. These 17 SDGs offer a roadmap for tackling the world's most pressing societal challenges, which can be transformed into a powerful driver of growth, given the right mix of innovation and investment. SSE members, by virtue of their position in the financial system, have an important role to play in ensuring that capital flows efficiently to those companies that are tackling these challenges with sound business models and financing strategies.

The UN Global Compact is working with its member companies to catalyze a diversified market for mainstream SDG investments. Exchanges can offer a vital platform for potential issuers to launch SDG-aligned investment products. With instruments such as SDG bonds attracting increasing interest from investors, we see this as a huge potential opportunity for both exchanges and market participants.

The last decade has seen almost every major stock exchange join the SSE. We are at a tipping point – it is time for us to move from growth to implementation, from consolidation to acceleration. The UN Global Compact is excited to continue on this journey with SSE partner exchanges, deepening our collaboration to make the next 10 years of the SSE even more impactful.



**Fiona Reynolds**  
**Managing Director,**  
**Principles for Responsible Investment**  
**Member of the SSE Governing Board**

The SSE counts all the world’s major stock exchanges as partners – this is a terrific achievement. It tells us that participating in the conversation on environmental, social and governance (ESG) factors has become a necessary part of investment.

And that’s because, in the context of market volatility, climate change and regulatory intervention, ESG management offers an expanded set of tools to address previously unmet investment industry needs.

I’d like to take this moment to congratulate SSE staff and stock exchanges on their achievements. In the past 10 In the past ten years, the SSE has supported stock exchanges to:

- Convene and educate market participants on sustainability topics;
- Improve ESG disclosures by listed companies; and
- Support the energy transition through new products such as green indices and green bonds.

By implementing their commitments to sustainability with sufficient scale and depth, stock exchanges can accelerate the development of sustainable finance through the investment chain.

There are risks associated with the rapid rise of sustainable investing. These include green washing of investment practice, rapid or unpredictable policy change and inconsistencies across markets. However, the biggest risk is that change is not fast enough to deal with the sustainability challenges we face.

We can no longer afford to benchmark our sustainability performance against our past practices, but instead we must look forward towards what needs to be done. The PRI recognises that further work is necessary.

- Stock exchanges should expand the reach of responsible investment training. They should annually review the ESG skills and competencies of their management teams, including familiarity with climate change scenarios.
- Stock exchanges should further support meaningful, forward-looking and globally comparable company ESG disclosures. Exchanges with voluntary disclosure frameworks should move to mandatory disclosure, and all exchanges should officially endorse the TCFD.
- Through new products and benchmarks, stock exchanges should match the goodwill on both the buy-side and sell-side to rapidly advance the demand for sustainable capital.

Over the next ten years, the new frontier for stock exchanges is likely to be real economy outcomes. How do stock exchanges support market participants to contribute positively to global sustainability outcomes? How do we ensure our capital markets are consistent with well below 2°C of warming? As the recent IPCC report demonstrates, we need to do much, much more.



## Eric Usher

**Head, UN Environment Finance Initiative**  
**Member of the SSE Governing Board**

The significant growth and success of the Sustainable Stock Exchanges initiative, with over 90 Partner Exchanges, correlates with the explicit and vocal demand from policy makers, civil society and science experts that the finance sector play its role in addressing the climate and sustainable development agenda. With all the major stock exchanges committed to sustainability, the 10-year anniversary of this initiative signals that capital markets are working towards aligning with public policy goals.

Realizing the Sustainable Development Goals while transitioning our economies towards net-zero carbon will require extraordinary financing and change. Through the SSE initiative, the world's stock exchanges have taken a bold but pragmatic lead in helping investors and companies identify where and how investments can generate positive societal, economic and environmental impacts. Globally business models will need to transition, and exchanges are well positioned to engage and support their client companies moving in the right direction.

In a world of pressing need for results, we are to expect more transparency and accountability. Clear information on how companies perform on sustainability issues is invaluable. About half of stock exchanges already provide listed companies with guidance on sustainability reporting. Implementing the Task Force on Climate-related Financial Disclosures framework, or the upcoming European Union Taxonomy on Sustainable Finance will require higher disclosure standards. We count on stock exchanges to encourage companies, regulators and standard setters to raise the ambition.

Exchanges themselves need to look at how they can improve their management structures, strategies and offering of products and services to meet the Sustainable Development Goals. For that we're glad to launch this year, with the World Federation of Exchanges, a blueprint on how exchanges can embed sustainability within their own operations.

Nature is declining globally at rates unprecedented in human history. Climate change and its impacts on the planet's peoples, its ecosystems and even its economies are finally making headline news around the world. It's become clear that financial markets, with stock exchanges at the heart of the system, need to play their part, sooner rather than later.

We congratulate exchanges for their commitment and work over the last decade. And we look forward to continuing to support their progress, action and results over the next decade.

# EXECUTIVE SUMMARY

Since the launch of the United Nations Sustainable Stock Exchanges (SSE) initiative in 2009 by former UN Secretary-General Ban Ki-moon, capital market activities promoting good environmental, social and governance (ESG) practices have seen tremendous growth and development. The SSE has aimed to enhance these sustainability efforts through three pillars of work: consensus building; research; and technical assistance, all of which is built on its network of partners.

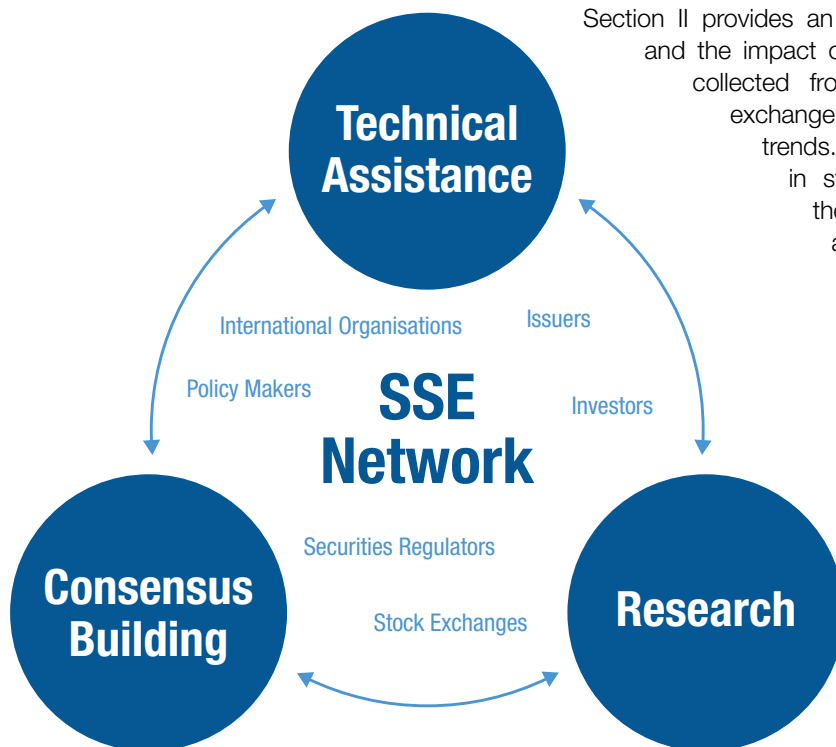
Through this network of stock exchanges, together with security market regulators, policy makers, international organisations, investors and issuers, the SSE has built consensus, provided action-oriented research and facilitated technical assistance on responsible investment for sustainable development. Through these three pillars, the SSE has worked over the past decade towards its vision: a world where capital market signals align with public policy goals on sustainable development.

This report is divided into three sections:

- An overview of the SSE’s activities (Section I);
- A review of results and impact (Section II); and
- Market expectations and a vision for the future (Section III).

The first section of the report gives an overview of the SSE’s three pillars of work and the network that enabled this work to flourish from 2009 to today. It compiles data collected on the SSE’s partnerships, collaborations, event participants and outputs over the 10 years leading up to this report.

Highlights include: the growth of SSE’s network to more than 90 SSE Partner Exchanges and over 350 collaborating organisations; 300 participants joining for 16 high-level consensus building events; the convening of 53 workshops; and the publication of six guidance documents, four reports on progress, three executive briefings and three databases.



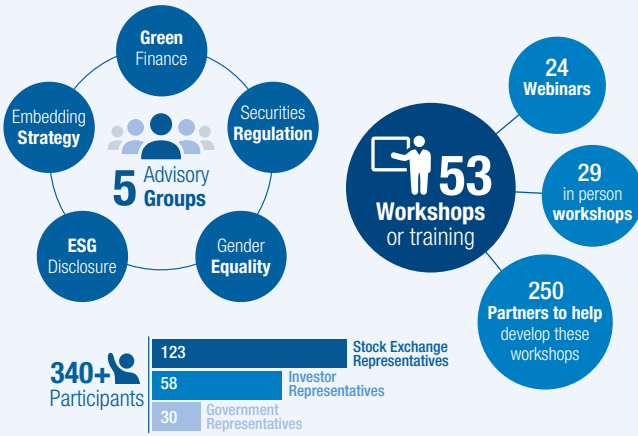
Section II provides an overview of the results of this work and the impact on the market, bringing together data collected from the SSE’s databases on stock exchange sustainability activities and market trends. Highlights include a sharp increase in stock exchanges working on guiding their markets regarding ESG reporting and the promotion of sustainability-related products, as well as commitments and engagement from mainstream industry associations to support sustainable finance and transparency in markets worldwide.

Finally, Section III looks ahead to the next 10 years, with capital market leaders providing their perspectives on what the next phase of the sustainability transition will look like for stock exchanges and their stakeholders.



# RESULTS AND IMPACT AT A GLANCE

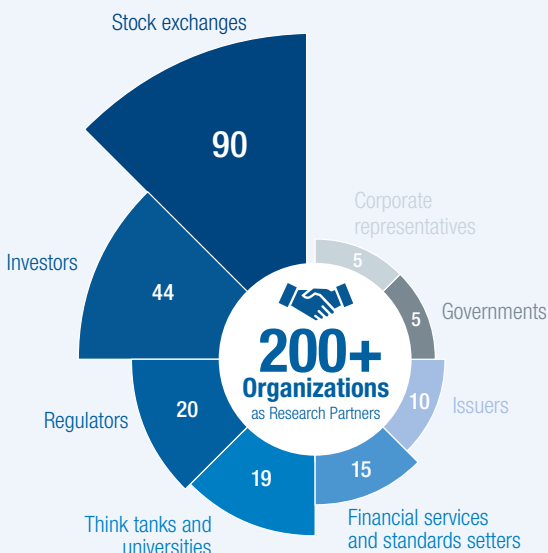
## Technical Assistance



## Consensus Building

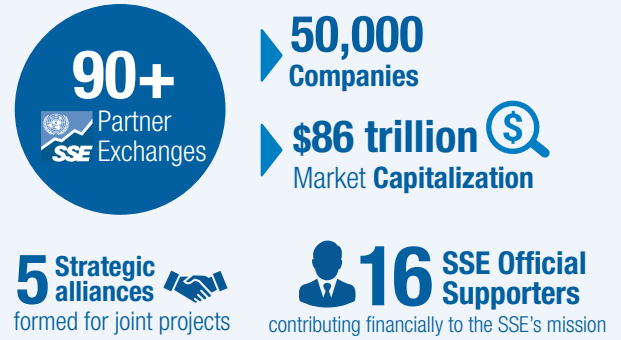


## Research

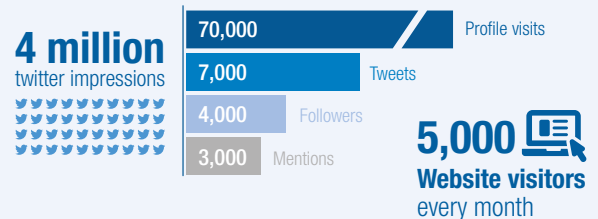


## Network

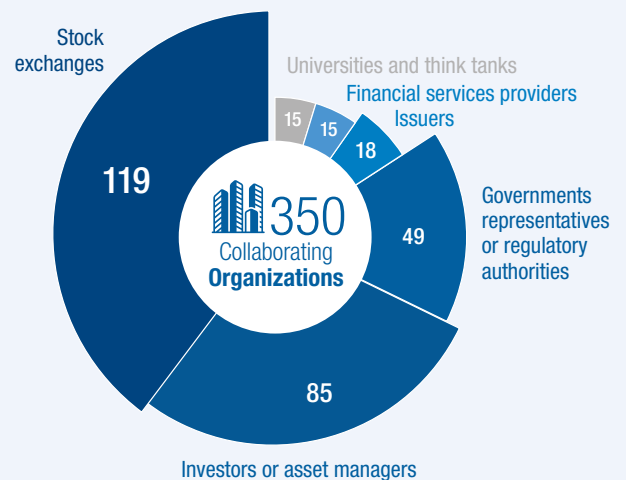
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### Awareness Raising



### Collaborations



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# SECTION I THE SSE'S WORK OVER THE PAST 10 YEARS

*Sustainable  
Stock Exchanges  
Initiative*

**Nasdaq**

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"The SSE leveraged markets to create change; its 10-year record of accomplishment is undeniable."

Sandy Frucher,  
Vice Chair, Nasdaq (2019)

The 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 organizations, can enhance performance on environmental, social and corporate governance issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals. The 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 assistance and advisory services.

“Capital markets will be the main driver of the transformation... we will be on the right track when stock markets say ‘shame on you’ punishing those who continue to add stranded assets to their portfolios.”

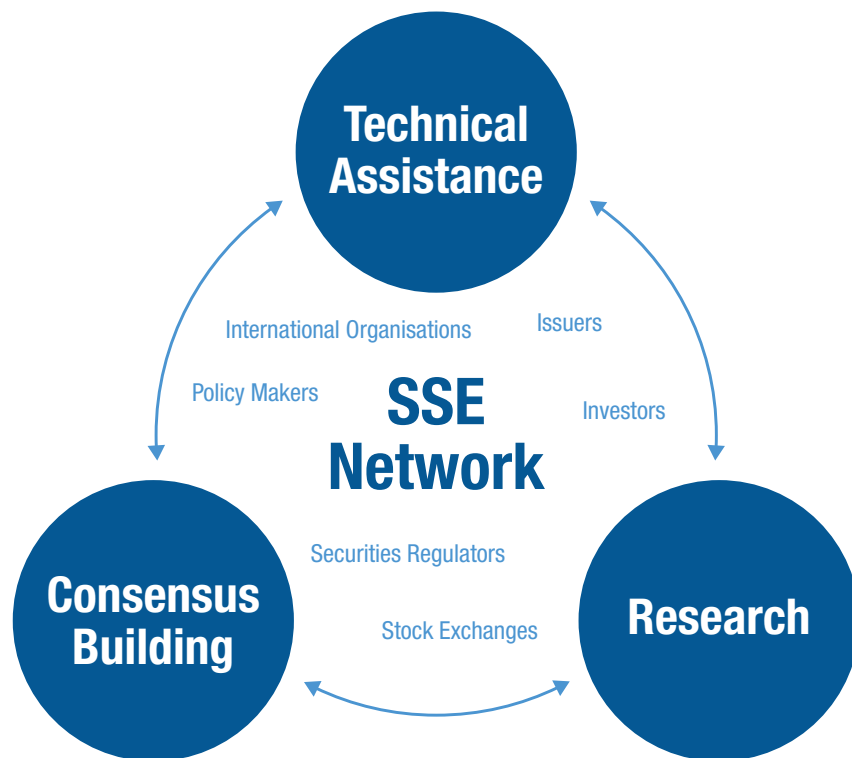
Jeffrey Sachs, Columbia University Professor (2015)

“All finance must become sustainable. For that, we need to reorient our entire investment chain and focus on the long-term profit optimisation, instead of short-term profit maximisation. The clock is ticking so we better walk the talk.”

Roberte Scharfe, Luxembourg Stock Exchange CEO (2018)

Over the last decade, the SSE has expanded its network to include nearly all of the world’s stock exchanges. Together with a global base of investors, issuers, policy makers, international organisations and securities regulators, they have supported the SSE’s three pillars of work – namely research, consensus building and technical assistance (Figure 1). In partnership with its network, the SSE has enabled significant growth in sustainability activities at stock exchanges and throughout the capital markets.

**Figure 1. The SSE's three pillars of work**



Source: SSE.

## A. The SSE network

### Stock exchanges

The SSE has become the leading sustainable finance collaboration and learning platform for stock exchanges and other capital market stakeholders. In 2012, following three years of industry dialogue, the five founding SSE Partner Exchanges pledged to support the SSE’s mission by signing commitment letters to promote improved transparency and performance on ESG issues in their markets (Box 1). Since then, the SSE has seen continued growth in partnerships as well as outreach and awareness raising.

Today, the SSE counts more than 90% of stock exchanges worldwide as members, from the smallest to the largest and from the oldest to the newest, in both developing and developed countries (Figure 2).<sup>2</sup> The network, however, goes far beyond the exchanges themselves, reaching over 50,000 companies that are listed on an SSE Partner Exchange, representing a total market capitalisation of nearly \$86 trillion. The growth of the SSE’s membership over the past 10 years shows how participating in a conversation on ESG factors has become a necessary part of the investor-exchange-issuer dialogue.

<sup>2</sup> Based on the SSE database which includes all stock exchanges that are members or affiliates of the World Federation of Exchanges, together with those that are SSE Partner Exchanges.

### Box 1. The five founding SSE Partner Exchanges

The SSE was launched in 2009 as a consensus-building platform, which provides a meeting place for stock exchanges, together with investors, issuers, regulators, international organisations and policy makers, to evaluate their role in sustainable development. Following the inaugural meeting in 2009 in New York, stock exchanges gathered again in 2010 in Xiamen, China at the first of the SSE's biennial Global Dialogues. The success of this event and the demand from exchanges for closer engagement lead to the launch of the SSE's partnership dimension at the 2012 Global Dialogue, at the Rio+20 Corporate Sustainability Forum. There, the SSE welcomed its first five SSE Partner Exchanges: B3 (Brazil), Borsa Istanbul (Turkey), Johannesburg Stock Exchange (South Africa), the Egyptian Exchange, and Nasdaq (USA). These pioneering exchanges paved the way for more than 85 other exchanges to join them over the following seven years.



The SSE's founding signatories, from left to right: Johannesburg Stock Exchange, B3 (formerly BM&FBovespa), UNCTAD Secretary General, Nasdaq, Borsa Istanbul. (Fellow founder the Egyptian Exchange is not in the photo).

Source: SSE.

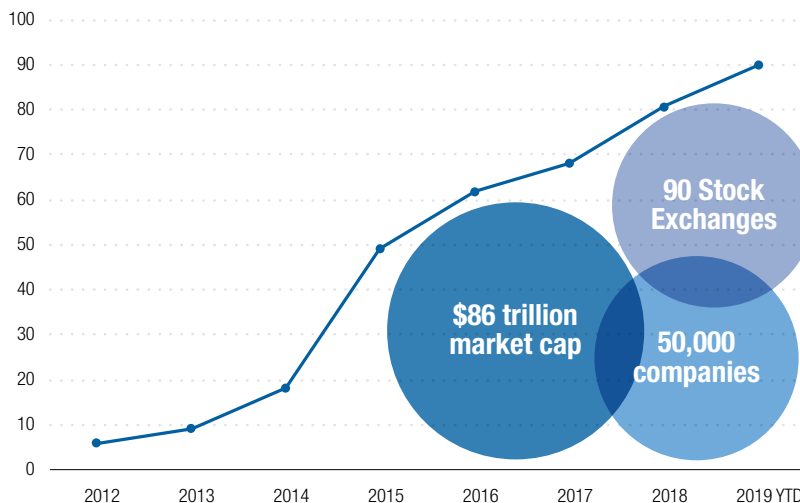
“Stock exchanges and the private sector are critical partners. We look forward to many more advances through this important initiative.”

Antonio Guterres, United Nations Secretary-General (2019)

“The 10 Year Anniversary of the SSE should fill us with both hope and a sense of urgency. In a relatively short time span, a call to action from the investment community for exchanges and regulators to promote disclosure on listed companies' sustainability performance and strategy found fertile ground in the work of the Global Compact, UNCTAD, UNEP-FI and PRI, and had been carried out and crystallized in the Sustainable Stock Exchanges initiative.”

José Rafael Brenes Vega, Costa Rica Stock Exchange Director General (2019)

**Figure 2. SSE Partner Exchanges - 10 years of growth**  
(number of exchanges)



Source: SSE database.

Each SSE Partner Exchange signs a commitment to promote long-term sustainable investment and improved ESG disclosure and performance. In addition, the SSE uses a number of mechanisms to both support exchanges in their sustainability journey and also hold them accountable to their commitments. The SSE maintains the world's most comprehensive database of stock exchange ESG activities (see section I.C), making data on stock exchanges' sustainability efforts public and easy to access. This allows

“The Sustainable Stock Exchanges initiative deserves enormous credit for ten years of improving global environmental, social and governance (ESG) risk disclosure, including climate risk.”

Mindy Lubber, Ceres Investor Network CEO (2019)

“SSE initiative has made big steps towards promoting sustainability worldwide and we as exchanges are required to capitalize further on these steps by facing global and regional challenges with more collaborative and dedicated work. We have the chance to seize market opportunities and customize regulation to promote efficient sustainable financial markets.”

Mohammed Omran, The Egyptian Exchange CEO (2016)

exchanges to learn from each other and provides a tool to benchmark an exchange's actions against those of its peers.

The SSE also publishes its biennial *Report on Progress*, which highlights key industry trends in promoting sustainable finance, recognises success stories and provides a ranking of exchanges based on their issuers' ESG disclosure practices (Box 2). Across the SSE's three pillars of work, it aims to provide a platform for exchanges to showcase their work for others to learn from. The ultimate aim of this work is to foster a virtuous cycle of peer-to-peer learning and continuous improvement in efforts to promote sustainable finance.



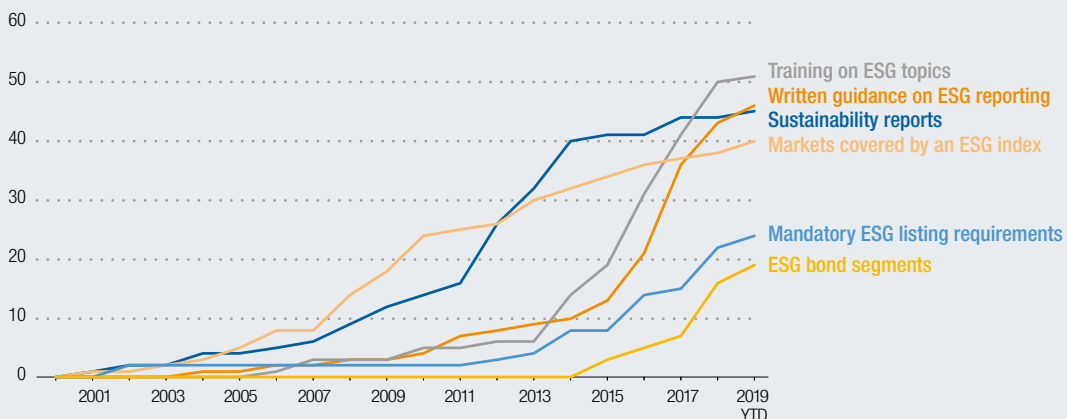
Lauri Rosendahl, President of Nasdaq Nordics accepts the SSE Market Transparency Award at the 2018 SSE Global Dialogue on behalf of Nasdaq Helsinki for the overall highest ranking for issuer ESG disclosure practices

Steve Waygood (Aviva Investors) presents the Stock Exchange of Thailand president Pakorn Peetathawatchai at the SSE 2018 Global Dialogue with the SSE Market Transparency Award for the highest ranking of issuer ESG disclosure practices in an emerging market.

### Box 2. SSE Report on Progress

In 2010, to disseminate the data collected through the SSE's database of stock exchange sustainability activities, the SSE published its first Report on Progress. The biennial report evaluates the state of play and provides illustrative examples that other exchanges can learn from. In 2018, the SSE launched its first trends report within the SSE 2018 Report on Progress, showing a sharp increase in the number of sustainability initiatives at stock exchanges worldwide.

**Stock exchange sustainability activities experience strong growth** (number of exchanges)



Source: SSE.



Starting in 2019, the SSE invited stock exchanges and other capital market stakeholders to further their commitment to achieving the SSE's mission through a voluntary financial contribution. By joining the SSE Official Supporters programme (Box 3), participants can help the SSE to expand the services it is able to offer its members in the coming years.

### Box 3. SSE Official Supporters

Since its founding 10 years ago, the SSE has grown to include almost all stock exchanges worldwide. This illustrates that participating in the conversation on ESG issues has become a necessary part of the investor-exchange-issuer dialogue.

In the context of economic and technology transitions, climate change and regulatory intervention, the SSE helps exchanges integrate sustainability across service lines which, in turn, supports investors and companies in meeting their sustainability objectives. To better support its members, the SSE began inviting voluntary financial contributions from stock exchanges and other capital market stakeholders to help fund a dedicated secretariat.

The SSE launched in 2019 its programme called SSE Official Supporters, which enabled partners to make a voluntary annual financial contribution to ensure exchanges and other key capital market stakeholders have the technical assistance, tools and expertise required to meet their sustainability objectives. The founding 16 SSE Official Supporters were announced on the occasion of the SSE's 10<sup>th</sup> anniversary event.

If your organisation would like to be considered as an Official Supporter of the SSE, please email [supporters@sseinitiative.org](mailto:supporters@sseinitiative.org) for more information.

Source: SSE.

## Other stakeholders

In addition to its Partner Exchanges, the SSE initiative has also formed strategic alliances to undertake ongoing or longer-term projects with partners whose work aligns with the SSE's mission and vision. For example, since 2015, the SSE has co-hosted the China Social Investment Forum with the *Securities Times* and SynTao Green Finance. This annual event provides a platform in China for asset managers, sustainability experts, and representatives from financial markets locally and globally to discuss responsible investment and ESG trends that are particularly relevant to China.

In 2017, SSE struck a formal agreement with the Global Reporting Initiative (GRI), building on strong collaboration between the SSE and the GRI in technical training. For example, the GRI led technical workshops at the SSE's Regional Dialogues in Finland and Thailand in 2015, and at the SSE's Green Finance Dialogue alongside the COP23 climate talks in Germany in 2017. The GRI also has provided technical insight to stock exchanges through webinars hosted by the SSE and has participated in advisory groups and consensus-building events.

Also in 2017, the SSE launched an official collaboration with the Ceres Investor Network to develop a programme to build consensus among securities market regulators. Funded by the Gordon and Betty Moore Foundation, the collaboration works to strengthen capacity among securities regulators to help them issue guidance and rules that improve the availability and quality of corporate ESG information and sustainability-themed products. This joint effort was developed to promote consistent and comparable data that meets recognised standards in ESG reporting and allows for purposeful decision-making by investors and other capital market stakeholders, in line with SDG 12, target 6.<sup>3</sup>



Tim Mohin, CEO of GRI, speaking at the SSE 2018 Global Dialogue in Geneva, Switzerland

“We welcome the SSE's role in empowering exchanges that are focused on the sustainability agenda.”

Nandini Sukumar, WFE CEO (2019)

<sup>3</sup> SDG 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle



SSE and IFC leadership meet to discuss opportunities for joint projects on the sidelines of the SSE 2018 Global Dialogue in Geneva, Switzerland. From left to right: SSE Board Chair James Zhan, SSE Board Member Eric Usher, IFC VP Ethiopia Tafara

In 2018, the SSE announced a formal agreement with the International Finance Corporation (IFC), a member of the World Bank Group, to collaborate on raising ESG standards across emerging capital markets. As part of this joint effort, the SSE contributed to the development of a toolkit for disclosure and transparency, which won the World Bank Group's President's Award for Excellence in 2019. The SSE and IFC grew this the collaboration in 2019 with two joint workshops in Kenya and Rwanda, providing training and technical assistance together with local stock exchanges and capital market authorities.

The SSE also has an official collaboration with the World Federation of Exchanges (WFE), signalling the mainstreaming of sustainability. Based on many

years of collaboration, the two organisations formalised their relationship to further strengthen cooperation in the area of sustainable finance and promoting investment in sustainable development. As part of this collaboration, the SSE and WFE produced in 2019 a joint publication, *How exchanges can embed sustainability within their operations*. This guidance document provides detailed practical advice on implementing the fifth WFE Sustainability Principle, which requires signatories to establish effective internal governance and operational processes and politics to support their sustainability efforts.

“The SSE initiative and its partners have made significant and ongoing contributions to ensure that markets are fit for purpose in the face of daunting macroeconomic trends such as climate change, resource constraints, population growth, technological innovation, globalization, and more.”

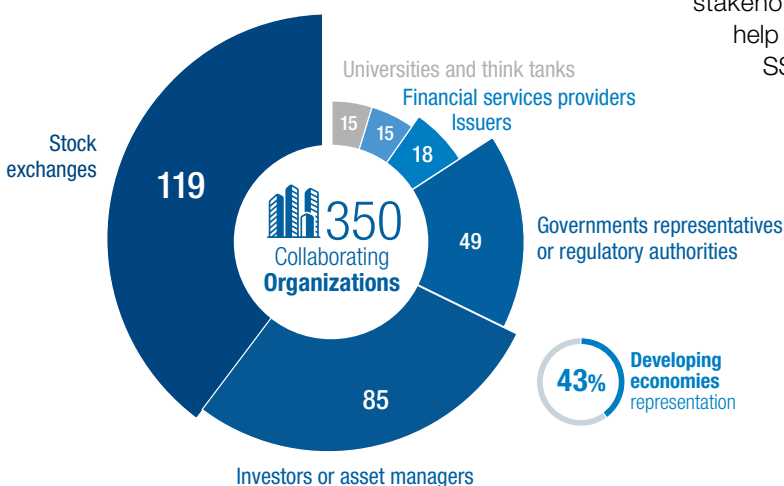
Madelyn Antoncic, SASB Foundation CEO (2019)

While the SSE is focused on the role of stock exchanges, from its earliest days it has been a multi-stakeholder initiative which also involves securities regulators, international organisations, policy makers, investors and issuers together with other capital market stakeholders. Building consensus across this diverse set of stakeholders is essential to addressing the complex sustainable finance challenges that often include multiple levels of the investment chain. SSE seeks to address the different needs of its various stakeholder groups through its Investor, Corporate and Regulator Working Groups. These key capital market stakeholders



Chair of the SSE Board, James Zhan, with former WFE Board Chair, Wu Qing (2017)

help ensure holistic and broad engagement with SSE's work. Since its launch in 2009, the SSE has worked collaboratively with more than 350 different organisations, including 119 exchanges (stock exchanges as well as commodities and derivative or over-the-counter exchanges), 85 investors or asset managers, as well as other stakeholders including ministries of finance, listed companies, financial services providers, securities regulators, international organisations, civil society organisations and academia. Among the SSE's network of partners and collaborators, 42% are from developing markets or economies in transition.



## Awareness raising

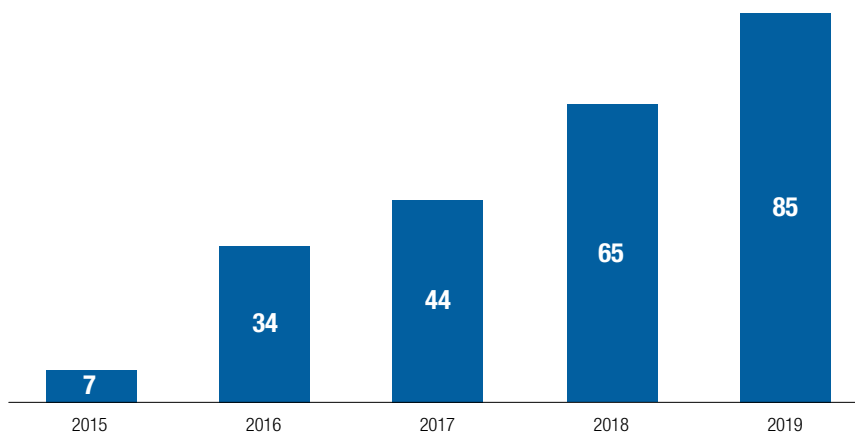
The SSE and its network have worked together to co-host events to raise awareness on a number of topics. One of the most iconic methods that stock exchanges have to raise awareness within their markets is through the use of a bell-ringing ceremony. Starting in 2015, the SSE has been working with a group of partners to raise awareness about gender equality issues through the “Ring the Bell for Gender Equality” events. In the four years since this annual event was launched, 235 bell-ringing ceremonies have taken place, helping to shine a spotlight on gender equality in the boardroom, the gender pay gap, equal education and related topics. In partnership with the IFC, Women in ETFs, the WFE and UN Women, these events have attracted participation from heads of state, corporate leaders and future leaders – namely children. This event series continues to grow each year, and now takes place at more than 80% of stock exchanges worldwide (Figure 3).

Since the launch of this awareness-raising event, stock exchanges have utilised bell-ringing ceremonies for a number of other topics. Some examples include:

- The Stock Exchange of Santiago, having participated in the Ring the Bell for Gender Equality events each year since they were launched in 2015, also held a bell-ringing ceremony in 2019 to raise awareness about sustainable finance;
- The Luxembourg Stock Exchange, which participated in the Ring the Bell for Gender Equality events in 2018 and 2019, has held a number of bell-ringing ceremonies to commemorate green bond milestones;
- In 2016, Euronext hosted a bell-ringing event with the SSE to promote the UN Paris Agreement on climate change;
- The New York Stock Exchange hosted a special bell-ringing event for the SSE in 2015 to promote the launch of the UN SDGs; and
- In 2015, the London Stock Exchange hosted a bell-ringing to promote the launch of the SSE’s *Model Guidance on ESG disclosure*.

In addition to bell-ringing ceremonies, stock exchanges have provided other platforms for awareness raising through conferences and events where they have invited the SSE to share expertise on particular sustainability topics. The SSE has spoken at 21 events, in Austria, Chile, China, Colombia, Egypt, Greece, Kenya, Luxembourg, Malaysia, Morocco, Poland, Rwanda, the United Arab Emirates, the United Kingdom and the United States of America. In addition to in-person awareness raising, the SSE has participated in a number of awareness-raising meetings or events virtually, and has provided a virtual platform for other organisations to raise their profile with the SSE network through its quarterly webinars (see Section I.D) and through its digital engagement (Box 4).

**Figure 3. Growth of participation in the Ring the Bell for Gender Equality event** (number of exchanges)



Source: SSE.

“Bursa Malaysia is committed to raising awareness for gender equality as part of the global SSE initiative. Today’s event [2016 Ring the Bell for Gender Equality] marks another step in our sustainability journey as we strive to be a model for emerging markets in the adoption of global sustainability practices and initiatives.”

Datuk Seri Tajuddin Atan,  
Bursa Malaysia CEO (2016)

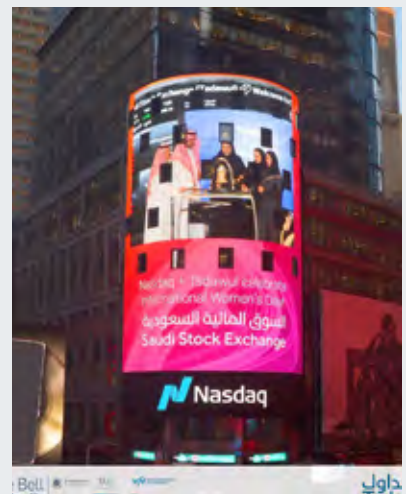
**SSE presented at  
21 events in  
15 countries**

“This event (Ring the Bell for Gender Equality) brings much needed attention to the obstruction and ignorance that many women face, especially as they aspire to corporate positions of power and influence. A functional, sustainable economy requires diverse participation at all levels. Empowering women to succeed—as entrepreneurs, innovators, executives, and board members—is an essential focus for our exchange and many of our listed companies.”

Evan Harvey, Nasdaq Director of  
Corporate Responsibility (2016)



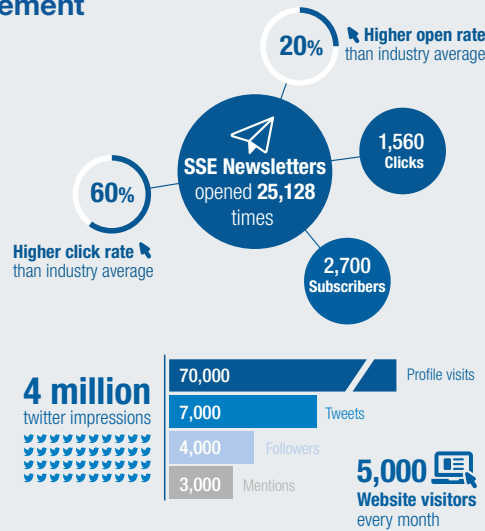
 **235**  
**Ring the Bell for Gender Equality**  
 Bell ringing ceremonies



### Box 4. SSE's digital engagement

Alongside the growth of its network, the SSE has also extended its reach worldwide through social media, monthly newsletters and quarterly webinars on key trends and essential facets of sustainability. In January 2015, the SSE began sending out a monthly newsletter covering stock exchange sustainability news. Since then, SSE newsletters have been opened 25,128 times, with an open rate 20% higher and a click-rate nearly 60% higher than the industry average. The SSE has also grown a substantial social media following for its particular area of capital market sustainability expertise. Through Twitter, the SSE has sent out 7,000 tweets, gaining 4 million impressions, 70,000 profile visits, 3,000 mentions and nearly 4,000 followers. In addition, the SSE's website receives an average of 5,000 visitors every month.

Source: SSE.



“The SSE initiative has played a key part in raising awareness with capital markets globally on sustainability issues, and in assisting members to transform their initiatives to include the SDGs in addition to the initial ESG imperatives.”

Nicky Newton-King, JSE CEO (2019)

To further promote new sustainability activities at stock exchanges, in 2018 the SSE began producing its series of *Exchange in Focus* articles. Published on the SSE website and distributed through its social media, the series provides stock exchanges with an opportunity to showcase new sustainability initiatives. For example, Bursa Malaysia announced the launch of a one-stop knowledge hub on corporate governance and sustainability with an *Exchange in Focus* article. Fourteen *Exchange in Focus* articles had been published on the SSE website from stock exchanges in Bosnia and Herzegovina, Costa Rica, Ecuador, Japan, Malaysia, Namibia, Panama, Sweden, Turkey and the United States.



Santiago Stock Exchange holds its first Ring the Bell for Sustainable Investment (2019)



Euronext Bell Ringing Ceremony to raise awareness of climate finance alongside the COP21 in Paris (2015)

## B. Consensus building

“We commend the SSE initiative as a learning platform that helps exchanges supporting the transition of green finance and taking a leading role in creating more sustainable and inclusive economies.”

Mohamed Farid Saleh, The Egyptian Exchange Chairman (2017)

Consensus building is the first of the SSE's three pillars of activity that shape its work. This pillar was the initial objective of the SSE initiative when it was launched in 2009, with the goal of bringing together stock exchanges with capital market stakeholders and policy makers to build consensus on the role of capital market players in enabling sustainable development through sustainable finance and business practices. Since the first meeting in 2009, the SSE initiative has convened nearly 400 market leaders and experts, from 106 different countries, in 16 high-level consensus-building meetings. Of these participants, more than a quarter were female, 42% were from developing or transitioning economies, and 78% were C-suite level (either CEO, CFO, COO or on the executive board).

### Global Dialogues

The SSE's flagship event is the SSE Global Dialogue - the main global venue for convening capital market leaders from all parts of the globe - to discuss their role in promoting sustainable development (Figure 4). The SSE Global Dialogues have become an integral part of broader UN summits on sustainable development, taking place alongside the UNCTAD World Investment Forums in Xiamen, China (2010) and Geneva, Switzerland (2014 and 2018), alongside the Rio+20 UN Conference on Sustainable Development in Rio de Janeiro, Brazil (2012) and alongside the PRI in Person conference in Singapore (2016). Over the past decade, more than 120 capital markets CEOs or board members have spoken at the Global Dialogues, as well as 22 senior executive or expert-level speakers. Of all SSE Global Dialogue speakers, 62% came from developing or transitioning economies and 20% were female.

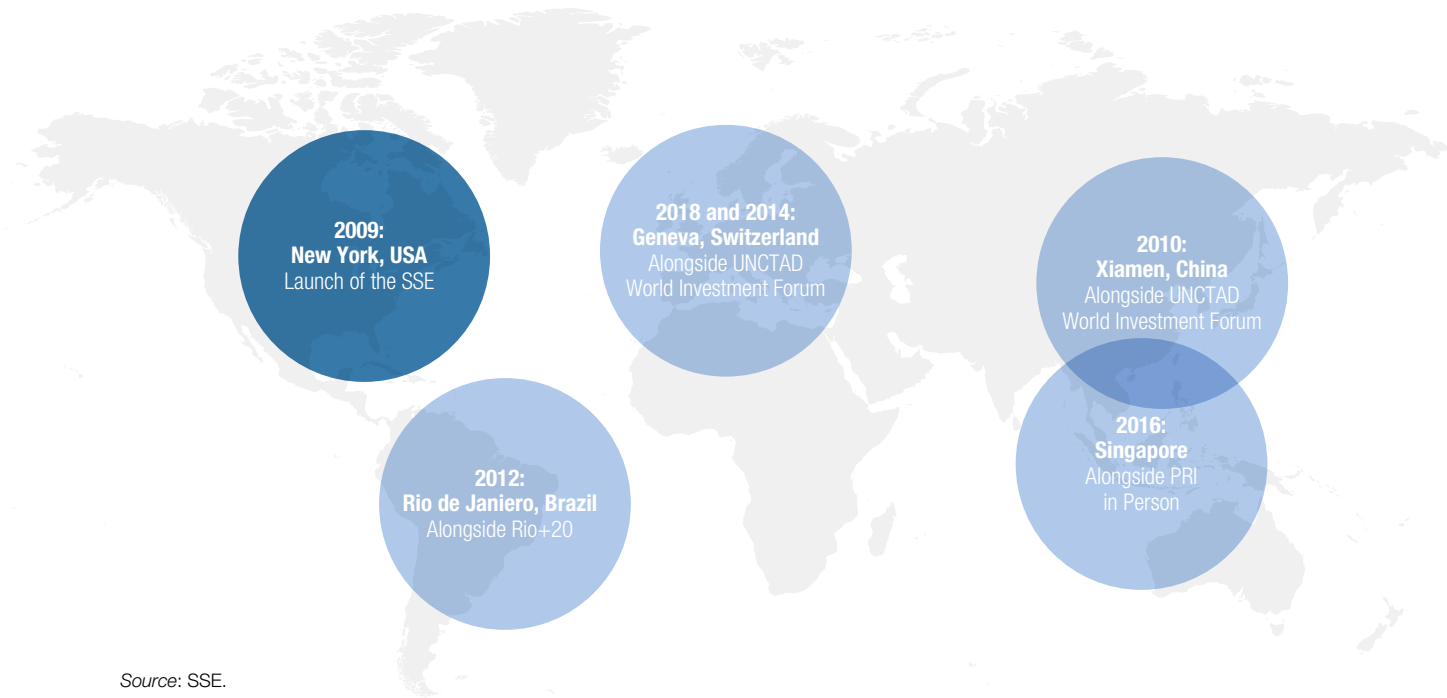
“The SSE is an excellent platform to discuss and further develop best practice approaches in sustainability.”

Bente Landsnes, Oslo Børs President and CEO (2015)



2018 SSE Global Dialogue in Geneva, Switzerland alongside the UNCTAD World Investment Forum

**Figure 4. Location of SSE Global Dialogue events**



Source: SSE.

## Regional Dialogues

Building on the success of the SSE's flagship Global Dialogue, the SSE has developed more targeted events, launching a series of Regional Dialogues in 2015. The first, hosted by the Colombian Securities Exchange (BVC), covered Latin America and the Caribbean. This was followed by the SSE Regional Dialogue South East Asia, hosted by the Stock Exchange of Thailand (SET) and the SSE Regional Dialogue Nordic and Baltic States, hosted by Nasdaq Helsinki. In 2016, the SSE Regional Dialogue Middle East took place alongside the UNEP FI Global Roundtable in Dubai. This series of leadership events allows for a focus on regional trends and opportunities in the sustainable finance space and has encouraged new partnerships for sustainable development. The SSE Regional Dialogue events have hosted 48 speakers, including 33 speakers at a CEO-level and 15 senior executives and international experts who lead high-level panel discussions and technical workshops. While regional dialogues aim to bring together capital market stakeholders

“We at Nasdaq Helsinki are proud to host the very first UN SSE Regional Dialogue in Europe here in Finland. We hope that together we will find a common view on the next steps to further develop the environmental, social and governance performance of listed companies.”

Lauri Rosendahl, Nasdaq Helsinki President (2015)



Swedish Financial Markets Minister H.E. Per Bolund speaking at the SSE Regional Dialogue: Nordic Countries (2015)



Thai Finance Minister H.E. Sommai Phasae speaking at the SSE Regional Dialogue: Southeast Asia

“Capital Markets have a critical role to play to ensure an effective and rapid transformation of our economies towards more sustainable and more resilient development trajectories, by enabling the reallocation of capital towards sustainable growth, climate-resilient investments and innovation.”

Nezha Hayat, Morocco Capital Markets Authority President (2016)

facing similar geographic challenges and opportunities, promoting diversity remains a key aspect of the SSE's work, and it aims to always achieve a diverse perspective through participation from different sectors, backgrounds, geographic locations, as well as gender (see Box 5).

### Other leadership events

In addition to the SSE Regional and Global Dialogues, the SSE has organised a series of thematic events allowing stock exchanges, securities regulators, international organisations, policy makers, investors and issuers to delve deeper into key topics such as green finance and the SDGs. These events have taken place alongside high-level United Nations meetings including the UN Climate Conferences (COPs) in Paris (2015), Marrakech (2016) and Bonn (2017), and at the launch of the SDGs in New York (2015), the UNCTAD World Investment Forum in Nairobi (2016) and UN Climate Week in New York (2019). The SSE has welcomed 131 C-suite and 42 senior executive or expert-level representatives as speakers at these events. For each of these leadership events, either an executive briefing or a guidance document was produced, enabling a deeper understanding of the topic at hand (Box 6).

“Ceres looks forward to working with the SSE with a joint, renewed sense of urgency. The next decade will be critical for capital markets facing climate change risks.”

Mindy Lubber, Ceres Investor Network CEO (2019)

### Box 5. Promoting diversity

To create representative dialogues, the SSE works to ensure the participation of a wide range of capital market stakeholders and to maintain diversity of representation, including both geographic and gender diversity. The SSE has had stock exchange representatives from 66 different countries participate in in-person meetings, 47% from developing or transitioning economies. To further enhance its reach and the diversity of participation, SSE also offers virtual meetings and webinars. This has enabled the participation of stock exchanges operating in more than 100 different countries.

Gender diversity is also a key aspect of the SSE's work. More than one-third of speakers at all of the SSE's in-person meetings have been female. However, at the C-suite level, female participation falls closer to 20%. The SSE makes a concerted effort to attain equality at all its events and meetings, and encourages the promotion of women to C-suite and board level. While the industry continues to work towards greater diversity, the SSE has developed its own roster of women leaders in capital markets and prioritises these C-suite women when sending out invitations to events.

#### Female participants



Source: SSE.





Participants of the SSE Leaders Luncheon on the Sustainable Development Goals (2015) close the market at the NYSE to raise awareness for sustainable capital markets



Jeffrey Sachs, renowned economist, speaking at the SSE Leadership Luncheon alongside COP21

### Box 6. SSE executive briefings

The SSE has worked with a number of partners to develop executive briefings for its leadership events. These briefings aim to condense complex international agreements and challenges into the most relevant actionable data and policy options for stock exchanges and other capital market stakeholders. The SSE has developed three executive briefings, working with the Climate Bonds Initiative, S&P Dow Jones Indices and Carbon Tracker to provide event participants with bespoke data illustrated through custom charts, graphs and infographics. The briefings supplement more in-depth guidance documents, including templates and action plans, that the SSE develops with support from its topic-specific advisory groups.



Mark Campanale, Founder and Executive Director of Carbon Tracker, presents the executive briefing developed jointly for the SSE's Leaders Luncheon on Climate during COP21 in 2015



The executive briefing for the SSE Executive Dialogue on Green Finance, held in parallel with the 2016 UNCTAD World Investment Forum in Kenya, was prepared in collaboration with BlueOrchard Finance, Climate Bonds Initiative and S&P Dow Jones Indices

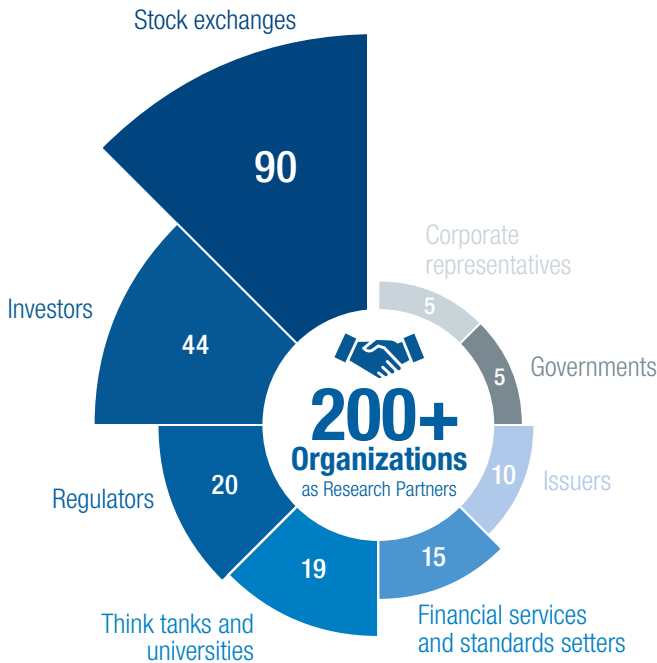
Source: SSE.

“The green transition is a key moment in the history of mankind on planet earth. The NSE is fully committed to training and educating its stakeholders on the crucial role that green finance will play in securing a better future for our children.”

Geoffrey Odundo, Nairobi Securities Exchange CEO (2016)

“The SSE initiative provides its partners with valuable insights, best practices, trends and opportunities in the area of sustainable finance. It enables the industry to make real steps towards the goals defined in the Paris agreement and within the Sustainable Development Goals.”

Stéphane Boujnah, Euronext CEO and Chairman of the Management Board (2019)



**4** Reports On Progress

**6** Sustainability activities tracked

**9** Years of data

**3** Executive Briefings

**23** Easy action points to implement

**3** Partners

## C. Research

The SSE's research pillar aims to support better understanding of the key sustainability issues facing stock exchanges and provide decision-ready data and best-practice examples to assist exchange leaders in their sustainability efforts. Research compiled by the SSE initiative is provided free of charge as a public good and is available on the SSE's website, through publications and via interactive online databases. Using its unique data set, the SSE produces a biennial *Report on Progress* (see Box 2), which tracks the sustainability activities of stock exchanges (see Section II), while providing exchanges with helpful examples and guidance to stimulate ideas for new sustainability-related activities.

In addition to these publications, the SSE's research has also contributed to a greater understanding of how stock exchanges can implement sustainability initiatives. SSE publications include two templates that stock exchanges can use to provide sustainability guidance and information to their market participants, and four action plans (Box 7).

### Box 7. SSE guidance documents

The SSE initiative has launched six guidance documents in its first 10 years. These include two templates that stock exchanges can use as a starting point for providing guidance and information to their market participants, and four action plans, which include 53 practical action steps and 122 examples or case studies illustrating how exchanges or regulators can implement recommended actions. The SSE's guidance documents provide stock exchanges and securities regulators with practical guidance and a clear path forward to advance sustainability in their markets. The guidance documents include:

- *How exchanges can embed sustainability within their operations:* A blueprint to advance action within exchanges in support of WFE's Sustainability Principle 5;
- *How securities regulators can support the Sustainable Development Goals:* A sharing of experiences showing that securities regulation is already acting to support the SDGs. Examples are distilled to provide a 10-point action plan;
- *How stock exchanges can grow green finance:* A practical 12-step action plan, supported with nearly 20 concrete steps of how exchanges are already promoting green finance;
- *How stock exchanges can advance gender equality:* A unique compilation of examples, case studies and business case data-points to help exchanges and market participants advance gender equality in their markets;
- *Model guidance on reporting ESG information to investors:* A tool, drawing on global standards and trends, that stock exchanges can adapt to their own markets to produce new guidance or supplement existing guidance on disclosure.
- *Communication to stakeholders:* A framework that can be adapted by stock exchanges to communicate their efforts to promote sustainable and transparent markets. This template helps exchanges build an open narrative with their stakeholders.

Source: SSE.

**6+** Guidance documents

**122** Examples of best practice

**53** Recommended practices to implement

**2** Templates for guidance



Luxembourg Finance Minister H.E. Pierre Gramegna launching the SSE Action Plan on Green Finance alongside COP23 in Germany (2017)

Through its research pillar, the SSE has collaborated with 200 different organisations, including 90 stock exchanges, 44 investors, 19 universities and think tanks, 15 financial service providers, six international organisations, 10 issuers, 19 regulators and five governments, as well as other stakeholders.

## Stock exchange database

Over the past decade, the SSE has developed and maintained a database of stock exchange sustainability activities (Table 1). As of September 2019, it included data on 96 stock exchanges, with over 1,500 data points tracking exchange progress on key activities promoting sustainable business and investment practices (see Section II for more information). The largest data set of its kind, it makes important stock exchange sustainability data freely accessible. The SSE continues to develop this database, increasing the coverage of sustainability activities tracked and enhancing the usefulness of the data with new interactive research features.

## ESG reporting guidance database

The SSE also keeps a separate database of all guidance documents published by exchanges or regulators on how to report on ESG information. This database includes nearly 50 guidance documents that stock exchanges can use as a reference in the development of their own guidance.

## Securities regulators database

In 2017, the SSE, with inputs from its Regulatory Working Group, built a new database containing examples of how securities regulators are promoting sustainable investment to support the SDGs. This first-of-its-kind database was used to develop the SSE's 2018 guidance document *How securities regulators can support the Sustainable Development Goals*.

“We are excited by the growth of sustainability practices amongst our peers, and the platform that the SSE provides in collating the efforts of member exchanges in one place.”

Nicky Newton-King, Johannesburg Stock Exchange CEO (2019)



### Databases

**96**  
Stock exchange  
Fact sheets

**46**  
Examples of  
ESG reporting  
guidance

**35**  
Regulatory  
SDG cases

“Having voluntarily joined the SSE initiative, Hanoi Stock Exchange deeply acknowledges the importance of issuers’ transparent ESG reporting. With reference to the SSE’s Model Reporting Guidance, we intend to introduce a roadmap for application of our own customized market guidance on ESG reporting for listed companies within 2016. We look forward to the good impact of the guidance on enhancing the quality of listed companies, making our domestic securities market more sustainable and attractive to global investors.”

Hanoi Stock Exchange (2015)

**Table 1. Stock exchange fact sheet criteria**

See Annex I for a summary of the SSE's stock exchange data.

Field	Criteria Considered
Conducts business in	Country or Market in which the stock exchange operates.
Number of listed companies	Unique listings of equities. A stock exchange must have at least 1 listed company to become an SSE Partner Exchange. Updated either by the stock exchange directly or using WFE data.
Domestic market capitalization	Value of companies listed on the exchange, as represented by domestic market capitalization. Updated either by the stock exchange directly or using WFE data.
Has signed the SSE Commitment Letter?	To be considered an SSE Partner Exchange, the CEO or Chairperson of the exchange must sign an SSE commitment letter.
Has annual sustainability report?	For a yes, stock exchanges must report, either in a stand alone report or integrated into their financial report, on their environmental and social impact and corporate governance.
Listing rule requiring ESG reporting?	For a yes, all three factors have been considered (environmental, social and governance) within the listing rules for some or all listed companies. This requirement may come from the regulatory authority or the exchange, depending on the market.
Offers written guidance on ESG reporting?	For a yes, guidance on reporting will address all three factors (environmental, social and governance).
Offers ESG related training?	For a yes, training must have taken place in the previous 12 months, and must be interactive. The topic of the training must be on some area of sustainability.
Market covered by sustainability-related index?	Sustainability-related indices may include environmental or social indices, or ESG indices. This could include specific themes, such as low carbon indices, or general sustainability indices. The index must be specific to the market the exchange operates in (a region or world index is not included).
Has sustainability bond listing segment?	For a yes, the exchange has developed the rules and regulations allowing for sustainability bonds to be listed, and provides a separate segment for listing making the bonds easy to find and identify.
Has an SME listing platform?	For a yes, the exchange offers a listing platform specifically for Small-and-Medium sized enterprises.
Additional Information	Additional Information captures exchanges': sustainability section of websites, sustainability products not captured under indices; information on future sustainability commitments and other information on the exchange
Organizational model of stock exchange	Whether the exchange is listed or not, and when it was demutualized
Regulatory bodies	The regulatory authority that sets listing requirements and capital market regulation for the exchange's market
Regulatory model	The extent to which exchanges have regulatory authority in their market. This may include: <ul style="list-style-type: none"> <li>• Limited exchange SRO</li> <li>• Strong exchange SRO</li> <li>• Independent member SRO</li> <li>• Government (Statutory)</li> <li>• Non-SRO</li> </ul>
About the stock exchange	The location of the headquarters of the exchange, and any additional details about the stock exchange.

Source: SSE.

## D. Technical assistance

The SSE has used both in-person and virtual meetings to build capacity in the market for the last 10 years. Over the period, the SSE initiative has worked with 244 different partnering organisations on 53 virtual or in-person workshops (Figure 5), covering topics such as green finance and gender equality, as well as deep dives into technical topics such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and climate-ready boards. It has held in-person technical meetings in 11 countries in Europe, Asia, Latin America and Africa, with 126 collaborating partner organisations and with representatives from 32 different countries. To ensure all exchanges have access to technical assistance from the SSE and its partners, the SSE also held 24 virtual meetings, generally on a quarterly basis, reaching 660 participants. These online meetings have brought together 172 different organisations from 100 different countries.

Technical assistance – the third pillar of the SSE's work – builds on the outputs and knowledge developed through the research and consensus-building pillars, establishing capacity within capital market actors to enable and enhance transparent and sustainable business and investment practices. Capacity building has been undertaken by the SSE with a number of partners through both virtual and in-person platforms. As well as working with stock exchanges to enhance their internal capacity, the SSE has also worked through stock exchanges to build investor and corporate capacity throughout the entire capital markets value chain.

“Through our membership of the SSE, we will be better equipped to promote the sustainability agenda among our investors, listed companies and the business community within the State of Qatar and thus contribute to the realisation of the National Vision.”

Rashid Ali Al-Mansoori, Qatar Stock Exchange CEO (2016)



















SSE and IFC give a joint training on sustainability disclosure practices in Nairobi, Kenya with the Capital Markets Authority and the Nairobi Stock Exchange for listed companies



SSE holds technical workshop on ESG reporting in Berlin

Figure 5. SSE workshops and its partners around the world

	Year	Topic	
<b>Africa</b> 	2015	<ul style="list-style-type: none"> <li>• Sustainable Finance</li> </ul>	
	2019	<ul style="list-style-type: none"> <li>• Responsible Investing and ESG</li> <li>• Improving ESG communication with investors</li> <li>• Strategic value and demand for better annual reporting and disclosure practices</li> </ul>	
<b>Asia</b> 	2015	<ul style="list-style-type: none"> <li>• GRI G4 Sustainability Reporting - A roadmap for Investors</li> <li>• Water Scarcity - Risk for Companies and Investors</li> <li>• From climate disclosure to investor action</li> <li>• Forestry, Palm Oil, Rice and Land Use</li> </ul>	
<b>Europe</b> 	2015	<ul style="list-style-type: none"> <li>• Stock exchange guidance on ESG reporting</li> <li>• Climate impact screening for listed companies</li> <li>• Corporate reporting – GRI and stock exchanges</li> <li>• Investor decarbonisation strategies</li> <li>• Mainstreaming reporting for climate-resilient markets</li> <li>• Translating innovation into value</li> </ul>	
	2017	<ul style="list-style-type: none"> <li>• Closing the ESG gap</li> <li>• Trends in Green Bond post-issuance reporting</li> <li>• Regulatory dimensions of green finance</li> <li>• Green equities and the implications of the TCFD Recommendations</li> <li>• Stock exchanges and green finance</li> </ul>	
	2018	<ul style="list-style-type: none"> <li>• ESG transparency and disclosure</li> <li>• Sustainability, commodities and derivatives</li> <li>• Sustainability bonds: innovative tools for financing the SDGs</li> <li>• Smart beta: passive investment strategies for sustainable development</li> <li>• Using blended capital to finance the SDGs</li> <li>• Securities regulation and SDGs 2019</li> <li>• Embedding sustainability for stock exchanges</li> </ul>	
	2019	<ul style="list-style-type: none"> <li>• Embedding sustainability in stock exchange operations</li> </ul>	

	Year	Topic	
<b>Latin America</b> 	2015	<ul style="list-style-type: none"> <li>• Bolstering responsible investment</li> </ul>	  
	2018	<ul style="list-style-type: none"> <li>• Advancing sustainable finance</li> </ul>	
<b>Virtual</b> 	2013	<ul style="list-style-type: none"> <li>• Global accounting standards and sustainability</li> <li>• Exchange sustainability activities</li> </ul>	     
	2014	<ul style="list-style-type: none"> <li>• Engaging your CEO on sustainability</li> <li>• Partnerships for sustainable capital markets</li> <li>• Promoting ESG disclosure</li> <li>• Communicating sustainability</li> </ul>	
	2015	<ul style="list-style-type: none"> <li>• Gender empowerment and disclosure</li> <li>• Measuring sustainability of exchanges through market disclosure</li> <li>• Model Guidance for disclosure</li> <li>• Indicators for sustainability disclosure</li> </ul>	
	2016	<ul style="list-style-type: none"> <li>• Gender equality and the investor perspective</li> <li>• Sustainability disclosure standards</li> <li>• Financial products for sustainability</li> <li>• Educating the market</li> </ul>	
	2017	<ul style="list-style-type: none"> <li>• Gender equality financial products</li> <li>• TCFD Recommendations</li> <li>• Long-term markets</li> <li>• Financial centres for sustainability</li> </ul>	
	2018	<ul style="list-style-type: none"> <li>• Securities regulation for sustainability</li> <li>• Gender equality – new products and insight</li> <li>• Training the market on sustainability</li> <li>• Action plan for sustainable regulation</li> </ul>	
	2019	<ul style="list-style-type: none"> <li>• Green finance – latest developments</li> <li>• Building market capacity</li> </ul>	

Source: SSE.

“On behalf of the Luxembourg Stock Exchange, I would like to thank the SSE for its relentless efforts in bringing sustainability to the top of the agenda for exchanges across the world. The increased focus on sustainability in capital markets - and all the concrete actions that have resulted from this change of mindset - would not have been possible without the strong voice, guidance and commitment of the SSE.”

Julie Becker, Luxembourg Stock Exchange Executive Committee Member and Founder of the Luxembourg Green Exchange (2019)

The SSE has developed a number of formal and informal partnerships to provide technical assistance to the SSE's network (see Section I.A). For example, three SSE partners have volunteered to translate an SSE publication to disseminate the SSE's guidance to a broader audience (Box 8). Many of these partnerships developed organically and have helped to bolster the SSE's network and ensure direct access to experts in all aspects of sustainable finance. They have enabled the SSE to help disseminate technical assistance globally, and to benefit from both local expertise and international knowledge platforms. In addition, many of these partners have invited the SSE to contribute to their events as speakers in order to further disseminate SSE research and to provide technical assistance for their local market (Figure 6). While many of these partnerships were based on *ad hoc* activities, an increase in demand for technical assistance has led the SSE to develop more formal partnerships for ongoing collaboration with certain partners.

**Box 8. Translation of SSE guidance documents**

Three of the SSE's guidance documents have been translated by SSE partners from English to broaden their audience. While the SSE does not have a funding structure that allows for all guidance to be translated, local demand has encouraged SSE partners in China, Brazil, France and Mexico to support the SSE's technical assistance offering by translating its guidance documents. The SSE's guidance document and action plan *How securities regulators can support the Sustainable Development Goals* has been translated into Chinese and Portuguese with the support of Syntao and the Brazilian Regulatory Authority respectively. In addition, its guidance *How exchanges can grow green finance* is available in Spanish and French as a result of initiatives by the Mexican Stock Exchange and Euronext, respectively.

Source: SSE.

“We look forward to working with the SSE experts in improving sustainability practices within our listed companies and making greater impact on investors' community.”

Daiga Auzina-Melalksne, Nasdaq Riga Head (2015)



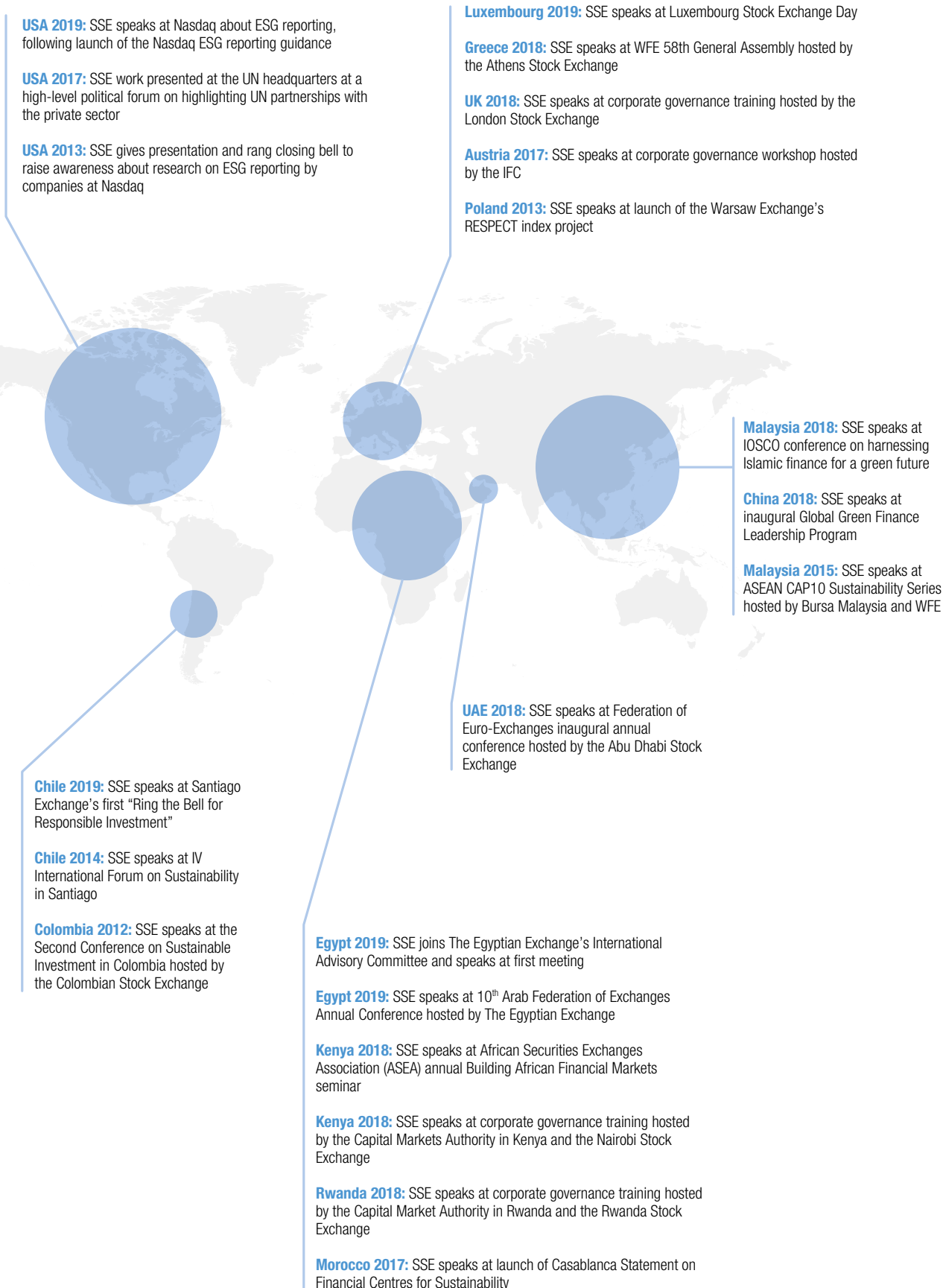
SSE Deputy Coordinator Tiffany Grabski giving the keynote address at the Federation of Euro Asian Exchanges first annual conference (ConFEAS 2018) in Abu Dhabi



SSE Coordinator Anthony Miller contributing to the Global Green Finance Leadership Program in Beijing, China



**Figure 6. SSE team contributing to events world-wide**



Source: SSE.

“We applaud the SSE and its Advisory Group on Green Finance for this exceptional work in ensuring all stock exchanges have the tools to succeed in transitioning to green markets.”

Robert Scharfe, Luxembourg Stock Exchange CEO (2017)

“One of the most fundamental contributions made by the SSE has been their development of written guidance for markets on vital issues such as green finance, SME growth, regulation and gender equality. Member exchanges have been a core part of this process, which has also allowed them to increase their own knowledge and capacity in often cutting-edge areas irrespective of their size or level of development.”

Nicky Newton-King, Johannesburg Stock Exchange CEO (2019)

“The SSE initiative has reshaped the global capital market through its peer-learning platform that actively engages capital market stakeholders worldwide through a variety of activities, including global dialogue events and symposiums. I truly appreciate the SSE's support that has inspired and encouraged SET to learn from best practices, fuel broader awareness and action through sharing SET's own sustainability journey stories and lead by example.”

Pakom Peetathawatchai, SET President (2019)

## Advisory groups

To build exchange capacity on particular topics and to develop global guidance, the SSE has established thematic advisory groups that include topic-specific experts as well as representatives of stock exchanges, regulators, investors and issuers. These advisory groups both build expertise within the exchanges and participating organisations, as well as develop action-oriented research publications to enable their learnings to be shared globally. In its first 10 years, the SSE has convened advisory groups on ESG disclosure, gender equality, green finance, securities regulation and embedding sustainability within a stock exchange. Through these advisory groups, the SSE has launched five guidance documents, and engaged with more than 120 stock exchange representatives, more than 30 security regulator representatives and more than 50 investor representatives. Advisory group members have come from nearly 70 different countries, with 63% from developing nations, and have been split almost equally between men and women (53% female and 47% male).

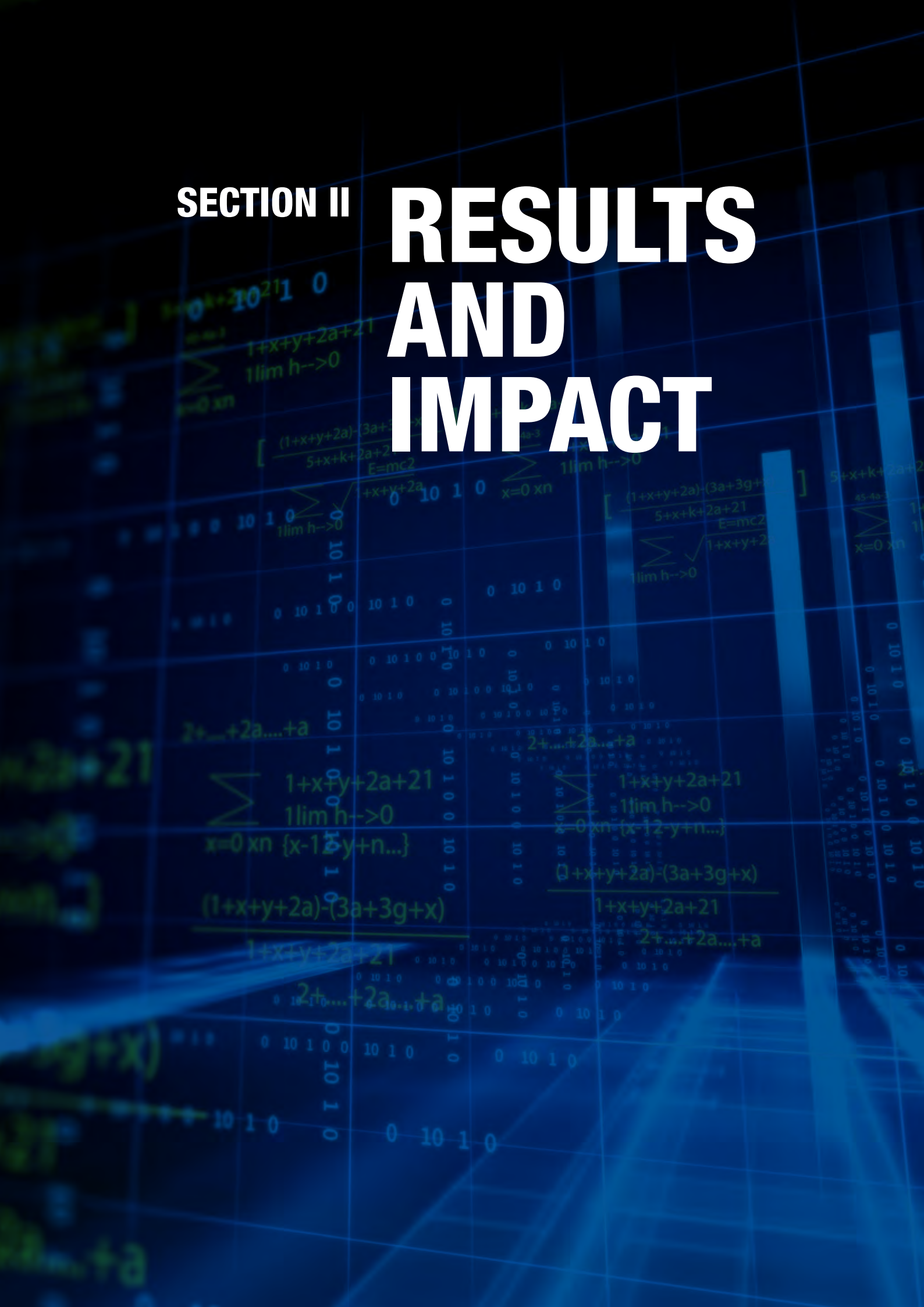


**340+** Participants



SECTION II

# RESULTS AND IMPACT



“As a Partner Exchange, the CSE will join forces with international efforts to spearhead sustainability practices among capital markets. CSE intends to make use of the SSE platform to improve transparency and further enable ethical and sustainable interactions in its marketplace.”

Chittagong Stock Exchange (2017)

“The Quito Stock Exchange is proud to become a member of the Sustainable Stock Exchanges initiative. QSE is committed to supporting the Sustainable Development Goals (SDG) in recognition of the significant role that exchanges play in promoting responsible investment and sustainable finance through capital markets.”

Paul McEvoy, Quito Stock Exchange CEO (2018)

The decade following the launch of the SSE in 2009 has seen a large increase in the number of sustainability activities implemented by stock exchanges, securities regulators and their respective associations. This section highlights several areas of significant development that are connected to SSE workstreams. These activities demonstrate growing awareness, understanding and demand for sustainability information and practices. The story of the past decade has been the journey of sustainable finance in capital market structures from niche to mainstream. This is illustrated in the examples and data highlighted below, as well as by the uptake of sustainable finance by two of the most important institutions for exchanges and their regulators: the WFE and the International Organization of Securities Commissions (IOSCO) respectively (Boxes 9 and 10).

### Box 9. World Federation of Exchanges Sustainability Working Group

In 2014, the WFE formalised ESG discussions among its members into a Sustainability Working Group (SWG), which was launched at a WFE Working Committee meeting in Mumbai. Operating under rotating leadership, Nasdaq, JSE and B3 were elected to take the first lead when the group launched, with 11 exchanges committing to participate. The SWG was formed with a mandate to build consensus on the materiality of ESG issues among WFE members and develop practical approaches to addressing them. To this end, it was charged with undertaking original research, publicising its findings, promoting debate regarding ESG issues among the members of WFE, and making recommendations to the member exchanges.

Today, the WFE SWG has 30 members and is focused on addressing exchanges’ evolving sustainability concerns. It serves as a platform for WFE members to share experiences and best practices, coordinate industry efforts and engage with external organisations. The WFE SWG leads the WFE’s range of sustainability outputs, including an annual sustainability survey and various responses to public consultations such as the TCFD recommendations. Its ESG Guidance & Metrics was published in 2015, with recommendations and proposed metrics to complement the SSE Model Guidance. An updated version was produced in 2018 to incorporate new developments, experiences in implementation, and investor feedback.

Demonstrating WFE members’ engagement with sustainability, in October 2018 the SWG’s work culminated in a formal declaration by the WFE and its membership to take a leadership role in promoting the sustainable finance agenda, through the adoption of five core sustainability principles that WFE member exchanges will seek to promote.<sup>a</sup>

In August 2019, the WFE published a white paper exploring sustainability in the context of commodity derivatives markets, to stimulate discussion among the WFE membership and the wider commodity derivatives industry about potential responses to the impact of sustainability issues on commodity markets.

Source: SSE.

<sup>a</sup> SSE’s most recent report, How exchanges can embed sustainability within their operations, is a collaborative effort with the WFE speaking specifically to the implementation of Principle 5.

### Box 10. IOSCO Launches Sustainable Finance Network

The International Organization for Securities Commissions (IOSCO) and its members have had a presence at SSE events since the latter's inaugural meeting in New York in 2009. At the SSE Global Dialogue in 2018, IOSCO Secretary General Paul Andrews announced that IOSCO would create a sustainability network, which it officially launched in 2019.

At the start of this year, IOSCO published a statement on disclosure of ESG matters by issuers, providing guidance to securities regulators on the disclosure of ESG information. In a statement to the SSE, Chairman of the IOSCO Board Ashley Alder said: "IOSCO is monitoring developments in this area closely, given the growing importance of ESG matters to investors, and the continuing need to enhance transparency in the capital at the end of markets. IOSCO's statement reminds issuers of their obligations to consider the disclosure (voluntary or otherwise) of the potential impact on their businesses of ESG-related risks and opportunities when these are material. IOSCO established its Sustainable Finance Network, under the leadership of Erik Thedéen of Finansinspektionen of Sweden, to enable IOSCO members to share their experiences and monitor ESG developments."

"We are proud to join our international peers in the SSE initiative and to connect stakeholders across Canada's world-class markets... with environmental, social and governance disclosure guidelines and valuable ongoing insights."

Lou Eccleston, TMX Group CEO (2019)

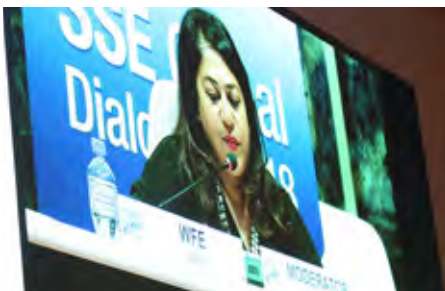


IOSCO holds first Sustainable Finance Network Stakeholder Meeting, in 2019, featuring James Zhan, Chair of the SSE Board, Paul Andrews, Secretary General of IOSCO, and other high-level officials

Source: SSE.



IOSCO Secretary General Paul Andrews giving the Keynote address at the 2018 SSE Global Dialogue alongside the UNCTAD World Investment Forum



WFE CEO Nandini Sukumar moderating the 2018 SSE Global Dialogue in Geneva, Switzerland alongside the UNCTAD World Investment Forum

## A. ESG guidance and training at stock exchanges

“The CDSB commends the ambitious work of the SSE in advancing ESG reporting guidance.”

Mardi McBrien, CDSB Managing Director (2019)



Launch of the SSE Model Guidance at the London Stock Exchange (2015)

Increased disclosure of ESG information has been the longest-standing objective of the SSE initiative. When the SSE was launched in 2009, the then-Secretary-General of the United Nations Ban Ki-moon highlighted the need to better manage and integrate ESG issues, which he noted as “critical in creating a world economy that is more stable, inclusive and sustainable.” The Secretary-General pointed to stock exchanges as key intermediaries in the market to tackle this challenge. To help stock exchanges – and investors – respond to this call to action, in 2015 the SSE initiative developed its Model Guidance on reporting ESG information to investors (Box 11).

In September 2015, when the SSE launched its Model Guidance, only 13 stock exchanges worldwide were providing any form of guidance on ESG issues and ESG disclosure for listed companies. The SSE has since encouraged all stock exchanges to provide such guidance and has worked with a number of exchanges to do so. Subsequent to the publication of the SSE guidance, the WFE published supporting guidance and metrics, aimed to be used in conjunction with the SSE publication. As a result of this push, over half of all stock exchanges worldwide are now either providing guidance on ESG disclosure for their issuers or are in the process of developing such guidance (Figure 7). The SSE will continue to work with stock exchanges until all of them provide guidance on ESG disclosure.

“Under the leadership of the SSE, the number of stock exchanges providing guidance and training on ESG disclosure has increased year-on-year.”

Tim Mohin, Global Reporting Initiative (GRI) CEO (2019)

### Box 11. Model Guidance on reporting ESG information to investors

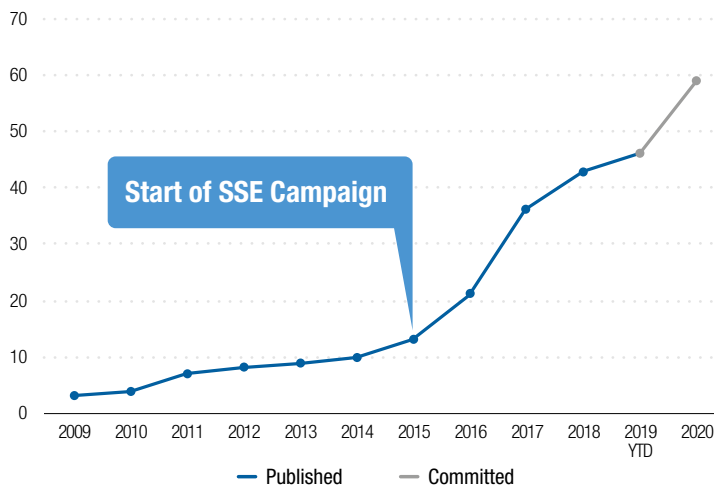
The spectrum of company approaches to reporting ESG information is rapidly evolving. While there is no one-size-fits-all method, there is a range of international and local best practices, guidelines and frameworks. Building on these existing resources, the SSE developed the Model Guidance to help exchanges provide their own guidance to issuers. As a conduit between issuers and investors, securities exchanges are uniquely placed to promote more transparent and efficient capital markets. Exchanges led the development of this publication through a multi-stakeholder advisory group chaired by the London Stock Exchange and composed of investors, companies and other subject matter experts.

Together with the launch of this publication, the SSE began a campaign to have all exchanges providing guidance on reporting ESG information. Since the launch of the SSE Model Guidance, 82% of the guidance on ESG disclosure issued to new markets has made reference to the SSE initiative, with half explicitly referencing the SSE Model Guidance as a template to develop guidance, and 63% citing their association with the SSE as the reason for developing the guidance. The SSE’s Model Guidance campaign continues today, and the SSE is working with all of its partner exchanges to ensure they have the technical assistance needed to guide their market on this and other topics.

Source: SSE.

### Figure 7. Stock exchanges with guidance on ESG disclosure

Sharp increase in guidance after SSE launches Model Guidance (number of exchanges)



Source: SSE database

In developing guidance on ESG disclosure, the SSE encourages stock exchanges to also provide training opportunities to help build capacity and understanding of ESG data within their markets. As a result, as ESG guidance has grown, so have related training activities. Additionally, stock exchanges are increasingly offering training in other areas of sustainability, including on sustainable or responsible investment trends and products, inclusion in sustainability indices and carbon markets, as well as holding investor-issuer conversations to align the demand for and supply of sustainability information. The SSE has found some form of sustainability-related, interactive training (either virtual or in-person) for market participants at more than half (51 at the time of publication) of the stock exchanges it tracks (Figure 8). This now represents the main sustainability activity at stock exchanges. As such, stock exchanges are reinforcing their role as market educators and sending a strong signal to market participants on the importance of sustainability-related issues.

“We see the ESG Reporting Guidance as a real opportunity for exchanges to promote greater consistency and depth in reporting.”

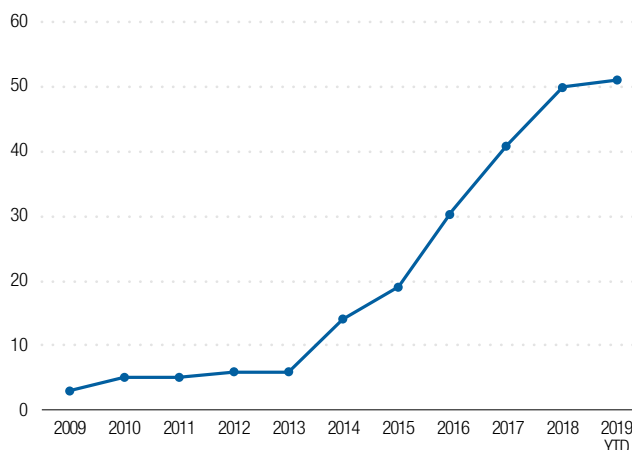
Xavier Rolet, LSE Group CEO (2017)

“We see this guidance as an opportunity for issuers to meet the ever-increasing demands by investors and regulatory bodies in relation to the consistency and depth of corporate reporting. This tool also enables issuers to help investors understand the drivers of, and the risks to, sustainable value creation.”

Thapelo Tsheole, Botswana Stock Exchange CEO (2018)

### Figure 8. Stock exchange training on sustainability topics

Sharp increase in training from 2013 onwards (number of exchanges)



Source: SSE database

“The UN’s Model Guidance and the collaborative efforts of investors... have the potential to trigger historic improvements in how global financial markets behave.”

Forbes article on the SSE (2015)

“We believe it is time to move beyond the debate around mandatory versus voluntary reporting. Issuers should now focus on innovation and relevance in the information they provide to investors - and ESG is part of that picture.”

London Stock Exchange Group (2017)



Borsa Italiana Sustainability Day brings together companies, investors and institutions to align efforts on sustainability and to help issuers and investors to better align reporting expectations

## B. Securities regulators' engagement on sustainable finance

“There is clearly a role for securities regulators to play in this arena.”

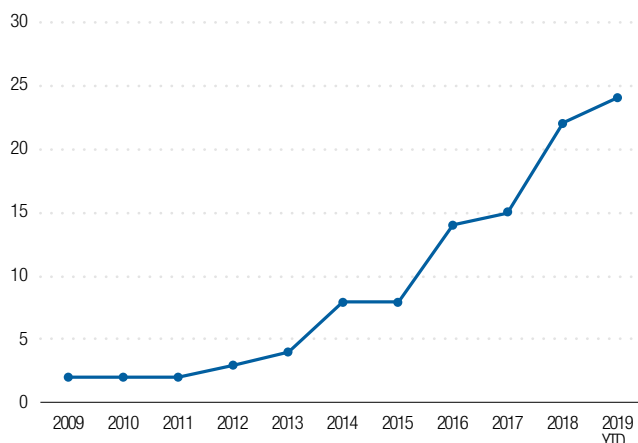
Paul Andrews, IOSCO Secretary General (2019)

Listing rules and regulations can play an important role in increasing disclosure of ESG information. When the SSE was launched in 2009, there were only two markets worldwide that required any form of ESG disclosure for listed companies; France and South Africa had been requiring issuers to provide this data since 2002. In 2012, B3, Brazil's stock exchange, introduced into its disclosure requirements that companies should state whether they publish a regular sustainability report and, if not, explain why. In 2014, another four stock exchanges – BSE and NSE in India, SET in Thailand, and the Namibia Stock Exchange – also integrated ESG disclosure into listing rules.

While each market is different, with some listing requirements set by the exchange itself and others by the securities regulator or another government office, the upward trend seen in mandatory disclosure rules illustrates a willingness of regulatory authorities

to engage with environmental and social reporting (Figure 9). This led the SSE to develop additional means of supporting securities regulators, and other bodies responsible for setting listing requirements, in addressing environmental and social issues. Working together with Ceres and the Moore Foundation, the SSE launched a workstream to build research, capacity and consensus on how securities regulators support sustainable development. In 2017, the SSE published the guidance document *How securities regulators can support the Sustainable Development Goals* (Box 12) and launched its regulator working group. The number of stock exchange markets with listing rules integrating ESG has since increased by 60%.

**Figure 9. Listing rules that require issuers to report on ESG information** (number of exchanges)



Source: SSE database





SSE Advisory Group on Securities Regulation meeting at the UN Headquarters in Geneva in 2018

“Since becoming a Partner Exchange to the UN-SSE Initiative, the Dar es Salaam Stock Exchange has embarked on a continuous journey to engage and educate its members about the necessity of the sustainability agenda. The DSE Members’ Award Initiative which is embedded into the Initiative has been a key motivation and providing further impetus to this process. This paves the way for smooth transitioning to Mandatory Compliance by 2020.”

Moremi Marwa, Dar es Salaam Stock Exchange CEO (2018)

### Box 12. How securities regulators can support the Sustainable Development Goals

In recent years, securities regulators have shown growing interest in the relationship between sustainability issues and their core mandates. While their specific roles, responsibilities and authorities differ from jurisdiction to jurisdiction, securities regulators are recognised by IOSCO as generally having three overarching and interrelated objectives: to protect investors; to ensure that markets are fair, efficient and transparent; and to reduce systemic risk. While most securities regulators do not have explicit organisational mandates to promote sustainable development, sustainability issues in and of themselves, as well as policy responses to these issues, are of direct relevance to their existing objectives. This is because sustainability issues can create financially material risks and opportunities for investors and may affect the resilience of the financial system as a whole.

The SSE, with the support of the Moore Foundation and the Ceres Investor Network, has developed a guidance document – *How securities regulators can support the Sustainable Development Goals* – which identifies five action areas where securities regulators can contribute to a more stable and resilient financial system. These five action areas, together with five supporting actions, are presented in an action plan for securities regulators. Over 70 experts, as members of the SSE Advisory Group on Securities Regulators, contributed to the development of this publication.

#### Action plan for securities regulators



Source: SSE.

“I applaud the SSE and its Advisory Group for making a valuable contribution to the ongoing discussion among securities market regulators, exchanges, investors and issuers to promote sustainable finance. This new SSE research provides a constructive framework and practical set of illustrative examples to help securities regulators further explore how they can encourage investment in sustainable development.”

Mohammed Omran, Financial Regulatory Authority (Egypt) Chairman and Chair of the SSE Securities Regulators Advisory Group (2018)

## C. Financial products supporting sustainability

“Stock exchanges play a crucial role in climate-related projects: they ensure that funding is raised in a transparent way.”

Maurice Bauer, Luxembourg Stock Exchange Secretary General (2016)

As demand for ESG information increases, the potential for new financial products and product labelling also grows. ESG indices were the first sustainable products adopted by financial markets, but there is now a growing number of new and innovative products and services being developed to channel funds towards sustainable projects and businesses.

In recent years, in response to the growth in green bonds and other sustainability-focused debt products (Figure 10), stock exchanges have launched specialised labelling and sustainability-focused bond segments. These segments or specialised labels make these products easier to find, while at the same time typically providing guidelines as to what the sustainability labels being used mean for the financial products involved.

The growth of these services is evidence of growing demand for more financial products that allow investment in ESG-aligned projects or companies. Stock exchanges can facilitate the growth of such products by providing the regulation and infrastructure for listing. This, among other recommendations, was outlined in the SSE’s guidance document *How stock exchanges can grow green finance* (Box 13).

In addition to creating segments for green or sustainable debt products, stock exchanges have for many years been offering specialised segments or listing opportunities for unique subsets of the market. These services can be particularly helpful for sustainable development when aiding the financing of small and medium-sized enterprises (SMEs).

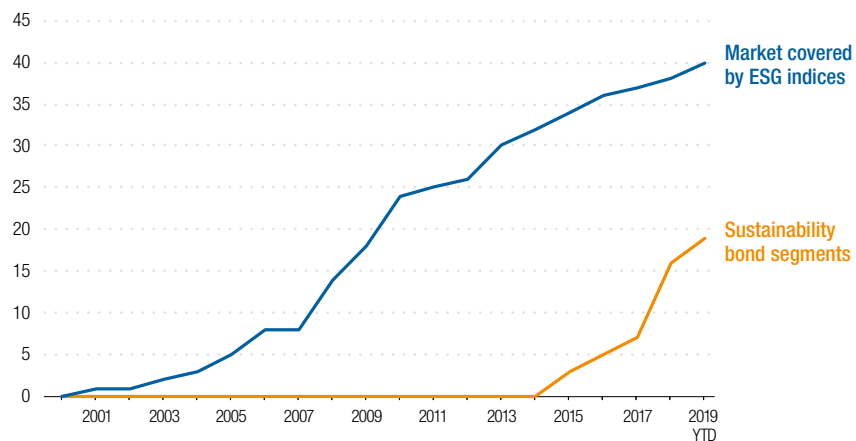


Executive Vice President of Borsa Istanbul Mustafa Kemal Yimaz speaking at the joint SSE and Sabanci University workshop to develop Borsa Istanbul’s Sustainability Index in 2013

“African regulators, exchanges and finance professionals have a historic opportunity to work more closely together, building capacity and spurring innovative financial instruments to channel investment towards the transition to a low carbon economy.”

Karim Hajji, Casablanca Stock Exchange CEO (2016)

**Figure 10. ESG Indices and sustainability bond segments**  
(number of exchanges)



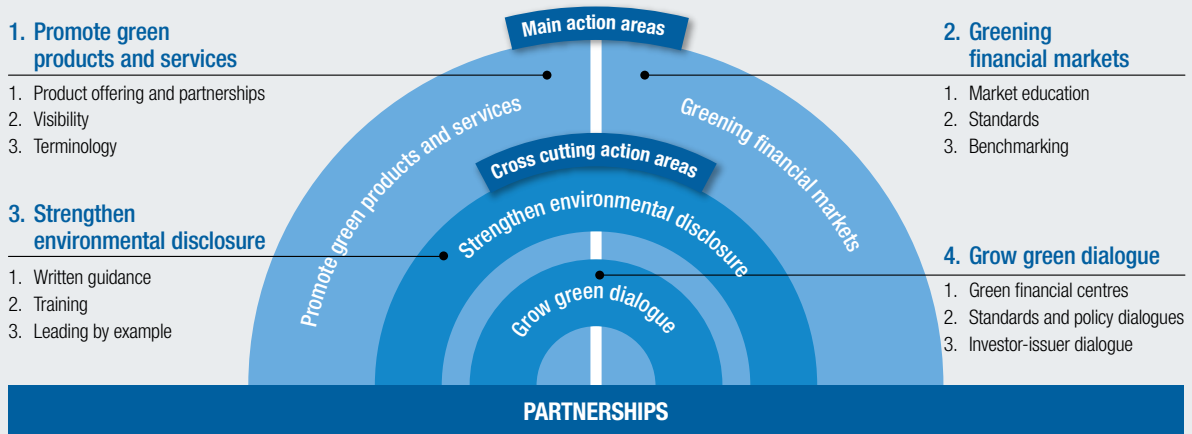
Source: SSE database

### Box 13. How stock exchanges can grow green finance: A voluntary action plan

To create the new forms of green and blended finance that will be needed to meet the objectives of the Paris Agreement and the SDGs, there is a need for both the promotion of green products specifically as well as the greening of mainstream financial markets more broadly. To help exchanges achieve these twin goals, the SSE developed a guidance document to provide a green finance action plan to guide stock exchanges in the implementation of green finance strategies. *How stock exchanges can grow green finance* provides exchanges with a checklist of 12 action points within four action areas. It can also be used as a self-assessment tool to identify areas where stock exchanges can initiate or expand their activities on green finance. Real-world examples are provided for each action item to assist with implementation.

The SSE green finance guidance was developed with the input of over 70 experts from more than 60 institutions, across 28 countries, including stock exchanges, asset owners, asset managers, issuers, financial service providers, civil society representatives and leading international experts. This advisory group was chaired by the Luxembourg Stock Exchange, one of the leading exchanges in terms of the number of green bond listings.

#### Green finance action plan for stock exchanges



Source: SSE.



SSE Advisory Group on Green Finance meeting at the UN Headquarters in Geneva

“Stock exchanges are an important part of the global investment chain and can be instrumental in helping mobilise the massive amounts of investment needed to achieve the United Nations Sustainable Development Goals. They can also serve as a unique platform for promoting responsible business and good corporate governance. Indeed, they have already made remarkable progress in this respect.”

James Zhan, UNCTAD Director, Investment and Enterprise and Editor in Chief for the United Nations World Investment Report (2017)

“Exchanges exist to foster economic development and safeguard the financial system. Well-functioning exchanges enable economic growth and development, and can only do this within an environment that is regulated, secure, transparent and equitable.”

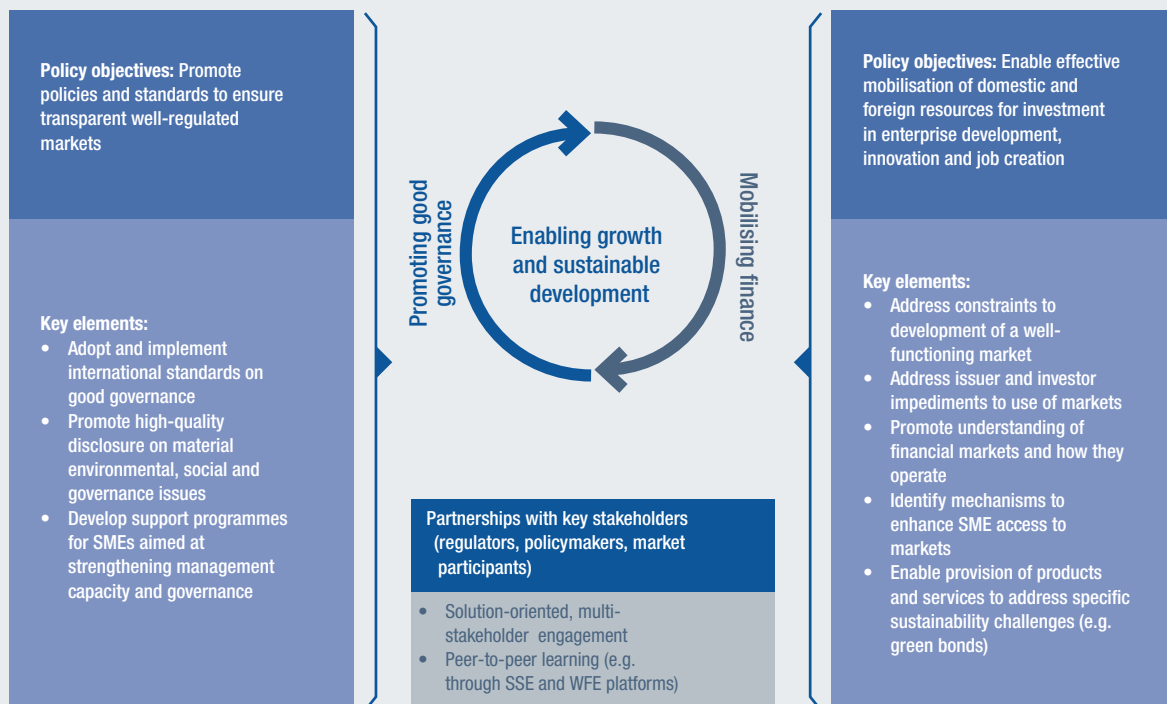
Nandini Sukumar, WFE CEO (2017)

In 2017, UNCTAD, one of the organisers of the SSE initiative, published a joint report with the WFE examining the role of stock exchanges in promoting economic growth and sustainable development. *The Role of Stock Exchanges in Fostering Economic Growth and Sustainable Development* identified two primary mechanisms through which stock exchanges can contribute to development: by mobilising resources, both domestic and foreign portfolio flows, for sustainable economic growth and development; and by promoting good governance and business practices. The report also highlights the importance of SMEs in economic development and provides an overview of the SME platform universe at stock exchanges (Box 14).

At publication, there were 60 stock exchanges with specific listing segments for SMEs. In addition to providing listing segments for SMEs, stock exchanges can also provide training and guidance (see Section II.A).

### Box 14. Stock exchanges fostering economic growth and sustainable development

The WFE and UNCTAD published in 2017 a report entitled *The Role of Stock Exchanges in Fostering Economic Growth and Sustainable Development*. It explains how stock exchanges operate, and why they matter. It discusses longer-term developmental challenges and how exchanges might be able to address some of those challenges. The report identified how exchanges contribute to sustainable development and presented a framework illustrating this process.



Source: UNCTAD, WFE.

## D. Embedding sustainability

Over the past decade, the SSE has primarily focused on the influence that stock exchanges have on other participants in the capital market value chain, particularly issuers, investors, policy makers and regulators. This focus on the ‘outward-facing activities’ of exchanges has increasingly been supplemented by a focus on ‘inward-facing activities’ as more and more exchanges have requested assistance from the SSE to advise them on their own internal operations and how they can better embed ESG issues into those operations.

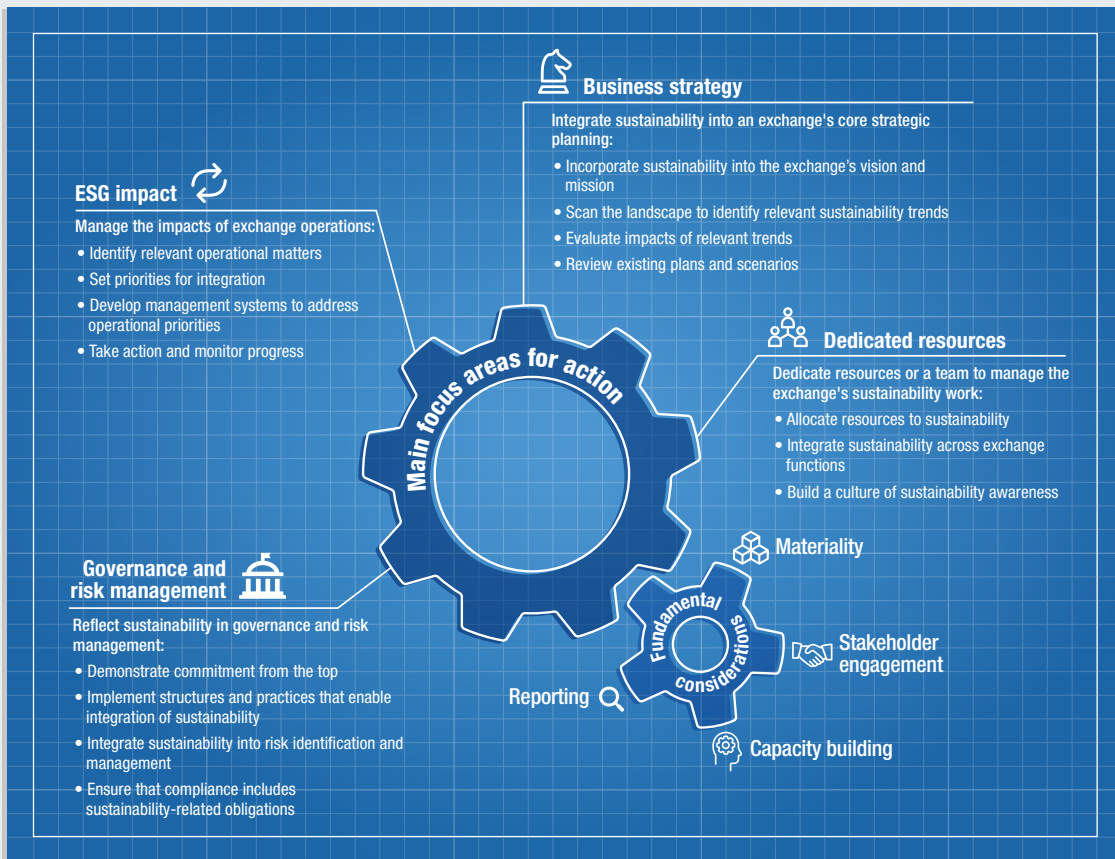
Responding to this demand, the SSE in 2015 launched its “Communications to stakeholders”, a framework to help exchanges examine their sustainability operations across six dimensions: business strategy; transparency and issuer reporting; issuer capacity building; collaboration and engagement; sustainable products; and exchange needs. In 2019, the SSE, working with the WFE, published in-depth guidance, *How exchanges can embed sustainability into their business operations* (Box 15).

“The National Stock Exchange [NSE, India] has always supported larger societal initiatives like tree planting and other sustainable environmental initiatives both directly and indirectly. NSE commissioned its own windmill farm in 2014 which today contributes to around 55-60% of the power consumption at Exchange Plaza.”

Chitra Ramkrishna, NSE Managing Director and CEO (2015)

### Box 15. How exchanges can embed sustainability into their business operations

In response to a demand from exchanges for additional guidance on this topic, the SSE partnered with the WFE to help exchanges manage the inward-facing aspects of sustainability. The resulting guidance aims to help exchanges both support their outward-facing efforts while also building resilience in the context of their own business operations. *How exchanges can embed sustainability into their business operations* was launched in September 2019 at the SSE Ten Year Anniversary Event. It provides stock exchange leadership with a blueprint for action, including four main focus action areas and four fundamental considerations. This guidance document benefited from the inputs of an advisory group of more than 50 experts, including representatives from stock exchanges, investors, standard setters and technical experts. The advisory group was chaired by Olga Cantillo, CEO of the Panama Stock Exchange.



Source: SSE.

*“How exchanges can embed sustainability within their operations is a complete guide to overcome barriers to integrate the WFE Sustainability Principles, from strategic planning, governance structure, identifying and managing risk, ESG impact in our operations and a very important guide regarding the dedicated resources needed to effectively implement these recommendations.”*

Olga Cantillo, Panama Stock Exchange CEO and Chair of the Advisory Group for Embedding Sustainability



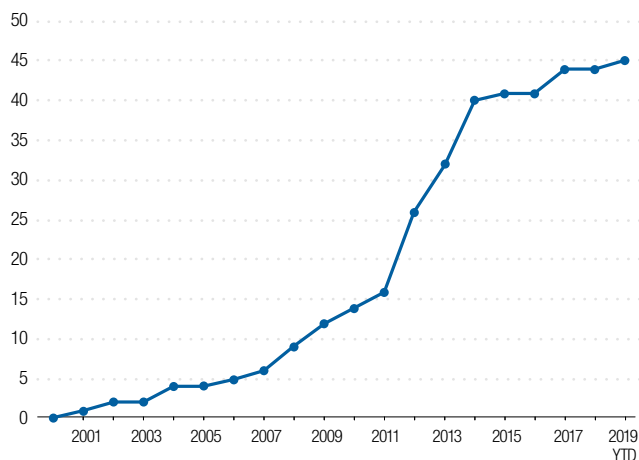
SSE Advisory Group on embedding sustainability into exchange operations meets at the UN Headquarters in Geneva in 2019

A key part of embedding sustainability into any organisation is learning to communicate with external parties on what the organisation is doing on ESG issues. However, stock exchanges have a unique external impact, due to their mix of soft and hard powers influencing investment and business practices.

Over the past decade, stock exchanges have utilised a variety of methods to integrate and communicate the sustainability practices of their business operations. Methods such as sustainability road-maps, evaluation of multiple capitals (financial, human, intellectual, manufactured, social and relationship and natural), alignment with the SDGs and impact mapping are being used at exchanges worldwide to evaluate their external impacts on the environment and society.

Increasingly, exchanges are communicating these methods through sustainability reporting, sustainability sections on their websites and integrated reporting. One of the early pioneers in this area was the Stock Exchange of Thailand, whose sustainability reporting practice dates back to 2001, with only a few other exchanges also reporting on their sustainability in the years that followed. Today, however, almost half of the stock exchanges tracked by the SSE report on their sustainability efforts (Figure 11), and a number of new resources are available to help this trend continue and accelerate.

**Figure 11. Stock exchanges with an annual sustainability report**  
(number of exchanges)



Source: SSE database

**SECTION III**

# **THE NEXT 10 YEARS: WHAT MARKET LEADERS ARE SAYING**

The following editorials have been written on the occasion of the SSE's tenth anniversary by members of the initiative, strategic partners and key capital market stakeholders.



## Nandini Sukumar

CEO, World Federation of Exchanges

The World Federation of Exchanges (WFE), a not-for-profit industry group that consists of about 300 market infrastructure providers, forges consensus among its members at an industry level on many policy issues. One of these key policy areas is sustainability: an area where we spend much time working with our partners at the Sustainable Stock Exchanges initiative.

The WFE established its own, member-led Sustainability Working Group in 2014 to spearhead the sustainability workstream. The SWG addresses evolving concerns specific to environmental, social and governance (ESG) issues and shares expertise within and between the wider WFE membership.

The WFE collaborates actively with other organisations and is represented in these bodies, including the Affiliate Members Consultative Committee of the International Organisation of Securities Commissions. Among these organisations, the SSE is the one which shares extensive common ground with the WFE and commitment to advancing the cause of sustainable development and the promotion of ESG issues among exchanges worldwide.

Previously, the WFE collaborated with UNCTAD on a paper entitled 'The Role of Stock Exchanges in Fostering Economic Growth and Sustainable Development'.<sup>4</sup> The paper identified two main mechanisms through which stock exchanges can contribute to sustainable development: mobilising resources for sustainable economic growth and development, and promoting good governance in business practices. Exchanges, which sit at the intersection of listed companies and investors, have a role to play in both encouraging companies to provide more investor-relevant, decision-useful ESG information, and educating investors about the significance of this information.

We welcome the SSE's role in empowering exchanges that are focused on the sustainability agenda. Driven by the United Nations Sustainable Development Goals (SDGs), the SSE focuses on four SDG targets that are particularly relevant for exchanges, including gender equality; sustainable consumption and production patterns; climate change; and strengthening the means of implementing and revitalising the global partnership for sustainable development.

These SDGs have also featured in the WFE's research output, particularly in the annual Sustainability Survey, where WFE members are measured against their engagement with these goals.<sup>5</sup> The SSE, therefore, is

a helpful partner to the WFE as we are able to promote and reinforce each other's efforts.

The WFE issued its five Sustainability Principles (the Principles) in October 2018.<sup>6</sup> These Principles encourage WFE members to promote sustainability in accordance with their circumstances and priorities, while also urging them to recognise their social and economic responsibility to help create a sustainable future and act as a role model for other financial institutions. The five Principles advocate that exchanges: will work to educate participants in the exchange ecosystem about the importance of sustainability issues; will promote the enhanced availability of investor relevant, decision-useful ESG information; will actively engage with stakeholders to advance the sustainable finance agenda; will provide markets and products that support the scaling-up of sustainable finance and reorientation of financial flows; and will establish effective internal governance and operational processes and policies to support their sustainability efforts.

Following the WFE's five Sustainability Principles, the SSE and WFE have commenced a collaborative project to produce co-branded guidance on these Principles. The starting point of this project is the WFE's fifth Sustainability Principle, which encourages exchanges to consider the relevance of sustainability for their own operations, while also guiding exchanges on embedding sustainability into their internal structures and processes to support their efforts in promoting sustainable finance. Both the SSE and the WFE will promote these Principles as the sustainability blueprint for exchanges around the world.

Looking to the future, the WFE is pleased to be working with the SSE, with both organisations having aligned goals and a shared vision of sustainable markets-based financing. Through joint effort and active dialogue, the WFE and SSE can together advance the cause of sustainable development among exchanges worldwide, as well as promote the significant role that exchanges play in driving the transition to sustainable capital markets.

<sup>4</sup> 'The Role of Stock Exchanges in Fostering Economic Growth and Sustainable Development', 6 September 2017, <<https://www.world-exchanges.org/our-work/articles/wfe-unctad-exchanges-growth-and-sustainable-development>>

<sup>5</sup> 'WFE Sustainability Survey', 23 April 2019, <<https://www.world-exchanges.org/our-work/articles/wfe-sustainability-survey-april-2019>>

<sup>6</sup> 'WFE Sustainability Principles', 4 October 2018, <<https://www.world-exchanges.org/our-work/articles/wfe-sustainability-principles>>





## Sandy Frucher

Vice Chairman, Nasdaq



The problems of this world are immense in scale, multivariate in scope, and driven by social, economic, and political dynamics that sometimes seem insurmountable. What can one person do to reverse climate change? What can one company do to restore trust in our institutions? What can one nation do to reinvent a more peaceful and just future?

I suggest to you that no one person, company, or even country can do these things. But where individual pieces fail, collectives may succeed – and there is no greater or more resilient collective than our capital markets. Markets transcend borders and supersede convention; they grow and adapt to changing conditions, seeking the most efficient path to prosperity for all participants. Markets that fail in this mission are not markets at all – they are profiteering distortions, systemic remnants of elitism and exclusion.

Markets did not create this crisis – though some of us likely contributed to it – but they can be leveraged to fix it. Consider the accomplishments of the UN Sustainable Stock Exchanges (SSE) initiative, which we come here to celebrate. The SSE leveraged markets to create change; its 10-year record of accomplishment is undeniable:

- Sustainability reporting used to be an outlier; now it is the norm.
- Exchanges used to be silent on the topic; now they are active and engaged.
- Today's ESG data is more standardized, harmonized, and decision-useful.
- The case for correlating sustainability performance and market performance is stronger.

The SSE – along with the Sustainability Working Group at the World Federation of Exchanges – can rightly take credit for much of this. We should all be thankful for the work they have done.

And yet, a decade down the road, are we really any better off? I still see the perils of a warming planet, widening gaps in wealth, an inert and inept political process, endless wars and heartless laws. My children

see them, too – they've been steeped in the narrative of crisis – and their kids will suffer the consequences in ways we cannot really fathom. Rather than tell you how well we are doing, I must instead talk about how far we have to go.

- The lingering vestiges of denial and disinformation have done more than corrupt our institutions, they have damaged fundamental markers of human progress – our ability to leverage the scientific method, hold constructive debates, collaborate on solutions and acknowledge the existence of facts. Exchanges must leverage their platform to push back against this whenever possible.
- The data has to get better, now. We have to agree on a reasonable number of metrics and methods, make sure everyone reports them, and turn our analysts loose. The shadow of correlation has to become the bright light of causation.
- Every product and service – indexes, funds, bonds, listings, corporate tools and trading technologies – must be measured against an ESG scale. How is this helping? How is it efficient? How is it driving capital into more sustainable channels? We're out of time to pretend that we can have both Teslas and SUVs.

In closing, I want you all to confront a difficult truth: This takes money. Building a climate-resilient enterprise, recycling your trash, retrofitting your data centers, finding data, finding people, paying people fairly, treating people fairly – it's not free. There's no cheap path to responsibility; we've used up the cheap money at the margins of the system, squeezed the last nickel out of the earth.

Investment in this does pay off. The companies and exchanges that build for the future will prevail in the future. We can better serve economies by making them fair, transparent, and resilient. Sustainable thinking is the key to that service. And I am confident that when we come to celebrate the 20<sup>th</sup> anniversary of the SSE, I'll be able to say to you just as forcefully: *this makes money.*



## Stéphane Boujnah

CEO and Chairman of the Managing Board, Euronext NV

Don't say "one day will come", make that day come. Our world is facing immense challenges to ensure a sustainable future for humanity, our values and our planet. Many national and international initiatives are trying to address these challenges, and every organization has to play its own particular role in the transition to a more sustainable society.

The finance sector can be an important contributor to the global sustainability agenda. The finance industry is a major player in promoting sustainable finance and investments, incorporating environmental, social and governance factors into investment decision-making and supporting the allocation of capital to the implementation of the transition.

Exchanges have a special position in the financial ecosystem. They serve the real economy by bringing together buyers and sellers in highly regulated trading venues that are transparent, efficient and reliable. They are also uniquely positioned to strengthen dialogue on sustainable finance with all capital markets' actors. Over the past 10 years, the Sustainable Stock Exchanges initiative has played a key role in bringing exchanges together and emphasizing their special responsibilities towards the environment and society. The Sustainable Stock Exchanges initiative provides its partners with valuable insights, best practices, trends and opportunities in the area of sustainable finance. It enables industry to make real steps towards the goals defined in the Paris agreement and within the Sustainable Development Goals.

The Euronext ESG ambition is to finance the local and global real economy in its transition towards a sustainable society by:

- Driving investment in innovative, sustainable products and services through secure and transparent markets, in continuous collaboration with the financial community;
- Inspiring and promoting sustainable tangible practices within the company and towards our communities, by respecting and developing our people and by supporting our ecosystem.

Our membership of the Sustainable Stock Exchanges initiative since 2015 reflects the commitment of Euronext in all these areas. Euronext is committed to continuing to promote long term sustainable investment and ESG disclosure among listed companies, through dialogue with investors, issuers, regulators and other members of the Sustainable Stock Exchanges initiative. With its presence in the regulated markets of Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris, as well as through a commercial presence in Madrid, Milan, Stockholm, Zurich and Munich, Euronext's ambition to be a leader for the entire European financial community is clear.

We wish to congratulate the Sustainable Stock Exchanges initiative for 10 years of valuable contribution to sustainable finance, and we truly believe that with all our combined efforts we will accelerate progress considerably in the next 10 years.



## Laura M Cha

Chairman, Hong Kong Exchanges and Clearing Limited

**HKEX**  
香港交易所

Congratulations to the Sustainable Stock Exchanges initiative in celebrating your tenth anniversary.

On behalf of Hong Kong Exchanges and Clearing Limited (HKEX), I would like to take this opportunity to express my gratitude to all our partners at the SSE. Your tremendous contribution in enabling peer-to-peer learning and in supporting exchanges, in collaboration with investors, regulators, issuers and policy makers, has helped to ensure greater corporate transparency; helping to shape transparent capital markets that align with the world's sustainable development goals, including those of the United Nations and the Paris Agreement.

Over the past ten years, the SSE has played a vital role in engaging with a broad set of stakeholders; helping to set a path for promoting and progressing the financial markets and the communities that they support for the prosperity of all.

Through thought-provoking publications and inspiring consultative group discussions, the SSE continues to provide a key platform and important tools for exchanges around the world, to share best practices and consider new approaches for reinforcing sustainability commitments in their respective financial markets.

Today, ESG driven investing has developed to such an extent that it is rapidly accelerating market transformation for the better.

Indeed, business and finance are reaching an interesting tipping point: investors and executives are now aware that it is more costly and risky to ignore ESG than it is to embrace it, at least in part. Investor focus areas centre on management transparency, internal controls and overall corporate governance.

Time-sensitive drivers for change in the environmental space, empirical research into how best to deliver long-term economic growth, and proof points on why strong, clear governance is essential for good business, good markets and good society abound. The case for excellence in corporate ESG behaviours and reporting is becoming irrefutable.

Critically, ESG is no longer seen as a 'nice to do' or a 'box-ticking exercise', but there is increasing recognition that leaders and businesses can "do good" and "do well" at the same time.

As ESG becomes 'business critical', in Hong Kong many companies have committed alongside their global

peers to the sustainability codes and principles that are shaping the international corporate landscape.

And, as an exchange operator and a regulator of listed companies in Hong Kong, HKEX is strongly positioned to support them and push for further change.

HKEX understands that our responsibilities go beyond our status as just an exchange group – our issuers, business partners and the wider community look to us to lead the way and set an example.

Our commitment to being a responsible leader is a critical part of our approach to promoting and progressing our financial markets and the communities that they support.

We recently refreshed our own Corporate Social Responsibility framework; reflecting the strong track record that we have in corporate governance, responsible practices and community engagement, but formalising our activities, providing focus and a company-wide approach which will help us to fulfil our commitments: to the market, our people, the community and the environment.

As the market regulator, HKEX plays a key role in promoting ESG disclosures by listed issuers, which are crucial in ensuring that investors are given sufficient information to make informed investment decisions.

We are proud to have introduced corporate governance standards to our market nearly 20 years ago, and we've continued to strengthen them in the years since.

Indeed, in May this year, we launched a new market consultation on ESG reporting. We are recommending mandatory disclosure in ESG reporting, requiring Boards of Directors to write a statement on the identification, monitoring and subsequent work they have undertaken to enhance their participation in ESG matters. Further, our proposal to require disclosure on climate-related issues echoes the increasing international focus on climate change and its impact on businesses. We look forward to sharing the conclusions of the consultation with the market in due course.

HKEX knows that we, in collaboration with our stock exchange peers, are in a powerful position to drive change. We look forward to continuing to work with you all at the SSE, in order to lead by example and ensure that together, our work continues to be a real force for good.



## José Rafael Brenes Vega

Director General, Costa Rica Stock Exchange

The 10 Year Anniversary of the SSE should fill us with both hope and a sense of urgency. In a relatively short time span, a call to action from the investment community for exchanges and regulators to promote disclosure on listed companies' sustainability performance and strategy found fertile ground in the work of the Global Compact, UNCTAD, UNEP-FI and PRI, and had been carried out and crystallized in the Sustainable Stock Exchanges initiative.

Today, the pioneering group of five exchanges that assumed the task of promoting long term sustainable investment has grown to comprise almost all of its peers in the world. The efforts carried out by the members of the SSE have enabled the concretion of a consensus around key topics on the sustainable agenda and the Initiative has also provided tools for the adoption of best practices and key strategies for the industry to achieve the four SDGs that have been identified as a priority by its members. For all this, there is cause for celebration.

Still, and despite a fruitful decade, the role capital markets should fulfill to address the challenges inherent in the SDGs is far from complete. For small emerging markets exchanges (SEMEs), this is especially significant. In countries where capital markets are in a very early stage, the challenge is to devise rules and regulations that align market development within a sustainable framework without stifling innovation. The surge of fintech solutions and the void they look to fill in terms of under-served financial consumers and small and medium sized companies (SMEs) is a clear example of where opportunities are to be found.

Closing the gender equality gap has proven to be a momentous force to drive development. As has been the case in Vietnam, increased female labor force participation raises the economy's growth potential by increasing the pool of workers available for productive purposes. Gender themed investing, in the form of social impact bonds targeting women led SMEs offers great possibilities form markets where fixed income instruments are traded on the exchanges.

SEMEs may have limited ability to impact decent work and economic growth by influencing listed companies since their number tends to be small. They are, however, very well suited to tend to the needs of SMEs as part of

government policies towards enterprise development, innovation and job creation. On exchange factoring is becoming a prime example of this opportunity. For example, Bolsa de Valores de Lima in Peru has successfully transformed the industry for the benefit of thousands of small Peruvian entrepreneurs.

In a large number of countries with SEMEs, state-owned enterprises have the ability to cast a large shadow on their economic performance. Such enterprises can be found to lack transparency, can be prone to political meddling and in many cases operate with little competition. The discipline of a regulated stock exchange, even with a limited share of these state-owned companies' capital to be floated, offers an excellent path to improved transparency in all aspects of the SGE scope. Colombia has successfully traveled this path and is a good example to follow.

Finally, climate action is perhaps the SDG where SSE efforts impact directly a larger share of the world's population. Emerging economies are nowadays the stewards of the world's natural resources reserves. At the same time, they are consuming these resources in ways that deviate from sustainability goals. It is then vital that SEMEs take full advantage of the SSE Green Finance Action Plan. Costa Rica, in our case, has recently launched an ambitious National Decarbonization Plan 2018-2050 which aims to achieve a zero emission economy by the year 2050. The resources needed to accomplish this goal can only materialize if Bolsa Nacional de Valores, and rest of the actors in the industry effectively engage in promoting green products and services through enhanced disclosure, effective benchmarking, creative partnerships and enhanced visibility.

Let's celebrate SSE 10 Year Anniversary with a renewed compromised to advance its vision of a world where capital market signals align with public policy goals for a better and sustainable world.



## Nicky Newton-King

CEO, Johannesburg Stock Exchange (JSE)

The Johannesburg Stock Exchange (JSE) has had the privilege of being at the forefront of driving the sustainability agenda for capital markets for 17 years, ever since the Earth Summit was hosted in Johannesburg in 2002. In May 2004, the JSE became the first emerging market as well as the first stock exchange globally to introduce a sustainability index, measuring listed companies on indicators related to ESG practices. We were delighted to be a founding partner of the Sustainable Stock Exchanges initiative alongside B3 (Brazil), The Egyptian Exchange, Borsa Istanbul and NASDAQ. This initiative truly anchors sustainability in the business of stock exchanges. The fact that membership has grown from the core 5 to 90 exchanges globally is testament to this.

When we reflect on our own experience as the JSE, it has been encouraging to see the real impact an exchange can have, given its unique place in the financial markets ecosystem. JSE listed companies are now among the best in the world<sup>7</sup> in relation to ESG disclosure. We have grown our ESG product offering to cover different asset classes, we are providing more ESG data, enabling responsible investing and green finance, thereby facilitating the attainment of the Sustainable Development Goals (SDG) and the Paris Accord.

The SSE Initiative has played a key part in raising awareness within capital markets globally on sustainability issues, and in assisting members to transform their initiatives to include the SDGs in addition to the initial ESG imperatives. We congratulate the SSE for this. The journey has moved from the consideration and amendment of the reporting requirements of our listed companies to something much broader. The SSE's activities have helped: to identify priorities for capital markets participants; to assist SSE members in raising awareness of sustainability issues; to provide training on ESG issues to market participants; and to share best practice in the implementation and reporting on sustainability issues. One of the most fundamental contributions made by the SSE has been their development of written guidance for markets on vital issues such as green finance, SME growth, regulation and gender equality. Member exchanges have been a core part of this process, which has also allowed them

to increase their own knowledge and capacity in often cutting-edge areas irrespective of their size or level of development.

Stock exchanges historically have been platforms that efficiently allocate capital, from those who have it, to those who need it, in a regulated and transparent fashion. As conduits of billions of dollars, the role of exchanges in the next 10 years will be increasingly important as the world seeks to aggregate and allocate large amounts of capital in support of achieving the SDGs.

It is vital that member exchanges use the opportunities that the SSE platform provides, to work with regulators, investors, issuers and policy makers about not only the threats that we as global citizens are facing, but also the opportunities that we have to make changes for the better. Achievement of the SDGs, in the required timeframe, is a daunting task, and the use of global capital markets is essential in our quest to improve our world. The SSE is encouraging exchanges themselves to identify SDGs that are appropriate to focus on as a core part of our businesses, and where we can also assist and influence other members of our ecosystems.

We are excited by the growth of sustainability practices amongst our peers, and the platform that the SSE provides in collating the efforts of member exchanges in one place. We look forward to continuing our participation in this critical forum as we increase our efforts in supporting global sustainable development from our unique vantage point.

<sup>7</sup> As per the 2018 SSE Report on Progress



## Jiwon Jung

Chairman and CEO, Korea Exchange

Recognizing the growing importance of sustainability, the Korea Exchange (KRX) joined the SSE Initiative in 2015. Since then, significant progress on sustainability has been observed. For example, the number of partner exchanges joining the SSE initiative has nearly doubled since 2015. Strongly committed to accomplishing the 17 UN Sustainable Development Goals and 169 targets these goals represent, the partner exchanges have actively engaged in ESG-related activities with the help of the SSE.

In an effort to encourage sustainable investment, KRX introduced corporate governance disclosure in 2017. The same year, ESG ETFs were listed on KRX. In 2018, the first KRW-denominated green bond was listed. Meanwhile, the Korean government, for its part, has strived to faithfully implement the Financial Inclusion Action Plan in accordance with Global Partnership for Financial Inclusion (GPII), which was endorsed by G20 leaders at the 2010 G20 Summit in Seoul, under the belief that financial inclusion is and should be one of the main pillars of the global development agenda.

In KRX's opinion, sustainability could not have taken root in the capital markets of SSE partner exchanges, without the SSE's consistent support in terms of research, consensus building and technical assistance.

More than ever, sustainability of humanity and the earth is under serious threat, due mainly to global warming, loss of biodiversity and water shortage. Fortunately, however, technological evolution to cope with this critical challenge is on track. Internal-combustion engine cars that have served as a main means of mobility for more than a century are now being gradually replaced by green vehicles, such as electric cars and hydrogen vehicles. At the same time, fossil fuel is increasingly giving way to renewable energy sources, like solar, wind and hydro power.

Given that UN SDGs deal with environmental concerns, such as affordable clean energy and climate action, and further given that the aforementioned eco-friendly technologies render UN SDGs more attainable, capital

markets—led by exchanges—are reasonably required to make a concerted effort to induce eco-friendly technologies to be firmly rooted in the business ecosystem. Specifically, exchanges and capital markets should act as an incubator for developers of “sustainable technologies”, which are currently deemed unprofitable when compared with the conventional “unsustainable technologies”. Moreover, exchanges and capital markets should help establish a sustainable economy in which “sustainable technologies” play a key role in creating decent jobs and achieving continued economic growth.

Thanks to all parties' strenuous effort over the past ten years, sustainability is no longer unfamiliar to the exchanges, market participants and regulators. Over the next ten years, continued effort is needed to turn sustainability into one of the most crucial factors for consideration in decision making—thus far, exchanges have focused on market efficiency and fairness, investors have prioritized risk and return, and companies have taken profits, as key factors for consideration in their respective decision-making process.

In order for sustainability to be counted as a key decision-making factor, it is imperative that: (1) the exchange and the securities regulators in each country take a more active role in expanding the scope of, and improving the quality of, ESG data disclosure; (2) the SSE continues its research providing examples and frameworks for the pursuit of sustainable and long-term returns to both companies and investors with the integration of ESG factors; and (3) the SSE research-based effort to build consensus on sustainability is maintained. With this in mind, KRX—as the SSE's reliable partner exchange and Official Supporter—reiterates its unwavering commitment to providing continued support for the successful implementation of the SSE Initiative.



## Julie Becker

Member of the Executive Committee of the Luxembourg Stock Exchange and Founder of the Luxembourg Green Exchange



There is an old African proverb that suggests that “If you want to go fast, go alone. If you want to go far, go together.” The SSE initiative is a perfect illustration of the power that lies in joining forces to reach ambitious goals. The numbers speak for themselves and the progress made is impressive. As a group, SSE’s partner exchanges have multiplied their sustainability actions and efforts and become key players in promoting policies and tools that put sustainability centre stage.

SSE offers a unique forum for discussion and exchange of insights and best practises across its network of exchanges, covering topics from green finance to gender equality. Capital markets must drive the transition to a sustainable and transparent economy, and stock exchanges have a unique opportunity to bring about positive change that supports the global goals. With the SSE’s support, exchanges are now actively promoting and contributing to sustainable and transparent markets on all five continents.

On behalf of the Luxembourg Stock Exchange, I would like to thank the SSE for its relentless efforts in bringing sustainability to the top of the agenda for exchanges across the world. The increased focus on sustainability in capital markets—and all the concrete actions that have resulted from this change of mindset—would not have been possible without the strong voice, guidance and commitment of the SSE.

In response to the UN Sustainable Development Goals and the Paris Climate Agreement, we launched the Luxembourg Green Exchange (LGX) in 2016. LGX is the world’s leading platform dedicated exclusively to sustainable financial instruments. Now in its third year, LGX has a 50% market share of listed green, social and sustainability bonds worldwide.

We see it as our role to give visibility to green and social investment projects and thereby facilitate financial investments into projects that have a positive impact on society. Going forward, capital markets can certainly do more to stimulate demand and supply for sustainable investing. We are determined to make the financial system more inclusive, transparent and responsible, thereby ensuring sustainable growth with real-world impact. Education will be key to success, and we actively work to raise awareness around sustainable

finance in the market. In this context, we contributed to the SSE report on “How stock exchanges can grow green finance” and the related voluntary action plan two years ago.

Considerable funding is needed to fight the effects of climate change and support a transition into a low-carbon and sustainable economy. Together with other market players, exchanges need to encourage issuers and investors to tap into this market, and thereby reorient capital flows so that financial markets become frontrunners in the global movement to create a better and fairer society for all.

Investors increasingly want to know where their money is going and what impact their investments will have for future generations. Exchanges play a crucial role in building safe and transparent markets and should advocate for enhanced disclosure. We have to make sure that all issuers comply with their reporting requirements and that they deliver on their commitments when it comes to the use of proceeds and their impact. Only in this way can we strengthen investors’ trust in—and appetite for—sustainable investments. We need to provide investors with access to meaningful, transparent and comparable data that they can easily understand and use as a basis for their investment decisions.

I am pleased to share that the Luxembourg Stock Exchange will publish its “Guide to ESG reporting” this fall. This is one of the ways in which we help educate market participants on ESG aspects and reporting, and how we foster a broader awareness of this topic amongst issuers and investors alike.

The SSE has accomplished a lot over the past ten years and has been a driving force in making sustainability an integral part of the strategy and operations of exchanges worldwide. When speaking with one voice, we can shape the global debate, mobilize market players and create transparent and sustainable markets that support the global goals.



## Pakorn Peetathawatchai

President, The Stock Exchange of Thailand (SET)

The United Nations Sustainable Stock Exchanges initiative has reshaped the global capital market through its peer-learning platform that actively engages capital market stakeholders worldwide through a variety of activities, including global dialogue events and symposiums. I truly appreciate the SSE's support that has inspired and encouraged SET to learn from best practices, fuel broader awareness and action through sharing SET's own sustainability journey stories, and lead by example.

For the future, I envisage the SSE continuing its mission in building capacity of capital market stakeholders to promote responsible investment. To achieve this, the SSE could support global exchanges by leveraging its strong network with a diverse range of exchanges, including developed, emerging and frontier markets, and other stakeholders in collecting and sharing business cases for Environmental, Social and Governance. These business cases would help convince companies to think more long-term and underline the benefits of ESG integration into business activities in not only social and environmental aspects but also the economic front—the bottom line. The business cases could also offer global perspectives and investor insights into sustainable investing. Moreover, the SSE could provide guidelines and technical assistance for exchanges on how to successfully launch ESG products. In doing so, the SSE could engage with exchanges and share their success stories which would benefit peer exchanges to advance sustainable finance agenda through products and services.

Given all this, the capital markets worldwide could support the scaling-up of sustainable finance and reorientation of investment flows. Hence, the full potential of the capital market system could be harnessed to serve as an engine in promoting the transition toward an inclusive and sustainable economy and contribute to the achievement of key global objectives, including the United Nations Sustainable Development Goals (SDGs) and Paris Accord. SET will strive to strengthen collaboration with the SSE and other global partners for a sustainable future for all.

On this auspicious occasion of the SSE's 10 year anniversary, I would like to extend my best wishes to friends and families at the SSE. Your efforts have proven fruitful and contributed to a big shift toward sustainable development in the capital markets worldwide. I sincerely appreciate your continued support and look forward to making concerted efforts to further promote sustainable development through global partnership for the years to come.





## Raffaele Jerusalmi

Group Director of Capital Markets and Board Member,  
London Stock Exchange Group

Stock exchanges are systemically important financial market infrastructure providers and as such can make a significant contribution to global sustainable growth. At London Stock Exchange Group (LSEG), we are acutely aware of the positive role we can play in the economy and society and have embraced this role in our purpose statement, recognising the impact we have on financial stability and sustainable economic growth by enabling businesses and economies to fund innovation, manage risk and create jobs.

The UN Sustainable Stock Exchanges initiative has brought together global exchanges in a pioneering knowledge sharing community which has quickly turned into a platform for driving action. LSEG joined in 2014 and was immediately involved in the SSE campaign for closing the sustainability reporting gap. We were honoured to chair the working group that developed the SSE model guidance on ESG disclosures, which we then used as the foundation for our own ESG best-practice reporting guidance for issuers, published in early 2017.

The SSE has played an important and much needed role in spreading globally the message about ESG transparency, accelerating the convergence of international capital markets towards higher standards. However, research conducted by LSEG's global index provider FTSE Russell in collaboration with the SSE last year, found that, to date, only 48% of large listed corporations disclose greenhouse gas emissions – highlighting that there is still much more work to do. And to this end the SSE can lead the way in the dialogue with regulators, such as IOSCO, to facilitate global regulatory best-practice in ESG reporting.

But better reporting is just one item on the sustainability agenda. Given the levels of capital needed to fund the transition to a more sustainable economy and meet the objectives of the Paris Agreement and the 2030 Sustainable Development Agenda, the real impact potential of capital markets lies in their ability to be able to efficiently raise capital for sustainable assets and projects. The SSE has done work in this area – by promoting green bonds and green finance more in general - but the scope for innovation to make sustainable finance more accessible is still huge.

We look forward to continuing our collaboration with stock exchanges around the world – particularly in emerging markets – as part of the UN SSE platform. We commend the UN's leadership in this space over the past decade through the consolidation and global uptake of international reporting and transaction standards, bringing together issuers, intermediaries, investors and regulators for a common cause.



## Ed Tilly

**Chairman of the Board, President and CEO,  
Cboe Global Markets**

### All Exchanges Have a Role to Play in Sustainability

In the corporate world, long-term solutions can be hard to justify in the present. With an obvious necessity to address immediate business concerns and an unrelenting focus on revenues and profitability, publicly listed companies have made it a top priority to act in the best interests of their shareholders – a strategy sometimes viewed as controversial.

However, what the SSE, or Sustainable Stock Exchanges Initiative, has demonstrated over the last decade is that shareholder values and sustainable principles are not in conflict with one another – or at least, they don't have to be. The goal of sustainability is to implement change today that can have a lasting impact on future generations. And no one can hold a company more accountable to this goal than the investing public.

Exchanges have always had a higher purpose to create and operate fair, trusted and orderly markets. As one of the world's largest exchange holding companies, offering trading across multiple asset classes – options, futures, U.S. and European equities, exchange-traded products (ETPs) and global foreign exchange (FX) – Cboe Global Markets provides so much more than listings standards. We provide neutral marketplaces for enacting trades, empowering global investors of all sizes to make their own investment decisions.

Investing isn't simply about buying and holding a stock based on its listing standards or latest quarterly earnings report. It's about constant participation and the ability to take action in our liquid markets. Market participants are acting and reacting in real-time and exchange-traded derivatives can provide greater efficiency and precision for a wide range of investment goals, including those focused on a company's or industry's ESG efforts.

Our mission at Cboe is to define markets not only for those who participate in our economy today but for future generations that will rely on the utility and efficiency of the products and services we provide and the transparency and resiliency of our financial system for the next decade and beyond.

In 10 short years, the SSE has become a leading voice on sustainability, helping define exchanges' roles in educating companies on how they can incorporate sustainable principles. Cboe is proud to participate in the SSE's 10th anniversary celebration, and we cannot wait to see what the next decade brings.

We look forward to working with the SSE to continue growing the ranks of SSE partner exchanges beyond traditional listing exchanges. Whether an exchange specializes in equities, ETFs, financial derivatives, commodity derivatives or FX products – all exchanges have a role to play in sustainability.



## Olga Cantillo

CEO of the Panama Stock Exchange



The Panama Stock Exchange (BVP) congratulates the Sustainable Stock Exchanges initiative for its 10th year anniversary. The SSE has contributed significantly in raising awareness on the importance in integrating best practices for more sustainable and transparent capital markets.

More than 90 stock exchanges worldwide have joined the initiative and this, indeed, is a result of their mission. During these years the SSE has contributed with an important amount of guides, recommendations and statistics through different publications, some of which have been a joint efforts with other associations and working groups by stakeholders of the industry.

The participation of the SSE in different annual and worldwide events enables stock exchanges, issuers, investors, regulators and policy makers, to benefit from the experiences and recommendations of the participating market players, facilitating them in application, not only for best practices, but also on trends for sustainable finance.

The role of our markets has been redefined by investors, our employees, shareholders, and society in general, to not only deliver value, but most importantly to contribute to our society by integrating the sustainable development goals as core in our businesses with high ethical standards. The SSE plays an important role in meeting these expectations and demands, and to understand the reality of these changes that we need to address. That is why, their support, guidance and advice becomes more relevant for all market players.

The Panama Stock Exchange (BVP) has identified and included sustainable finance as an important pillar in its strategic plan to promote sustainability principles, responsible investments and ESG principles within its capital market. In addition the BVP has incorporated the Sustainable Development Goals (SDG) in its Corporate Social Responsibility Program. As part of its commitment to a sustainable and transparent capital market in Panama, BVP became part of the Sustainable Stock Exchanges (SSE) initiative in 2018, has celebrated for the past two years *Ring the Bell for Gender Equality* and endorses the Women's Empowerment Principles. In May 2019, it became the first Latin American stock exchange to join the Climate Bonds Partner Program, further strengthening its commitment to promote sustainable finance among local and regional players. Additionally, BVP has established with UNEP FI and ANCON (a non-profit organization for conserving the natural resources and biodiversity of Panama) a Sustainable Finance Working Group. The objective of this group is to establish a road map in Panama to have a model of co-responsibility among all the actors of the financial sector for the sustainable development of the environmental, social and governance management of the country.

We encourage the SSE to continue with its efforts and contribution to sustainable and transparent capital markets for the 10 years to come.



## Mohammed Omran

Chairman, Financial Regulatory Authority, Egypt

The increasing frequency of natural disasters and soaring temperatures caused by climate change stand out as a “clear and present danger” for all to see. Economies and their growth trajectory in addition to the livelihoods, and wellbeing of vulnerable populations across the globe are in the line of fire. Rising to the urgency of this crisis requires exceptional solidarity and unified action among countries, international organizations, private sector, civil society and public institutions.

Transforming the current financial system is a necessary and urgent step, if we are serious in addressing current crisis, starting climate change mitigation and adaptation efforts and fulfilling the promise of the SDGs. Stock exchanges, regulators and policy makers have long perceived the need to integrate sustainability into the global financial global system and have promoted the acknowledgment of climate change as a systemic risk to financial markets. I am really proud that during my tenure chairing the Egyptian stock exchange, I was one of the founders and ardent believers of the SSE initiative in 2009. Thus enabling the Egyptian Exchange to become one of the first five international exchanges to join SSE.

Tacking stock of SSE during its 10 year anniversary celebration and witnessing it thrive throughout the years, brings me confidence that we as regulators and financial institutions are on the right track to actualize a sustainable finance and responsible investment ecosystem that complements our vision of creating circular economies everywhere. SSE has been successful in attracting even investors, issuers from around the globe through experience sharing, policy guidance and stakeholder dialogue. With a drive for capacity building, it has provided invaluable information, guidelines and publications to all its members and the public alike. I have had the honor of chairing the advisory Group on Securities Regulators and we have successfully published an experience sharing document on ‘How securities regulators can support the Sustainable Development Goals’.

SSE’s impact has further materialized through the adoption of ESG (environmental, social and corporate governance) as a priority area for many companies. Significant number of stock exchanges and regulators are involved in much needed healthy competition and have developed their own ESG guidelines and many of them have already enforced ESG company disclosure in their respective countries.

Within this dynamically evolving environment, The Egyptian Financial regulatory authority (FRA) is also stepping up its sustainability efforts. Towards the end of 2018, a dedicated policy department to support sustainability practices has been created and we have recently issued a sustainable development strategy and published our first sustainability report. FRA acted as a supporting institution of the UNEP- FI Roundtable for Africa and Middle East that took place in Cairo to promote sustainable finance. It has also co-organized a side event with UNEP-FI to introduce Principles for Sustainable Insurance to the insurance sector in Egypt. As a result, a new partnership was announced with UNEP FI and the Egyptian Insurance Federation to work on the first sustainable insurance strategy in the region.

FRA is currently in the process of creating a “FRA knowledge cluster” housing 4 centers affiliated to FRA and will be providing comprehensive trainings, certifications and research for the financial market. The newest center of these four centers will be the “Sustainable Finance Center of Excellence” (SFCE) for the MENA region and is expected to launch by early 2020. The center aims to develop harmonized sustainable finance strategies and policies, develop partnerships with academia to drive research and analytics about sustainable finance, and encourage the private sector to invest more responsibly and help financial companies create green financial facilities.

Although the challenges are not easy, I know that the propelling effect of SSE will remain strong in leading us all towards the path of sustainability.



## Nezha Hayat

CEO and Chair, Capital Markets Authority, Morocco



The last 10 years have been marked by a global movement towards integrating sustainability into financial markets and various market players (regulators, exchanges, investors, issuers and policy makers) have been increasingly working to achieve this objective. In Morocco for instance, sustainable development is recognized as a national priority underlining several public policies. Hence, and since the COP 22 held in Marrakech, the focus of AMMC action with this regard was to create an enabling environment for fostering the development of sustainable financial markets both locally and regionally.

To do so, a progressive and integrated approach has been adopted, covering a large scope of matters such as governance, ESG reporting, SME financing and sustainable financial instruments. In addition, the tools used were also diverse, ranging from providing guidance and engaging market players in building consensus around the proposed frameworks to amending the market regulations in order to require and incentivize more sustainable practices from market players.

However, the progress made in Morocco and globally could not be achieved without the contributions of local stakeholders, but also international networks and initiatives such as the SSE and its partners. Indeed, the valuable insights and assistance provided by the latter allow capital market regulators and policy makers to align their frameworks with international standards and adopt best practices by benefiting from leading experiences worldwide, which is a considerable gain given the high stakes of creating sustainable financial markets.

Considering the increasing complexity and interconnectedness of markets globally, the role of the SSE initiative will be more relevant over the next 10 years, especially for emerging markets. Those markets present high climate vulnerabilities as well as a high potential to contribute to the creation of sustainable economies globally. Accordingly, the SSE initiative's work will be highly helpful in keeping the momentum of concerted action towards achieving sustainable financial markets and ensuring their global coherence.

Integrating sustainability in financial markets is no more an option, but a necessity given the global objectives of addressing climate change and ensuring sustainable development. Financing needs are huge globally, and important financing gaps need to be closed in many parts of the world, like in Africa. Therefore, sustainable financial markets will play a vital role in channeling financial flows towards initiatives contributing to achieve key global objectives, particularly in the field of infrastructure in less developed countries.

**Bloomberg**



## Mary Schapiro

Vice Chair for Public Policy, Bloomberg and 29<sup>th</sup> chair of the United States Securities Exchange Commission

Bloomberg was built on the notion that transparency in financial markets is essential for growth and stability, and transparency on sustainability issues is no exception. As such, we constantly strive to provide our clients – the business, financial, and policy communities – with sustainable finance solutions, providing new and expanded datasets, indices, analysis and news to build a more sustainable future.

We believe in leading by example, which is why we integrate ESG into our conventional financial products, publicly report on ESG factors that impact our business, and are the first U.S.-domiciled corporate retirement plan sponsor to join the Principles for Responsible Investment.

Joining the SSE initiative is an important step by stock exchanges to, as Mike Bloomberg likes to say, ‘lead from the front.’ This is why we have been pleased to see the SSE grow from five partner exchanges in 2012 to 90 today. However, partnering with the leading listed equity exchanges globally is just the first step. To achieve a world where capital market signals align with public policy goals on sustainable development, stock exchanges have more critical work ahead of them.

A central issue on which stock exchanges can become more engaged is climate change. Private- and public-sector leaders increasingly recognize that addressing the impacts of climate change is not just a matter of ideology or morality; it is also an economic imperative for all actors in the financial markets. The foundation for identifying, managing and mitigating the risks of climate change, is disclosure. The foundation for making capital allocation decisions informed by an understanding of the impacts of climate on a company is disclosure. The foundation for markets that are fair, efficient, transparent, and properly price and mitigate risk is disclosure.

Initiatives like the Task Force on Climate-related Financial Disclosures (TCFD), which Mike Bloomberg chairs, drive improvements in transparency from issuers and provide the decision-useful information that investors increasingly demand. We applaud the many exchanges that have announced support for TCFD and begun work with listed companies to enhance their disclosure of climate-related issues. We now call on stock exchanges around the world to not only endorse TCFD, but to integrate climate-related disclosure in line with the TCFD recommendations into their reporting guidelines and listing requirements.

Helping issuers and investors better manage risks, identify opportunities from the transition to a low-carbon global economy, and allocate capital more efficiently – will ultimately drive more sustainable, stable economic growth.

No one actor can do this alone. Working in collaboration, the SSE and its partner exchanges can build on some of the excellent resources already available today. For example, the Sustainability Accounting Standards Board (SASB) and Climate Disclosure Standards Board (CDSB) *TCFD Implementation Guide*, which provides practical guidance for companies to provide TCFD-aligned reporting to investors.

We look forward to working with the SSE, its partner exchanges, as well as securities regulators and other policy makers, to drive better disclosure and promote a smooth transition to a low carbon economy.

Securities Regulators



## Maurice Tulloch

CEO, Aviva



In the ten years since the launch of Sustainable Stock Exchanges initiative, the world has slowly woken up to the importance of sustainable finance. As well as stock exchanges, more policymakers, regulators, investors and consumers than ever are concerned about the sustainability of capital markets. They are also getting behind reforms that are so urgently needed to improve it.

The SSE has been a key part of these efforts. Over the last decade, the biennial SSE reports have helped significantly improve disclosure of sustainability indicators. Among the 78 partner exchanges of the SSE in 2018, 39 now produce guidance for companies that list. Much more importantly, 16 of them require mandatory ESG reporting compared to just two in 2008.

While we are slowly getting to grips with the challenge, so much more is needed before we can achieve the ambition we have set with the Agenda 2030 and the Paris Agreement. Seen from that perspective, the pace and scale of change to date has still been nowhere near enough.

We need to be bold in our ambition and recognise that nothing less than a radical reshaping of global markets will be enough to give the planet a sustainable future. In part, this will depend on making sure we all have access to the right information. And so, encouraging more firms to disclose ESG information remains as important as ever.

Stock exchanges around the world need to continue requiring higher disclosure standards from companies who wish to list and encourage their regulators and standard setters to do the same. And while the SSE efforts have helped harmonise reporting practices nationally, investors need comparable disclosure across borders too.

This is where an organisation like the International Organization of Securities Commissions (IOSCO) would be best placed to support a globally harmonized approach for reporting investor-useful sustainability disclosures. The very welcome fact that IOSCO and the World Federation of Exchanges are now both

substantively engaged in sustainability integration into corporate reporting and investment decision making means we should see this work scale up significantly in the future.

Within its capacity-building arm, the SSE has built knowledge in areas such as green finance and gender equality. We can only encourage a greater coverage of issues in the future, to include human rights for example. The SSE should also continue being a platform that explores how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency on sustainability issues.

Ultimately, improving disclosure alone will not be enough to meet the Sustainable Development Goals. Companies need to be held publicly accountable for their impact on the planet, so they change their behaviour accordingly. This is why we launched the World Benchmarking Alliance (WBA) with the governments of Denmark, The Netherlands and the United Kingdom. It is there to rank the world's largest companies on their performance against the SDGs. By providing this information in a simple, free and accessible manner to consumers, investors and governments, it can help change the way companies do business.

Aviva has long been challenging stock exchanges to promote more consistent, comparable disclosure on sustainability issues, from first proposing this work in 2008 and subsequently leading an investor collaboration. We are proud to be a founding partner of the SSE initiative and to support the work of the UN. This sort of collaboration between all actors in the system is the only way we can make the changes we need. The last ten years show we can make a difference. We look forward to continuing to play an active role in the next decade too.



## Stephanie von Freideburg

COO, International Finance Corporation (IFC)

Helping developing countries maximize their resources to achieve inclusive and sustainable development requires creating deep, resilient local capital markets to unlock private financing. Well-functioning capital markets help governments and the private sector crowd in the necessary financial resources to spur economic growth and meet the ambitious goals of the 2030 Agenda for Sustainable Development. They provide investors with investment and wealth creation opportunities. They provide companies with the equity and long-term debt to grow, innovate, and create jobs. Capital markets can also provide governments with access to long-term local currency to finance infrastructure projects and to develop their human capital, both of which are essential for the private sector to operate and communities to thrive.

But none of this is possible without trust. Trust is at the heart of well-functioning capital markets, built on an unrelenting commitment to transparency, accountability, and reporting that goes beyond the balance sheet.

This shared commitment is what brought together IFC and the United Nations Sustainable Stock Exchanges initiative. Through our partnership, we design joint training activities and provide technical assistance to emerging-market stock exchanges and regulators on environmental, social, and governance disclosure. Our shared goal is to increase transparency and responsible investment across emerging markets.

Stock exchanges and regulators can be trailblazers in emerging markets, setting business and reporting standards fit for capital market development, while at the same time integrating sustainability and long-term perspectives into those markets. And we have seen these markets benefit from best practices and hands-on support to develop and implement sustainable finance mechanisms and ESG regulatory frameworks.

That's the thinking behind leveraging both IFC's Beyond the Balance Sheet – Disclosure and Transparency Toolkit and SSE's Model Guidance on ESG Disclosure to deliver ESG reporting guidance. Exciting progress is taking shape. Using these tools, stock exchanges and regulators in Kenya, Peru, Georgia, the Philippines, and Kazakhstan have launched national ESG reporting guidelines. Several other countries, including Ethiopia, Rwanda, Vietnam, Indonesia, Iraq, and Saudi Arabia, are also moving forward using IFC's and SSE's tools and guidance.

These country efforts and commitments exemplify the importance of how tailored, context-specific capital market solutions are critical to building trust and advancing development. When local stock exchanges and regulators in emerging markets produce ESG disclosure rules that meet specific local needs, opportunities throughout the entire investment chain begin to take shape. Investors see potential where they once lacked information or encountered roadblocks. ESG disclosure and transparency help not only spur the financing needed for development, but also create more sustainable companies, with those who adopt the best standards getting better access to funding from the markets. These results are a win-win for capital market development and for advancing the 2030 Agenda for Sustainable Development. And we all need to remain committed to this path moving forward.





## Mindy Lubber

CEO, Ceres Investor Network



Let's accelerate our work with regulators and exchanges on climate risk -- while we can still make a difference

Last year, both the U.S. government and the Intergovernmental Panel on Climate Change (IPCC) reported on the economic need to respond to climate change. The Fourth National Climate Assessment found the U.S. could lose up to 10-14% of GDP by 2100. The IPCC predicted an average global temperature rise of 1.5 C would inflict up to \$54 trillion in damages to the global economy by then; a warming of 2 C would mean \$69 trillion.

Yet capital markets are not addressing climate risks with the urgency needed, especially in terms of disclosure. Investors, rating agencies and companies themselves lack the information to evaluate and price climate risks responsibly.

The Sustainable Stock Exchanges initiative deserves enormous credit for ten years of improving global environmental, social and governance (ESG) risk disclosure, including climate risk. In 2010, the Johannesburg Stock Exchange became the first to require listed companies to move to integrated reporting. At that time, two thirds of exchanges did not provide sustainability reporting guidance for listed companies, and only 25% said they would consider altering listing rules to oblige companies to assess their sustainability.

Today, most of the world's exchanges work with the SSE. Thirty-nine, as of Q3 2018, provided written guidance on ESG reporting, a significant improvement. This progress has indeed motivated more and better ESG disclosure.

But it is not enough – more needs to be done, and at an accelerated rate. The SSE itself has noted the overall slow pace. Its 2018 report on progress evaluated companies' disclosures across seven factors, including greenhouse gas (GHG) emissions and energy use, finding wide disparities between markets, with companies in many developed markets lagging significantly.

If capital markets are to contribute to global objectives like the Paris Climate Agreement, both they themselves and corporations need to make rapid, major changes

in approaches to sustainability. Mandatory disclosure is an important part of the path forward.

We have been pleased to see the sharp rise in the number of stock exchanges with mandatory disclosure in recent years, now up to 24 according to the SSE database. And we are also encouraged by the leadership of a growing number of central banks examining climate risk as part of the *Network for Greening the Financial System* which now includes 42 Members and 8 Observers, representing 5 continents. Despite these important gains, not all major markets are yet mandating ESG disclosure and guarding against the systemic financial risks of climate change. It is in this context that during my Congressional testimony in July, I voiced Ceres' strong support for the Climate Risk Disclosure Act of 2019, which would mandate disclosure for publicly held companies in the United States.

It's a good sign such legislation is being introduced. Another good sign is that the Commodities Futures Trading Commission (CFTC) has created a climate-related market risk committee to "identify and examine [climate risks], and determine what future actions policymakers and market participants must consider to mitigate [them]."

We have only until 2021 to make bold, systemic changes to the ways capital markets address climate risks *if* we are going to meet the Paris 2030 goals. The SSE's work is thus more important than ever, especially given the current global patchwork of disclosure systems.

With its decade of leadership, the SSE is well-positioned to do more, and more quickly. It will be able to work with even more financial regulators and policy makers, grapple with differing national priorities and laws, and address corporate concerns about the costs of mandatory disclosure.

Ceres looks forward to working with the SSE with a joint, renewed, sense of urgency. The next decade will be critical for capital markets facing climate change risks. And the next several months will determine whether we're going to move quickly, broadly, and boldly enough to manage those risks. We're grateful to be in this fight alongside the SSE.



## Camilla Seth

Managing Director, The Finance Hub

The Finance Hub would like to commend the SSE for its extensive work engaging both stock exchanges and security market regulators to advance our shared goals of greater transparency in the financial markets around sustainability issues. As an implementation partner of the Gordon and Betty Moore Foundation, created to advance sustainable finance, we recognize the importance of improved disclosure and transparency, and the significant contributions that exchanges and regulators can and are making.

The Moore Foundation began supporting this work through a grant partnership the SSE undertook with Ceres to focus on engaging stock exchanges and regulators on improving corporate transparency on sustainability issues. Today, close to 50 percent of stock exchanges --42 exchanges -- provide their market with official ESG disclosure guidance. We believe that such guidance can help educate companies on the business case for reporting, as well as serve as practical tool for advancing their reporting journey. This signal from any stock exchange is an important step in preparing its market for mandatory reporting requirements. We look forward to continuing to work with SSE on advancing its agenda.

One important addition to the landscape of information on sustainability risk is the Inevitable Policy Response (the IPR). IPR is a major new climate forecast which aims to prepare financial markets for climate-related policy risks. It has the potential of further improving corporate disclosure.

The IPR initiative, developed by Vivid Economics, Energy Transition Advisors, and the Principles for Responsible Investing, contends that financial markets today have not adequately priced-in the likely near-term policy response to climate change. It considers that the market's default assumption is that there will be limited further climate-related policies in the near term beyond those announced to achieve the Paris Agreement goals. But it is inevitable that governments will act more decisively than they have so far, especially as the realities of climate change and its impact on people and our physical environment become increasingly visible.

The key questions are when they will do so, what policies they will use, and where the impact will be felt. IPR forecasts a response by 2025 that will be forceful, abrupt, and disorderly because of the delay. It quantifies the impact of this response on the real economy and financial markets:

- On the macroeconomy, energy and land systems
- On key sectors, regions, and asset classes
- On the world's most valuable companies

It therefore provides investors with a unique tool for navigating a complex, evolving policy and regulatory landscape – to enhance portfolio resilience and inform strategic asset allocation. We hope that the IPR will help inform decision making and disclosure efforts across the financial system – including the work of stock exchanges and regulators. And again – we congratulate the SSE for the valuable role it has played in accelerating these efforts.



## Tim Mohin

### Chief Executive, Global Reporting Initiative (GRI)



Global Reporting Initiative (GRI) strongly supports the SSE initiative and its mission to help capital markets effectively utilize environmental, social and governance (ESG) disclosures.

Looking back over the past decade, the SSE has had a growing role in advocating for increasing the amount and quality of ESG disclosures by listed companies. Under the leadership of the SSE, the number of stock exchanges providing guidance and training on ESG disclosure has increased year-on-year.

Over this period, we have also seen GRI's role and influence in global markets increase substantially. ESG reporting has gone from being a niche exercise to one that is in the mainstream of good corporate practice. Today, more than 90% of the world's largest 250 corporations by revenue report on ESG, of which three-quarters use the GRI framework. In addition, the GRI Standards are referenced or required for ESG disclosure in 61 policies by regulators and stock exchanges in 45 countries.

GRI and the SSE collaborate to drive consistent, high-quality ESG reporting around the world. This is paying off, with new ESG disclosure mandates and reporting guidance being issued by market regulators. Recent examples include GRI supporting two SSE members, the Colombo and Dhaka Stock Exchanges, to create new ESG reporting guides for listed companies.

While these developments are encouraging, more still needs to be done to drive uptake and disclosure by listed companies. GRI and SSE will continue to work with regulators and exchanges towards more consistent, high quality ESG reporting.

In addition, the SSE is making welcome progress to support stock exchanges to embed sustainability into their own governance and business practices. As we look ahead, urging capital markets to complete the transition to a green economy will be crucial.

We are approaching the five-year milestone since the unanimous adoption of the Sustainable Development Goals (SDGs) – and in 2020 countries will submit their national contributions for each goal, as well as their obligations under the Paris Climate Accord. It is clear that the pace of change and private sector participation must increase. GRI's collaboration with the SSE will help focus on the contributions of the private sector by aligning capital with sustainable business practices.

GRI is honored to partner with the SSE to contribute towards this all-important mission. Working together, we can help companies and investors stimulate responsible investment and thus contribute towards achieving global sustainable development.



## Madelyn Antoncic

CEO, SASB Foundation

As global capital markets face an emerging and constantly evolving set of 21<sup>st</sup> century challenges, the appetite among key market participants to address these risks and opportunities head-on has been a welcome and deeply reassuring development. Indeed, the proactive engagement of the world's stock exchanges, securities regulators, investors, issuers, and policymakers not only will be helpful but essential to driving sustainable, inclusive economic growth over the long term.

In this regard, the Sustainable Stock Exchanges (SSE) initiative and its partners have made significant and ongoing contributions to ensure that markets are fit for purpose in the face of daunting macroeconomic trends such as climate change, resource constraints, population growth, technological innovation, globalization, and more. Large-scale challenges call for large-scale solutions, and it's only by harnessing the power of our markets that collective global efforts will be equal to the task.

Of course, much work remains to be done—and, as essential market infrastructure, the 90 partner exchanges of the SSE are poised to help lead the way. Only when sustainability is firmly embedded at the core of capital markets can the forces of free enterprise deliver outcomes that are mutually beneficial to companies, and their investors, employees, and other stakeholders as well as to the world in which they operate.

At the Sustainability Accounting Standards Board (SASB), we believe our standards are a key piece of this new infrastructure. By providing environmental, social, and governance (ESG) metrics companies can use

to help investors allocate financial capital to its most efficient users, our standards find the common ground where business incentives are aligned with societal interests, enabling win-win solutions that transcend zero-sum naysaying and create shared value. By standardizing disclosure to operationalize key issues for companies and investors across the globe, we create a “race to the top” that meets the challenge of scale.

After all, in order for markets to be allocationally efficient, they must first be informationally efficient. Meaningful progress against social and environmental goals—such as the Sustainable Development Goals or the Paris Accord—will require helping companies and investors understand how and where they can contribute without straying from their core objectives and while still upholding their fiduciary responsibilities. The nearly 50 SSE partner exchanges that have issued sustainability reporting guidance clearly recognize the importance of this market mechanism, and their leadership will continue to be a beacon for innovation and restorative change.

Today's businesses and investors are grappling with new risks and opportunities that reflect an evolving competitive landscape. With the help of market-based solutions like the SSE and SASB, tomorrow's businesses and investors will be better equipped to navigate these shifting sands. Relevant, reliable information is the bedrock of stable, resilient, and efficient markets, which in turn are a necessary precondition for sustainable economic development. When we transform markets, we transform the world.



## Charles Tilley

CEO, The IIRC

The International Integrated Reporting Council congratulates the Sustainable Stock Exchanges initiative for driving powerful and impactful action to embed sustainable development within capital market decision-making on this, its 10<sup>th</sup> anniversary.

The pace of change has been truly remarkable, evidenced by the shift in global risks identified each year by the World Economic Forum. The world has transitioned from one dominated by financial and economic risks to one where climate, population and social risks dominate. Ten years ago, those calling for sustainable development to be put at the heart of the way our markets operate and the way we do business were loud and passionate, but also in the minority.

Nowadays, there is a huge shift in understanding the inextricable link between financial stability and sustainable development. It is something we have seen through the companies that have embraced the concept of value creation and embedded the principles of integrated reporting in over 70 countries globally.

However, whilst there has been an awakening to the urgency in tackling these issues – especially through the agreement of the Sustainable Development Goals and the Paris Climate Accord – that doesn't mean these are issues that are simple to tackle, however willing we are.

To be successful, we will need to adopt a fresh approach and a new way of thinking not just within individual businesses – but across entire markets. Stock exchanges will have an important role in achieving this. We will have to shift to an outcomes-based philosophy, based on value creation not just for organizations and their shareholders, but also for broader society.

We will need to embrace emerging megatrends, such as the fourth industrial revolution, and ensure they do not add to the economic and social polarization apparent in many societies today, but are used to further our understanding of the intangible value all organizations have and how we can use these resources and relationships to create value.

For us at the IIRC, in the next ten years we will be working with our partners to ensure the corporate reporting system is supporting effective, robust disclosure. We know that the reporting landscape can be daunting to those organizations wanting to take their first steps towards better reporting, given the number of initiatives in the space. We will work with our partners to provide better clarity, consistency and coherence.

We also know that organizations need guidance and we will be sharing best practice examples of businesses that are embedding integrated thinking within their organization to ensure sustainable development is at the heart of all of their activities.

With the support of organizations such as SSE, we will also be hardening our asks of stock exchanges to ensure they are using their unique influence to drive the wholesale changes necessary. Over the last ten years, SSE has worked with so many stock exchanges internationally to lay the foundations for this. Many of these stock exchanges, including South Africa, Singapore and Germany have led by example by adopting the principles of integrated reporting themselves. We look forward to the next ten years during which, we are confident there will be many more stock exchanges signposting to and encouraging sustainable development best practice.

At the IIRC, we have learned that the most drastic changes come when organizations are shown the benefits of embracing sustainable development and adopting these principles because the Board and top management believes in their importance, rather than when they are forced into action. We look forward to welcoming ever increasing numbers of these advocates into our coalition – Our goal, after all, is to develop the system so that it is fit for purpose for a 21<sup>st</sup> century responsible capitalism world.



## Mardi McBrien

Managing Director, Climate Disclosure Standards Board

The Climate Disclosure Standards Board (CDSB) commends the ambitious work of the SSE initiative in advancing environmental, social and governance (ESG) reporting guidelines. By bringing together stock exchanges with subject matter experts, the SSE has produced model guidance that is technically robust and practical to promote responsible investment while advancing corporate performance on ESG issues. This is complemented by the Initiative's work with securities regulators, which is instrumental in implementing measures to create sustainable and transparent capital markets worldwide.

The SSE celebrates its 10-year anniversary at a time where the role of capital markets in contributing to global objectives, such as the goals of the Paris Agreement, is increasingly gaining prominence.

In fact, disclosing the financial risks and opportunities that climate poses to companies and investors, lenders, and insurers lies at the heart of the Financial Stability Board (FSB). The growing momentum for implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations reflects the shift towards greater transparency in climate reporting to make markets more efficient and economies more stable.

SDG12.6 on Sustainable Consumption and Production, encourages “companies to adopt sustainable practices and integrate sustainable information into their reporting cycles.” The TCFD recommendations are designed to facilitate comparable, clear and consistent disclosures from organisations within the mainstream report through the use of frameworks such as the CDSB Framework. Such disclosures will support informed decision-making by the investment community in underwriting risk and allocating capital towards projects and organisations that support sustainable practices in the transition to a low carbon economy.

However, aligning with a 1.5C transition pathway will require extraordinary financing outside of what Governments and the public sector can mobilise alone. The OECD estimates that limiting temperatures in line with the Paris Agreement will require USD 6.9 trillion per year<sup>8</sup> in infrastructure investment by 2030. This is where private capital will play a critical role in driving action and fostering innovative financing mechanisms to make progress on SDG 13 Climate Action.

Taking urgent action to combat climate change and its impacts (SDG 13) presents not only financial risk but also significant financial opportunity. Conservative estimates put the economic gains from a transition to a low carbon economy at US\$26 trillion<sup>9</sup> over the next 11 compared with business-as-usual. Global capital markets are therefore singularly positioned to contribute to—and benefit from—an extraordinary economic shift.

CDSB's “Climate Resilient Stock Markets” report<sup>10</sup>, identifies that stock exchanges are uniquely placed to strengthen economic and climate resilience. Although the 2019 TCFD Status Report shows that the provision of corporate information on climate change has improved,<sup>11</sup> the results also highlight the need for greater and more rapid uptake of the recommendations and higher-quality disclosures. Without comparable and consistent disclosures, organisations are less informed about the risks they face and the ability and efficiency with which markets can allocate capital to its most productive uses over the medium to long term – a crucial enabler of strong and sustainable economic growth – is undermined.

CDSB looks forward to supporting SSE in their continued success in collaborating and developing partnerships among stakeholders. The Initiative's important work will drive long-term impact in shaping sustainable and transparent capital markets worldwide and contributing to the achievement of SDGs 5, 12, 13 and 17.

<sup>8</sup> OECD (2018), Financing Climate Futures

<sup>9</sup> New Climate Economy (2018), Unlocking the Inclusive Growth Story of the 21<sup>st</sup> Century

<sup>10</sup> CDSB (2014), Climate Resilient Stock Markets

<sup>11</sup> Task Force on Climate-Related Financial Disclosures (2019), 2019 Status Report

# ANNEX I. SUMMARY OF STOCK EXCHANGE SUSTAINABILITY ACTIVITIES

Country	Stock Exchange	SSE Partner Exchange	Has report on sustainability	Requires ESG reporting from listed companies?	Offers written guidance on ESG reporting?	Offers ESG related training?	Has sustainability related indices?	Has sustainability bond listing category?	Has SME platform?
Argentina	Bolsas y Mercados Argentinos	•				•			•
Australia	Sydney Stock Exchange	•							
Australia	Australian Securities Exchange	•			•				•
Bahrain	Bahrain Bourse	•							•
Bangladesh	Chittagong Stock Exchange	•				•			
Bangladesh	Dhaka Stock Exchange	•				•			
Belarus	Belarusian Currency and Stock Exchange	•							
Belgium	Euronext Brussels	•	•	•			•		•
Bermuda	Bermuda Stock Exchange								
Bosnia and Herzegovina	Banja Luka Stock Exchange	•							
Botswana	Botswana Stock Exchange	•	•		•	•			•
Brazil	B3	•	•	•	•	•	•	•	•
Canada	Aequitas NEO Exchange	•					•		
Canada	TMX Group	•			•		•		•
Chile	Bolsa de Comercio de Santiago	•	•		•	•	•	•	•
China	Shenzhen Stock Exchange	•			•	•	•	•	•
China	Shanghai Stock Exchange	•	•		•	•	•		
China, SAR Hong Kong	Hong Kong Exchanges	•	•	•	•	•	•		•
Colombia	Bolsa de Valores de Colombia	•	•			•	•	•	
Costa Rica	Bolsa Nacional de Valores	•	•		•	•			

Country	Stock Exchange	SSE Partner Exchange	Has report on sustainability	Requires ESG reporting from listed companies?	Offers written guidance on ESG reporting?	Offers ESG related training?	Has sustainability related indices?	Has sustainability bond listing category?	Has SME platform?
Cyprus	Cyprus Stock Exchange								•
Denmark	Nasdaq Copenhagen	•	•		•	•	•		•
Ecuador	Quito Stock Exchange	•							•
Egypt	Egyptian Exchange	•	•		•	•	•		•
Estonia	Nasdaq Tallinn	•	•		•	•		•	
Finland	Nasdaq Helsinki	•	•		•	•	•	•	•
France	Euronext Paris	•	•	•			•		•
Germany	Deutsche Börse AG	•	•		•	•	•	•	•
Greece	Athens Exchange Group		•			•			•
Hungary	Budapest Stock Exchange	•							•
Iceland	Nasdaq Iceland	•	•		•	•			•
India	Bombay Stock Exchange	•	•		•	•	•	•	•
India	National Stock Exchange of India	•	•	•	•	•	•		•
Indonesia	Indonesia Stock Exchange	•	•	•		•	•	•	
Ireland	Euronext Dublin	•		•					•
Israel	Tel-Aviv Stock Exchange						•		
Italy	Borsa Italiana	•	•		•	•		•	
Jamaica	Jamaica Stock Exchange	•				•			•
Japan	Japan Exchange Group, Inc.	•	•		•	•	•		•
Jordan	Amman Stock Exchange	•			•				
Kazakhstan	Kazakhstan Stock Exchange	•			•				
Kenya	Nairobi Securities Exchange	•	•						•
Korea	Korea Exchange	•					•		•
Kuwait	Bursa Kuwait	•			•	•			
Latvia	Nasdaq Riga	•	•		•	•		•	
Lithuania	Nasdaq Vilnius	•	•		•	•		•	
Luxembourg	Luxembourg Stock Exchange	•		•	•	•	•	•	•
Macedonia, FYR	Macedonian Stock Exchange	•							•



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Malaysia	Bursa Malaysia	•	•	•	•	•	•		•
Malta	Malta Stock Exchange								•
Mauritius	Stock Exchange of Mauritius	•					•		•
Mexico	Bolsa Mexicana de Valores	•	•		•	•	•	•	
Mongolia	Mongolian Stock Exchange	•							
Mongolia	Mongol Securities Exchange	•							
Morocco	Bourse de Casablanca	•			•				•
Namibia	Namibia Stock Exchange	•		•					•
Netherlands	Euronext Amsterdam	•	•	•			•		•
New Zealand	New Zealand Stock Exchange	•			•				•
Nigeria	Nigerian Stock Exchange	•	•	•	•	•			•
Norway	Oslo Børs	•	•		•	•		•	•
Oman	Muscat Securities Market								
Panama	Bolsa de Valores de Panamá	•							
Peru	Bolsa de Valores de Lima	•	•	•	•	•	•		•
Philippines	Philippine Stock Exchange	•	•	•	•	•			•
Poland	Warsaw Stock Exchange	•				•	•		•
Portugal	Euronext Lisbon	•	•	•			•		•
Qatar	Qatar Stock Exchange	•			•	•			•
Romania	Bucharest Stock Exchange	•							
Russian Federation	Moscow Exchange	•					•		•
Rwanda	Rwanda Stock Exchange	•							•
Saudi Arabia	Saudi Stock Exchange, Tadawul	•							•
Serbia	Belgrade Stock Exchange	•				•			
Seychelles	Trop-X	•		•					•
Singapore	Singapore Exchange	•	•	•	•	•	•		•
Slovenia	Ljubljana Stock Exchange	•						•	
Somalia	Somali Stock Exchange	•							•

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South Africa	Johannesburg Stock Exchange	•	•	•	•	•	•	•	•
Spain	Bolsas y Mercados Españoles	•	•		•	•	•		•
Sri Lanka	Colombo Stock Exchange	•			•	•			
Sweden	Nasdaq Stockholm	•	•		•	•	•	•	•
Switzerland	SIX Swiss Exchange		•		•		•		
Tanzania	Dar es Salaam Stock Exchange	•				•			•
Thailand	Stock Exchange of Thailand	•	•	•	•	•			•
Tunisia	Tunis Stock Exchange	•							•
Turkey	Borsa Istanbul	•	•		•	•	•		•
UAE	Dubai Financial Market	•	•			•			
UAE	Abu Dhabi Securities Exchange	•			•	•			
Uganda	Uganda Securities Exchange	•							•
UK	Euronext London	•	•	•			•		
UK	London Stock Exchange	•	•		•	•	•	•	•
USA	Nasdaq	•	•		•		•		
USA	New York Stock Exchange	•	•			•	•		•
Vietnam	Hanoi Stock Exchange	•		•	•	•			
Vietnam	Ho Chi Minh Stock Exchange	•	•	•	•	•	•		
Western Africa	BRVM	•							
Zimbabwe	Zimbabwe Stock Exchange	•	•						

Source: SSE database.



