



Sustainable Stock Exchanges Initiative

ORGANIZED BY:

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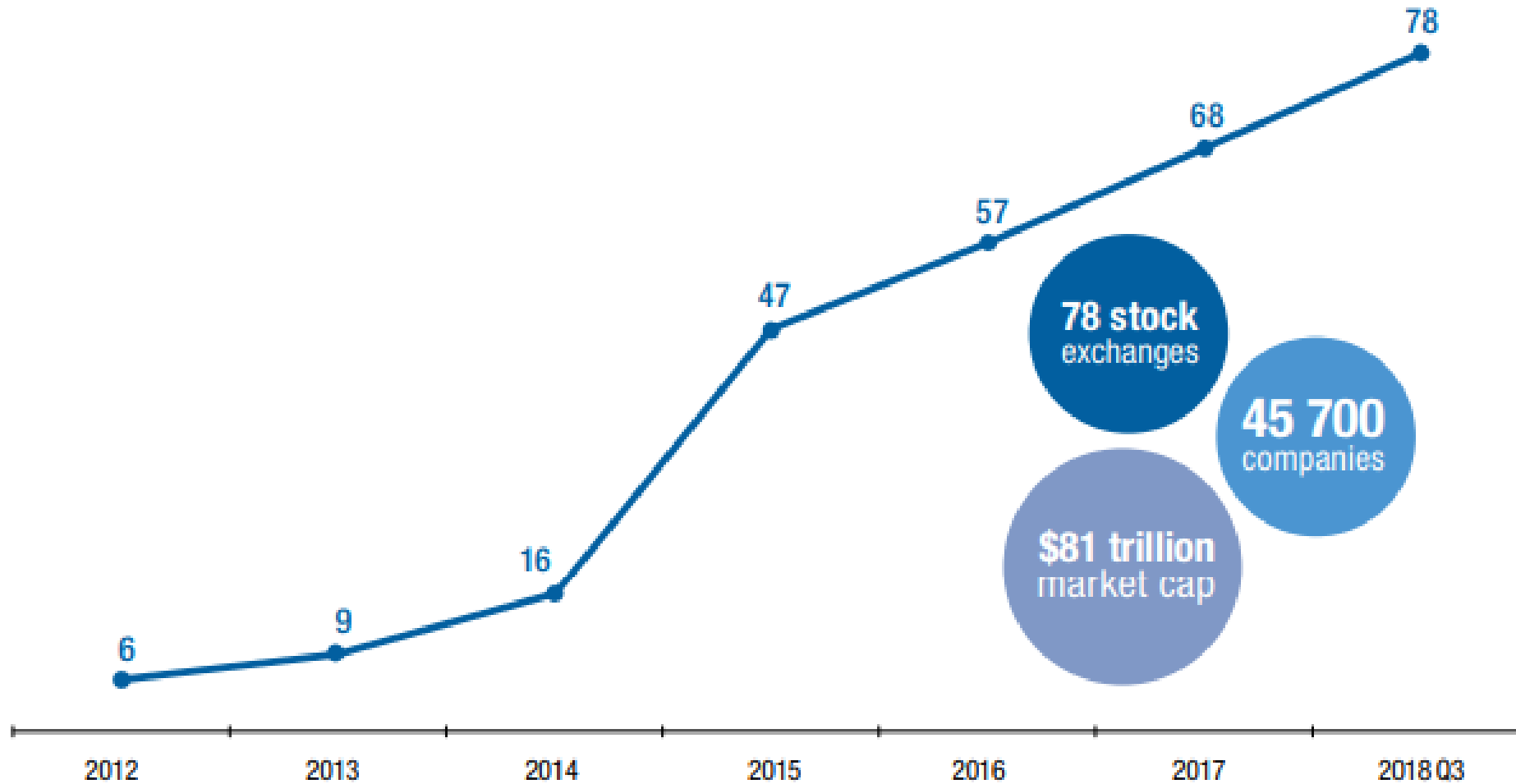
The role of Exchanges

In their own words

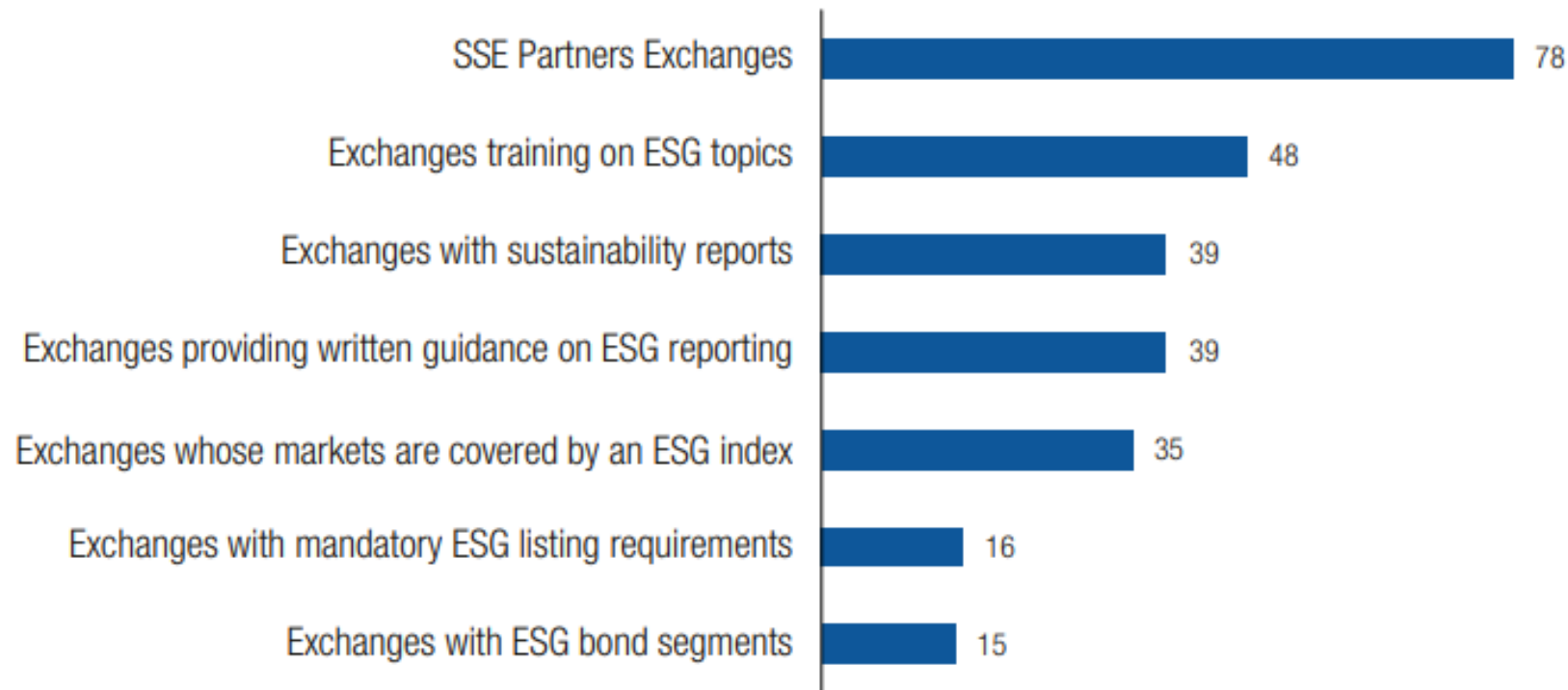
A word cloud illustrating the various roles and functions of exchanges. The most prominent roles are 'financial services innovator', 'regulator & standard setter', and 'gatekeeper & advocate'. Other roles include 'market intermediary', 'capital market organizer', and 'total picture'. The cloud also lists numerous functions such as 'defining the rules and best practices', 'building trust', 'support interests of many market participants', 'enable market participants to transition to a low carbon economy', 'improve ESG disclosure & performance among issuers', 'developing global standards', 'Informed investment decisions', 'communicating with investors, companies, regulator', 'champion for transparency', and 'making corporate sustainability a priority in every corporate's agenda'.

defining the rules and best practices
longer-term investments ESG data
enable market participants to transition to a low carbon economy
financial services innovator
improve ESG disclosure & performance among issuers
building trust
support interests of many market participants
capital market organizer
total picture
availability & quality of corporate ESG disclosure
developing global standards
Informed investment decisions
regulator & standard setter
creating awareness and understanding of responsible investing among investors
Influencing corporate and investor behavior
gatekeeper & advocate
enhance corporate social responsibility and environmental reporting
communicating with investors, companies, regulator
market integrity & confidence
champion for transparency
standards among listed companies
systemic sustainability of capital markets
better future for next generations
making corporate sustainability a priority in every corporate's agenda

78 Partner Stock Exchanges



Stock exchanges acting on sustainability



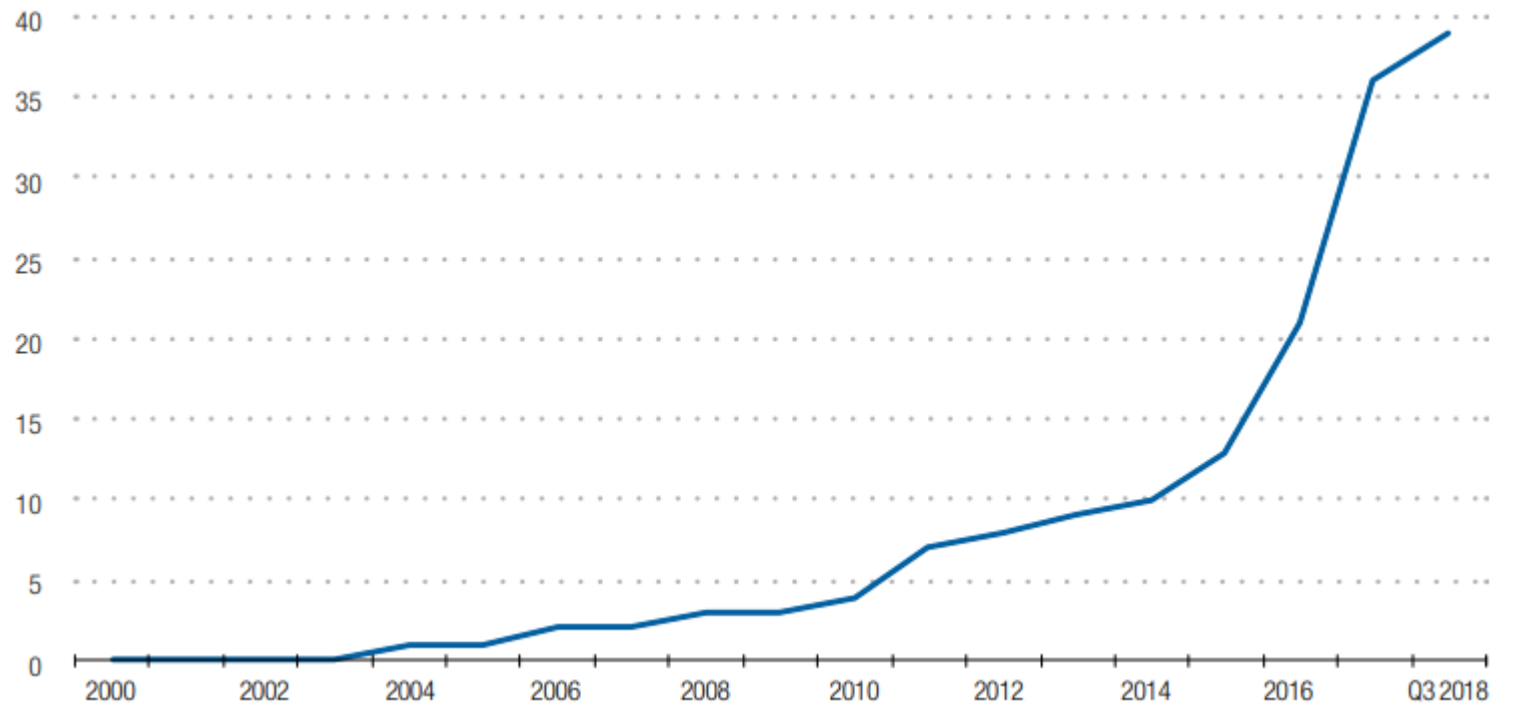
16 stock exchanges require ESG reporting as a **listing rule**, including B3 (Brazil), Bursa Malaysia, Johannesburg Stock Exchange and the Stock Exchange of Thailand.

35 exchanges provide ESG indices.

48 exchanges provide regular training aimed at investors or issuers on integrating sustainability into investment decision-making.

SSE campaign to close the ESG guidance gap for listed companies

39 Stock Exchanges provide Guidance on corporate ESG reporting



Stock exchanges support the FSB Task Force on Climate-Related Financial Disclosures

Figure 2

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Your Support for the TCFD

When the TCFD published its Recommendations Report at the end of June, over 100 CEOs and Chairs of leading companies from around the world, including B3, Borsa Italiana, London Stock Exchange and the Singapore Exchange, signed our statement of support. This broad support emphasized to the global leaders of the G20 that the TCFD is a business initiative – not a political one – designed for the market, by the market. What's more, this early support gave the TCFD momentum, and dozens of initiatives aimed at accelerating support and adoption have launched since then.

This December marks the two year anniversary of the Paris Climate Agreement, and another opportunity to show public support for the TCFD. For this occasion, French President Emmanuel Macron will convene the "One Planet Summit" on the anniversary of the Paris Agreement to "take further action on climate, notably on the financial front." To support this event, Bank of England Governor and FSB Chair, Mark Carney, and Bloomberg LP Founder and TCFD Chairman, Michael Bloomberg, will discuss progress on the TCFD, including publicly announcing further market support for the recommendations on December 12. Specifically, they would like to announce increased support among stock exchanges.

We are reaching out to you because you have expressed interest in the TCFD and a willingness to come forward on these issues through your involvement in other climate-related initiatives. What is more, as a leading exchange, we know that sharing your support publicly will encourage your peers to do the same.

We would greatly appreciate the opportunity to include you among our growing list of supporters in time for the December 12 event. To do this, we ask that you confirm your exchange's support by December 5. Please note, we do not need CEO signatures for this list, simply acknowledging that we can use the exchange name in our list is enough. You may look at the document "Exchanges - How You Can Support the TCFD Recommendations" to learn more about Exchange options for support. If you have any questions, please do not hesitate to reach out to the Secretariat of the TCFD at secretariat@fsb-tcdf.org.

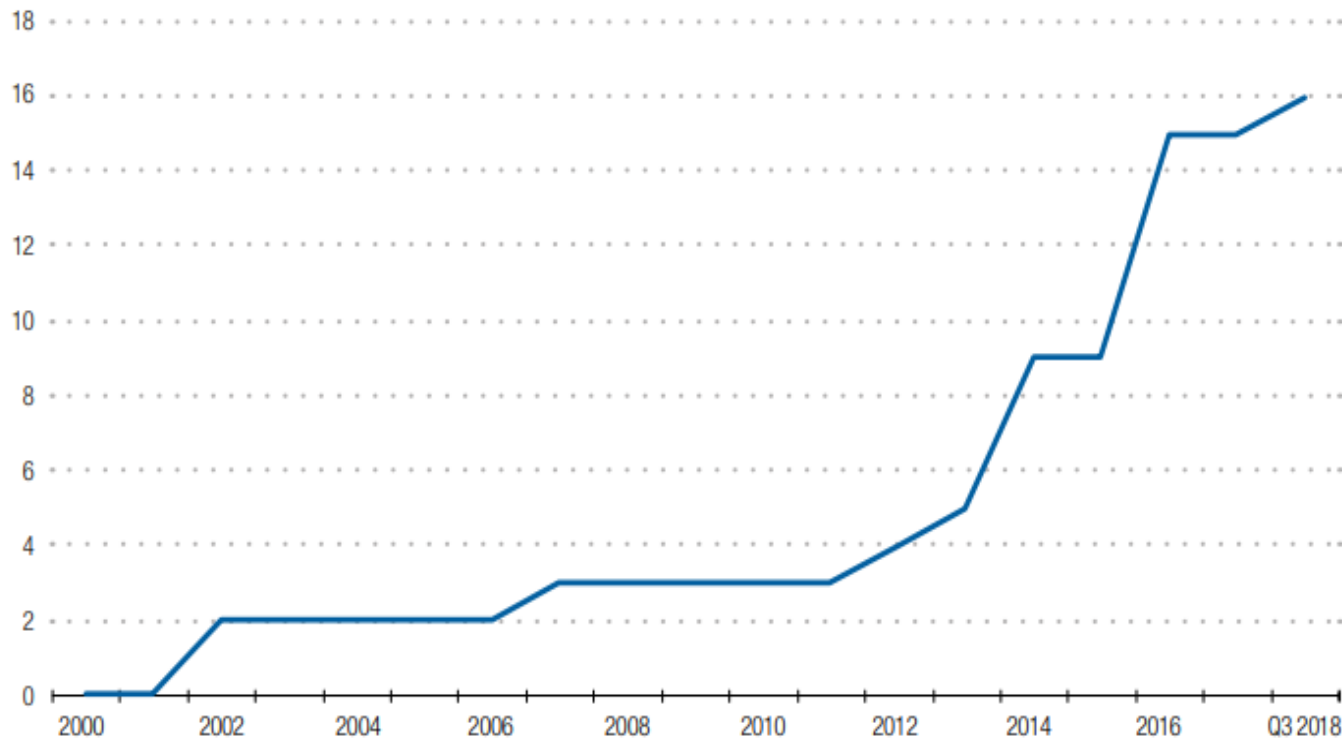
We appreciate your support.

Best regards,
TCFD Secretariat

Mary Schapiro | Curtis Ravenel | Didem Nisanci

Growing number of markets with mandatory listing requirements for ESG disclosure

16 stock exchanges require ESG reporting as a listing rule

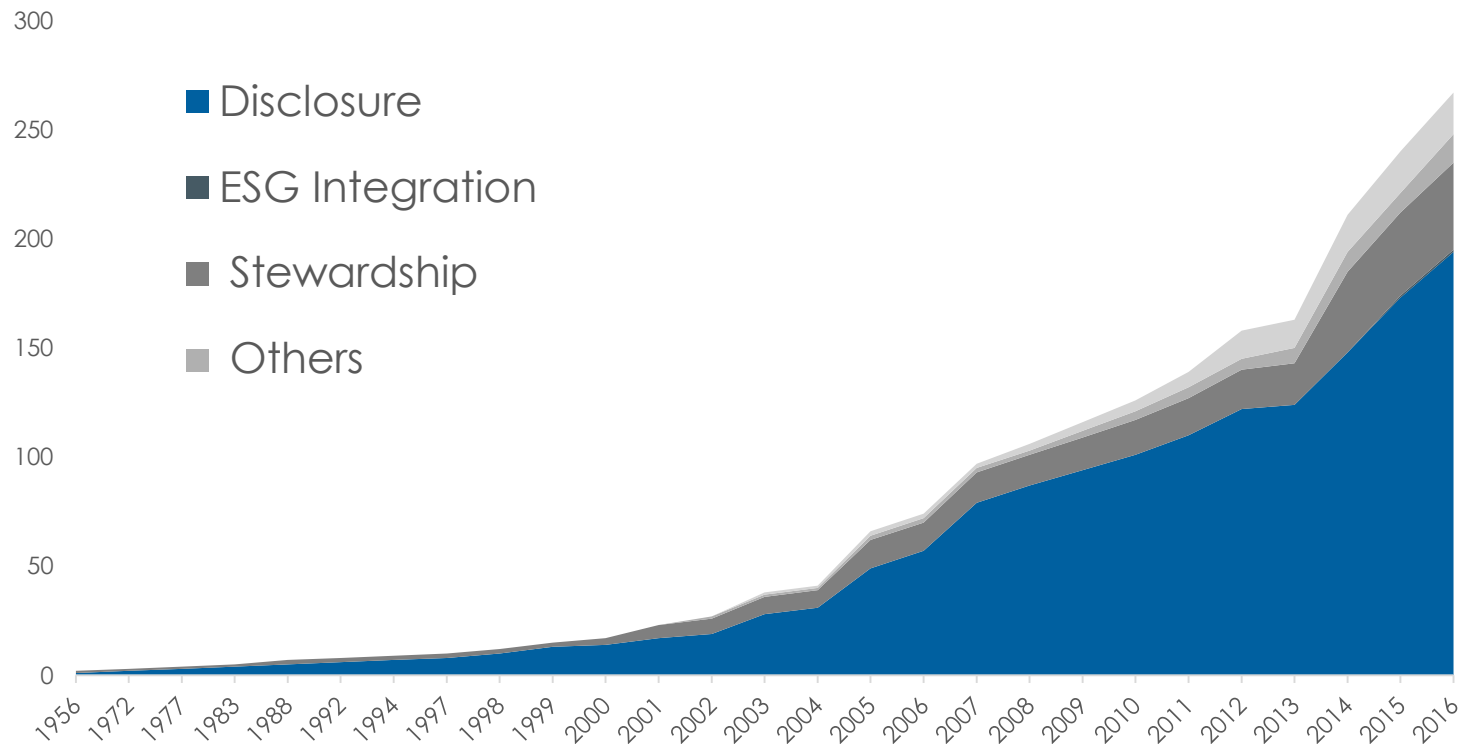


Most ESG reporting requirements are based on a “comply-or-explain” system, whereby companies have to either disclose their sustainability records or justify their decision not to do so.

This is not always initiated by exchange authorities: a number of securities market regulators around the world are implementing rules to promote sustainable finance.

Corporate ESG disclosure policies are growing globally

Cumulative number of policy interventions on responsible investment per year.



Source: PRI

- **38 governments of the largest 50 economies** in the world have, or are developing, disclosure requirements for corporations covering environmental, social and governance issues.
- PRI inventories 300 pieces of regulation globally promoting responsible investment, of which **200 relate to corporate disclosure.**

Leadership example: European Union Action Plan on Sustainable Finance

The Commission set up a Technical Expert Group on Sustainable Finance (TEG) to assist it in developing a Taxonomy of green economic activities, in line with the [Commission's legislative proposals of May 2018](#)

- an EU classification system – a **taxonomy** – to determine whether an economic activity is environmentally sustainable;
- an **EU Green Bond Standard**;
- **benchmarks** for low-carbon investment strategies; and
- **guidance to improve corporate disclosure of climate-related information.**

The Luxembourg Stock Exchange and the London Stock Exchange Group have representatives on the EU Technical Expert Group.



Leadership example: China CSRC

In 2016, the central bank (PBOC) along with six ministries and government agencies published the Guidelines Establishing a Green Financial System in China.

These guidelines specified that China should establish a mandatory environmental disclosure system for listed companies and bond issuers.

The securities regulator (CSRC) has announced the development of a new mandatory environmental disclosure framework that will apply to **all Chinese listed companies and bond issuers** by 2020.



How securities regulators can support the SDGs



Green Finance: Voluntary Action Plan for exchanges

This Action Plan provides exchanges with a checklist of 12 action points to identify areas where they can initiate or expand their activities on green finance.



SSE Guidance on Gender Equality

Fourteen best practice examples on how stock exchanges are promoting gender equality published, adaptable for unique markets



Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.



**We look forward to your
involvement with the SSE.**

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**Exchanges. Policy Makers. Regulators.
Investors. Companies.**

Join the Dialogue.