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Executive Summary

Based on the 2016 survey results, it is clear that WFE member exchanges continue to expand their engagement with environmental, social and governance (ESG) issues. This takes a variety of forms, including promoting ESG disclosure by listed companies, facilitating the raising of finance to address sustainability challenges, and acting as advocates for sustainability more broadly. The survey results show more exchanges supporting company disclosure through the issuance of guidance to listed companies as well as greater emphasis on financing of broad sustainability requirements through market mechanisms. This is particularly evident in the growth of number of exchanges offering or indicating their commitment to launching ‘green bond’ products. While many exchanges believe the emergence of globally consistent standards and metrics is possible, they caution that these are unlikely to be broadly applicable and that domestic factors will remain relevant. Finally, there appears (at least in some jurisdictions) to still be a disconnect between exchange sustainability efforts and investor demand, particularly for ESG disclosure.
Introduction

Since the publication of the last survey report in May 2016, environmental, social and governance (ESG) issues have continued to move into the mainstream, with business leaders increasingly acknowledging the importance of so-called non-financial issues, and multilateral institutions, sovereigns and others increasingly turning to markets to finance the necessary social and environmental transition. To highlight just a few examples:

- The World Economic Forum, in the 2017 Global Risks Report, once again (for the seventh year running) ranked extreme weather events, major natural disasters and failure of climate-change mitigation and adaption in the high-risk, high impact category.
- Nearly 900 companies and investors (as at date of publication) in the United States signed onto a letter addressed to the US President, the US Congress and global leaders, expressing support for the implementation of the Paris Climate Agreement commitments.
- The Task Force on Climate-related Financial Disclosures (TFCD) published its formal Recommendations Report for public consultation at the end of 2016.
- The Sustainability Accounting Standards Board (SASB) expanded its set of material sustainability indicators across sectors and industries and expanded the reach of its efforts beyond the US, while the Global Reporting Initiative (GRI) reformulated its existing GRI Guidelines into a set of reporting standards.
- The green finance market continued to grow with labelled green bonds reaching $118bn outstanding (as at July 2016). Poland issued the first sovereign green bond (November 2016).
- The World Bank launched equity-linked index bonds that link returns to the performance of companies advancing global development priorities set out in the Sustainable Development Goals.

WFE member exchanges have also been active in their sustainability efforts both individually (see Annex 2) and collectively through the Sustainability Working Group (SWG). During 2016, the SWG engaged with a variety of sustainability leaders on a range of sustainability topics, namely:

- Robert Eccles on “The Statement of Significant Audiences and Materiality Campaign”
- Sean Kidney on the Climate Bonds Initiative
- Bastian Buck on the GRI Standards
- Steve Waygood and Toby Heaps on the Corporate Knights Sustainable Exchanges report
- Janine Guillot on the Sustainability Accounting Standards Board
- Michael Zimonyi on the Climate Disclosure Standards Board

The SWG also co-hosted an investor dialogue event with the Sustainable Stock Exchanges (SSE) initiative in Singapore which brought together stock exchanges and institutional investors to discuss how to enhance the quality of ESG disclosure. Finally, the WFE leveraged the expertise of the SWG to respond to the TFCD Recommendations Report.

Survey Approach

The WFE’s annual sustainability survey aims to capture the nature and extent of WFE member engagement with ESG issues and how the nature of this engagement evolves over time. This is the third year of the survey. As in previous years, the survey questionnaire was sent to all WFE member exchanges. The survey questionnaire differs from previous years in the following ways:

- Where previous year responses suggested confusion about the question, we rephrased the ambiguous questions to more accurately capture the desired information;

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1 Supported by the UN Principles for Responsible Investment and Ceres, hosted by the Singapore Exchange
• We introduced a dedicated survey for derivatives-only exchanges which excluded questions that would only be of relevance to markets that list companies²;
• We sought to elicit more detail around the types of ESG initiatives exchanges are engaged in; and
• Certain questions vary year on year depending on relevance at a specific point in time. For example, this year we included questions aimed at understanding whether exchanges were using the Sustainable Stock Exchanges Model Guidance and the WFE's Exchange Guidance and Metrics.

We used an online survey tool to collect survey responses. Where respondents were provided with a list of possible options, these were randomised to avoid respondents defaulting to the first options in the list. Except in instances where we suspected a response was incorrect and confirmed the correct answer with the exchange, or where a respondent selected an “other” option which aligned with one of the existing pre-defined categories, we used responses exactly as received.

Fifty-four out of sixty-three WFE members³ responded to the survey. This equates to an 84% response rate, up from just over 70% in 2015, and in line with the response rate achieved in the first year of the survey. Some of this increase in response is attributable to the specific attempt to include the perspectives of the derivatives exchanges while two exchanges participated in the survey for the first time. Five exchanges that had responded to the 2015 survey did not respond in 2016. The full list of respondent exchanges can be found in Annex 3.

Overview of Survey Results

Exchange involvement with sustainability

It is clear from the results of this year’s survey that exchanges increasingly understand they have a role to play in promoting greater sustainability in their markets. Of the 54 respondent exchanges, just under 90% (48 exchanges) indicated that they had some sort of sustainability initiative in place. Of the six exchanges that had no sustainability initiatives, two are derivatives-only exchanges. When asked about the reasons for their involvement with sustainability, the primary reason given was “sustainability concerns” (over 80% of respondents), overtaking “reputation/public relations”. As in last year’s survey, “investor pressure” remains the least frequently cited reason for sustainability engagement (31% of respondents). Furthermore, six exchanges that highlighted “investor pressure” as a reason for ESG involvement in 2015 did not cite this as a reason for engagement in 2016.

² These results are not reported separately but incorporated as appropriate into the relevant categories.
³ At date of publication, the WFE had 66 members but this number includes three post-trade members.
Despite their obvious commitment to sustainability, exchanges continue to express some concern about their ability to introduce (new) sustainability initiatives or to further expand existing initiatives. “Insufficient demand” and “lack of resources to implement” remain the primary reasons given amongst exchanges with existing initiatives. For the equity markets with no sustainability initiatives, “insufficient demand” is given as the primary reason for not having any initiatives, followed by concerns about “exceeding scope of authority”. Taken together, over 50% of responding exchanges perceive lack of demand as an impediment to pursuing (further) sustainability initiatives. More positively, however, concerns about “exceeding scope of authority” and “lacking apparatus to enforce” have declined since the last survey where these featured (together with insufficient demand) in the top three concerns.

**Concerns re ESG initiatives**

<table>
<thead>
<tr>
<th>Concern</th>
<th>No ESG Initiatives</th>
<th>Have ESG Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insufficient demand</td>
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<td>26</td>
</tr>
<tr>
<td>Lack of resources to implement</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Business or economic concerns</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>Exceeding scope of authority</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Lacking apparatus to enforce</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>Competitive concerns</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Lack of support from the Board</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Lack of employees’ understanding</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

**Exchange sustainability initiatives**

Those exchanges who do have sustainability programmes (48), promote sustainability in a number of ways. Perhaps unsurprisingly, given the enormous focus on ESG disclosure over the last few years “encouraging or requiring ESG disclosure from listed companies” was the most frequently cited sustainability initiative (67% of respondents). This overtakes “offering education initiatives for issuers and investors” which was ranked first in 2016. Forty-five percent of respondents (22 exchanges) said they listed and/or traded sustainability-related products, while 14% (seven exchanges) offer a carbon trading mechanism. The breadth of sustainability initiatives varies substantially across

**Types of ESG Initiatives**

- Encourage or require ESG disclosure: 33
- Run ESG events / engagement opportunities: 30
- Formal commitment to sustainability e.g. SSE: 28
- Collaborate with external organisations (e.g. GRI): 28
- Produce a sustainability report / integrated report: 26
- Offer ESG education initiatives for issuers and/or investors: 26
- Issued formal ESG reporting guidance for listed companies: 23
- List / trade sustainability-related products: 22
- Provide a carbon trading platform: 7
- Not applicable: 6
exchanges with some markets (11) saying they had only a single or a couple of sustainability initiatives while others (eight exchanges) have at least eight different initiatives.

ESG disclosure guidance
It is worth noting that since the last survey an additional six exchanges have issued formal ESG reporting guidance for listed companies. We suspect this increase in disclosure guidance is at least partly attributable to the SSE “Campaign to Close the ESG Guidance Gap” supported by the SSE’s Model Guidance and the WFE’s ESG Metrics and Guidance document. Exchanges that had issued guidance for listed companies were asked specifically if they had used the Model Guidance and/or the ESG Metrics and Guidance. Just under half of the responding exchanges (11/23) said they had used both documents. As several exchanges have committed to issuing guidance but not yet done so we expect to see a further increase in the number of exchanges with formal guidance in next year’s survey.

Partners in sustainability
Exchanges collaborate with a range of domestic and international organisations in pursuing their various sustainability initiatives. These include:

- disclosure-focused bodies such as GRI, and the International Integrated Reporting Council;
- international organisations such as the United Nations (UN) Principles for Responsible Investment, the UN Global Compact, and the World Wide Fund for Nature; and
- domestic investor and corporate bodies focused on sustainability such as the Australian Council of Superannuation Investors and the Norwegian Forum for Responsible and Sustainable Investment.

ESG products
In relation to products, sustainability indices remain (in line with the previous survey) the most commonly offered sustainability-linked product offering. Exchanges have offered these products, either directly or through their ownership of an index provider, for several years. For many exchanges this has been the entry point for sustainability engagement in their market. We are however starting to see the emergence of new product types that are specifically linked to financing of sustainability imperatives. Green or climate bonds are the most common example of this with eight exchanges saying they listed these types of products. Two exchanges have listed instruments linked to the sustainable development goals. One exchange offers trading of derivatives linked to emissions reductions and carbon allowances.

Exchanges were further asked about perceived investor demand for ESG-linked products and/or services. Fifty six percent of responding exchanges said they believed there was demand, with
ESG/Sustainability indices mentioned most frequently. The results are largely in line with the previous year’s results though there is a slight increase in the number of exchanges who reported a demand for “products such as green bonds”.

Driving ESG disclosure

As mentioned, while we are starting to see increased focus on financing of sustainability-related matters much of the emphasis and effort is still on promoting and facilitating ESG disclosure.

Emergence of global standards

In this year’s survey (different to the previous year) we asked exchanges both “Do you believe that exchanges should actively participate in setting metrics / standards for ESG reporting?” (Question 11) and “Do you believe it is possible to develop standardised and globally consistent ESG metrics and disclosure standards for listed companies?” (Question 12). Exchanges overwhelmingly answered in the affirmative to both these questions (88% and 75% respectively) however there was greater resistance to the possibility of developing standardised, consistent metrics.

By and large, exchanges that responded negatively to this question noted that while it might be possible to arrive at global guidelines or even standards (though there was not agreement on the possibility of standards) they did not feel it was possible to arrive at globally, consistently applicable metrics. That is, they did not believe it was possible to develop metrics that applied to all companies in all jurisdictions. Reasons mentioned included that it was for the company to determine which issues were material, markets were at different levels of market development and sophistication in relation to ESG issues and there was the potential for jurisdictionally specific issues that would need to be catered for. Finally, one exchange mentioned a potential practical impediment linked to the listings disclosure standards setting process, namely that this was the result of market consultation and would therefore require broad market support.

Promoting ESG disclosure

Over 75% (34/45) of exchange respondents said companies in their markets were encouraged or required to disclose ESG information. In most cases, it is the exchange (25/34), sometimes alone or in combination with the securities regulator or another external body or structure, that promotes the disclosure of ESG information.

“We consider it is possible to develop principles-based disclosure standards but not standardised ESG metrics. Each company needs to make an individual assessment of the materiality of the impact from ESG related matters”

“There is an obvious gap between the sustainability practices of matured companies compared to those who are just starting out in their sustainability agenda”

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4 Last year’s survey collapsed the questions, asking “Do you believe that exchanges should actively participate in achieving globally accepted metrics / standards for ESG reporting by listed companies?”
Based on survey responses, markets are not yet overly prescriptive about how ESG information should be disclosed. While ten exchanges\(^5\) said ESG information should be published as part of an integrated report, in other markets, information is published as part of a standalone sustainability report (ten exchanges), or in a format decided by the company itself.

Companies are encouraged to disclose information across a range of ESG areas. These are largely in line with last year’s survey results and cover aspects of so-called first generation sustainability indicators as well as more recent focus areas such as “diversity”.

Over 70% of respondent exchanges said the ESG information that was disclosed was retained and used in some way. In most instances (18/24) the information was “made available in full, for free”, followed by “used for internal purposes (e.g. index assessment, regulation, product creation)” (13 respondents).

On the question of comprehensive, mandatory ESG reporting and when, if ever, exchanges thought this was likely to happen\(^6\), just over 20% of exchanges said they already had mandatory reporting in their markets (10/45) with a further 41% believing this would happen within the next ten years. Only two exchanges thought ESG reporting would never become mandatory. One exchange noted that the existence of a difficult operating environment meant these types of issues were not a priority for companies operating in the market while another suggested mandatory reporting was dependent on the emergence of a global standard.

\(^5\) The number could in fact be slightly higher inasmuch as some respondents indicated that the sustainability information should be included as part of the Annual Report. While this may not follow the International Integrated Reporting Council format, this would technically include the publication of so-called non-financial information in the company’s main report.

\(^6\) Responses to this question need to be interpreted with caution. What is meant by mandatory reporting is understood differently across markets including differences as to what information must be disclosed, how it must be disclosed, who requires the disclosure, to whom it must be disclosed and the consequences of non-disclosure.
Investor demand
Exchanges were asked about perceived investor demand for ESG disclosure and verification or assurance of ESG data. Just under a third of exchanges believed there was demand for ESG disclosure (29/45). This is in line with the previous year’s response, though a few exchanges that did not believe there was demand last year, answered positively to the question this year. The bulk of the sixteen exchanges that said they did not believe there was investor demand for disclosure are from so-called developing or emerging markets. Ten exchanges either encouraged or required disclosure despite the absence of this demand. The perceived demand for assurance of ESG data was much lower with only 36% of respondents (16/44) saying they believed there was demand for assurance or verification.

Discussion of survey results
The demand paradox and the role of exchanges in promoting sustainability

The survey examines the question of demand (particularly investor demand) through multiple lenses. In this section, we seek to align the presence or absence of this demand with exchange behaviour and discuss possible implications. As mentioned in the overview of the survey results, investor pressure was the least frequently given reason for exchanges’ involvement with sustainability while “insufficient demand” was the most common cause for concern. As answers to other questions demonstrate however, the expression of concern about “insufficient demand” is somewhat more complex. Seven respondents were completely internally consistent in their answers inasmuch as – in addition to highlighting concerns about sufficient demand (broadly defined) to justify ESG efforts by the exchange – they also said they did not perceive any investor demand in their market for disclosure, assurance or ESG-linked products. Six exchanges did not mention lack of demand as a concern but did not believe there was investor demand in any of the identified areas. On the other hand, five exchanges that mentioned insufficient demand as a concern, also answered in the affirmative when asked about investor demand for ESG disclosure, assurance and associated products.

Focusing on disclosure, as mentioned above, ten exchanges that did not perceive investor demand for ESG disclosure nonetheless required or encouraged such disclosure (all in emerging markets) while only five exchanges that said they did believe there was demand for disclosure neither encouraged nor required it (predominantly in developed markets). On the product side, seven exchanges provide ESG-linked products despite not perceiving investor demand for these products. In most instances, the product provided was a sustainability index though two exchanges also provided other ESG-linked products such as green bonds.

7 Conversely there are some markets that do not require disclosure where there is perceived demand.
8 This could speak to the different phrasing of the questions. The broader question about concerns about sustainability initiatives mentioned “insufficient demand”. This could be broadly interpreted to include not just investor demand but also issuer demand, or regulatory demand.
This question of investor demand or lack thereof is particularly relevant in relation to ESG disclosure. Much of the global push for greater ESG disclosure has to-date been driven by multilateral institutions, non-governmental organisations, and investor groups in the more-developed economies of the United States and Europe. As part of this effort, these groups have targeted exchanges as levers to increase the scope and scale of disclosure. While – as the results of the survey demonstrate – many exchanges have embraced this role, in some jurisdictions they are driving the sustainability agenda, effectively promoting the sustainability business case with companies and investors alike. This would suggest that investor demand for ESG data is perhaps less well-developed than some proponents would suggest and would also explain why exchanges most frequently cite “sustainability concerns” rather than “investor pressure” as the driver for their involvement with these issues.

This leads to a second question about the extensive focus on ESG disclosure particularly in a world of proliferating disclosure standards and expectations. While there is increasing acceptance that ESG issues may impact companies’ financial performance, and potentially even serve as a source of systemic financial risk, there is a potential disconnect between this understanding of the relevance of ESG issues to financial markets (narrowly) and a broader agenda to promote more responsible companies overall. Exchanges are well-placed to promote disclosure of investor-relevant ESG information. They may not be the best mechanism to promote better companies overall (or at least not through the mechanism of disclosure requirements). This is not because these issues do not matter to society at large, but because financial markets may not on their own be the best way to drive more sustainable corporate conduct. Furthermore, an over-emphasis on reporting in the absence of genuine investor engagement and broader societal promotion of responsible corporate behaviour may result in companies adopting a compliance approach, rather than genuine commitment to change.

Conclusion

It is clear from the survey responses both this year and last, that WFE member exchanges are broadly committed to promoting sustainability. This commitment stretches from actively making the case for sustainability to enabling the financing of more sustainable outcomes. To the extent that the focus is on ESG disclosure, it is desirable to move towards greater consensus around disclosure metrics and for investors to become more vocal to exchanges and listed companies about what type of information is truly decision-useful. In jurisdictions where local investor demand (and potentially issuer-understanding) of the importance of these matters is lagging, international investor groups can play a role in supporting exchanges in importing demand for better ESG-disclosure. Promoting disclosure of decision-useful ESG metrics will remain important. A potentially more meaningful, longer-term area of focus for exchanges is however working with issuers and investors to provide financing solutions for significant sustainability challenges such as those posed by climate change or the needs of the sustainable development goals.

“Concerns include tick-box compliance by some issuers.”
Annex 1: Additional responses

Who is primarily responsible for your exchange's sustainability program or projects?
- Board of directors
- CEO
- Executive
- Manager
- Other (please specify)

Primarily responsible for ESG

![Pie chart showing the distribution of responses for primary responsibility for ESG]

Which organizations do you collaborate with?
- IIRC
- CDP
- GRI
- SASB
- Other (please specify)

ESG collaborators

<table>
<thead>
<tr>
<th>Organization</th>
<th>Number of Responses</th>
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<td>SASB</td>
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<td>CDP</td>
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<td>IIRC</td>
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<td>GRI</td>
<td>14</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
</tr>
</tbody>
</table>

Number of responses
Annex 2: Recent exchange ESG initiatives

Leading green financing: Luxembourg Green Exchange

In the second half of 2016, the Luxembourg Stock Exchange (LuxSE) launched the Green Exchange – a dedicated platform for “green” financial instruments. Issuers wishing to list their instruments on the Green Exchange must comply with the initial listings and ongoing disclosure requirements. This entails:

- First, listing the security on one of LuxSE’s markets
- Declaring the security as a “green” security
- Disclosing the use of proceeds, using the Green Bond Principles (GBP), the Climate Bonds Initiative eligibility taxonomy, or equivalent.
- Provide an external, independent review of the use of proceeds
- Report at least once post-listing on use of proceeds and ideally, environmental impact

Information about all issuers is made available on the Exchange’s website including an overview of use of proceeds, the name of the external reviewer and the copy of the external, independent review. As at date of this report, there are over 100 bonds listed on the Green Exchange.

Committing to combatting climate change: The Marrakesh Pledge

African Capital Markets Authorities and African exchanges launched the Marrakesh Pledge at the COP22 in Morocco at end 2016, with the stated objective of “fostering green capital markets in Africa”. The pledge is a call to action for exchanges and capital markets regulators to drive capital to the green economy. The pledge highlights three priority areas, namely:

(i) Enable the development of an effective ecosystem to support the establishment of green capital markets in Africa;
(ii) Support the development of green financial instruments and climate-resilient investment vehicles in Africa; and
(iii) Promote transparency and accessible information on green finance and climate resilient investments in Africa.

Ringing the bell for gender equality

Between 6-10 March 2017, 43 stock exchanges around the world participated in the ‘Ring the Bell for Gender Equality’ event to commemorate International Women’s Day. The events, organised in partnership between the SSE Initiative, UN Global Compact, UN Women, the IFC, Women in ETFs and the WFE, raise awareness about the opportunities for the private sector to advance gender equality and sustainable development. The 2017 focus on Women in Work sought to encourage stakeholders to remove legal, social, and economic barriers that are restricting women's economic empowerment. Highlighting just one example of the many events that took place, the Nigerian Stock Exchange hosted a half day event on ‘Transcending Gender Limitations’ and launched the Economic Dividend of Gender Equality (EDGE) campaign aimed at educating listed companies and dealing members on the significance and economic importance of promoting gender equality.
Deutsche Börse - internalising ESG

Deutsche Börse established its Group Sustainability Board in 2016. The Board is comprised of 16 members from all parts of the enterprise tasked with enhancing Deutsche Börse Group’s sustainability performance along the entire value chain. The Board convenes twice a year, to discuss opportunities and risks related to ESG aspects. It advises the Executive Board and also develops new business concepts based on sustainability – such as a code of conduct for employees or an infrastructure for sustainable investments.

BSE supporting companies with disclosure guidance

In addition to requiring or encouraging ESG disclosure, exchanges also try to support listed companies in their disclosure efforts. This has taken many forms, including the publication of disclosure guidance. The Bombay Stock Exchange (BSE) has, for example, worked with the Global Reporting initiative (GRI) to support large Indian listed companies in establishing sustainability reporting processes and preparing sustainability reports by the end of 2017. The collaboration led to the creation of a document that shows companies how their reporting requirements under the Securities and Exchange Board of India Business Responsibility Reporting Framework correspond to the GRI Standards.

Report or Explain: A Brazilian Success Story

BM&FBOVESPA introduced “Report or Explain” to encourage listed companies to disclose of ESG (Environmental, Social and Governance) related information. In accordance with this, listed companies were asked annually to state if and where they disclosed ESG information and if they did not report, why. Compliance was voluntary. To avoid creating a new document, companies could disclose the information in a Reference Form issued by the Brazilian Securities Commission (CVM), Brazil’s capital markets regulator, under a generic item – “Item 7.8: Description of other material long-term information”. CVM has subsequently determined that as of 2016, item 7.8 will be used exclusively for social and environmental information. CVM will henceforth ask companies whether they disclose social and environmental information, what methodology they use, whether the information is audited or reviewed by an independent body, and where it can be found. Therefore, BM&FBOVESPA will no longer need to request such disclosure from companies as they will be committed to responding directly to CVM. The Exchange will however continue to compile and disclose new data in an aggregated manner.
## Annex 3: Survey respondents

<table>
<thead>
<tr>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>EMEA</th>
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</thead>
<tbody>
<tr>
<td>BM&amp;FBOVESPA</td>
<td>ASX Limited</td>
<td>Abu Dhabi Securities Exchange (ADX)</td>
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<td>BME (Bolsas y Mercados Espanol)</td>
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<td>Colombo Stock Exchange</td>
<td>Borsa İstanbul</td>
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<td>CME Group</td>
<td>Hochiminh Stock Exchange</td>
<td>Bourse de Casablanca</td>
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<td>Intercontinental Exchange and New York Stock Exchange</td>
<td>Hong Kong Exchanges and Clearing Limited</td>
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<td>Irish Stock Exchange</td>
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<td>The Bermuda Stock Exchange</td>
<td>National Stock Exchange of India</td>
<td>Johannesburg Stock Exchange</td>
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Dear exchange representative,

This is an annual survey of WFE members to gauge your exchange's role in relation to sustainability, as well as trends in exchanges' sustainability activity.

A core set of questions are included each year, supplemented by questions around particular information that may be identified for work by the Sustainability Working Group in the relevant year.

1. Please provide the following information:

   Name of exchange:
   Your name:
   Your email address:

2. Does your stock exchange have or are you involved with any of the following ESG / sustainability initiatives? Select all that apply.

   - Encourage or require ESG disclosure / sustainability reporting by listed companies
   - Have issued formal ESG reporting guidance for listed companies
   - Offer ESG education initiatives for issuers and/or investors
   - Run ESG events / engagement opportunities for issuers and / or investors
   - Provide a carbon trading platform
   - Have made a formal commitment to sustainability e.g. SSE, UNPRI, UNGC
   - Produce a sustainability report or include sustainability information in an integrated report
   - List / trade sustainability-related products (e.g. green bonds, specialised listing categories, ESG Index or related indices or ratings)
   - Collaborate with external organisations (e.g. GRI, SASB, IIRC, CDP)
   - Not applicable - the exchange is not involved in any sustainability initiatives
   - Other (please specify)

3. [If you selected any of the above options, other than not applicable] Who is primarily responsible for your exchange's sustainability program or projects?

   - Board of directors
   - CEO
   - Executive
   - Manager
   - Other (please specify)

4. [If you selected option 2 in Q2] Did you use the Sustainable Stock Exchange's Model Guidance and/ or the WFE's ESG reporting guidance and metrics (published at end 2015) to develop your own reporting guidance for listed companies?

   - Yes, we used both
   - Yes, we used the SSE Model Guidance
   - Yes, we used the WFE's ESG Guidance
   - No, we used neither of these

5. [If you selected option 8 in Q2] What sustainability related products do you offer? Select all that apply.

   - Green or Climate Bonds
   - Specialized listings categories
   - Sustainability indices
   - ESG rankings or ratings
   - ESG exchange traded funds (ETFs)
   - Equity or debt instruments linked to the Sustainable Development Goals
   - Other (please specify)
6. **(If you selected option 9 in Q2)** Which organizations do you collaborate with?  
   - GRI  
   - SASB  
   - IIRC  
   - CDP  
   - Other (please specify)

7. Which of the following factors motivate your involvement in sustainability? Select all that apply.  
   - Expanded business opportunities for the exchange (e.g. through product creation, data sales or listing opportunities)  
   - Reputation / public relations  
   - Desire to improve stakeholder relationships  
   - Stakeholder requirements or concerns  
   - Sustainability concerns (e.g. impacts of climate change on market)  
   - Leadership or peer pressure  
   - Investor pressure  
   - Other (please specify)

8. What concerns do you have about your current or possible future sustainability efforts? Select all that apply.  
   - Business or economic concerns.  
   - Competitive concerns  
   - Exceeding scope of authority  
   - Lacking apparatus to enforce  
   - Insufficient demand  
   - Lack of resources to implement initiatives  
   - Lack of support from the Board of Directors  
   - Lack of employees' understanding  
   - Other (please specify)

11. Do you believe that exchanges should actively participate in setting metrics / standards for ESG reporting by listed companies?  
   - Yes  
   - No  
   - If "No", please explain why:

12. Do you believe it is possible to develop standardized and globally consistent ESG metrics and disclosure standards for listed companies?  
   - Yes  
   - No

13. Do you believe that requiring companies to disclose ESG information would adversely affect your business?  
   - Yes  
   - No

15. Do you believe it is possible to develop standardized and globally consistent ESG metrics and disclosure standards for listed companies?  
   - Yes  
   - No

16. Is there investor demand for ESG disclosure by companies in your market?  
   - Yes  
   - No

17. Is there investor demand for assurance / verification of ESG data / disclosure?
• Yes
• No

18. Are companies listed on your exchange encouraged or required to disclose ESG information?
   • Yes
   • No (if no, go to Q25)

19. (Only if you answered “yes” to Q18) Who requires companies to disclose ESG information? Select all that apply.
   • Exchange
   • Securities regulator
   • Corporate law
   • Governance / stewardship code
   • Other (please specify)

20. (Only if you answered “yes” to Q18) What reporting format are companies encouraged / required to use?
   • Integrated Report (IIRC)
   • Standalone Sustainability Report
   • Other (please specify)

21. (Only if you answered “yes” to Q18) What ESG topics do listed companies disclose information about? Select all that apply.
   • Climate change and energy
   • Water use and recycling
   • Pollution (air, water, waste)
   • Health and safety
   • Labour standards
   • Human rights
   • Board composition and remuneration
   • Ethics and anti-corruption
   • Risk management
   • Supply chain
   • Diversity
   • Other (please specify)

22. (Only if you answered “yes” to Q18) Does the exchange, securities regulator, or other party with whom the exchange has a relationship (e.g. data provider) collect and retain the ESG information disclosed by listed companies?
   • Yes
   • No

23. (Only if you answered “yes” to Q22) What is done with the ESG information disclosed by listed companies? Select * all that apply.
   • Used for internal purposes (e.g. index assessment, regulation, product creation)
   • Made available in full via subscription
   • Made available in full for free
   • Made available in part (through trends, or index results)
   • Other (please specify)

Mandatory ESG disclosure in the future?
25. (Only if you answered “yes” to Q18) When (if ever) will comprehensive ESG disclosure (i.e. beyond governance and corporate social responsibility) become mandatory in your market? Please note: “mandatory” includes “comply or explain” requirements in listings requirements.
   • ESG disclosure is already mandatory
   • Within 1-4 years
   • Within 5-10 years
   • More than 10 years from now
• We do not believe ESG disclosure will ever be mandatory
• Other (please specify)

26. Have investors in your market expressed demand for ESG or sustainability-related products / services?
• Yes
• No

27. (Only if you answered "yes" to Q18) What types of ESG products or services are investors interested in? Select all that apply.
• ESG indices
• Green Bonds
• Interest in opportunities to engage listed companies on ESG
• Training about ESG
• Other (please specify)

28. Is your stock exchange currently included in a sustainability or ESG index?
• Yes
• No
• No, but we are actively working towards inclusion

29. Please let us know if you have any final comments about sustainability in your market?

Thank you for participating. You have reached the end of this survey. Your help is greatly appreciated.