

WFE Sustainability Survey May 2018

Exchanges Maturing in Their Sustainability Efforts



Visit us at:
www.world-exchanges.org

Contents

1. Executive Summary	3
2. Introduction	4
3. Survey Results and Discussions	5
3.1 Exchanges and Sustainability.....	5
3.2 Transparency and Reporting.....	9
3.3 Sustainability Products and Investor Demand.....	11
4. Concluding Remarks: Exchanges Maturing in Their ESG Efforts	13
Annex 1: Survey Approach.....	14
Annex 2: Survey Respondents.....	15
Annex 3: Additional Responses.....	16
Annex 3: Survey Questionnaire.....	18

1. Executive Summary

As sustainable finance becomes increasingly mainstream, exchanges are expanding the scope and extent of their involvement. This 2017 survey of the World Federation of Exchanges' membership examines exchanges sustainability initiatives and highlights exchange efforts to improve ESG disclosure by listed companies, and to enable the financing of a transition to a more sustainable economy.

For the first time this year, the WFE asked members about their efforts in relation to the United Nations Sustainable Development Goals (UN SDGs) and the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Key survey results are summarised below¹:

- While the number of WFE member exchanges with sustainability initiatives remains largely constant (at nearly 90%), several exchanges have increased the range of their sustainability initiatives that they are involved in.
- Exchanges are actively addressing both the UN SDGs and the TCFD Recommendations.
- An increasing number of exchanges are doing their own sustainability reporting and nine exchanges are reporting against the UN SDGs.
- Exchanges continue to expand the range of sustainability products available in their markets. While sustainability indices remain the most common product offering (81% of responding exchanges) the number of exchanges offering green bonds has grown from eight in 2016 to 15 in 2017.
- Perceived lack of investor demand remains a challenge, particularly in emerging markets. 'Lack of resources to implement' and 'lack of demand' are cited as among the top concerns exchanges have about sustainability.
- These concerns, however, appear to be superseded by exchanges about sustainability-related matters overall (cited by 84% of respondents as their reason for undertaking sustainability initiatives).

Overall, the survey results suggest WFE member exchanges are actively incorporating sustainability into their business practices and accepting the role that exchanges can play in driving the transition to a more sustainable financial system.

¹ This report was updated at end May 2018 to include an additional survey response and more information about exchange initiatives.

2. Introduction

Environmental, social and governance (ESG) issues continue to be a priority for sovereign countries and multilateral institutions. Despite the slight setback of the USA's withdrawal from the Paris Agreement in 2017, the international community continues to advance efforts to combat climate change and address other sustainability issues.

The finance industry is increasingly active in the sustainability realm, from incorporating ESG issues more prominently in their investment decisions, to developing green lending principles, to publicly endorsing the Recommendations of the TCFD.

To highlight some key developments in 2017:

- As a world first, the World Bank issued bonds that directly link returns to the performance of companies advancing global development priorities as set out in the United Nations Sustainable Development Goals (SDGs). Priorities include gender equality, health and sustainable infrastructure.
- The TCFD published its full, final recommendations; over 100 business leaders and companies have signed a statement of support.
- The World Bank and United Nations Environment Programme (UNEP) published the Roadmap for a Sustainable Financial System proposing an integrated approach by all financial sector stakeholders to accelerate the transformation towards a sustainable financial system.
- The European Investment Bank (EIB) launched the Climate Mainstreaming Practices Database. This tool is built to help institutions to share their knowledge and experience via concrete case studies.
- The EU High-Level Expert Group on Sustainable Finance (established at the end of 2016) published its interim report in July 2017 and its final recommendations in December 2018. The Group was mandated to provide advice to the Commission on how to steer the flow of public and private capital towards sustainable investments; identify the steps that financial institutions and supervisors should take to protect the stability of the financial system from risks related to the environment; and how to deploy these policies on a pan-European scale².
- The Association of Southeast Asian Nations (ASEAN) launched the ASEAN Green Bond Standards to drive sustainable investment in the ten ASEAN member nations.
- In December 2017, eight central banks and supervisors established a Network of Central Banks and Supervisors for Greening the Financial System to assist in the mobilisation of mainstream finance to support the transition toward a sustainable economy³.

As this report demonstrates, WFE member exchanges continue to play their part, actively promoting ESG disclosure, creating listings frameworks for sustainability-linked products and educating market participants.

² More information on the EU's work on Sustainable Finance can be found here: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en#overview

³ <https://www.bankofengland.co.uk/-/media/boe/files/research/greening-the-financial-system-statement.pdf?la=en&hash=412312A0ED30D53E717E6A70596F93F50AFAF923>

3. Survey Results and Discussions

3.1 Exchanges and Sustainability

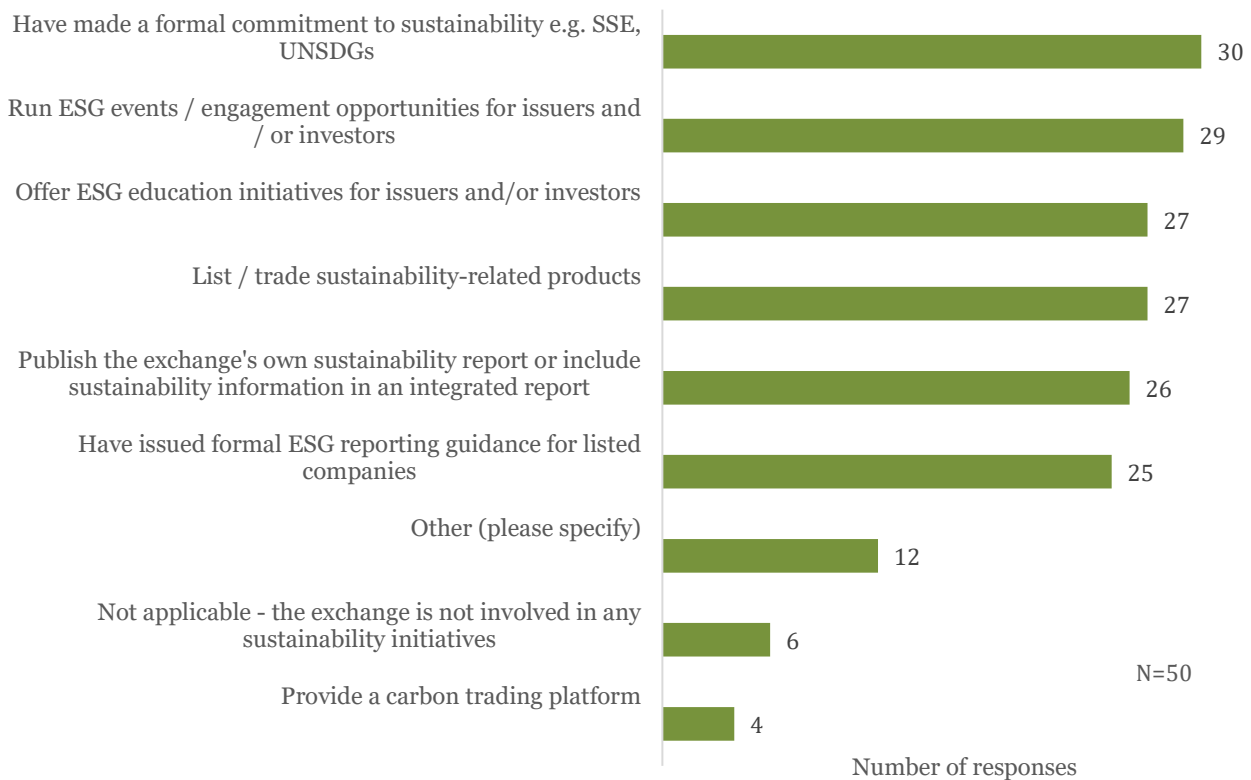
Exchanges are embracing sustainability

Eighty-eight per cent of responding stock exchanges (44/50) undertook some form of sustainability initiative in 2017. Among all the sustainability initiatives exchanges participated in or developed during the year, 'have made a formal commitment to sustainability' topped the list (68% of respondents, 30/44), overtaking 'run ESG events/engagement opportunities for issuers and/or investors' (66%, 29/44), as the most reported initiative in the previous year. Provision of 'ESG education initiatives for issuers and/or investors' and 'list/trade sustainability-related products' followed, with equal counts (61%, 27/44).

Of the 37 exchanges that participated in last year's survey, 16 (43%) reported an increased number of sustainability initiatives, with 'formal commitment to sustainability' (six exchanges) and 'list/trade sustainability-related products' (six exchanges) being the most commonly reported additional areas of involvement. Only four exchanges reported a decrease in the number of sustainability initiatives.

Included in the six exchanges that had no ESG initiatives, are two derivatives-only exchanges that stated other institutions in their country of operation were responsible for sustainability efforts in capital markets.

Figure 1: Exchanges' Sustainability Initiatives*

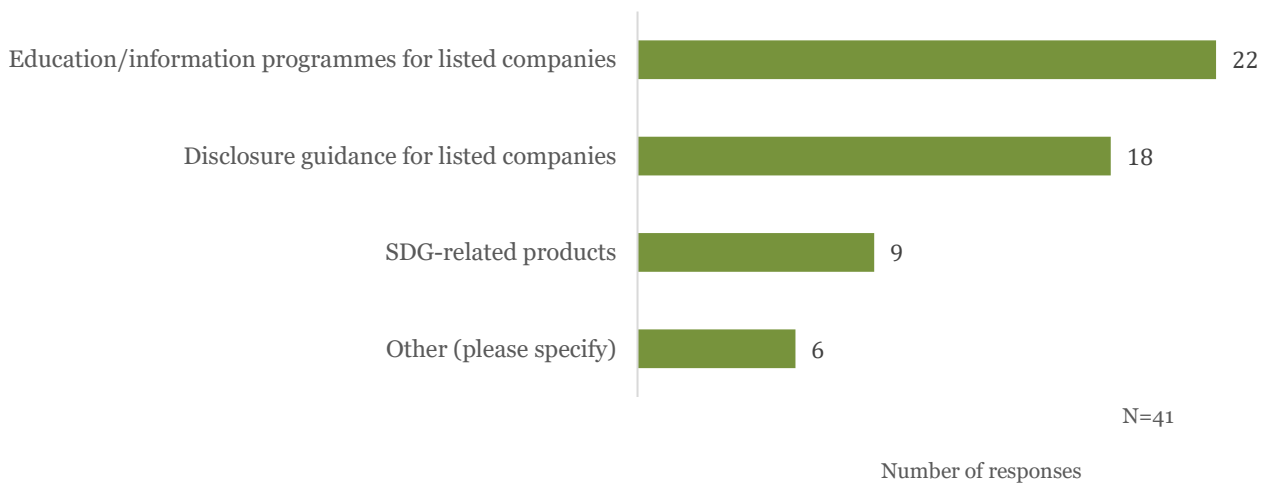


*multiple answers allowed

In this year’s survey, the WFE were specifically interested in understanding the extent to which member exchanges have introduced initiatives related to the UN SDGs.

Of the 44 exchanges that had some form of sustainability initiative, nearly 80% had introduced SDG specific initiatives. These included ‘education/information programmes for listed companies’ about the SDGs (22 exchanges) and SDG-specific ‘disclosure guidance for listed companies’ (19 exchanges)⁴. Nine exchanges have included SDG elements in their own sustainability reporting (see Figure 5). For the six exchanges that chose the ‘other’ option, their SDG-related initiatives included partnerships with external organisations (such as the World Bank and the United Nations) and developing internal capacity to engage with the SDGs.

Figure 2: SDG Specific Initiatives*



*multiple answers allowed

Working towards the SDGs

Exchanges are working to integrate the UN SDGs into their ESG agenda. Specific SDG-related initiatives by the WFE’s member exchanges include:

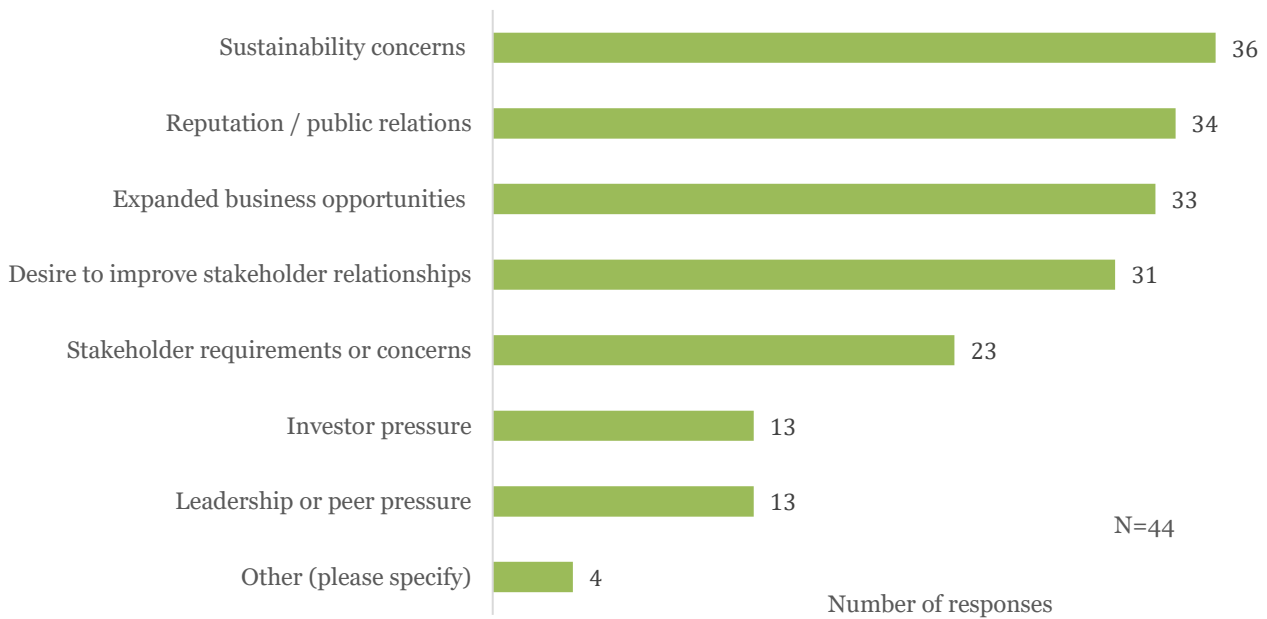
- **Brasil Bolsa Balcão (B3)** launched the Report or Explain for the Sustainability Development Goals and the Sustainability Guide for the Intermediation Industry initiatives to engage brokerage houses on SDGs. B3 also publishes information on their greenhouse gas emissions and compensation measures.
- **Bursa Malaysia** launched the Leading Entrepreneur Accelerator Platform (LEAP) market in July 2017 as a cost-efficient and conducive marketplace for SMEs to raise funds. The LEAP Market is part of Bursa Malaysia’s commitment to the SDGs to encourage the formalisation and growth of SMEs.
- **Deutsche Borse** launched the Accelerating Sustainable Finance Initiative in May 2017 along with major stakeholders from the Frankfurt/Main financial centre as a new interdisciplinary structure for sustainable entrepreneurship.
- The **Johannesburg Stock Exchange (JSE)** and **Santiago Stock Exchange (SSE)** have officially signed the UN Global Compact, the world’s largest corporate sustainability initiatives to advance the UN SDGs.

⁴ Nine exchanges said they had launched SDG-related products. These included green bonds and sustainability indices and would therefore overlap with other – more broadly defined - sustainability products.

ESG Initiatives: Motivations and Concerns

The reasons exchanges gave for engaging with sustainability are largely in line with previous years; ‘sustainability concerns’ (82% of exchanges with sustainability initiatives), ‘reputation/public relations’ (77%) and ‘expanded business opportunities’ (75%) remained the top three motivations, with similar frequencies as in last year’s survey. While internal factors are the primary drivers for exchanges’ commitment to sustainability, 52% (23/44) cited ‘stakeholder requirements or concerns’, and 30% (13/44) ‘investor pressure’ as key motivating factors. Other reasons for engaging with sustainability initiatives included national development goals and regulatory requirements.

Figure 3: Motivations for Sustainability Involvement*



*multiple answers allowed

Encouragingly, this year’s responses relating to concerns about sustainability initiatives suggest growing comfort amongst exchanges about their involvement in this area, with a decrease in the overall number of reported concerns this year. Ten of the 37 exchanges which participated in the survey last year reported fewer areas of concern, with two of the ten expressing no concerns regarding their sustainability efforts this year. However, six of the exchanges that participated in last year’s survey reported more concerns, while the remaining 21 exchanges had no change in the number of concerns reported.

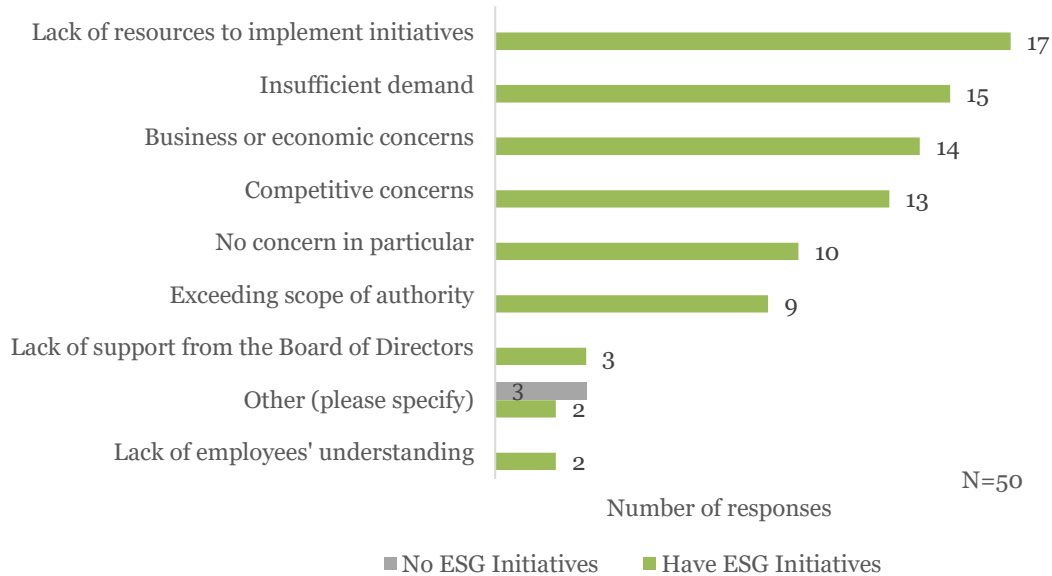
Closer examination of the sources of concern reveals that eight exchanges which had participated in last year’s survey changed their primary concerns from ‘lack of resources to implement initiatives’ and/or ‘lack of support from the Board of Directors’ to ‘business or economic concerns’ and ‘competitive concerns’. Despite this, ‘lack of resources to implement initiatives’ (39% of exchanges with sustainability initiatives) overtook ‘insufficient demand’ (34%) as the most frequently cited concern. ‘Business or economic concerns’ (selected by a third of exchanges) became the second-most important apprehension about the adoption of sustainability initiatives along with “insufficient demand”, although proportionately fewer exchanges highlighted this in this year’s survey⁵. This concern was also mentioned by two relatively smaller exchanges as their reason for not introducing any sustainability initiatives⁶.

Nearly a quarter of the exchanges had no concerns about their sustainability efforts.

⁵ In the 2017 survey around 40% (22/54) of exchanges cited “business or economic concerns” as their concern.

⁶ Note: while the survey did not specify the type of sustainability initiative these exchanges said their concern about introducing a sustainability initiative was that the potential burden on their listed issuers would impact their business.

Figure 4: Exchanges' Concerns about Current and Possible Future Sustainability Efforts*

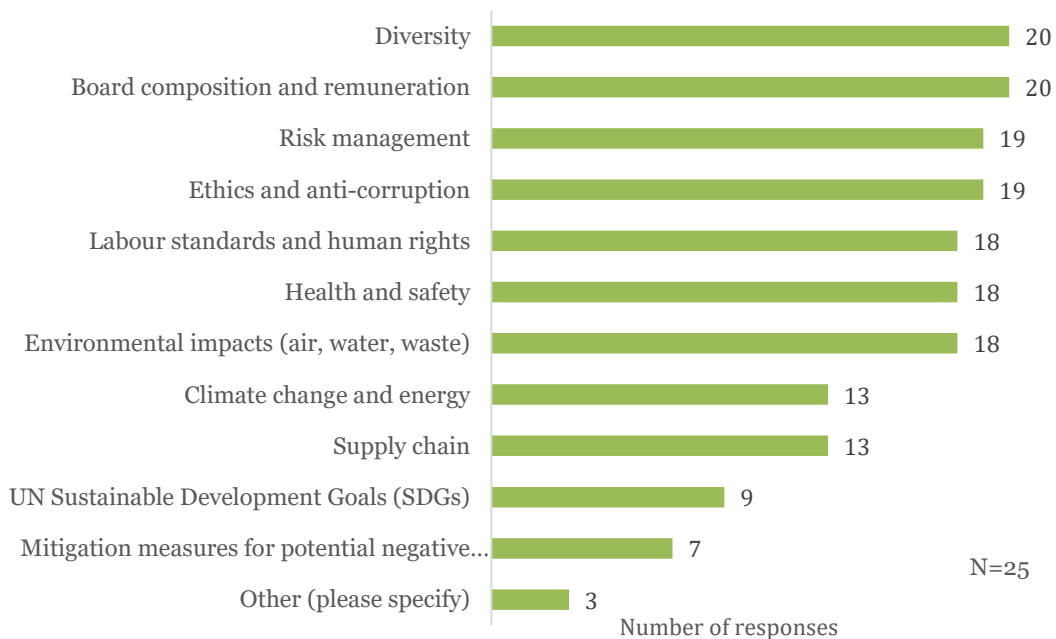


*multiple answers allowed

ESG Topics Covered in Exchange Sustainability Reporting

The survey also asked exchanges about their own sustainability reporting. Proportionally more exchanges are including ESG factors in their own reporting (57%, up from 48% in 2016). Of the ESG topics exchanges reported on, 'diversity' and 'board composition and remuneration' were the most frequently cited (20/25 exchanges), followed by 'risk management' and 'ethics and anti-corruption' (19/25). Nine exchanges in the survey are also reporting against the UN SDGs.

Figure 5: ESG Topics Covered in Exchanges' Sustainability Reporting*



*multiple answers allowed

3.2 Transparency and Reporting

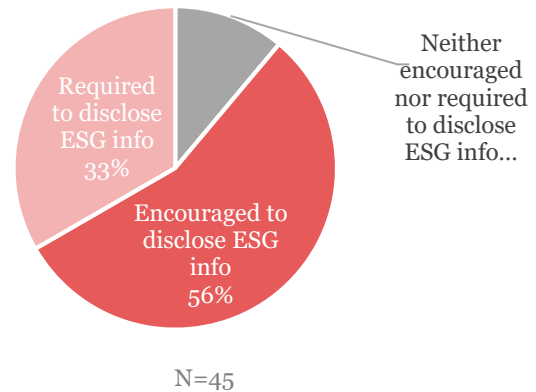
Exchanges Active in Driving ESG Disclosure

Forty exchanges said companies in their markets were encouraged or required to disclose ESG information, up from 34 exchanges last year. In these markets, reporting was predominantly driven by the exchange (73%, 29/40), followed by regulators (60%, 24/40). Exchanges have been proactive in promoting disclosure, however, reporting in most jurisdictions is still voluntary (25/45) rather than required (15/45). Only five exchanges said companies in their markets were neither required nor encouraged to disclose ESG information.

In addition to promoting disclosure, 58% (23/40) of exchanges also provided guidance to issuers on the types of issues that may be material for disclosure purposes⁷.

Just under three-quarters of responding exchanges believed that requiring ESG disclosure would not adversely impact their business, while 27% (12/45) had some reservations. Exchanges with concerns about the potential impact (primarily from emerging markets) said they were worried that the burden ESG disclosure imposed on issuers may disincentivise the use of markets.

Figure 6: Exchange ESG Disclosure Requirement



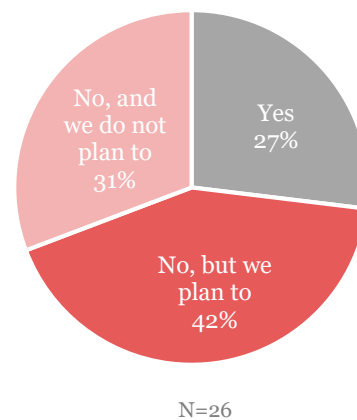
Moving Towards Global ESG Metrics & Disclosure Standards

Looking at responsibility for setting metrics and standards for ESG reporting, most respondents (86%, 38/44) believed exchanges should actively participate in this process. Exchanges that responded negatively to this question suggested standard setting was the responsibility of regulators or the relevant industry bodies, rather than the exchange itself.

A large proportion of respondents (82%, 36/44) thought it was possible to develop a standardised, and globally consistent, set of ESG metrics and disclosure standards for listed companies. Exchanges appear to be supporting this standardisation through, for example, promoting initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations. Of the 26 exchanges that responded to the question about their incorporation of the TCFD Recommendations in their company disclosure requirements or guidance, 27% (7/26) had already included them, and 42% (11/26) are planning to do so⁸. Only eight exchanges stated they were not planning to include the TCFD Recommendations in their reporting guidance or requirements.

This standardisation does not yet, however extend as far as the reporting format. Perhaps this is because reporting is still largely

Figure 7: Inclusion of TCFD Recommendations in Reporting Guidance/Requirements



⁷ This was the first year exchanges were asked this question

⁸ 26 exchanges responded to this question, which equates to the response rate of 58%.

voluntary and companies have a fair amount of latitude as to how they report. Both sustainability and integrated reports are common (with, in many cases, both being acceptable in a market) as well as disclosure via the company website. About one third of respondents (14/40) did not specify a reporting format for listed issuers.

Exchanges working to set industry standards

Guidance and standards setting are important roles played by exchanges. WFE member exchanges have been continuing their efforts in devising guidance for ESG reporting by listed companies and standardising sustainable exchange-traded products. The following are some highlights of 2017:

- The **Amman Stock Exchange (ASE)** signed an MOU with Arab sustainability advisory services firms Sustainability Excellence to promote sustainability in the Jordanian capital market and among listed companies.
- The **Dhaka Stock Exchanges (DSE)** started working with the Global Reporting Initiative (GRI) and the International Finance Corporation (IFC) to introduce ESG compliance by listed companies.
- The **Taiwan Stock Exchange (TWSE)** strengthened sustainable information disclosure of listed companies. All TWSE-listed company with paid-in capital of more than NT\$ 5 billion (approximately US\$ 171 million) are required to compile a sustainability report using the GRI reporting guidelines.
- The **Johannesburg Stock Exchange** introduced new disclosure requirements for listed companies around their policy on the promotion of gender diversity at Board level and the tabling of the remuneration policy and implementation report for non-binding advisory votes at the AGM.
- The **New Zealand Stock Exchange (NZX)** released its first ESG disclosure recommendation for listed companies.
- The **Qatar Stock Exchange (QSE)** began work with Sustainable Excellence on setting ESG disclosure guidance.
- The **Shanghai Stock Exchange** supported Lujiazui Financial City, the financial district of Shanghai, in launching the Initiative on Voluntary Disclosure of Green Information and the Initiative on Principles of Green Responsible Investment, advocating corporate ESG disclosure and responsible investment in the city's financial community.
- The **Stock Exchange of Thailand (SET)** cooperated with the wider Thai capital market to launch the Corporate Governance Code for Listed Companies (CG Code) as the guidelines for board members of Thai listed companies. The SET also promotes responsible investing practices and stewardship among institutional investors through launching the Investment Governance Code for Institutional Investors (I Code).
- The **Santiago Stock Exchange** launched its Guide for the Design and Construction of Sustainability Reports to educate issuers on the benefits of providing ESG information. On the investor end, the exchange also published the Guide to Responsible Investment to promote responsible investment with emphases on encouraging best practices in self-regulation, transparency and innovation.
- The **Bombay Stock Exchange of India ("BSE")** and the GRI concluded an MoU in 2016, which has resulted in the successful creation and launch of a linkage document designed to show companies how requirements under the SEBI Business Responsibility Report Framework correspond to the GRI Standards and disclosures.
- The **National Stock Exchange of India (NSE)** is working to launch the ESG Guidelines as a commitment to the SSE. The NSE also drives the quality of ESG practices and disclosure through conducting studies in sustainability reporting and Board Evaluation Disclosures and Practices.
- **Borsa İstanbul** hosted an opening-bell ceremony for companies that prepare integrated reports and a meeting for companies to share their learning and experience related to integrated reporting.
- As part of its Corporate Governance Rating System (CGRS) launched in 2014 and designed to rate companies that are listed on the NSE based on their corporate governance and anti-corruption culture, **the Nigerian Stock Exchange** in 2017, certified 27 companies and their directors

Investor Demand for ESG Disclosure

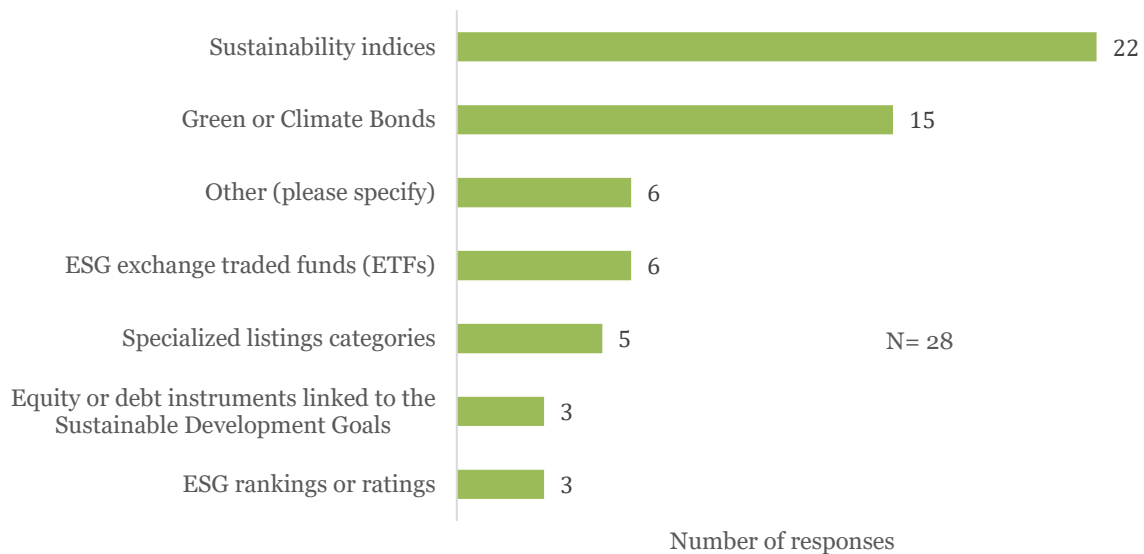
Positively, perceived investor demand for ESG disclosure seems to be increasing. Overall, 70% (31/44) of the respondents believe there is investor demand for ESG disclosure, up from 64% from last year. Seven exchanges that stated there was no investor demand for ESG disclosure last year responded positively to the question this year. The majority of exchanges that believed there was no investor demand for ESG disclosure are from emerging markets, with only two from developed markets.

Similar to the results of the 2016 survey, perceived investor demand for assurance/verification of ESG data was lower, with less than a third of respondents (15/44) stating there was demand, and 62% of exchanges saying they did not foresee requiring it in the future (24/39). Nonetheless, three exchanges require verification of disclosure, and a further 12 plan to require it in the future.

3.3 Sustainability Products & Investor Demand

A sustainability index is the entry point for exchanges' sustainability product offering and remains the most commonly offered product (79% of respondents to this question, 22/28)⁹. However, the number of exchanges providing green or climate bond offerings has increased to 15 from eight exchanges last year (42%, 15/28)¹⁰.

Figure 8: Sustainability Products Offered by Exchanges*



*multiple answers allowed

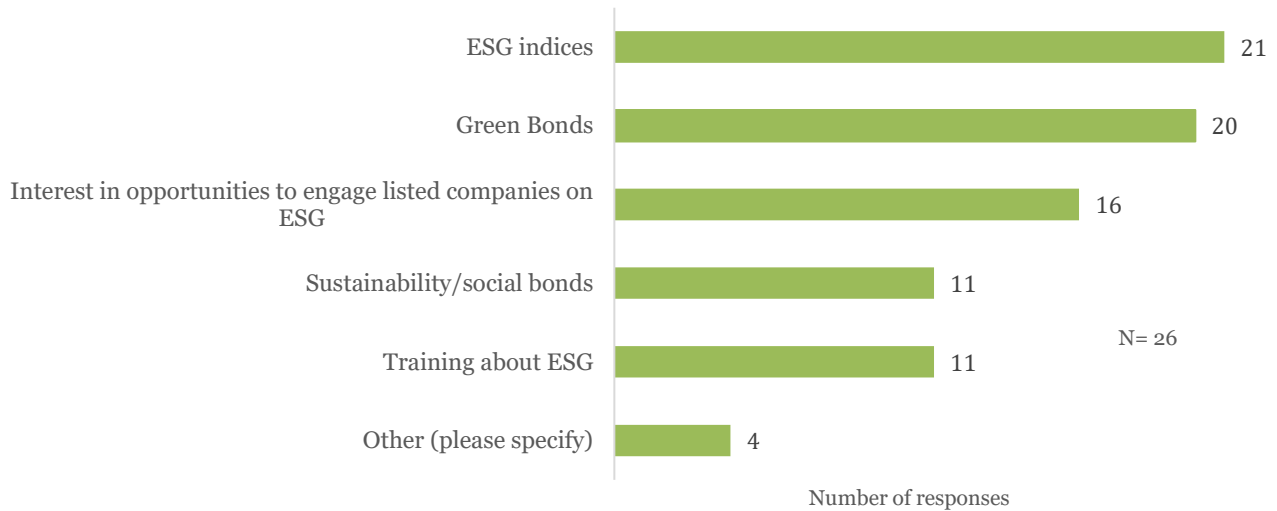
'Other' sustainability products offered by exchanges include carbon and energy-related derivatives, green REITs and environmental market data. Seven exchanges that did not have ESG products last year reported ESG product offerings in this year's survey. These results show exchanges are expanding their range of sustainability-related products.

On the investor side, 54% (27/50) of the responding exchanges believed there is demand for sustainability-related products, a result that is broadly similar with last year's survey (56%). However, four exchanges that reported no perceived demand last year noted investor demand this year. Of the 10 exchanges that reported no investor demand for two consecutive years the majority (7/10) are emerging or smaller exchanges from the EMEA region.

⁹ Another exchange pointed out that there was a sustainability index on the benchmark index but this was not offered by the exchange specifically.

¹⁰ One exchange noted they are in the process of developing their green bond offering.

Figure 9: Sustainability Products Investors Interested In*



*multiple answers allowed

Responding exchanges believe sustainability-related indices and green bonds (cited by roughly 80% of respondents) are the products investors are most interested in, although a reasonable number believe investors are also interested in opportunities to engage listed companies on ESG (see Figure 9).

Emerging markets gearing up their sustainability products

Sustainable development is a high priority for many emerging markets. Exchanges in these markets have been gearing up their efforts in providing sustainability-related financial products:

- **Bursa Malaysia** is working to promote Shariah-compliant investing, a type of investing with strong alignment to Islamic social objectives. With respect to product development for the derivatives market, Bursa Malaysia Derivatives (“BMD”) has embarked on the Crude Palm Oil Futures (“FCPO”) revamp, which has been proposed to include, among others, mandating the requirement for submission of traceability documentation relating to crude palm oil delivered to BMD.
- The **Shanghai Stock Exchange (SSE)** and China Securities Index Co. jointly released the SSE Green Bond Index Series in cooperation with the **Luxemburg Stock Exchange (LuxSE)**.
- The International Institute of Green Finance (IIGF), part of the Central University of Finance and Economics (CUFE) in Beijing, has partnered with the **Shenzhen Stock Exchange (SZSE)** and the LuxSE to launch the CUFE-CNI Green Bond Index Series, the first Chinese Green Bond index to provide synchronous quotes between China and Europe. The new index series will act as a market benchmark and investment tool for Chinese green bonds.
- The **Stock Exchange of Mauritius (SEM)** has introduced the Mauritius Green Bonds Market development initiative as the incubator for the setting up of a Green Bonds market in Mauritius.
- The **Lima Stock Exchange (BVL)** in partnership with the MEXICO2 (part of the **Mexican Stock Exchange**) and the funding of the British Embassy in Peru has introduced the “Green Bonds Guide for Perú” to encourage the issuance of green bonds in the Peruvian capital market.
- The **BSE of India** is a member of Indian Green Bonds Council set up for the development of green bonds market in India. BSE has also launched sustainability indices such as the S&P BSE Carbonex and S&P BSE Greenex as a part of their sustainability initiatives. The latest addition is the S&P BSE 100 ESG Index designed to measure securities meeting sustainability investing criteria.

4. Concluding Remarks: Exchanges Maturing in Their ESG Efforts

This survey reveals WFE member exchanges are continuing to improve their engagement with sustainability and are increasingly comfortable with playing a role in this area. The nature of their activities includes facilitating engagements between listed companies and investors, driving ESG disclosure by listed companies, providing sustainability-linked products in their markets, and ESG reporting by exchanges themselves. Members are also incorporating new developments into existing sustainability efforts, as evidenced by the inclusion of the TCFD Recommendations and the SDGs in reporting guidance.

However, the adoption of sustainability varies across markets. The survey results still reflect a gap between exchanges in developed markets and emerging markets with emerging market exchanges, particularly in the Middle East and South America, reporting lower investor appetite for ESG-related initiatives (whether disclosure or products). Despite this perceived lack of demand, WFE member exchanges continue to promote sustainability by educating local market participants about sustainability-related issues.

Comparing the survey results to the previous year:

- more exchanges are requiring or encouraging ESG disclosure;
- more exchanges are offering ESG products in their markets;
- exchanges are expanding the range of their offerings; and
- more exchanges are 'leading by example' through their own reporting

As central infrastructure providers in capital markets, exchanges appear to recognise their role in addressing sustainability challenges. Overall, WFE member exchanges are maturing in their ESG efforts, becoming more involved in sustainability initiatives, and increasingly engaging to expand ESG practices and finance.

Annex 1: Survey Approach

The WFE's fourth annual sustainability survey aims to capture the nature and extent of member engagement with ESG issues and how this has evolved over time. As in previous years, the questionnaire was sent to all WFE member exchanges and responses collated through an online survey tool.

The survey questionnaire differs from previous years in the following ways:

- Where necessary, questions were rephrased to reduce ambiguity and ensure responses are comparable;
- New questions and options were introduced referencing major ESG developments, including the SDGs and TCFD Recommendations; and
- Certain questions vary year-on-year depending on the relevance at a specific point in time. This year's questions are organised along three key themes: the exchange and its sustainability initiatives, transparency and reporting, and sustainability products and investor demand.

Respondents were routed to different questions depending on their answers and some questions were skipped by respondents hence response rates for different questions vary. The total number of responses are noted throughout.

Derivatives-only exchanges were given a scaled-back version of the questionnaire as some questions were not relevant for them, for example, questions concerning disclosure requirements for listed companies. Except in instances where we believed a response was incorrect and the correct answer confirmed with the exchange, or where a respondent selected an 'other' option which aligned with one of the existing pre-defined categories, responses were used exactly as received.

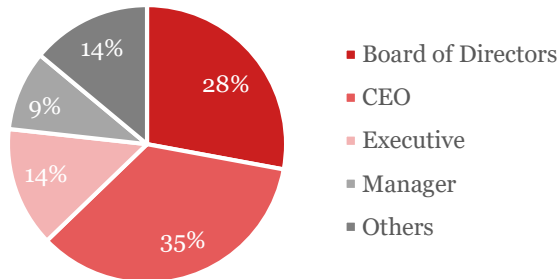
In total, 50 out of 66 WFE members (of which five are derivatives-only exchanges) responded to the survey, this equates to a 76% overall response rate, down from 84% in 2017. Six exchanges participated in the survey this for the first time and eleven exchanges that responded to the last survey did not respond this year.

Annex 2: Survey Respondents

Americas	Asia-Pacific	EMEA
Brasil Bolsa Balcão (B3)	Bombay Stock Exchange (BSE)	Amman Stock Exchange
Bueno Aires Stock Exchange	Bursa Malaysia	ATHEX Group
Chicago Board Options Exchange	China Financial Futures Exchange	BME (Bolsas y Mercados Españoles)
CME Group	Colombo Stock Exchange	Borsa İstanbul
Colombia Stock Exchange (BVC)	Dhaka Stock Exchange	Bourse de Casablanca
Intercontinental Exchange	Hochiminh Stock Exchange	Cyprus Stock Exchange
Mexican Stock Exchange (BMV)	Hong Kong Exchanges and Clearing Limited	Deutsche Börse Group
Nasdaq	Indonesia Stock Exchange	Dubai Financial Market
Santiago Stock Exchange	Japan Exchange Group	Irish Stock Exchange
The Lima Stock Exchange	National Stock Exchange of India	Johannesburg Stock Exchange
Toronto Stock Exchange	NZX (New Zealand)	Kazakhstan Stock Exchange
	Shanghai Futures Exchange	Luxembourg Stock Exchange
	Shenzhen Stock Exchange	Malta Stock Exchange
	Singapore Exchange Limited	Moscow Exchange
	Taiwan Futures Exchange	Oslo Børs ASA
	The Philippine Stock Exchange, Inc.	Palestine Exchange
	The Stock Exchange of Thailand	Qatar Stock Exchange
	Zhengzhou Commodity Exchange	SIX Swiss Exchange
		Tel-Aviv Stock Exchange
		The Egyptian Exchange
		The Stock Exchange of Mauritius

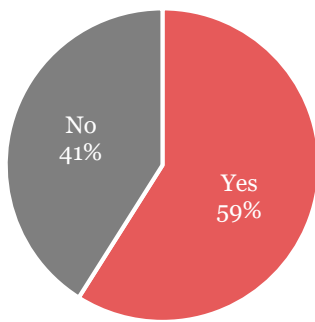
Annex 3: Additional Responses

Who is primarily responsible for your exchange's sustainability program or projects (select only 1 option)?



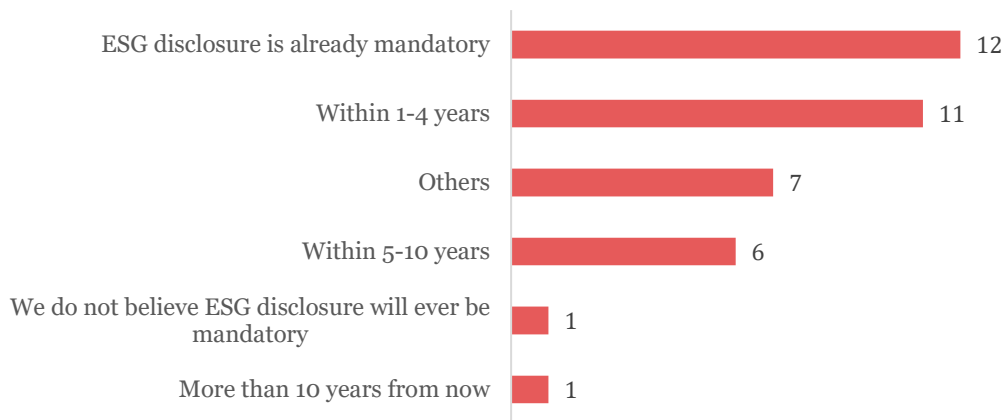
N= 43

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?



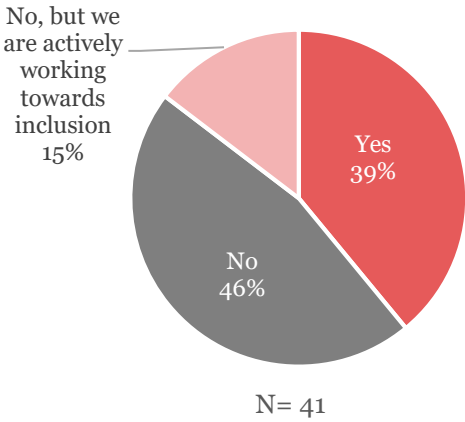
N=39

When (if ever) will comprehensive ESG disclosure (i.e. beyond governance and corporate social responsibility) become mandatory in your market? (Mandatory" includes "comply or explain" ESG disclosure in listings requirements)



N= 37

Is your stock exchange currently included in a sustainability or ESG index?



Annex 4: Survey Questionnaire

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:

Section 1: The Exchange and Sustainability

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

- 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, UNSDGs
- Publish the exchange's own 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)
- Not applicable - the exchange is not involved in any sustainability initiatives
- Other (please specify):

3. (Only if you selected "Not applicable - the exchange is not involved in any sustainability initiatives" in Q2) Why is your exchange not involved in any sustainability initiatives? Select all that apply.

- Business or economic concerns
- Competitive concerns
- Exceeding scope of authority
- Insufficient demand
- Lack of resources of implement initiatives
- Lack of support from the board of directors
- Lack of employees' understanding
- Do not believe this is relevant to our business
- Other (please specify):

(Only answer question 4-8 if you have NOT selected "Not applicable - the exchange is not involved in any sustainability initiatives")

4. Who is primarily responsible for your exchange's sustainability program or projects? (Select only 1 option)

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

5. 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):

6. What concerns, if any, 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
- Insufficient demand
- Lack of resources to implement initiatives
- Lack of support from the Board of Directors
- Lack of employees' understanding
- No concern in particular
- Other (please specify):

7. (Only when you selected "Publish the exchange's own sustainability report or include sustainability information in an integrated report" in Q2) What ESG factors does the exchange report on in its own sustainability reporting? Select all that apply.

- Climate change and energy
- Environmental impacts (air, water, waste)
- Mitigation measures for potential negative environmental impacts Health and safety
- Labour standards and human rights
- Board composition and remuneration
- Ethics and anti-corruption
- Risk management
- Supply chain
- Diversity
- UN Sustainable Development Goals (SDGs)
- Other (please specify):

New Developments

8. Has your exchange introduced any specific initiatives related to the UN Sustainable Development Goals (SDGs)? Please select all that apply.

- Disclosure guidance for listed companies
- Education/information programmes for listed companies
- SDG-related products
- Not applicable – the exchange has no SDG-specific offerings or initiatives
- Other (please specify):

9. (Only if you selected "SDG-related products" in Q8) Please specify what SDG-related products your exchange offers:

Section 2: Transparency and Reporting

10. Do you believe that exchanges should actively participate in setting metrics / standards for ESG reporting by listed companies?

- Yes
- No, please explain why:

11. Do you believe it is possible to develop standardised and globally consistent ESG metrics and disclosure standards for listed companies?

- Yes
- No

12. Do you believe that requiring companies to disclose ESG information would adversely affect your business?

- Yes
- No

13. Is there investor demand for ESG disclosure by companies in your market?

- Yes
- No

14. Is there investor demand for assurance / verification of ESG data / disclosure?

- Yes
- No

15. Are companies listed on your exchange encouraged or required to disclose ESG information?

- Neither encouraged nor required to disclose ESG info
- Encouraged to disclose ESG info
- Required to disclose ESG info

(Only answer Q16- 22 when you selected “Encouraged to disclose ESG info” or “Required to disclose ESG info” in Q15)

16. Who encourages/requires companies to disclose ESG information? Select all that apply.

- Exchange
- Securities regulator
- Corporate law
- Governance / stewardship code
- Other (please specify):

17. What reporting format are companies encouraged / required to use?

- Integrated Report (IIRC)
- Standalone Sustainability Report
- Other (please specify):

18. Has your stock exchange included the recommendations of Task Force on Climate-related Financial Disclosures (TCFD) in the reporting guidance or reporting requirements for listed companies?

- Yes
- No, but we plan to
- No, and we do not plan to

19. Does the exchange require assurance or verification of listed companies' ESG data/disclosure?

- Yes
- No, but we are planning to require that in the future
- No, we do not foresee requiring it

20. Does the exchange guide companies on which issues are material for disclosure purpose?

- Yes
- No

21. 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

22. 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)

23. When (if ever) will comprehensive ESG disclosure (i.e. beyond governance and corporate social responsibility) become mandatory in your market? (*"Mandatory" includes "comply or explain" ESG disclosure 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):

Section 3: Products and Investor Demand

24. 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
- None
- Other (please specify):

25. Have investors in your market expressed demand for ESG or sustainability-related products / services?

- Yes
- No

26. (Only when you selected "yes" in Q25) What types of ESG products or services are investors interested in? Select all that apply.

- ESG indices
- Green Bonds
- Sustainability/social bonds
- Interest in opportunities to engage listed companies on ESG
- Training about ESG
- Other (please specify)

27. Is your stock exchange currently included in a sustainability or ESG index?

- Yes
- No
- No, but we are actively working towards inclusion

Final comments - on sustainability

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