

# CORPORATE SOCIAL RESPONSIBILITY – THE SUSTAINABLE STOCK EXCHANGES INITIATIVE

PROMOTING GOOD ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE



## GLOBAL CONTEXT

In an increasingly globalized economy, capital markets are playing an important part in driving globalization. Capital markets – where prices for different financial instruments (e.g. foreign currencies, corporate securities, government bonds, bank loans) can be negotiated and traded – enable issuing of shares and bonds to raise medium- or long-term financing. Given the dynamic and cross-border nature of capital markets, stock exchanges can be particularly instrumental for fostering sustainable business behaviour worldwide. They are at the intersection of investors, companies and capital market regulators. That means that they are perfectly placed to promote better reporting.

The United Nations Sustainable Stock Exchanges Initiative, launched in 2009, explores how stock exchanges can work with policymakers, investors, regulators and companies to enhance corporate transparency. Ultimately, the goal is to enhance disclosure and performance on environmental, social and corporate governance issues and thus promote corporate social responsibility among companies.

Co-organized by UNCTAD, the United Nations Global Compact, Principles for Responsible Investment and Finance Initiative of the United Nations Environment Programme, the Sustainable Stock Exchanges Initiative works with leading stock exchanges around the world to encourage long-term thinking and integrate sustainable development into investment and financial products.

## HOW DOES THE INITIATIVE CONTRIBUTE TO SUSTAINABLE DEVELOPMENT?

The Sustainable Stock Exchanges Initiative draws on the expertise of its co-organizers and their access to policymakers and regulators to influence the financial system through partner stock exchanges in global capital markets. The initiative is a peer-to-peer learning platform that has been convening leading exchanges and market participants to create consensus, share best practices and provide guidance and training. In the context of the 2030 Agenda for Sustainable Development, its activities are contributing to improved awareness of and performance on environmental, social and governance issues of listed companies and more stable and sustainable capital markets, thereby reducing financial shocks and crises.



### PROGRAMME FACTS AND FIGURES

**Scope of the Sustainable Stock Exchange Initiative:** Any stock exchange whose country of incorporation is a United Nations Member State

**Programme start date:** 2009

**Initiative members as of September 2015:** 25 “Partner Exchanges” across America, Europe, Africa, the Middle East and Asia

**Programme website:**  
[unctad.org/csr](http://unctad.org/csr)

The initiative's key activities are:

- Regularly conducted dialogues between policymakers, securities regulators, stock exchanges, institutional investors and listed companies to build consensus on practical actions and promote responsible investment for sustainable development. The flagship event is the biennial Global Dialogue, with Regional Dialogues also held on an ad hoc basis. The Global Dialogues – designed to analyse and stimulate communication on sustainability-related activities of stock exchanges and demonstrate their progress – highlight the challenges and opportunities ahead such as the Sustainable Development Goals and the climate agenda.
- Monitoring of trends and progress, through research conducted on current stock exchange and regulatory initiatives. Research results are made public via the Report on Progress (biennial), database of sustainability policies, fact sheets covering all stock exchanges in the World Federation of Exchanges to inform stakeholders on the work being undertaken to advance sustainability and other materials.
- Capacity-building activities, which provide guidance documents and training through technical workshops and thus promote best practice adoption among the world's stock exchanges. The initiative assists stock exchanges in developing sustainability products, such as thematic indices, exchange-directed reporting guidance and other practical materials.

## RESULTS AND IMPACT AT A GLANCE

Working together, UNCTAD, the United Nations Global Compact, Principles for Responsible Investment and Finance Initiative of the United Nations Environment Programme have achieved the following:

- 25 Partner Exchanges have joined the Sustainable Stock Exchanges Initiative to promote sustainable development in their markets. Together, these exchanges list more than 21,000 companies with a market capitalization of over \$41 trillion.
- 4 Global Dialogues, and 3 Regional Dialogues, have been held as of September 2015.
- Toolkits, developed for voluntary use, aimed at helping stock exchanges to better interact with their investors and issuers. For example:

- *Model Guidance on Reporting ESG Information to Investors* (2015): A guidance tool helping stock exchanges to address the increasing investor demand for more information on environmental, social and corporate governance (ESG) from issuers. The tool guides an exchange in creating voluntary guidance on environmental, social and corporate governance reporting for its issuers. To date, 7 exchanges have made a commitment to have such guidance by the end of 2016, including the London Stock Exchange.
- *Best Practice Guidance for Policymakers and Stock Exchanges on Sustainability Reporting Initiatives* (2014). Current best practices from around the world are examined in the publication, with practical options for policymakers and stock exchanges based on real world experience as such reporting can have a role in driving investment to sustainable business practices.
- A “communication to stakeholders” campaign, which provides a guidance template and a web platform, encouraging stock exchanges to begin publicly reporting on their sustainability promotion activities. More than two-thirds of the initiative's Partner Exchanges responded to the campaign in its first 6 months by introducing a public report, facilitating sharing of experiences between exchanges.
- The World Federation of Exchanges, which set up a sustainability working group in 2014, credited in 2015 the Model Guidance of the Sustainable Stock Exchanges Initiative as a critical influence in the proposals to its member exchanges.
- Establishment of a database on reporting regulations and fact sheets on over 60 stock exchanges worldwide, made publically available online in 2014.

### DONORS/ FUNDING SOURCE

#### Current and past:

Regular resources, in-kind support from stock exchanges, small cash contributions from institutional investors