



Investor Network on  
**CLIMATE RISK**

a project of **Ceres**

# **INVESTOR LISTING STANDARDS PROPOSAL:**

## **Recommendations for Stock Exchange Requirements on Corporate Sustainability Reporting**

March 2014

**Investor Initiative  
for Sustainable  
Exchanges**



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# I. Introduction

This document is a proposal and set of investor recommendations on a stock exchange listing standard focused on corporate sustainability disclosure. The aim of the proposal is to establish key elements of a minimum global standard for corporate sustainability reporting that would provide investors with:

- Improvements in the quality and depth of sustainability information being reported in each market;
- Greater focus on the most material sustainability issues, risks, and opportunities faced by companies;
- Better disclosure of the methods used to make these determinations;
- Increased consistency and comparability of the sustainability data collected and disclosed by companies;
- A more explicit connection between company activities and sustainability impacts to the broader marketplace (externalities and systemic risk);
- Ease of finding existing sustainability data through the use of an index or table.

## A NOTE ON KEY TERMS USED IN THIS PROPOSAL

For the purposes of this proposal, the term **“sustainability” or “ESG”** (Environmental, Social and Governance) is used to describe corporate or market issues or impacts also known by other names, such as “corporate social responsibility,” “green,” “Triple Bottom Line,” “socially responsible,” “corporate citizenship,” and others. The terms “sustainability” and “ESG” are meant to capture issues and types of disclosures involving communities, human rights, resource inputs and outputs, climate change, discrimination and diversity issues, labor rights and employee relations, safety, product integrity and privacy, supply chains and subcontracting, ethics, governance oversight pertaining to these categories, and related issues.

Investors contributing to this proposal have also generally agreed (though not unanimously) that the working definition of **“materiality”** used in this proposal is based on that of the Global Reporting Initiative (which is similar to the definition promoted by the United Nations Global Compact): “Material topics for a reporting organization should include those topics that have a direct or indirect impact on an organization’s ability to create, preserve, or erode economic, environmental, and social value for itself, its stakeholders, and society at large.”<sup>1</sup>

Investors have also used the term **“integrated reporting”** in this proposal to mean “a concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short-, medium- and long-term.”<sup>2</sup>

**“Systemic risk”** in this proposal is defined as risk to the overall resiliency of the systems we depend upon—whether economic, social, or environmental.

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1 See Global Reporting Initiative. “Materiality in the Context of the GRI Reporting Framework.” Available online at <https://www.globalreporting.org/reporting/G3andG3-1/guidelines-online/TechnicalProtocol/Pages/MaterialityInTheContextOfTheGRIReportingFramework.aspx>

2 International Integrated Reporting Council definition. Available online at <http://www.theiirc.org/about/>

## WHERE DID THIS PROPOSAL COME FROM?

This proposal is the result of multi-year dialogues between institutional investors—including members of Ceres' Investor Network on Climate Risk and signatories of the Principles for Responsible Investment—and stock exchanges around the world. Institutional investors are under heightened pressure from clients and beneficiaries to be responsible stewards of client assets, which means not only financial responsibility but also ethical responsibility for the impact of those assets on communities, workers, and the environment. As investors are challenged to integrate sustainability issues into their investment processes, they are hindered by the ESG products that are available, and those, in turn, are limited by incomplete and inadequate company sustainability disclosures. Additionally, institutional investors are increasingly aware of the reputational, operational, and regulatory benefits provided by effective sustainability management.

Furthermore, many companies cite uncertainty about the specific information investors need and how it will be used as a barrier to sustainability reporting. To address this, a group of institutional investors within Ceres' Investor Network on Climate Risk (representing over US\$8 trillion in assets under management) asked several exchanges how they would approach a listing requirement on sustainability disclosure. Three exchanges, including NASDAQ OMX, responded by asking investors to clarify what they would initially want in such a listing standard. The following proposal was produced to answer that question and provide exchanges with greater clarity on what would be helpful in a listing rule—and interim guidance—on sustainability disclosures.

***NASDAQ OMX and other stock exchanges urged Investor Network on Climate Risk members to reach agreement and provide clarity on a unified sustainability disclosure standard that could be adopted by all stock exchanges to the extent possible.***

During dialogues between institutional investors and exchanges, investors noted that a consistent global standard would be useful in order to meet the needs of globally diversified investors, and to help ensure that stock exchanges that adopt sustainability reporting requirements are not at a competitive disadvantage for doing so. Thus, NASDAQ OMX and other stock exchanges urged Investor Network on Climate Risk members to reach agreement and provide clarity on a unified sustainability disclosure standard that could be adopted by all stock exchanges to the extent possible.

To begin this process, the Investor Network on Climate Risk (INCR) established the INCR Listing Standards Drafting Committee in 2012 (consisting of INCR members from the United Kingdom, Canada, and the United States) to craft an initial proposal on which institutional investors in various markets could comment and help shape and amend. A Consultation Period took place from April 5<sup>th</sup> until May 30<sup>th</sup>, 2013, and INCR, in partnership with the Principles for Responsible Investment, hosted forums for additional verbal feedback to augment the written comments received. INCR's Listing Standards Drafting Committee, with guidance from the Principles for Responsible Investment's Sustainable Stock Exchanges Investor Working Group, then produced a final document that reflected and appropriately weighed all of the various comments received, in order to present a Listing Standards Proposal that represented a consensus, to the extent feasible, among the over 100 institutional comments from six continents that were considered.

The proposal was crafted to address a few key questions about companies' sustainability risks and impacts, including:

- What are the material ESG risks faced and presented by a company? How has the company made this determination? (**ITEM 1** of the Proposed Listing Standard)
- What ESG information, at minimum, should each company disclose, in order to allow investors to better determine how a company's activities might be contributing to systemic risk for the company's investors and for the overall marketplace? (**ITEM 2**)
- What ESG information does a company currently disclose (including and outside of **ITEM 2**) and where can it be found? (**ITEM 3**)

Based on where there was the largest amount of agreement, investors are *proposing three items of disclosure*, for all exchanges to consider, to guide companies in addressing these questions:

**ITEM 1)** A “materiality” assessment disclosed in annual financial filings where management will discuss its approach to determining the company's material ESG issues;

**ITEM 2)** Specific ESG disclosure, on a “comply or explain” basis, on 10 key ESG topics, in the format and location of a company's choosing;

**ITEM 3)** A hyperlink in annual financial filings to an ESG Disclosure Index (a table or spreadsheet), based on the Global Reporting Initiative Content Index or its equivalent, indicating where existing ESG information can be found.

## INCREASING INVESTOR INTEREST IN STOCK EXCHANGES' SUSTAINABILITY GUIDANCE

As the list of governments<sup>3</sup> and stock exchanges<sup>4</sup> around the world requiring or encouraging corporate sustainability disclosure continues to grow, institutional investors have increased their focus on the critical role of stock exchanges in creating more sustainable capital markets.<sup>5</sup>

In recent years, there have been at least three key initiatives that have collaborated to encourage exchanges to improve their issuers' sustainability reporting: the United Nations-sponsored Sustainable Stock Exchanges (SSE) Initiative, Ceres' Investor Initiative for Sustainable Exchanges, and the Principles for Responsible Investment's Sustainable Stock Exchanges Investor Working Group. For more on these initiatives, please see *Appendix A*.

3 One study of 30 countries found over 140 country standards and/or laws with some form of requirement or guidance on sustainability-related reporting. See *Carrots and Sticks—Promoting Transparency and Sustainability: An Update on Trends in Voluntary and Mandatory Approaches to Sustainability Reporting*. 2010. Available online at <https://www.globalreporting.org/resource/library/Carrots-And-Sticks-Promoting-Transparency-And-Sustainability.pdf>

4 See Initiative for Responsible Investment and The Hauser Center for Nonprofit Organizations at Harvard University. *Current Corporate Social Responsibility Disclosure Efforts by National Governments and Stock Exchanges (Working Paper)*. 2012. Available online at <http://hausercenter.org/iri/about/global-csr-disclosure-requirements>

5 Benefits to stock exchanges for encouraging improved ESG disclosure and performance include: safeguarded reputation, ability to attract wider range of investors, international competitiveness, new business opportunities and potentially increased revenues, mitigation of operational risks, and support of the long-term value of listed companies. See EIRIS. *Sustainable Stock Exchanges: Improving ESG Standards Among Listed Companies*. 2010. Available online at <http://www.eiris.org/files/research%20publications/SustainableStockExchanges2010.pdf>

Ceres' Investor Initiative for Sustainable Exchanges, launched by investors within Ceres' Investor Network on Climate Risk, includes public pension funds, large asset managers, labor pension funds, and socially responsible mutual fund companies. The Investor Initiative for Sustainable Exchanges collected responses from global institutional investors to draft this proposal, and it currently reaches out to key investor networks around the globe to both solicit investor feedback on the draft proposal, and to share updates with other networks on the progress of stock exchanges on ESG issues—including through a monthly newsletter.

## SUSTAINABILITY DISCLOSURE TRENDS LEADING TO THIS PROPOSAL

An increasing number of investors consider ESG factors to be material,<sup>6</sup> and they have been calling for greater ESG-related disclosure from companies for many years. Accountants, securities regulators, credit rating agencies, data providers, investment consultants, and other key capital market players are also increasingly recognizing the connection between ESG issues and companies' financial value.<sup>7</sup>

To address investor demand, financial institutions have launched ESG-themed platforms like Goldman Sachs' GS SUSTAIN and Morgan Stanley's Institute for Sustainable Investing. A group of prominent banks also released *Green Bond Principles* in January 2014 to address the rapid growth in, and institutional investor demand for, sustainability-themed bonds over the past few years.<sup>8</sup> Meanwhile Bloomberg, a provider of data and analytics for the financial community, displays ESG indicators from publicly traded companies alongside mainstream financial indicators for its 300,000-plus customers, and notes that there is significant and escalating interest in its ESG data.

**The Global Reporting Initiative tracks over 16,000 companies that provide some disclosure on sustainability issues.**

Voluntary sustainability reporting also continues to grow each year. The Global Reporting Initiative tracks over 16,000 companies that provide some disclosure on sustainability issues.<sup>9</sup> Additionally, the Corporate Register's online database of sustainability reports features over 55,000 reports from more than 11,000 companies worldwide.<sup>10</sup>

Non-voluntary reporting measures are also increasing. For example, the European Parliament is likely to approve a Non-Financial Reporting Directive in April 2014, which will require corporate reporting (for listed and certain unlisted companies with 500 or more employees) on environmental, social, employee, human rights, anti-corruption and bribery, and board diversity issues. The Directive is an amendment to existing accounting legislation that will impact over 6,000 European Union-based companies.<sup>11</sup> Information on sustainability disclosure requirements by some exchanges is available in *Appendix B*.

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6 The growth of investor networks such as the Principles for Responsible Investment (PRI) is a clear indication of growing interest in ESG matters: the PRI has 1,249 signatories with over \$32 trillion in assets under management. Signatories work together to implement six Principles for Responsible Investment, which reflect the view that ESG issues can affect the performance of investment portfolios. CDP (formerly known as the Carbon Disclosure Project), on behalf of 767 institutional investor signatories managing over \$92 trillion in assets (over one-third of the world's invested capital), sends questionnaires to over 5,000 companies annually requesting information on climate change strategy and greenhouse gas emissions. Investor signatories to CDP surveys on water, forestry, and supply chains also continue to climb.

7 See The Prince's Accounting for Sustainability Project (A4S). *Future Proofed Decision Making: Integrating environmental and social factors into strategy, finance, and operations*. 2012. Available online at <http://www.accountingforsustainability.org/wp-content/uploads/2011/10/A4S-Report-Future-proofed-decision-making.pdf>

8 Bank of America Corporation, Citigroup Inc., et al. *Green Bond Principles 2014: Voluntary Process Guidelines for Issuing Green Bonds*. 2014. Available online at <http://www.ceres.org/resources/reports/green-bond-principles-2014-voluntary-process-guidelines-for-issuing-green-bonds/view>

9 See The Global Reporting Initiative Database. Available online at <http://database.globalreporting.org/search>

10 See The Corporate Register's Reporting Database. Available at <http://www.corporateregister.com>

11 See European Commission Statement, February 26, 2014. Available online at [http://europa.eu/rapid/press-release\\_STATEMENT-14-29\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-14-29_en.htm)

Government regulations and stock exchange rules, guidance, and educational programs on ESG reporting are clearly growing at an unprecedented pace and are increasingly becoming the norm. Yet despite dramatic growth and improvements in sustainability reporting, investors and information providers still identify data quantity and quality as the primary barriers to ESG integration by mainstream users.<sup>12</sup>

Investors have collaborated on this proposal to facilitate consistent reporting norms across the global markets in which they invest. Investors hope that this proposal encourages exchanges to explore the potential for improvements in global ESG disclosure, while still considering the unique rules and sustainability disclosure history of each exchange.

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<sup>12</sup> Bloomberg. *The Sustainability Edge: Sustainability Update* 2011. 2012. Available online at [http://www.bloomberg.com/bsustainfiles12/images/report\\_2011/2011\\_BloombergSustainabilityUpdate.pdf](http://www.bloomberg.com/bsustainfiles12/images/report_2011/2011_BloombergSustainabilityUpdate.pdf). Notable quote from this report: "Disclosure leads to benchmarking and best practices—and drives competition which fuels innovation....We invested in these assets because sustainability issues are material to all of our partners."

# II. Proposed Listing Standard

The following items, labeled as ITEMS 1-3, serve as a **three-part recommendation** for a listing rule on sustainability disclosure. The three items interconnect in several ways, and complement one another. Therefore they should be considered in their entirety as the basis for a sustainability listing requirement or preliminary guidance when transitioning to a listing requirement. The proposal is not being presented in the language required for a listing rule, since such language may vary market to market. Rather, the following three items describe what investors would like captured in a listing rule, both in terms of intent and specific pragmatic outcomes. Additionally, there are **recommendations** (SECTION IV) related to these items, which will help prepare issuers, regulators, and exchanges for investor expectations related to this proposal.

Investors debated whether these items should be mandatory in each market, or on a “comply or explain” or “report or explain” basis. A majority of respondents favored ITEMS 1 and 3 being mandatory, with reporting on the individual issues in ITEM 2 determined on a “comply or explain basis.” However there was not unanimous agreement. Investors that favored a “comply or explain” regime were largely those from markets where that was the norm. Exchanges are encouraged to discuss this and determine what will work best in individual markets.

Also, investors are keenly aware that not all exchanges have sole authority to issue listing rules in their market. However, all exchanges do have relationships with their market regulator and their issuers (for equity exchanges), and are therefore well-positioned to encourage dialogue and progress on the concepts summarized in this proposal.

The listing proposal is as follows:

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**ITEM 1) ESG MATERIALITY ASSESSMENT:** Every company shall discuss its process for determining the ESG factors material to its business, as well as the outcome of this assessment, within its annual financial filings. The three key components of the materiality assessment include:

- A)** Companies shall discuss **how** they determined which ESG issues are material, including the process behind this determination and any existing process for stakeholder engagement;
- B)** Companies shall discuss **who** was involved in that process (including relevant stakeholder<sup>13</sup> groups consulted, key corporate teams or divisions, and external consultants), as well as how management and board members were involved in this determination;
- C)** Companies shall disclose **which** ESG issues were determined to be material and **why**, including a discussion of both the risks and opportunities these issues present, as well as their **connection** to financial performance, accounting, growth, market position, or business strategy.

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<sup>13</sup> Stakeholders are defined, for purposes of this rule, as individuals or groups within or outside the company who are affected by, or can affect, the company's activities. Stakeholders of a company include investors, employees, suppliers and subcontractors, governments, communities, customers and non-governmental organizations, among many others. The emphasis on stakeholder engagement will help the company identify hidden risks and prioritize the most material issues for the company.



## REASONING BEHIND ITEM 1:

A materiality assessment is the critical first step to understanding the various ways ESG factors may impact corporate value—both positively and negatively—and will facilitate more efficient allocation of resources to manage risks and take advantage of opportunities.<sup>14</sup> This core disclosure is appropriate for all companies, including those that are not familiar with sustainability issues and that have never reported any sustainability-related information. The emphasis placed upon the materiality determination process will help companies to focus their ESG reporting efforts and help prioritize the information to be gathered and analyzed.<sup>15</sup> Investors are interested in a discussion of the process that determines these issues, as a critical indicator of quality of management and risk oversight. This was the area that investors, across markets, felt the most strongly should be included in a listing rule.

### A number of investors felt **ITEM 1** was necessary to:

- Ensure that issuers discuss critical ESG issues in annual financial statements, and move the reporting of these issues, as one investor stated, “from optional to a space where it is considered part of the fundamental reporting expectations.”
- Enable buy and sell-side analysts to better incorporate the risks and opportunities presented by ESG issues.
- Better understand how corporations were engaging with key stakeholders to evaluate risks and opportunities to their business.
- Improve issuer opportunities to better connect ESG issues impacting the company to financial performance, accounting, and business strategy.



## Recommendations for Implementing Item 1:

Each of the recommendations below gives additional guidance on the implementation of certain parts of **ITEM 1**:

**For 1A:** Investors recommend that companies categorize the timeframes of their material ESG issues (in terms of short-, medium-, and long-term, and indeterminate timeframes) when they are able to do so. Because long-term to one industry might be short-term to another, issuers should define these terms in their financial filings as they relate to the business cycle and their industry.

**For 1B:** Companies should consider using stakeholder mapping—the process by which companies identify key stakeholders and understand, track, and assess ESG-related engagements with each group. Mapping assists the company in ensuring that a broad range of stakeholders is engaged, and in determining the appropriate depth of engagement for certain groups. Mapping is also an opportunity to identify the stakeholders that are best positioned to provide expert feedback on the company’s ESG disclosures, including any relevant Key Performance Indicators and emerging risks. Some companies find it useful to develop a materiality matrix to help identify and prioritize key ESG issues. A materiality matrix often categorizes issues on two dimensions, such as the importance to stakeholders and society, and the extent of the current or potential impact on the company.<sup>16</sup>

14 Ceres. *The 21st Century Corporation: The Ceres Roadmap to Sustainability*. 2010. Available online at <http://www.ceres.org/resources/reports/ceres-roadmap-to-sustainability-2010>

15 Deloitte. *Disclosure of Long-term Business Value: What Matters*. 2012. Available online at [http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us\\_scc\\_materialitygov\\_032812.pdf](http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_scc_materialitygov_032812.pdf)

16 See Ceres, *The 21st Century Corporation: The Ceres Roadmap to Sustainability*. 2010.

**For 1B and 1C:** Board oversight and ESG commitment should be demonstrated, and management systems and processes should be established, in order to fully integrate sustainability issues into the business.

**For 1C:** Companies should rank for investors, where possible, the disclosure of ESG issues that are most material, and how the management of those issues is integrated into corporate strategy and performance. Connectivity of ESG issues to corporate goals, value creation, resource allocation, compensation, and financial performance should be demonstrated, wherever possible.

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**ITEM 2) ESG ISSUE DISCLOSURE:** Every company shall disclose information on the following 10 ESG categories, using a “comply or explain” approach for each category:

- Governance and Ethical Oversight
- Environmental Impact
- Government Relations and Political Involvement
- Climate Change
- Diversity
- Employee Relations
- Human Rights
- Product and Service Impact and Integrity
- Supply Chain and Subcontracting
- Communities and Community Relations

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***Disclosures under the aforementioned categories shall include both qualitative and quantitative information and will incorporate the following aspects where applicable: associated policies and procedures, management systems, any related corporate initiatives, existing performance data and related goals and applicable timeframes, related governance, significant legal proceedings and fines, relevant consumer or stakeholder controversy, and strategic opportunities.***

Issuers will determine the format and location of the reporting under these categories, which could include one or more of the following: sustainability reports, annual reports, financial filings, integrated reports, websites, interim reports, or other venues.

ESG Issue Disclosures will allow investors to gauge issuer performance and policies over time in a number of areas investors are increasingly assessing and finding material to financial performance.

Issuers should map the disclosures made under ITEM 2 in the ITEM 3 ESG Disclosure Index (which follows) where applicable.

If an issuer determines that an ESG issue category does not apply to its business, it should report this and the reasons why this issue is not relevant to the business. Disclosures under *each* of the 10 categories are to be made on a “comply or explain” or “report or explain” basis.

## REASONING BEHIND ITEM 2:

Investors have identified these 10 issue areas because they capture areas of opportunity, broad systemic risk, and externalization of costs to an investment portfolio, for those investors owning stakes in issuers across multiple industries and markets. Current practice in financial reporting generally fails to capture many ESG-related risks and externalities that would help investors gauge risks and opportunities to individual companies, as well as understand each company's contribution to or impact from systemic risks. Reporting that focuses exclusively on risks and opportunities *to the issuer* usually omits any discussion of risks and opportunities issuers present to others. Institutional investors, many of which have long-term investment horizons and are often invested across the economy, are particularly exposed to the systemic risks that result from short-term thinking and undisclosed externalities.<sup>17</sup>



### Recommendations for Implementing Item 2:

It is important for investors to understand how ESG issues are integrated into business strategy, and to be able to judge the impact of these issues on the market as a whole; ITEMS 1 and 2 begin to address both of these needs. Investors are a diverse group and will require varied information from companies. One company's externalities (costs or impacts caused by, but not directly borne by, the issuer) can affect the profitability of other portfolio companies or entire industries, adversely or positively affecting other investments, and hence overall market return. Therefore, the material issues identified in ITEM 1 should not serve as a limit to what companies report under the categories in ITEM 2. Additionally, if other ESG categories (beyond the 10) are material to an issuer, it is encouraged to add to the list of 10 items where applicable. ITEM 2 allows companies to expound on their sustainability measures, performance, goals, and strengths and weaknesses in a format best suited to that company's experiences. This should not be an exercise in box-ticking under 10 categories, but rather, companies are urged to treat this as an opportunity for focused reporting, and to not resort to "boilerplate language." While ITEM 2 provides some general guidance (see bold "Disclosures" statement on page 10) as to what issuers report under these categories, but not specific Key Performance Indicators, the recommended items listed below are items of increasingly significant investor focus, and serve as recommendations for what companies *may* be expected to report in the future.

Please note that the examples (guidance) below are provided for illustrative purposes and should not be considered to be an exhaustive list, or a set of minimum requirements.

## GUIDANCE FOR ISSUERS IN COMPLETING THE ESG DISCLOSURE CATEGORIES OF ITEM 2

Investors were not comfortable—given the short time frame for the investor consultation—recommending a specific set of Key Performance Indicators that all markets consider under these 10 categories. There are, however, several organizations that are in the process of developing such indicators—including the Sustainability Accounting Standards Board in the United States, Project Delphi's "super factors" project, new CDP reporting questionnaires, and the Global Reporting Initiative's G4 Guidelines, which were launched in May 2013 after the close of the investor consultation.

<sup>17</sup> See Principles for Responsible Investment. *Building the capacity of investment actors to use environmental, social and governance (ESG) information*. 2013. Available online at [http://d2m27378y09r06.cloudfront.net/viewer?file=wp-content/uploads/Capacity\\_Building\\_2013.pdf](http://d2m27378y09r06.cloudfront.net/viewer?file=wp-content/uploads/Capacity_Building_2013.pdf). Also see, Principles for Responsible Investment. *Integrated Analysis: How investors are addressing environmental, social and governance factors in fundamental equity valuation*. 2013. Available online at [http://www.unpri.org/viewer?file=wp-content/uploads/Integrated\\_Analysis\\_2013.pdf](http://www.unpri.org/viewer?file=wp-content/uploads/Integrated_Analysis_2013.pdf)

Below is a list of issues that investors participating in this proposal generally agreed were useful and items they considered in their corporate research profiles.

- **Governance and Ethical Oversight:** board independence; shareholder rights; shareholder and stakeholder engagement; executive remuneration; sustainability oversight; bribery and corruption prevention; ethical policies; whistleblower systems; accounting systems oversight; board committees
- **Environmental Impact:** water, energy, and materials consumption; emissions and waste; toxins; packaging
- **Government Relations and Political Involvement:** political lobbying and spending; contracting and revenue payments; tax strategy/tax avoidance; trade association involvement
- **Climate Change:** greenhouse gas reduction initiatives; adaptation plans; physical risks and opportunities; energy policy; energy innovation
- **Diversity:** employee, board, and supplier diversity statistics and initiatives; training, empowerment, and recruitment programs; anti-discrimination efforts
- **Employee Relations:** labor relations and freedom of association; safety; employee turnover and demographics; training; remuneration and benefits
- **Human Rights:** prevention of child and forced labor; compliance with international human rights norms
- **Product and Service Impact and Integrity:** cultural and community impacts; product life cycle assessments; recalls; product integrity and safety; data protection
- **Supply Chain and Subcontracting:** size and geographic scope of supply chain; risk of business disruption and continuity; impacts on local communities; labor and environmental impacts and oversight
- **Communities and Community Relations:** indigenous peoples relations; community engagement; economic development; social impact assessments.

*\*Note on Climate Change category: investors largely agreed that Climate Change was an issue separate and discrete enough from Environmental Impact to warrant its own category in this list, largely because the factors under Climate Change that investors were concerned about were more focused on systems risk, widespread physical risk, and innovation than the Environmental Impact category covered.*

**ITEM 2 is intended to:**

1. Improve the comparability of corporate ESG disclosures.
2. Establish a more systematic framework for evaluating a company's disclosure.
3. Guide companies on the issues investors increasingly expect companies to report on.

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**ITEM 3) ESG DISCLOSURE INDEX:** Every company shall provide a hyperlink in its annual financial filings to an ESG Disclosure Index, utilizing the Global Reporting Initiative's Content Index OR its functional Equivalent, which will inform investors about the availability and location of a company's existing ESG data and/or Key Performance Indicators.

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An **ESG Disclosure Index Equivalent** can be determined by each exchange, by convening a multi-stakeholder consultation to define a mapping tool that is similar to the GRI Content Index in scope. An Index Equivalent is an option for markets where investors and issuers may prefer another disclosure template, or where an exchange may already have rules or guidance in place for extensive disclosure around a list of Key Performance Indicators or ESG topics (Hong Kong Exchanges and Clearing Ltd. is an example).

ITEM 3's focus is on existing disclosures being made by an issuer, and issuers should not feel compelled to gather data for every indicator potentially listed in a Disclosure Index. Much like a table of contents, the ESG Disclosure Index should indicate a web hyperlink, report title (where applicable), date of publication, and page number/section (where applicable) for each ESG data item or Key Performance Indicator, to allow investors to quickly locate the referenced data. Web links for all such Index information shall be gathered in one table for ease of use.

ITEM 3 is not seeking a report combining all of a company's existing ESG information. It is a **table of contents or spreadsheet** indicating precisely where such information can be found, and should optimally feature web pages where data is located.

## REASONING BEHIND ITEM 3:

Investors did not unanimously agree on the format for ITEM 3, but they did overwhelmingly agree that finding existing ESG data, company by company, was a time-consuming and frustrating exercise. With voluntary reporting, company ESG disclosures may be anywhere, and it can be very time-consuming for analysts to determine even whether certain data exists. A standardized format that each company reports (and a hyperlink to this document in the financial filing, so that every investor knows where to start) was a critical step in aiding investors to determine if certain types of ESG disclosures existed for a given company, in the most expedient manner possible. Investment analysts are familiar with traditional reporting formats like balance sheets, income statements, and statements of cash flows; this provides an analogue on the ESG side of the equation. Investors also expect that such tables or the GRI Content Index would be updated every few years to incorporate the evolution of data for ESG issues.



### Recommendations for Implementing Item 3:

The GRI Content Index is one possible tool for companies to use in drafting their Disclosure Index. The GRI Content Index is the most comprehensive, widely-accepted set of ESG indicators in the investment community currently. It can provide companies with substantial guidance on a broad range of ESG reporting topics, and it is often helpful for companies to be exposed to GRI Indicators during its process of sustainability or integrated reporting, and in performance goal-setting. The GRI Guidelines on which the GRI Content Index is based have broad investor support in multiple markets, and were developed through an international multi-stakeholder process that includes investors, issuers, non-governmental organizations and public comment opportunities. As such, there was majority support from investors for the GRI Content Index to serve as the recommended frame for a data table at this juncture, unless or until a better framework is launched, or a market can demonstrate it meets the intent of the GRI Content Index through some other means. Many issuers and investors have also noted that the process of completing a GRI Content Index exposes issuers to subjects previously not considered relevant that are later determined to be, and it is this process of education across a host of ESG indicators that investors believe companies will find additional value from implementing ITEM 3—whether through the GRI Content Index or an equivalent format.

**ITEM 3 is intended to serve several purposes:**

1. Inform investors where ESG information can be obtained.
2. Establish a more systematic method for evaluating gaps in ESG reporting.
3. Move some aspects of ESG reporting toward greater consistency and comparability.

A company may complete **ITEM 3** and answer “NA” (not applicable) or “no response” for numerous indicators. This is still useful information, as it allows investors to gauge the company’s overall level of ESG disclosure relative to a common benchmark, and can serve as a foundation for investor-corporate engagement on these issues.

Investors also noted that a number of initiatives are currently being developed which in the future might serve as useful reporting “maps” or indices beyond the GRI. Investors were consistent in wanting companies, regulators, and exchanges to stay informed of the developments of such initiatives, including revisions to the GRI, and the work products of the International Integrated Reporting Council, the Sustainability Accounting Standards Board, CDP, and Project Delphi, among others.

# III. Summary of Investor Comments on the Proposed Listing Standard

*Investors felt strongly that at a minimum, companies should have robust processes for identifying, discussing, and determining which sustainability issues were most material for them—not just from a financial materiality standpoint, but also for those issues that posed significant reputational, ethical, legal, and other harm.*

The materiality proposal (ITEM 1) had unanimous agreement among investors. They felt strongly that at a minimum, companies should have robust processes for identifying, discussing, and determining which sustainability issues were most material for them—not just from a financial materiality standpoint, but also for those issues that posed significant reputational, ethical, legal, and other harm. Secondly, investors felt strongly that companies should have robust programs and systems in place for gathering information to determine these material issues. Those systems include stakeholder engagement and a process for identifying the company's most important stakeholders. Thirdly, investors want companies to report on the issues that were determined to be material, the processes or programs for stakeholder engagement, and WHY companies determined certain issues to be material over others.

Investors' strong sentiments on this item should be considered seriously by exchanges. Investors felt that ITEM 1 was essential corporate reporting, that it went to the heart of integrated reporting, and that it is a necessary step to producing a valid and credible integrated report that exemplified integrated thinking. An overwhelming majority of investor respondents felt that ITEM 1 should be mandatory in every market, but there was a handful of investors—largely in Australia, Brazil, and the United Kingdom, that felt that ITEM 1 should be reported on a Comply or Explain basis.

There was also strong consensus among the investors commenting on the 10 ESG categories of information proposed in ITEM 2. Investors were unanimous that they wanted more consistent and comparable ESG information across markets, but at the same time, they want each market to have some flexibility in how to encourage issuers to report such information. This creates tension between how specific and how broad investors should be in their proposal for better information. In this context, the investors agreed strongly on the types of disclosures they wanted companies to capture (the 10 ESG Topics) but they gave the exchanges and/or companies flexibility initially in determining what and how much they would report under those headings. This is an item for exchanges to discuss further. As an interim measure, investors were quite comfortable at least giving guidance as to the kinds of disclosure they would like to see under each category.

Lastly, on ITEM 3, investors stressed that finding ESG information for each company was an extremely time-consuming process, and they would benefit from a more standardized approach to locating corporate reporting on key ESG data points. A majority of investors supported using a Global Reporting Initiative Content Index to meet this criteria. More information on the GRI and its Content Index can be found in *Appendix C*. Investors were generally supportive of the GRI overall because they felt many investors and companies have familiarity with the GRI, and that would be beneficial in getting issuers across markets to agree on some format. But investors are also conscious of the evolution of ESG reporting and they wanted to allow companies and exchanges to adapt to upcoming disclosure norms by having the flexibility to choose an appropriate table/template.

To be clear, ITEM 3 does not require a company to issue a sustainability report or a new type of narrative reporting. ITEM 3 aims to help investors locate existing disclosures of ESG topics and Key Performance Indicators that may be useful in company valuation, but spread across numerous reporting formats.

## INVESTOR SENTIMENT ON KEY PERFORMANCE INDICATORS

**ITEM 3 aims to help investors locate existing disclosures of ESG topics and Key Performance Indicators that may be useful in company valuation, but spread across numerous reporting formats.**

In dialogue with exchanges, investors were asked for a list of recommended sustainability Key Performance Indicators that investors generally agreed on and that were common to several markets. As previously noted, Key Performance Indicators for ESG matters are rapidly evolving, and investors feel they should be developed through a multi-stakeholder process; as such, exchanges and issuers should refer to both well-established and developing standards for Key Performance Indicators, and are encouraged to monitor the initiatives that are currently developing sector-specific Key Performance Indicators.

Appropriate ESG Key Performance Indicators vary by sector, industry, sub-industry and market, based on the key sustainability challenges faced by each.<sup>18</sup> Additionally, an “indicator” can be a single data point, such as a percentage of revenues from a particular business line, or a set of data points accompanied by narrative disclosure, such as information relating to labor conditions in a corporation’s manufacturing supply chain.<sup>19</sup>

Rather than propose a set of minimum Key Performance Indicators, investors provided a list of common ESG disclosure categories frequently focused on, to serve as a baseline for company reporting. The categories are broad enough to allow companies the flexibility to report relevant Key Performance Indicators under each category, and the proposal allows for future initiatives on Key Performance Indicators to be captured under these headings.

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18 See Lydenberg, Steve, Jean Rogers, and David Wood. *From Transparency to Performance: Industry-Based Sustainability Reporting on Key Issues*. (Cambridge, MA: Initiative for Responsible Investment) 2010. Available online at [http://hausercenter.org/iri/wp-content/uploads/2010/05/IRI\\_Combined\\_KPI.pdf](http://hausercenter.org/iri/wp-content/uploads/2010/05/IRI_Combined_KPI.pdf)

19 See Society of Investment Professionals in Germany and The European Federation of Financial Analysts Societies. *KPIs for ESG—Guidelines for the Integration of ESG into Financial Analysis and Corporate Valuation (version 3.0)*. 2010. Available online at [http://www.effas-esg.com/wp-content/uploads/2011/07/KPIs\\_for\\_ESG\\_3\\_0\\_Final.pdf](http://www.effas-esg.com/wp-content/uploads/2011/07/KPIs_for_ESG_3_0_Final.pdf)



# IV. Additional Recommendations for Issuers, Exchanges, & Regulators

The following topics were also debated during the investor consultation. There was strong investor agreement, based on the comments received, for each of the recommendations cited in the *Additional Recommendations for Issuers, Exchanges, and Regulators* section, and therefore they should be considered in the implementation of any sustainability disclosure guidance or requirements.



## Synchronization of Reporting Timeframes

Financial and ESG data are often reported using different timeframes or reporting cycles and it is important that both sets of disclosures be aligned in the future to avoid confusion and inaccurate analytics. For example, investors often prefer to normalize ESG data points to market capitalization, revenue, or other measures in order to avoid unduly penalizing large companies; having the ESG information in the same time window as the financial information is therefore desirable. It is highly recommended that financial and ESG reporting timeframes be **aligned within three years** of the implementation of any ESG listing rule.

Aligning reporting timeframes is an essential element to moving forward with the integration of financial and ESG information and the integration of sustainability into both business and investor decision-making. A timeframe of three years will provide companies with sufficient time to develop processes to align reporting regimes.



## Assurance

Investors would prefer that data presented in a company's ESG disclosures be independently **assured within five years** of any ESG listing requirement's issuance.

An independent and credible third party should verify key ESG data. Assurance is an evaluation method that utilizes a specified set of principles and standards to assess the quality of data and underlying systems. Verification, auditing, and validation are some of the tools and processes by which assurance is obtained. Assurance is necessary because it enhances the credibility and reliability of the reported information, increases investor confidence in the accuracy of the

information,<sup>20</sup> and can improve the usefulness and effectiveness of the information being presented.<sup>21</sup> There are increasing indications that investors and other stakeholders are paying attention to the verification information for ESG data.<sup>22</sup> However, implementation of independent assurance varies widely across markets,<sup>23</sup> requires an investment in data collection processes, and requires qualified assurers. Five years should allow companies time to instill processes for good data collection and for independent assurance capacity to develop more in markets where it is now nascent. The data to be assured should be determined by the regulator, in consultation with a market's exchanges and the World Federation of Exchanges, and with additional input by that market's investors.



## Small Companies

Large issuers (as determined by the exchange) should comply with all three items included in the proposed listing standard, upon passage. If exchanges determine that smaller companies will require more time for compliance with these rules, exchanges should set the market capitalization threshold and the maximum timeframe for compliance to achieve the goal of all companies reporting within a reasonable timeframe of **three years**.

Smaller companies tend to disclose less information and to have less developed systems for managing ESG issues, despite the unique risks and opportunities that they face, so it is important to have the listing standard apply to all companies. However, smaller companies may need more time to comply since they have fewer employees and resources. Since market capitalization definitions and the proportion of listed companies in each size category vary by market and by exchange,<sup>24</sup> stock exchanges should choose their market capitalization thresholds for a phase-in period for small companies, if needed.



## Market Monitoring of ESG Reporting

- A) Regulators are strongly encouraged to work with exchanges to assess the overall level of ESG disclosure and reporting quality after two years of any ESG reporting requirement, and every three years thereafter to reassess quality. If quality is poor, the regulator, in cooperation with its market's exchange(s), should intervene and recommend best practices or means of improvement to ensure utility to shareholders and the market.

20 See, e.g., the International Corporate Governance Network's statement that companies should adopt and report on their policy towards obtaining assurance. International Corporate Governance Network (ICGN). *ICGN Statement and Guidance on Non-financial Business Reporting*. 2008. Available online at [https://www.icgn.org/files/icgn\\_main/pdfs/best\\_practice/buss\\_reporting/icgn\\_statement\\_%20and\\_guidance\\_on\\_non-financial\\_business\\_reporting.pdf](https://www.icgn.org/files/icgn_main/pdfs/best_practice/buss_reporting/icgn_statement_%20and_guidance_on_non-financial_business_reporting.pdf); Also see, The International Integrated Reporting Council. *Towards Integrated Reporting: Communicating Value in the 21st Century—Summary of Responses to the September 2011 Discussion Paper and Next Steps*. 2011. Available online at <http://theirc.org/wp-content/uploads/2012/06/Discussion-Paper-Summary1.pdf>

21 See AccountAbility. *AA1000 Assurance Standard 2008*. 2008. Available online at <http://www.accountability.org/images/content/0/5/056/AA1000AS%202008.pdf>; Also, International Federation of Accountants. *International Auditing and Assurance Standards Board: International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. Exposure draft 2011. Available online at [http://www.ifac.org/sites/default/files/publications/exposure-drafts/IAASB\\_ISAE\\_3000\\_ED.pdf](http://www.ifac.org/sites/default/files/publications/exposure-drafts/IAASB_ISAE_3000_ED.pdf); Also, Social Accountability International. *SA8000 Standard: 2008*. 2008. Available online at [http://www.sa-intl.org/data/n\\_0001/resources/live/2008StdEnglishFinal.pdf](http://www.sa-intl.org/data/n_0001/resources/live/2008StdEnglishFinal.pdf); Also, Verite. *Standards for the Knowledge and Skills of Social Auditors*. 2009. Available online at [http://www.verite.org/sites/default/files/images/Standards\\_for\\_the\\_Knowledge\\_and\\_Skills\\_of\\_Social\\_Auditors\\_October\\_2009\\_0.pdf](http://www.verite.org/sites/default/files/images/Standards_for_the_Knowledge_and_Skills_of_Social_Auditors_October_2009_0.pdf)

22 In a study looking at the almost 44 million total "hits" to the ESG metrics in the Bloomberg database in three periods from 2010-2011 (a "hit" is when a user accesses one of these data points), Verification Type (which indicates whether the company's ESG policies were subject to an independent assessment for the reporting period) was in the list of top 20 metrics of greatest interest to the market on a global basis. See Eccles, Robert G., Michael P. Krzus, George Serafeim. "Market Interest in Nonfinancial Information" (Fall 2011). *Journal of Applied Corporate Finance*, Vol. 23, No. 4, pp. 113-127, 2011. Available online at <http://www.mikekrzus.com/downloads/files/JACF-Market-interest.pdf>

23 For example, sustainability reports with assurance statements are much more common in Europe; only 14% of sustainability reports in the U.S. have assurance statements, compared to 73% in France. See Eccles, Robert G. *One Report: Integrated Reporting for a Sustainable Strategy in Harvard Business School Faculty Research Symposium: Executive Summaries*. May 20, 2010. Available online at [http://hbswk.hbs.edu/pdf/research\\_sym\\_eccles.pdf](http://hbswk.hbs.edu/pdf/research_sym_eccles.pdf)

24 See World Federation of Exchanges. *2011 Annual Report*. Available online at <http://www.world-exchanges.org/files/statistics/excel/WFE2011.pdf> (WFE 2010 Domestic Market Segmentation Survey, page 39); World Federation of Exchanges. *2012 WFE Market Highlights: No 239—January 2013*. Available online at [http://www.world-exchanges.org/files/focus/pdf/focus\\_january.pdf](http://www.world-exchanges.org/files/focus/pdf/focus_january.pdf) (WFE Market Statistics, page 39)

- B)** Exchanges and regulators are strongly encouraged to develop systems that seek investor feedback on the quality of the existing ESG disclosures, in order to better inform their assessments.
- C)** Regulators are urged to partner with their local exchanges, and potentially the World Federation of Exchanges, to produce occasional reports on emerging trends in ESG reporting expectations in their market.



## Additional Disclosure Categories that May Arise

Stock exchanges should evaluate the ESG categories in ITEM 2 and decide whether to develop or recommend Key Performance Indicators (under the proposed ESG categories or in additional ESG categories) that are pertinent to their specific markets and distribution of industries.



## Issuer Education and Capacity Building

- A)** The World Federation of Exchanges, stock exchanges, and regulators are encouraged to develop expertise and resources to review and evaluate ESG reporting standards and trends on a regular basis.
- B)** Stock exchanges are encouraged to provide guidance and training on their ESG listing rules and voluntary guidance to issuers from the outset and on an ongoing basis. This assistance should include information on the three key components of this proposal, as well as the evolving nature of Key Performance Indicators and ESG Trends within and across industries.
- C)** Stock exchanges are encouraged to host educational sessions for issuers on best practices for materiality assessments and ESG reporting overall. Training should include stakeholder input.

# V. Information on How to Submit Comments to this Proposal

The consultation for this proposal runs from March 26, 2014 until June 23, 2014. All comments are due by June 23<sup>rd</sup>. Microsoft Word, plain text, or PDF documents are accepted. A Comment Form has been emailed to members of the World Federation of Exchanges by the Federation's staff.

**Stock exchanges should email your comments to this proposal to Gregoire Naacke, Senior Analyst at the World Federation of Exchanges, at [gnaacke@world-exchanges.org](mailto:gnaacke@world-exchanges.org). He can also be reached by phone at +44 20 7151 4150.**

**Comments should additionally be copied to Tracey Rembert, Director of the Investor Initiative for Sustainable Exchanges at Ceres, at [rembert@ceres.org](mailto:rembert@ceres.org). She can be reached by phone at +1-617-247- 0700 Extension 106.**

Exchange comments will not be shared publicly (except to members of the World Federation of Exchanges Sustainability Working Group, WFE staff, and Ceres) unless stipulated by the exchange itself. If any exchange is unclear about a portion of the Investor Proposal or the Comment Form, please contact Tracey Rembert (at the information listed above) for more clarity.

Comments are preferred in English, but responses in other languages will be accommodated and translated if needed. Exchanges are encouraged to provide as much detail as they are able to in the Comment Form. There is space at the end of the form to discuss any sustainability disclosure topic an exchange feels is important but that was not covered by the questions in previous sections.

Ceres' Investor Initiative for Sustainable Exchanges received feedback from over 100 investors on the proposal now being submitted to exchanges. Comments came from all six continents, but not every stock exchange market was represented in those comments. The majority of investor comments came from the United States, United Kingdom, France, Germany, the Netherlands, South Africa, and Australia. Because the proposal does not represent investors from every financial market, and does not have a majority of respondents coming from emerging markets, World Federation of Exchanges members are encouraged to engage with their issuers, investors, and stakeholders before submitting comments to this Consultation.

# Investor Initiatives Focused on Stock Exchanges & Sustainability Reporting

In recent years, there have been at least three key investor initiatives that have been collaborating to encourage exchanges to improve their issuers' sustainability reporting. The United Nations' Sustainable Stock Exchanges Initiative explores how stock exchanges, working with investors, regulators and companies, can enhance corporate transparency and performance on ESG issues broadly, and it encourages responsible long-term approaches to investment. The Sustainable Stock Exchanges Initiative is co-organized by the United Nations-supported Principles for Responsible Investment, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme Finance Initiative (UNEP-FI) and the United Nations Global Compact Office (UNGC).<sup>25</sup> The Sustainable Stock Exchanges Initiative also organizes biannual Global Dialogues that connect investors, exchanges, and regulators, in order for them to discuss best practices on ESG disclosure, and it provides a platform for exchanges to make public commitments to improve their sustainability performance and disclosure regimes.

In 2008, the Sustainable Stock Exchanges Initiative took root with the efforts of Aviva Investors and the Principles for Responsible Investment to encourage investors to engage with stock exchanges on ESG issues, as well as to the groundwork laid by UNCTAD and the UN Global Compact in years previous to this. In late 2008, the Chief Executive Officer of Aviva Investors called on global stock exchanges to consider updating their listing rules to include a provision promoting disclosure of information on sustainability performance and strategy. The Principles for Responsible Investment and UNCTAD also convened meetings in 2008 that included investors and stock exchanges, building on the UN Global Compact's 2004 meeting with several stock exchanges on ESG issues.

The first Sustainable Stock Exchanges Global Dialogue occurred in 2009 in New York City. Dialogue participants included stock exchanges, the World Federation of Exchanges, the International Organization of Securities Commissions, and Principles for Responsible Investment signatories. The second Global Dialogue was held in China in 2010, where the results of a study commissioned by Aviva Investors on the sustainability practices of the world's top 30 exchanges were announced: two-thirds of those exchanges at that time did not provide sustainability reporting guidance for listed companies.<sup>26</sup>

The third Sustainable Stock Exchanges Global Dialogue took place in Rio de Janeiro, Brazil in June 2012 on the eve of the United Nation's Conference on Sustainable Development (Rio+20). At the Rio event, five exchanges publicly committed to promoting long-term, sustainable investment and improved ESG disclosure and performance among listed companies: BM&FBOVESPA, the Egyptian Exchange, Borsa Istanbul, the Johannesburg Stock Exchange, and NASDAQ OMX.

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25 See Responsible Research, *Sustainable Stock Exchanges: A Report on Progress*, which states that a minimum level of comparability across markets is needed. In its survey of 27 stock exchanges, 80% of respondents welcomed a global approach to consistent and material sustainability reporting.

26 Morales, Rumi, and Edouard van Tichelen. *Sustainable Stock Exchanges: Real Obstacles, Real Opportunities—Discussion Paper Prepared for the Sustainable Stock Exchanges 2010 Global Dialogue*. Commissioned by Aviva Investors. 2010. Available online at [http://www.sustainalytics.com/sites/default/files/responsible\\_research\\_sustainable\\_stock\\_exchanges\\_2010.pdf](http://www.sustainalytics.com/sites/default/files/responsible_research_sustainable_stock_exchanges_2010.pdf)

The UN Sustainable Stock Exchanges Initiative, since Rio, has begun inviting stock exchanges to commit to advancing sustainability in their markets by becoming “Partner Exchanges” of the Sustainable Stock Exchanges Initiative. The Bombay Stock Exchange (BSE), NYSE Euronext, the Nigeria Stock Exchange, the Warsaw Stock Exchange, BM&FBOVESPA, the Egyptian Exchange, Borsa Istanbul, the Johannesburg Stock Exchange, and NASDAQ OMX have made this commitment.

Aviva Investors also put out a “call to action” in 2010 for investors to engage with exchanges in their own markets on sustainability issues, and it helped to organize letters from Principles for Responsible Investment signatories to 30 of the largest stock exchanges in January 2011.<sup>27</sup> Ceres (a non-governmental organization that advocates for sustainability leadership and oversees the Investor Network on Climate Risk [INCR]) and several of its INCR members signed on to those letters.

In that same month, INCR formed a Stock Exchanges Working Group to convene INCR members on a monthly basis and to coordinate engagements with five stock exchanges (mostly North American exchanges) on corporate sustainability reporting and listing standards (which were a priority for this network of investors). This Working Group was also focused on supporting the broader goals and work of the Sustainable Stock Exchanges Initiative and it reported back the status of these five ongoing engagements to other SSE-focused networks. INCR’s Stock Exchanges Working Group eventually launched the Investor Initiative for Sustainable Exchanges.

A third group focused on exchanges’ ESG progress is the Principles for Responsible Investment’s Sustainable Stock Exchanges Investor Working Group. This Aviva Investors-led group of PRI signatories, including Ceres, meets quarterly to share findings from engagements with stock exchanges around the world and to spearhead research and best practice reports in this space. Aviva Investors launched this Investor Working Group in 2009 (originally as an investor collaboration within the PRI’s engagement Clearinghouse) in support of the broader Sustainable Stock Exchanges Initiative.

Ceres’ Investor Initiative for Sustainable Exchanges continues to collaborate with the Sustainable Stock Exchanges Initiative, the PRI’s Sustainable Stock Exchanges Investor Working Group, Friends of Paragraph 47, the International Corporate Governance Network, the Council of Institutional Investors, various global Social Investment Forums, and the Corporate Sustainability Reporting Coalition, among other networks. These organizations share best practices and lessons learned from ESG engagements with exchanges, and Ceres provides updates on the status of this proposal.

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<sup>27</sup> Aviva Investors. *Earth Summit 2012: Towards a convention on corporate sustainability reporting at Rio+20*. 2011. Available online at <http://www.aviva.com/data/media/uploads/news/File/Towards%20a%20convention%20on%20corporate%20sustainability%20reporting%20at%20Rio+20.pdf>

# Examples of Exchange Listing Rules & Guidance on Sustainability Disclosure

## AUSTRALIAN SECURITIES EXCHANGE

### ASX Listing Rules: Guidance Note 9<sup>28</sup>

**Listing Rule 4.10.3**...requires each entity admitted to the official list as an ASX Listing to include in its annual report:<sup>29</sup>

A statement disclosing the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed all of the recommendations, the entity must identify those recommendations that have not been followed and give reasons for not following them....

### ASX Corporate Governance Principles and Recommendations (second edition)<sup>30</sup>

#### Principle 7: Recognise and manage risk

##### Principle 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

##### Commentary

Each company will need to determine the material business risks it faces. When establishing and implementing its approach to risk management, a company should consider all material business risks. These risks may include but are not limited to: operational, environmental, sustainability, compliance, strategic, ethical conduct, reputation or brand, technological, product or service quality, human capital, financial reporting and market-related risks.... When developing risk management policies, the company should take into account its legal obligations. A company should also consider the reasonable expectations of its stakeholders. Stakeholders can include: shareholders, employees, customers, suppliers, creditors, consumers, and the broader community in which the company operates.

Failure to consider the reasonable expectations of stakeholders can threaten a company's reputation and the success of its business operations. Effective risk management involves considering factors which bear upon the company's continued good standing with its stakeholders.

28 ASX Listing Rules: Guidance Note 9. 2012. Available online at [http://www.asx.com.au/documents/rules/gn09\\_disclosure\\_corporate\\_governance\\_practices.pdf](http://www.asx.com.au/documents/rules/gn09_disclosure_corporate_governance_practices.pdf)

29 *Ibid.*

30 ASX Corporate Governance Principles and Recommendations (second edition). August 2007. Available online at <http://asx.ice4.interactiveinvestor.com.au/ASX0701/Corporate%20Governance%20Principles/EN/body.aspx?z=1&p=32&y=1&uid=>

# BOMBAY STOCK EXCHANGE AND NATIONAL STOCK EXCHANGE OF INDIA LTD.

## National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business

The Guidelines, though mandatory for the top 100 companies (based on market capitalization) listed on the Bombay Stock Exchange and National Stock Exchange of India Limited, are meant to be recommended minimum provisions relevant to all companies, regardless of size, sector, or location, and are comprised of nine principles applicable on an “apply or explain” basis:

- Principle 1 – Ethics, Transparency and Accountability
- Principle 2 – Products Life Cycle Sustainability
- Principle 3 – Employees’ Well-being
- Principle 4 – Stakeholder Engagement
- Principle 5 – Human Rights
- Principle 6 – Environment
- Principle 7 – Policy Advocacy
- Principle 8 – Inclusive Growth
- Principle 9 – Customer Value.<sup>31</sup>

## BM&F BOVESPA

### External Communication

To: BM&FBOVESPA (BVMF) Market Participants – BOVESPA Segment and Listed Companies

Re: **Proposal to adopt “Report or Explain” sustainability reporting model for listed companies**

“BM&FBOVESPA is recommending that as of 2012 listed companies state...whether they publish a regular sustainability report and where it is available, or explain why not”<sup>32</sup>

### Novo Valor: Corporate Sustainability<sup>33</sup>

“It will usually help to take a look at the GRI Aspects and Indicators...as well as the GRI Sector Supplements, where you will find a broad range of possible material issues...the organization can efficiently identify between four and eight material issues, but the number varies depending on the size of the firm, its sector, its market niche, and its maturity in terms of the work already done on the sustainability agenda.

It is important to note that material issues should be identified case-by-case and reviewed at predetermined intervals, which can be once a year or every two years, for example. The most effective way to determine materiality is to use a matrix, such as Importance to Stakeholders versus Impact on the Organization. Of course, the quality of this exercise will be better when the stakeholders participate directly. This means the organization agrees to a process that is structured in such a way as to capture the perceptions and expectations of people both inside and outside its walls....

31 Ministry of Corporate Affairs, Government of India. *National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business*. 2011. Available online at [http://www.mca.gov.in/Ministry/latestnews/National\\_Voluntary\\_Guidelines\\_2011\\_12jul2011.pdf](http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf)

32 BM&FBOVESPA External Communication 017/2011-DP. Re: *Proposal to adopt Report or Explain sustainability reporting model for listed companies*. December 23, 2011. Available online at <http://www.bmfbovespa.com.br/en-us/markets/download/EC-017-2011-Relate-ou-Explicite-Ingles.pdf>

33 BM&F BOVESPA. *Novo Valor: Corporate Sustainability*. 2011. Available online at <http://www.bmfbovespa.com.br/novo-valor/en-us/download/sustainability-guide.pdf>



*Externalities:* Impacts, costs or benefits arising from an economic activity that affect people other than those who make economic decisions and/or those with no control over such decisions. May be negative (pollution of a river by a factory may cause harm to another factory that needs the same water) or positive (the hiring of private security staff by one firm may increase the level of security for its neighbors).”

## EUROPEAN UNION

### **Directive 2013/34/EU of the European Parliament and of the Council<sup>34</sup>**

(26) The management report and the consolidated management report are important elements of financial reporting. A fair review of the development of the business and of its position should be provided, in a manner consistent with the size and complexity of the business. The information should not be restricted to the financial aspects of the undertaking’s business, and there should be an analysis of environmental and social aspects of the business necessary for an understanding of the undertaking’s development, performance or position. In cases where the consolidated management report and the parent undertaking management report are presented in a single report, it may be appropriate to give greater emphasis to those matters which are significant to the undertakings included in the consolidation taken as a whole. However, having regard to the potential burden placed on small and medium-sized undertakings, it is appropriate to provide that Member States may choose to waive the obligation to provide non-financial information in the management report of such undertakings.

## HONG KONG EXCHANGES AND CLEARING LIMITED

### **Consultation Conclusions: Environmental, Social and Governance Reporting Guide**

The ESG Reporting Guide encourages general ESG disclosure along with specific KPIs organized into four subjects: Workplace Quality, Environmental Protection, Operating Practices, and Community Involvement. KPIs cover working conditions, health and safety, development and training, labor standards, emissions, use of resources, environmental and natural resource policies/practices, supply chain management, product responsibility, anti-corruption, and community investment.<sup>35</sup>

### **MAIN BOARD LISTING RULES**

#### **Chapter 13**

#### **EQUITY SECURITIES**

#### **CONTINUING OBLIGATIONS**

#### **Environmental and Social Matters**

13.91 Issuers are encouraged to include information set out in Appendix 27 in the annual report regarding the same period covered in the annual report, or as a separate report.

*Note: Where the information is included in a separate report, an issuer is free to report on any period but should consistently report on the same period so that the information can be*

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<sup>34</sup> Directive 2013/34/EU of the European Parliament and of the Council. 2013. Available online at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:182:0019:0076:EN:PDF>

<sup>35</sup> See Hong Kong Exchanges and Clearing Limited. *Consultation Conclusions: Environmental, Social and Governance Reporting Guide*. 2012. Available online at <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201112cc.pdf>. Also see, *Consultation Paper: Environmental, Social and Governance Reporting Guide*. 2011. Available online at <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201112.pdf>

comparable. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.<sup>36</sup>

## **Appendix 27**

### **Environmental, Social and Governance Reporting Guide**

#### **Introduction**

1. This guide sets out Environmental, Social and Governance (“ESG”) subject areas, aspects, general disclosure and key performance indicators (“KPIs”).
2. This guide is not comprehensive. The Exchange encourages an issuer to identify and disclose additional ESG issues and KPIs that are relevant to its business. It may also refer to existing international ESG reporting guidance for its relevant industry or sector.
3. An issuer may adopt a higher level of ESG reporting based on international guidance and standards.
4. An issuer may disclose the ESG information in its annual report regarding the same period covered in the annual report, or in a separate report, in print or on its website. Where the information is included in a separate report, an issuer is free to report on any period. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.
5. It is important to involve the board of directors in preparing the ESG report. The board of directors is responsible for ESG reporting but it may delegate the task of compiling the ESG report to its employees or a committee that reports to the board.
6. Issuers may consider offering assurance on the ESG report.

#### ***How this guide is organised***

7. There are four ESG subject areas: Workplace Quality, Environmental Protection, Operating Practices and Community Involvement. Corporate Governance is not included as it is dealt with separately in Appendix 14 of the Main Board Listing Rules.
8. Each subject area has various aspects. For each relevant aspect, an issuer could report on the general disclosure and KPIs that indicate its performance.

#### **GENERAL APPROACH**

##### ***Identify subject areas, aspects and indicators that are relevant***

9. Not all ESG subject areas, aspects and KPIs in this Guide may be relevant to an issuer’s business. Also, some may be more important to an issuer’s business than others. For example, product responsibility, an ESG aspect, may be important to a retailer.
10. An issuer is encouraged to prioritise ESG subject areas, aspects and KPIs that are material in the context of its corporate strategy, which could be given prominence in the report.
11. It is unnecessary to report on all subject areas, aspects and KPIs. An issuer is encouraged to identify and report on relevant ESG subject areas, aspects and KPIs that have material environmental and social impacts. Materiality can be addressed in strategic, operational and financial terms.

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<sup>36</sup> Hong Kong Exchanges and Clearing Limited. *Main Board Listing Rules*, Chapter 13. Available online at [http://www.hkex.com.hk/eng/rulesreg/lisrules/mbrules/documents/chapter\\_13.pdf](http://www.hkex.com.hk/eng/rulesreg/lisrules/mbrules/documents/chapter_13.pdf)

### ***Engage stakeholders***

12. It is important to engage stakeholders periodically to identify material aspects and KPIs and understand their views. Stakeholders are parties that have interests in or are affected by the decisions and activities of an issuer. They may include shareholders (including independent shareholders), business partners, employees, suppliers, sub-contractors, consumers, regulators and the public.
13. The ESG report could disclose the issuer's stakeholders and the basis for their identification. It may also disclose the activities the issuer has arranged to engage stakeholders, the objectives and how it has responded to stakeholders' views. Stakeholder engagement may be conducted through meetings (e.g. personal or annual general meetings), conferences, workshops, advisory committees, round-table discussions, focus groups, questionnaires, web-based forums and written consultations.
14. The ESG report may also disclose a mechanism for stakeholders to provide feedback.

## **REPORTING GUIDANCE**

### ***Scope of reporting***

15. An issuer is encouraged to state in its ESG report which entities in the group and/or which operations have been included for the report. If there is change in the scope, the issuer is encouraged to explain the difference and reason for change.

### ***Approaches to reporting***

16. Once an issuer starts reporting, it is encouraged to continue to do so regularly. The aspects and KPIs reported could be consistent for each period or there could be an explanation of the changes. An issuer may also explain why some aspects and KPIs are not reported.
17. An ESG report could state the issuer's ESG management approach, strategies, priorities, objectives and explain how they relate to its business. It could discuss the issuer's management, measurement and monitoring system to implement its ESG strategies.
18. An ESG report could also discuss ESG opportunities, risks, challenges and how they are addressed. For example, a telecommunication company may see an opportunity to promote teleconferencing as an alternative to travel due to climate change concerns. An information and technology company may see the damage to its reputation from a breach in consumer privacy as an ESG risk.

### ***Reporting on line items***

19. The Guide does not provide a definition for each KPI. An issuer is encouraged to explain how the KPIs are calculated and include information that is necessary for interpreting the KPIs. It may use the same definition and calculation method each period for comparison over time. If there is a change to the definition or calculation method, the issuer could explain the difference and reason for the change.
20. Over time, an issuer may present time series of data for comparison over a period already reported on. The time period used may be consistent for every report.
21. An issuer may report line items with objective and representative industry benchmarks.
22. Quantitative information could be presented in a table format.<sup>37</sup>

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<sup>37</sup> Hong Kong Exchanges and Clearing Limited. *Main Board Listing Rules, Appendix 27: Environmental, Social and Governance Reporting Guide*. Available online at [http://www.hkex.com.hk/eng/rulesreg/lstrules/mbrules/documents/appendix\\_27.pdf](http://www.hkex.com.hk/eng/rulesreg/lstrules/mbrules/documents/appendix_27.pdf)

# JOHANNESBURG STOCK EXCHANGE

## LISTINGS REQUIREMENTS

### Section 8

#### Financial Information

##### Scope of section

8.63 In addition to complying with IFRS, Section 30 of the Act and paragraph 3.84 of the Listings Requirements, issuers are required to disclose the following information in the annual report (in the case of 8.63(a) and (l)), and in the annual financial statements (in the case of 8.63(b)–(k) and (m)):

(a) the King Code:

- (i) a narrative statement of how it has applied the principles set out in the King Code, providing explanation(s) that enable(s) its shareholders to evaluate how the principles have been applied; and
- (ii) a statement addressing the extent of the company's compliance with the King Code and the reasons for non-compliance with any of the principles in the King Code, specifying whether or not the company has complied throughout the accounting period with all the provisions of the King Code and indicating for what part of the period any non-compliance occurred.<sup>38</sup>

## BURSA MALAYSIA

### Listing requirements—Malaysian legal and tax information center<sup>39</sup>

APPENDIX 9C; Part A; Contents of annual report

(29) A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect.

### National Annual Corporate Reporting Awards<sup>40</sup>

CSR information reported in the annual report should include (but not be limited to) the following areas:

#### MARKETPLACE

1) Corporate Governance

- i) Policy/statement clearly stated.
- ii) Board composition—executive directors, non-executive directors, independent directors, women representation.
- iii) Transparent board and senior management remuneration.
- iv) Risk analysis/management framework.
- v) Disclosure of non-compliance to laws/legislation/codes/listing requirements.

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38 Johannesburg Stock Exchange (JSE). *JSE Listings Requirements*. Service Issue 15 Issued October 2012. Available online at <http://www.jse.co.za/Libraries/JSE - Listings Requirements - Service Issues/Service Issue 17.sflb.ashx>. Also see, Johannesburg Stock Exchange. *Guidance Letter: Guidance on Corporate Governance*. Jan. 31, 2013. Available online at <http://www.jse.co.za/Libraries/JSE Listing Requirements - Guidance Letters/Guidance Letter Corporate Governance Jan 2013.pdf.sflb.ashx>. Also see, The Institute of Directors in Southern Africa. *Practice Note: King III Reporting in Terms of the JSE Listings Requirements*. 2013. Adopted by Johannesburg Stock Exchange. Available online at <http://www.jse.co.za/Libraries/JSE Listing Requirements - Guidance Letters/King III Reporting in terms of the JSE Listings Requirements.sflb.ashx>

39 Listing Requirements: Malaysian Tax and Legal Center. 2012. Available online at [http://malaysianlaw.my/attachments/Appendix-2\\_87928.pdf](http://malaysianlaw.my/attachments/Appendix-2_87928.pdf)

40 NACRA 2012: *Towards Accountability & Excellence*. 2012. Available online at <http://www.micpa.com.my/v2/nacra/NACRA-Brochure-2012.pdf>

- 2) CSR Management/Reporting
  - i) Policy statements or stated commitments.
  - ii) Adoption of a specific reporting guideline.
  - iii) Third party audit/review report.
- 3) Stakeholder Engagement
  - i) Structured engagement with all stakeholders.
- 4) Procurement Policies.
- 5) Product Responsibility.

### **WORKPLACE**

- 1) Health & Safety (H & S) issues
  - i) H & S management system in place.
  - ii) Staff education & training on H & S.
- 2) Human Capital Development
  - i) Staff training—number of hours, types of training (job related, skills management, lifelong learning, etc.).
- 3) Work-life Balance
  - i) Ensuring employees' quality of life—pension plans, flexible working arrangements, counseling/assistance programmes, sports activities, etc.
- 4) Diversity at Workplace
  - i) Staff composition—women, ethnic groups, people with disabilities.
  - ii) Providing equal opportunities.
- 5) Employee Welfare.

### **ENVIRONMENT**

Details on how the company addresses and manages its particular environmental impact.

- 1) Environmental policy clearly stated.
- 2) Measurement systems in place to measure:
  - i) Emissions of carbon dioxide and/or other greenhouse gases.
  - ii) Energy consumption.
  - iii) Water consumption.
  - iv) Waste production and management.
- 3) Set targets for improvements and/or significant initiatives to reduce the above.
- 4) Company's impact on biodiversity, environmental impact assessments, if any.

### **COMMUNITY**

Details on the company's relationship with the local communities in which it operates and/or other communities it may choose to support.

- 1) Employment of local workforce in its operations.
- 2) Internship or graduate placement programmes.
- 3) Details on the company's community investment initiatives—nature of investment (monetary, in kind, staff time), areas (infrastructure support, youth development, education, the underprivileged, poverty alleviation, disability, local heritage, etc.), and overall effectiveness of programmes.
- 4) Encouraging employee volunteerism—types of activities completed, total number of hours recorded.

# SINGAPORE STOCK EXCHANGE

## Guide to Sustainability Reporting for Listed Companies

“The Exchange encourages listed companies to consider and provide disclosure on the following matters, where material to their business operations:

### **General**

- (i) Sustainability policy and goals, including milestones, plans for achieving goals, and long-term aspirations;
- (ii) Corporate accountability and seniority of decision-making on sustainability issues;
- (iii) Corporate stance on bribery and corruption;
- (iv) Assessment of sustainability impacts, risks, or opportunities;
- (v) Risk management policies and processes arising from environmental and social concerns;
- (vi) Relevant laws, regulations, international agreements, or voluntary agreements with strategic significance to the organisation and its stakeholders, including fines, sanctions, prosecution, and accidents for non-compliance with environmental laws and regulation;
- (vii) Issues and future challenges for the specific industry sector that the company operates in as observed by peers and competitors;
- (viii) Performance assessment against stated goals, peers, and industry benchmarks;

### **Environmental**

- (ix) Climate change disclosures e.g. business or legal developments related to climate change mitigation or adaptation that may have an impact on the organisation;
- (x) Biodiversity management;
- (xi) Environmental management systems;

### **Social**

- (xii) Labour practices and relations;
- (xiii) Diversity and inclusion;
- (xiv) Programs and practices that assess and manage the impacts of operations on communities;
- (xv) Product responsibility policy and practices.”<sup>41</sup>

# TORONTO STOCK EXCHANGE

## A Primer for Environmental & Social Disclosure<sup>42</sup>

Under securities rules, reporting issuers must disclose all material information, including material information about environmental and social issues.

### **CSA STAFF NOTICE 51-333 ENVIRONMENTAL REPORTING GUIDANCE**

In October 2010, the CSA published Staff Notice 51-333, *Environmental Reporting Guidance*, to help issuers understand their reporting requirements for environmental issues. This guidance identifies where requirements for disclosure exist, discusses materiality, and provides examples of “entity-specific” disclosure.

While the Staff Notice did not specifically address social information, it can be interpreted to include material social information, since disclosure requirements in the Annual Information Form (AIF) and Management’s Discussion & Analysis (MD&A) cover all material issues.

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41 Singapore Exchange. *Guide to Sustainability Reporting for Listed Companies*. 2011. Available online at [http://rulebook.sgx.com/net\\_file\\_store/new\\_rulebooks/s/g/SGX\\_Sustainability\\_Reporting\\_Guide\\_and\\_Policy\\_Statement\\_2011.pdf](http://rulebook.sgx.com/net_file_store/new_rulebooks/s/g/SGX_Sustainability_Reporting_Guide_and_Policy_Statement_2011.pdf)

42 Toronto Stock Exchange and CPA Canada. *A Primer for Environmental and Social Disclosure*. 2014. Available online at <http://www.cica.ca/focus-on-practice-areas/sustainability/cica-publications-and-activities/item78049.pdf>

Staff Notice 51-333 cites several securities law requirements under which companies may need to make disclosure.

**A. Annual Information Form—Form 51-102F2**

National Instrument 51-102 *Continuous Disclosure Obligations*  
[www.osc.gov.on.ca/en/13342.htm](http://www.osc.gov.on.ca/en/13342.htm)

**B. Management’s Discussion & Analysis (“MD&A”)—Form 51-102F1**

National Instrument 51-102 *Continuous Disclosure Obligations*  
[www.osc.gov.on.ca/en/13342.htm](http://www.osc.gov.on.ca/en/13342.htm)

**C. Corporate Governance Disclosure**

National Instrument 58-101 *Disclosure of Corporate Governance Practices*  
[www.osc.gov.on.ca/en/14198.htm](http://www.osc.gov.on.ca/en/14198.htm)

**D. Audit Committees**

National Instrument 52-110 *Audit Committees*  
[www.osc.gov.on.ca/en/13550.htm](http://www.osc.gov.on.ca/en/13550.htm)

Disclosure may be required concerning:

- risks
- environmental trends and uncertainties
- environmental liabilities
- asset retirement obligations, and financial and operational effects of environmental protection requirements, and
- risk oversight and management.

**Err on the side of materiality**

When in doubt, disclose. If you are struggling to decide if a particular piece of environmental or social information is material, include it.

## UNITED KINGDOM DEPT. OF ENVIRONMENT, FOOD, & RURAL AFFAIRS (APPLICABLE TO THE LONDON STOCK EXCHANGE)

**“Reporting greenhouse gas emissions**

Since 1 October 2013 the Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013<sup>43</sup> has required all UK quoted companies to report on their greenhouse gas emissions as part of their annual Directors’ Report. That requirement affects all UK-incorporated companies listed on the main market of the London Stock Exchange, a European Economic Area market, or whose shares are dealing on the New York Stock Exchange or NASDAQ.

The government encourages all other companies to report similarly, although this remains voluntary.

Advice for those companies required to report, as well as those for which it remains voluntary, is included in the environmental reporting guidance.<sup>44</sup>

A guide for small business on how to measure and report greenhouse gas emissions<sup>45</sup> is also available.<sup>46</sup>

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43 *The Companies Act 2006* (Strategic Report and Directors’ Report), Regulations 2013. Available online at <http://www.legislation.gov.uk/ukdsi/2013/9780111540169/contents>

44 United Kingdom Department for Environment, Food, and Rural Affairs. *Environmental Reporting Guidance*. Updated October 3, 2013. Available online at <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>

45 United Kingdom Department for Environment, Food, and Rural Affairs. *Small Business User Guide: Guidance on how to measure and report your greenhouse gas emissions*. February 13, 2012. Available online at <https://www.gov.uk/government/publications/small-business-user-guide-guidance-on-how-to-measure-and-report-your-greenhouse-gas-emissions>

46 United Kingdom Department for Environment, Food, and Rural Affairs. *Measuring and reporting environmental impacts: guidance for business*. January 29, 2014. Available online at <https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses>

# Additional Information on the Global Reporting Initiative & the GRI Content Index

**G4 Reporting Guidelines:**

The G4 Sustainability Reporting Guidelines were launched in May 2013.

<https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf>

**GRI Sustainability Disclosure Database:**

This site contains sustainability information from over 16,000 companies:

<http://database.globalreporting.org/search>

**Information on the GRI Content Index:**

<https://www.globalreporting.org/resourcelibrary/Information-GRI-Content-Index.pdf>

**Samples Indexes:**

- Asahi Group Holdings, Food and Beverage Products, Japan:  
<http://www.asahigroup-holdings.com/en/csr/GRI.html>
- Asciano Limited, Logistics, Australia:  
<http://asciano2013.reportonline.com.au/gri-index>
- Autogrill, Food and Beverage Products, Italy:  
<http://autogrillcsr2012.message-asp.com/en/tables/gri-g3-indicators-index>
- Barrick Argentina, Mining, Argentina:  
[http://barricksudamerica.com/reporte-rse-argentina/indice\\_gri.pdf](http://barricksudamerica.com/reporte-rse-argentina/indice_gri.pdf)
- Gap Inc., Apparel, United States:  
<http://www.gapinc.com/content/csr/html/utility/gri-content-index.html>
- Larsen & Toubro Ltd., Construction, India:  
[http://www.larsentoubro.com/Intcorporate/common/Pdf/gri\\_index\\_2013.pdf](http://www.larsentoubro.com/Intcorporate/common/Pdf/gri_index_2013.pdf)



# Resources & Articles on Sustainability Reporting & Related Disclosure Trends

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BM&FBOVESPA Press Release, December 17, 2012: “Fifty more companies publish sustainability reports, or explain why not: Exchange’s Report or Explain Initiative eases investors’ access to information about listed companies’ business and sustainability.” Available online at <http://www.bmfbovespa.com.br/novo-valor/en-us/news/2012/Fifty-more-companies-publish-sustainability-reports-or-explain-why-not-20121217.asp?noticialD=undefined&canalID=1&Titulo=Report%20or%20Explain>

BM&FBOVESPA Press Release, December 7, 2012: “Investors value presence of companies on the Corporate Sustainability Index: ‘The value of ISE—principal studies and the perspective of investors’ survey shows gains from investment in sustainable and responsible development.” Available online at <http://www.bmfbovespa.com.br/novo-valor/en-us/news/2012/Investors-value-presence-of-companies-on-the-CSI-20121207.asp?titulo=The%20value%20of%20ISE>

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