Sustainable Stock Exchanges: improving ESG standards among listed companies

Introduction

This briefing reviews the increasing role that stock exchanges play in enhancing corporate transparency and performance on sustainability issues. The analysis builds on research published by EIRIS last year that identified the direct impact(s) of stock exchanges in enhancing ESG disclosure. Set in the context of recent developments and global trends, the briefing this year gives an insight into the indirect impacts that stock exchanges have in promoting environmental, social and governance (ESG) issues through their listing requirements and products.

Executive summary

There is a strong business case for stock exchanges to strengthen ESG disclosure requirements. This can provide new business opportunities and potentially increase revenues, safeguard reputation, maximise competitive advantage and mitigate operational risks.

A number of initiatives already exist to promote increased ESG disclosure. Stock exchanges have a major role to play in helping responsible investors to mitigate investment risk.

Stock exchanges have adopted a patchwork of sustainability approaches, including sustainability indices and specialised products which can encourage greater ESG disclosure.

All exchanges in this report already have mandatory governance disclosure requirements incorporated in their Initial Public Offering (IPO) and ongoing listing rules, but the provision for broader environmental and social requirements is currently poor.

Few exchanges have listing rules in place beyond governance, suggesting that there is much scope for embedding ESG factors into stock exchange IPO and ongoing listing requirements.

Stock exchanges can require companies to include provisions for Annual General Meeting (AGM) proxy voting and shareholder resolutions.

The 2010 UN Sustainable Stock Exchanges event in China will focus on how stock exchanges and key stakeholders can improve ESG disclosure and performance of listed companies, either through voluntary exchange-led initiatives or regulation.

Recommendations for stock exchanges

- Incorporate mandatory ESG disclosure standards (including comply or explain provisions where relevant) into IPO and ongoing listing rules in the same way that financial reporting is a requirement for all companies

- Make it a listing requirement for companies to put their sustainability strategy and reporting to the vote at their AGM

- Play a leading role by improving their own ESG disclosure and performance if they are asking for similar standards from companies listed on their exchange

- Encourage best practice among companies through development of indices that incorporate full ESG inclusion criteria

- Promote cooperation with regulators, investors, companies, analysts, and wider stakeholders to help harmonise integrated reporting into a single global framework

- Periodically review any actions taken in line with the above recommendations for addressing ESG factors in order to help create a level playing field necessary to push the implementation of the sustainability agenda to a higher level
Context

In November 2009, the United Nations (UN) invited the world’s stock exchanges to open dialogue with investors, regulators and companies, to find creative ways for improving corporate ESG disclosure and performance with the ultimate goal of encouraging responsible long-term approaches to investment. It was a call to recognise the momentum achieved by responsible investment (RI) as part of the solution to the global financial crisis. Evidence from Europe and the US indicates that RI outpaced the recorded levels of investment in broader managed assets over the last six years, with the RI assets under management increasing to 17.5% in Europe and 11% in the United States.

Integrating ESG considerations into traditional financial services is critical in supporting the efforts to tackle the pressing issues of climate change, energy and water scarcity, and human rights. Such an ambitious task requires a concerted response. At a global level, the United Nations Conference on Trade and Development (UNCTAD) will issue a renewed call for achieving the Millennium Development Goals through investing in sustainable development at the World Investment Forum 2010 this September in Xiamen, China.

Listing authorities and stock exchanges are well positioned to contribute by taking the lead in including ESG standards in corporate governance codes, listing regimes and trading products. In 2010, Aviva Investors, with support from the UN-backed Principles for Responsible Investment (PRI), launched the Sustainable Stock Exchanges Initiative which enlists the support of financial institutions that are PRI signatories to bring about change in global listing rules. All listing authorities and stock exchanges are encouraged to make it a listing requirement that companies should (1) consider how responsible and sustainable their business model is, and (2) put a forward-looking sustainability strategy to the vote at their AGM. At the same time, the PRI signatories are called upon to support the initiative by showing a commitment to trade on stock exchanges that maintain this listing provision. This last element is critical in making it clear to stock exchanges that there is a business case for them making changes.

Taking this forward, the Sustainable Stock Exchanges 2010 event, also hosted this September in Xiamen, China, by the UNCTAD, the United Nations Global Compact (UN Global Compact) and the PRI, with the participation of the World Federation of Exchanges (WFE), will look at how stock exchanges, investors and regulators can strengthen their joint efforts to enhance the ESG disclosure and performance of listed companies, and whether this can be best achieved through voluntary exchange-led initiatives or regulation.

Leveraging the role of stock exchanges

In an ever more competitive market, stock exchanges need to create incentives for companies with better ESG performance to list. At the same time, an increasing stakeholder consensus stresses the need for stock exchanges to systematically address non-financial considerations through their trading operations. This provides a strong incentive for stock exchanges to assume a leadership role in promoting sustainability.

According to a 2009 survey conducted by the WFE among its 51 members, the sustainable investment strategies currently endorsed by stock exchanges fall into three categories: (1) promoting ESG awareness and standards though IPO or ongoing listing requirements; (2) providing information products and services in the form of sustainability indices; and (3) creating markets for specialised products such as carbon trading and cleantech investment. While the first two approaches seem equally adopted by stock exchanges in both developed and emerging markets, the third still represents a trend more common in the developed world.

Despite this patchwork of approaches, progress has continued in recent years with an increasing number of stock exchanges steering their way along the sustainability path. Thus far in 2010: the Istanbul Stock Exchange (ISE) and the Brazilian Stock Exchange (BM&FBOVESPA) signed the PRI, taking the pledge to actively seek ESG disclosure from their investee companies; the Indonesia Stock Exchange introduced the KEHATI-SRI Index and the Shanghai Stock Exchange established the Social Responsibility Index; the Egyptian Exchange launched the S&P/EGX ESG Index, the first ESG index in the Middle East and North Africa; the Korean Stock Exchange launched its Socially Responsible Investment...
(SRI) Index; NYSE Arca, the wholly owned subsidiary of NYSE Euronext began trading the ESG Shares North America Sustainability Index ETF, which consists of equity securities of issuers in North America that meet specific ESG criteria; and the Johannesburg Stock Exchange, as part of its implementation of the PRI, upgraded its ESG reporting requirements to include integrated reporting on a ‘comply or explain’ basis, making South Africa the first country to mandate the disclosure of financial and non-financial performance in one integrated report for all listed companies.

Without a doubt, all these initiatives, taken either collectively or on their own, play an important role in setting and improving standards. However, it becomes increasingly apparent that stock exchanges can make a real change by requiring companies to disclose ESG-related information in a similar way to the required financial reporting as part of their IPO listing and ongoing reporting requirements. This way they can help create the level playing field necessary to push the implementation of the sustainability agenda to a higher level.

Drivers for integrated ESG disclosure

Investor perspective

Mandatory ESG disclosure acquires greater significance as a driver in the current state of recovery from the global financial collapse that recently engulfed the world. The inadequate appraisal of portfolio risks has been repeatedly spelt out as an underlying cause of the crisis, leading investors on both sides of the Atlantic to start lobbying for wider stakeholder activism on ESG issues as a way to enhance stock market valuations.

In line with the third principle of the PRI, which asks investors to seek better and more systematic disclosure from the entities in which they invest, 2010 saw a coalition of investors from 13 countries (all PRI signatories that manage over USD 2.1 trillion of assets) engaging with UN Global Compact participant companies on the issue of ESG transparency for the third consecutive year. As Steve Waygood, Head of Sustainability, Research and Engagement at Aviva Investors, one of the investors involved in the coalition, emphasised, “Almost 50% of companies responded positively to this investor coalition last year and […] we expect responses to be even higher in 2010. […] A company’s ability to manage and mitigate exposure to ESG issues is an important factor for many mainstream investors, and if companies do not report then investors cannot make sound investment decisions.”

There are now concerted pressures on companies to improve their ESG reporting derived from a variety of investor, civil society and regulatory initiatives. In June 2010, over 1,000 business, investment, academic and UN leaders discussed how to strengthen the quality of sustainability reporting in the corporate sector at the UN Global Compact Leaders Summit 2010. This follows an earlier initiative between the UN Global Compact and the Global Reporting Initiative (GRI) that announced an agreement to align their work in advancing corporate responsibility and transparency. Similar initiatives have recently been initiated in Europe, the USA and the emerging markets. Fuller details are provided in Appendix 1.

Investor lobbying and collaborative engagement efforts need to be combined with further active ownership activities to improve the ESG disclosure of the companies they invest in, including voting at the AGM and filing shareholder resolutions in cases where the dialogue with companies proves unsuccessful. In the last decade, the French pension fund Fonds de réserve pour les retraites, the Norwegian insurer Kommunal Landspensjonskasse and the UK’s Aviva Investors are just a few of the institutional investors that have progressively used the power of proxy voting and shareholder resolutions for this purpose. In response to increasing investor awareness and demand, standardizing the integration of material ESG factors into proxy voting policies and practices may well become the norm in the not too distant future.

Stock exchange perspective

Amidst such a challenging business landscape, stock exchanges need to find the right balance between seeking enhanced market valuations and improving investor protection.

This is why they can mitigate their own operational risk and generate business opportunities through a systematic commitment to ESG disclosure and transparency.
Incorporating ESG considerations into IPO and listing requirements, as well as offering diversified ESG-related traded products, will help stock exchanges protect and increase their reputation, support the long term value of all their listed companies and maximise competitive advantage.

**Reputation** - The reputation of a stock exchange is highly dependent on robust corporate governance standards. This is why the continual improvement of its listing codes is likely to make the exchange more attractive to companies and investors. Through the integration of ESG issues in governance codes and listing requirements, stock exchanges can encourage better management of these issues over the long term. For the London Stock Exchange (LSE), for example, “protection of brand and reputation are most important assets [...] and key parts of the Board’s role [...] to protect client goodwill.” Mitigating reputational risk is one reason why the Irish Stock Exchange is revising the corporate governance code for Irish listed companies to mirror aspects of the UK Corporate Governance Code, which is “regarded internationally as being one of the pre-eminent codes on corporate governance”. 18

**Competitive advantage** - With the global advancement of information technology and the liberalisation of capital markets, stock exchanges are competing both by region and by product and trading type. In Europe, the 2007 Markets in Financial Instruments Directive (MiFID) paved the way towards pan-European trading and consolidation among the European stock exchanges. The rise of the emerging markets, such as Brazil, Russia, India and China accelerated cross-regional trading activities, with cross-listing on better regulated markets preferred by companies for increased investor protection and recognition. A recent report by Ernst & Young found that “[...] emerging market companies will continue to prefer listing on the London Stock Exchange, as well as Deutsche Boerse and Euronext, because of their more established regulatory regime” and “despite the global IPO decline, in 2008, the BRIC countries together hosted 163 deals worth USD 28 billion [...] and continued to grow in 2009, albeit more slowly at 3.3% on average”. The advent of high-speed and low-cost alternative trading systems (ATS), such as Chi-X, and trading platforms for specialised markets, such as the Chicago Climate Exchange and the European Climate Exchange, challenges the traditional business of stock exchanges that need to adapt quickly and provide more sophisticated services. By incorporating ESG considerations into their listing rules and by providing products such as cleantech indices, stock exchanges may create a sound competitive advantage and protect their market position.

**Pressure from investors and protecting liquidity**

As universal owners, institutional investors are continuously driven by the perceived need to maximise returns on investment and protect stock value. Through their investments in global markets, they internalise both negative and positive externalities that are generated by the companies they invest in and their ESG practices. 21 Institutional investors are increasingly active in considering the non-financial factors that impact on the value of their investments over the long term and hence on their overall market returns.

With the decline in market liquidity that occurred during the global financial crisis, stock exchanges have been searching to mitigate liquidity risk by attracting new IPOs and using sophisticated investment products such as the exchange-traded funds (ETF). According to WFE statistics, the market showed signs of recovery, with the number of IPOs increasing more than five times in the period from May 2009 to May 2010. 22 Also, in response to international calls for economic revival through ‘green’ growth, the prospect for cleantech investing is growing. Stock exchanges have an opportunity to attract such companies to list, and thus protect investor liquidity and maximise returns. Gaining ESG credentials and providing cleantech investment products may become the norm.

**Company perspective**

Companies list on a stock exchange in order to gain exposure to broader financial markets, obtain access to capital and to enhance their reputation and brand equity. In order to be listed on a stock exchange, companies have to meet its listing requirements. With RI investment growing, there is greater demand for better ESG disclosure from companies. Sound operational management of these issues...
means that companies can get access to stable markets and gain exposure to a wider range of investors and capital over the long term.

The direct ESG impact of stock exchanges

Last year, EIRIS analysed stock exchanges to determine the extent to which they managed their direct ESG impacts and had sustainability indices or listing requirements in place. This analysis was used, in part, as a proxy for the level of awareness and strategic importance they attributed to ESG issues. However, it found that exchanges performed poorly on their own ESG performance. Improvements to their own ESG disclosure and performance are likely to occur if listing requirements are introduced, thereby implementing good practice.

Whilst the link between listing requirements and improving the corporate disclosure and performance of stock exchanges is not the main focus of this paper, it should not be forgotten that most stock exchanges are listed corporate actors in their own right with investors having interests in them as owners as well as being the users of their services. Accordingly, stock exchanges should lead by example and improve their own ESG disclosure and performance if they are asking for similar standards from their listed companies. A growing number of exchange owners will become interested in the operations of those exchanges and their impact upon their whole portfolio of assets when it comes to managing their own long term ESG risks.

Snapshot of stock exchanges’ current practice

Arguably the influence of stock exchanges in promoting ESG standards is greatest through their indirect impacts. Accordingly EIRIS has now chosen to assess a wider sample of listed stock exchanges on how systematically they incorporate full ESG standards in their listing rules and trading products.

As Table 1 shows, there are different approaches among stock exchanges in promoting ESG standards, either within their listing rules, tradable products or both. Some stock exchanges have sustainable indices but have not included any ESG issues in their listing rules, others have extended or limited ESG requirements in their listing rules, giving a rather patchy approach overall.

This analysis is deliberately weighted towards the ESG disclosure requirements included in IPOs, ongoing listing rules and corporate governance codes as this is where stock exchanges can have the greatest impact upon improving ESG standards among listed companies.

Key findings:

- Most exchanges in our sample have poor ESG standards included in their IPO and listing requirements.
- All exchanges already have mandatory governance disclosure requirements incorporated in their IPO and ongoing listing rules or from associated corporate governance codes. This reflects the focus on corporate governance standards.
- However only 4 exchanges (representing 20% of our sample), mostly from emerging markets, exceed this narrow focus: Bursa Malaysia and the Johannesburg Stock Exchange have incorporated full ESG disclosure requirements into their ongoing listing rules; the Shanghai Stock Exchange has introduced environmental requirements for companies in the 14 most energy-intensive industries before initiating an IPO. Also the Australian Securities Exchange has included full ESG disclosure requirements in its corporate governance code.
- Some exchanges have developed indices focused on environmental issues. However opportunities also exist to develop initiatives which encompass a broader range of ESG issues.
- Sustainability indices are evident in both developed and emerging markets.
- Specialised products such as carbon trading and cleantech ETFs currently appear to be the preserve of exchanges in the developed markets.
## Table 1: Snapshot of current practice of how stock exchanges incorporate ESG factors

<table>
<thead>
<tr>
<th>Stock exchange</th>
<th>Country</th>
<th>ESG disclosure requirements included in IPO rules, ongoing listing rules and corporate governance codes</th>
<th>Sustainability indices</th>
<th>Specialised markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Developed markets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian Securities Exchange (ASX)</td>
<td>Australia</td>
<td>Y (ESG – in Corporate Governance code)</td>
<td>-</td>
<td>Planned</td>
</tr>
<tr>
<td>Bolsa y Mercados Españoles (BME)</td>
<td>Spain</td>
<td>P(G)</td>
<td>Planned</td>
<td>-</td>
</tr>
<tr>
<td>Deutsche Börse</td>
<td>Germany</td>
<td>P(G)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>London Stock Exchange (LSE)</td>
<td>UK</td>
<td>P (G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>NASDAQ OMX</td>
<td>USA</td>
<td>P (G)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>NYSE Euronext</td>
<td>USA</td>
<td>P (G)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Tel-Aviv Stock Exchange</td>
<td>Israel</td>
<td>P(G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>TMX Group</td>
<td>Canada</td>
<td>P (G)</td>
<td>-</td>
<td>P (with MCeX)</td>
</tr>
<tr>
<td>Wiener Börse</td>
<td>Austria</td>
<td>P (G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td><strong>Emerging markets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BM&amp;F Bovespa</td>
<td>Brazil</td>
<td>P(G)</td>
<td>Y</td>
<td>Planned</td>
</tr>
<tr>
<td>Bolsa Mexicana de Valores (BMV)</td>
<td>Mexico</td>
<td>P(G)</td>
<td>Planned</td>
<td>-</td>
</tr>
<tr>
<td>Bursa Malaysia</td>
<td>Malaysia</td>
<td>Y (ESG – in ongoing listing rules)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Egyptian Exchange</td>
<td>Egypt</td>
<td>P(G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>Hong Kong Exchange &amp; Clearing</td>
<td>Hong Kong</td>
<td>P(G)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indonesia Stock Exchange</td>
<td>Indonesia</td>
<td>P(G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>Johannesburg Stock Exchange (JSE)</td>
<td>South Africa</td>
<td>Y (ESG – in ongoing listing rules)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>Korea Exchange (KRX)</td>
<td>South Korea</td>
<td>P(G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>National Stock Exchange of India</td>
<td>India</td>
<td>P(G)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>Shanghai Stock Exchange (SSE)</td>
<td>China</td>
<td>P (EG – G standards in Corporate Governance code and E standards through IPO listing for 14 most polluting industries)</td>
<td>Y</td>
<td>-</td>
</tr>
<tr>
<td>Singapore Exchange</td>
<td>Singapore</td>
<td>P(G)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**NOTE:** Y = yes; P = partial; E = environment; G = governance; S = social

**Source:** Data is in part derived from *Exchanges and Sustainable Investment*, a report prepared for the World Federation of Exchanges by Dan Siddiy, August 2009
Conclusion

Stock exchanges can enhance corporate ESG disclosure and performance by applying ESG standards within IPO and ongoing listing rules, corporate governance codes, and by offering ESG-related traded products.

Some exchanges have already incorporated ESG reporting requirements in their listing rules and corporate governance codes. China’s Green IPO policy, which requires companies in 14 energy-intensive industries to undertake environmental assessments before initiating an IPO, is a good working example. Bursa Malaysia and the Johannesburg Stock Exchange are two of the leading exchanges that have incorporated mandatory ESG reporting requirements for all listed companies. The Australian Stock Exchange has incorporated an ESG disclosure requirement on a ‘comply or explain’ basis as part of its Corporate Governance Principles.

To date, sustainability indices have been an eye-catching development for reflecting the ESG performance and disclosure of listed companies. In the last decade, stock exchanges launched such indices as a way to provide investors with a tool for measuring the performance of companies with good ESG track records. Among the first indices on the market, the BM&F Bovespa ISE Index, the Dow Jones Sustainability Indexes, the FTSE4Good Index and the JSE SRI Index greatly contributed to the improvement of the ESG performance of companies and implicitly to raising the international profile of responsible investment.

However it is apparent that stock exchanges can do more to harmonise the use of ESG standards across markets by requiring companies to disclose, as part of their IPO and ongoing listing requirements, ESG-related information in a manner similar to mandatory financial reporting. Only in this way can stock exchanges fully compel companies to address their material ESG issues and help create a necessary level playing field.

Mandatory ESG disclosure is not new on the corporate agenda. However, it has a stronger appeal in the current financial context as investors are looking for new ways to mitigate their investment risks. Institutional investors are increasingly proactive in promoting ESG standards through the use of proxy voting policies and shareholder resolutions and through lobbying market regulators. In June 2010, the UK’s Financial Reporting Council (FRC) revised the Corporate Governance Code to include engagement principles for institutional investors to take the ESG risks of their investee companies into account.

Against this background, stock exchanges have the opportunity to contribute by adopting a systematic approach towards integrated corporate reporting. The costs of not doing so include the potential loss of business opportunities to the exchanges themselves, and the risk that investors may be ignorant of the ESG risks involved in their portfolios leaving financial markets vulnerable to major ESG shocks in future.

Appendix 1: Initiatives on mandatory ESG disclosure initiated in Europe, the USA and the emerging markets

In Europe, Eurosif (the European Sustainable Investment Forum) and EFFAS (the European Federation of Financial Analysts Societies) requested that the European Commission (EC) put forward a proposal to mandate European companies to publish ESG information not as an additional reporting item but disclosed alongside financial data. The EC’s Green Paper on Corporate Governance in Financial Institutions, issued in June 2010 and open for public consultation until September 2010, seeks to address several factors standing in the way of investor engagement: “the costs of active engagement, the lack of effective shareholder rights, obstacles to cross-border voting rights and the uncertainty over legal concepts such as ‘acting in concert’”. Any future legislative or non-legislative proposals will be adopted during 2011.

In the US, the Securities and Exchange Commission (SEC) issued the ‘Guidance regarding Disclosure related to Climate Change’ in February 2010 to clarify the existing rules by requiring companies to disclose material risks relating to climate change. Following the Gulf of Mexico oil spill in April 2010, the US government raised expectations for regulation on
mandatory ESG disclosure with officials strongly considering regulatory options. In June 2010, the Sustainable Investment Forum (SIF) asked the SEC for mandatory ESG reporting to accord with the GRI reporting guidelines.\textsuperscript{30}

In the emerging markets, 50 investors with more than USD 1 trillion in assets under management signed up to the 'Emerging Markets Disclosure Project's (EMDP) Investor Statement on Corporate ESG Disclosure in Emerging Markets' in April 2010. This encourages companies to disclose greater ESG-related information. The EMDP, an international initiative launched in 2008, is in its third phase focusing on outreach and engagement with companies operating in Brazil, India, Indonesia, South Korea, and South Africa to promote greater sustainability disclosure. A report jointly published in April 2010 by the EMDP Korea Team, KOCSR, EIRIS and Responsible Research found that the ESG reporting of Korean companies improved since 2006. It further concluded with recommendations for Korean investors to use their leverage with the Korean government, agencies and the stock exchange listing authorities to follow the steps taken by countries with the best ESG reporting practices and to promote reforms such as mandatory reporting regulations, listing requirements and exchange-sponsored SRI indices.\textsuperscript{21}

Notes


\textsuperscript{2} http://unctad-worldinvestmentforum.org/page/about_wif [retrieved August 2010]

\textsuperscript{3} Aviva Investors, 2010, 'A PRI collaborative engagement proposal for more sustainable stock exchanges' [retrieved August 2010]

\textsuperscript{4} Sustainable Stock Exchanges 2010 http://www.unpri.org/sustainablestockexchanges/ [retrieved August 2010]


\textsuperscript{6} http://www.ipe.com/asia/articleprint.php?id=33947 [retrieved August 2010]

\textsuperscript{7} The index was launched in cooperation with the Institute of Directors and Standard & Poor’s. (http://www.world-exchanges.org/files/focus/pdf/FOCUS%200510.pdf [retrieved August 2010])


\textsuperscript{9} http://www.nysweb.com/press/1274263215194.html [retrieved August 2010]

\textsuperscript{10} http://www.nyse.com/press/1274263215194.html [retrieved August 2010]

\textsuperscript{11} http://www.world-exchanges.org/news-views/integrated-reports-voluntary-filing#_ftn4 [retrieved August 2010]

\textsuperscript{12} http://www.unglobalcompact.org/NewsAndEvents/UNGC_bulletin/june_2010.html [retrieved August 2010]

\textsuperscript{13} http://www.fondsreserve.fr/IMG/pdf/Proxy_voting_guidelines_February_2010.pdf [retrieved August 2010]

\textsuperscript{14} http://www.klo.no/web/klo.klo.n0/software/Proxy_voting_guidelines_February_2010.pdf [retrieved August 2010]

\textsuperscript{15} http://www.avivainvestors.co.uk/internet/groups/internet/documents/sales/support_material/pdf_017456.pdf [retrieved August 2010]

\textsuperscript{16} http://www.krx.or.kr/english/investor-relations/exchange-regulations/listing-requirements-and-reforms such as mandatory reporting http://www.ise.ie/index.asp?locID=660&docID=1 [retrieved August 2010]

\textsuperscript{17} Also known as the BRIC countries.

\textsuperscript{18} http://www.londonstockexchange.com/business/stock-exchanges/stock-exchanges- statistics-key-market-figures [retrieved August 2010]

\textsuperscript{19} EIRIS, 2009, 'Taking stock: how leading stock exchanges are addressing ESG issues and the role they can play in enhancing ESG disclosure' http://www.eiris.org/files/research%20publications/StockExchangesESGNov09.pdf [retrieved August 2010]


\textsuperscript{21} This paper concentrates on the general principle of improving ESG disclosure. A debate about either ensuring the credibility and verification of the data or whether information focuses on material ESG risks or wider sustainability matters is beyond its remit.


\textsuperscript{24} http://www.responsible-investor.com/home/article/european_commission_unveils_sharesholderv [retrieved August 2010]


\textsuperscript{27} http://www.eiris.org/files/research%20publications/stockexchangeinvestor.com/home/article/european_commission_unveils_sharesticker/ [retrieved August 2010]

\textsuperscript{28} http://www.unglobalcompact.org/NewsAndEvents/UNGC_bulletin/june_2010.html [retrieved August 2010]


\textsuperscript{30} http://www.unglobalcompact.org/NewsAndEvents/UNGC_bulletin/june_2010.html [retrieved August 2010]

\textsuperscript{31} http://www.unglobalcompact.org/NewsAndEvents/UNGC_bulletin/june_2010.html [retrieved August 2010]
How we can help

EIRIS has developed a comprehensive suite of products to help investors and stock exchanges

- **EIRIS UNPRI toolkit** - consists of three products specifically designed to assist signatories with several aspects of the Principles for Responsible Investment including integration, engagement, and improving corporate ESG reporting practices (UNPRI toolkit)
- **Sustainable indices** – EIRIS has many years experience advising and helping to establish a robust index methodology, facilitating engagement with companies to improve ESG performance and encouraging the uptake of the index amongst asset owners and asset managers
- **Advising on ESG voting** – EIRIS advises on the creation of voting policies and provides voting recommendations to use existing voting opportunities to encourage corporate disclosure and other investment objectives
- **EIRIS Engagement service** – EIRIS’ ESG Engagement Service allows investors to actively influence how companies address material ESG issues in order to protect and enhance the value of their investments

For further information contact Lisa Hayles at: lisa.hayles@eiris.org, 020 7840 5727

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**About EIRIS (www.eiris.org)**

EIRIS is a leading global provider of independent research into the environmental, social and governance (ESG), and ethical performance of companies. With over 25 years experience of conducting research and promoting responsible investment strategies, EIRIS now provides services to more than 100 asset owners and asset managers globally. In the last ten years new EIRIS research has focussed on the risks and exposure of companies in key ESG areas and how companies are responding. EIRIS works with clients to create their own ESG ratings and rankings, to engage with companies and to create specific funds for their clients. EIRIS has a multinational team of over 50 staff in London, together with offices in Boston and Paris. The EIRIS network includes research organisations in Australia, France, Israel, Germany, Spain and South Korea, and now covers around 3,000 companies globally.

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