Stock exchanges and disclosure

The Sustainable Stock Exchanges (SSE) initiative is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency – and ultimately performance – on ESG (environmental, social and corporate governance) issues and encourage sustainable investment. The SSE is organized by the UN Conference on Trade and Development (UNCTAD), the UN Global Compact, the UN Environment Program Finance Initiative (UNEP FI), and the Principles for Responsible Investment (PRI).

The first meeting of the SSE was opened by UN Secretary-General Ban Ki-Moon in New York City, USA in 2009. The success of this event led to the launch a year later of a biennial series of SSE Global Dialogues taking place on even years. In addition to its flagship Global Dialogues, the SSE now also holds regional dialogues and high-level summit side events, as well as thematic Executive Dialogues such as on the United Nation’s Sustainable Development Goals (SDGs) and on Green Finance.

Like many UN initiatives, the SSE looks to the SDGs to help focus its activities. The SDGs cover a broad range of environmental and social targets categorized into 17 goals and 169 targets. Of these, the SSE focuses on five SDG targets that are particularly relevant for stock exchanges. The SSE organizes its work with stock exchanges around these themes:

1. **Gender equality** (Goal 5) Target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.
2. **Decent work and economic growth** (Goal 8) Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
3. **Sustainability information** (Goal 12) Target 12.6: Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
4. **Climate change** (Goal 13) Target 13.3: Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.
5. **Global partnerships** (Goal 17) Target 17.6: Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries.
**Goal 5 (Target 5.5) Gender equality.** The SSE launched in 2017 the guidance document “How Stock Exchanges Can Advance Gender Equality”, and holds annual gender equality awareness events at stock exchanges worldwide around International Women’s Day to “ring the bell for gender equality”.

**Goal 8 (Target 8.3) Decent work and economic growth.** The SSE has an ongoing collaboration with the World Federation of Exchanges (WFE) evaluating the role of stock exchanges in promoting economic development, particularly the development of SMEs.

**Goal 12 (Target 12.6) Sustainability information.** The SSE encourages stock exchanges to provide guidance to their issuers on ESG reporting and aids stock exchanges in doing so by providing a template that can be adapted to their local market, the “Model Guidance on Reporting ESG Information to Investors: A Voluntary Tool For Stock Exchanges to Guide Issuers.”

In September 2015 when the SSE launched its Model Guidance for exchanges, less than one third of stock exchanges around the world were providing guidance to issuers on reporting environmental, social and governance (ESG) information. As a result of the SSE Model Guidance campaign, the number of exchanges with sustainability reporting guidance has more than doubled (see figure 1).

![Figure 1. Number of Stock Exchanges with Guidance on ESG Disclosure](source:SSE database)

The SSE Model Guidance was endorsed by the World Federation of Exchanges, who prepared their own complementary set of recommendations to exchanges, “WFE ESG Recommendation Guidance and Metrics October 2015.” The WFE guidance identifies material ESG metrics which exchanges can incorporate into disclosure guidance to companies listed on their market.
Goal 13 (Target 13.3) Climate change. In response to demand from stock exchanges and policy makers, the SSE launched in 2017 a workstream on green finance, to evaluate how stock exchanges can support and promote green finance in their markets. The workstream consists of an advisory group of 60+ industry experts, bringing together stock exchanges, regulators, institutional investors, issuers, financial services firms and civil society to develop a voluntary guidance to stock exchanges on practical steps to promote greener financial markets and to incorporate green financial instruments and products into their listings.

Goal 17 (Target 17.6) Global partnerships. The SSE works with exchanges and all capital market stakeholders in support of SDG 17, Global Partnerships. The SSE is a global partnership that encourages collaborative action and sharing of best practice and lessons learned among its Partner Exchanges as well as other capital market stakeholders. In all of its activities, the SSE works with a multi-stakeholder group consisting of stock exchanges, capital market regulators, policy makers, investors and issuers. Stock exchanges, as the intersection between investors, issuers and regulators, have an important leadership role to play in convening key market stakeholders to develop national or regional plans to contribute to the delivery of the SDGs and the Paris Climate Agreement.