

WFE Sustainability Working Group

Exchange Guidance & Recommendation – October 2015

Introduction

Stock exchanges are robust and resilient engines of commerce, efficiently adapted to raise and sustain capital. They help businesses big and small create jobs and provide investors with access to a diverse and dynamic marketplace. But stock exchanges are also change agents, responsive to market demand for new products, better services, and more transparent data. The World Federation of Exchanges (WFE), the largest and most inclusive trade association for stock exchanges around the world, develops and promotes market standards, proposes innovations and reforms, fosters international cooperation and coordination among regulators.

Creation of the WFE Sustainability Working Group (SWG) in 2014 signaled the industry's commitment to explore and integrate environmental, social and governance (ESG) issues. The SWG is comprised of representatives from a diverse array of 22 global stock exchanges, all working towards consensus on the purpose, practicality, and materiality of ESG data. The SWG has been embarked for the last 18 months on an exploration of this topic via original research, public debate, expert analysis and engagement with the broader WFE membership.

Today, we present this recommendation for your consideration and/or amendment.

The guidance in this document provides a useful and necessary starting point for exchanges. Strategic and transparent ESG practices can be as beneficial to exchanges as they are to individual companies. Our recommendation focuses on principles and data, with correlating bottom line impacts, but it also implicitly counsels the improvement and harmonization of management practices.

Exchanges recognize their mandate to provide orderly and fair market operations. But they also affirm their commitment to the broader principles that underlie the creation of sustainable, transparent, and inclusive markets. This document, and subsequent work to foster its adoption, is vital to that affirmation—and vital to the continued health and prosperity of our industry.

Evan Harvey, Chairman
Corli Le Roux, Vice Chair
WFE Sustainability Working Group

Methodology

During the course of this project, we have been guided by several converging workstreams. First and foremost, we worked closely with the United Nations Sustainable Stock Exchanges (SSE) initiative to create a substantive document: the Model Guidance (MG) on Reporting ESG Information to Investors. The MG was made public in September and provides a broad and business-centric rationale for better ESG reporting by the companies that list on global stock exchanges. The MG outlines the principles behind exchange involvement in this issue, but does not enumerate the specific data points (or Key Performance Indicators) that have the most impact.

- [You can see a full version of the UN SSE Model Guidance at this link.](#)

At the Working Committee meeting in London in February 2015, the SWG was advised by several WFE members to provide specific KPIs. In the attached worksheet, titled “Material ESG Metrics,” we call attention to 33 indicators across Environmental, Social, and Governance (ESG) categories that may well be of utmost concern for exchanges.

NOTE: *Our central guiding principle was to enumerate the KPIs that seemed to be most important and/or material to individual exchange needs and the exchange industry in general. But this is not meant to be a complete or prescriptive list. Exchanges must evaluate the merits of each—and others that may not be listed here—as they see fit.*

Direct & Indirect GhG Emissions*	Injury Rate*
Carbon Intensity	Global Health
Direct & Indirect Energy Consumption*	Child & Forced Labor
Energy Intensity	Human Rights policy
Primary Energy Source	Human Rights violations
Renewable Energy Intensity	Board - Diversity
Water Management*	Board - Separation of Powers
Waste Management*	Board - Confidential Voting
Environmental policy	Incentivized Pay
Environmental impacts	Fair Labor Practices
CEO Pay Ratio	Supplier Code (SC) of conduct
Gender Pay Ratio	Ethics Code (EC) of conduct
Employee Turnover Rate*	Bribery/Anti-Corruption Code (BAC)
Gender Diversity	Tax Transparency
Temporary Worker Rate	Sustainability Report
Non-Discrimination	Framework Disclosures

Please refer to the additional supporting document for more detail about each of these suggested indicators, including cross-reference to various ESG reporting frameworks. This list covers the so-called

“first-generation” sustainability metrics that organizations (e.g., Corporate Knights) use to annually evaluate and rank exchange leadership in this area.

Our evaluation and ranking of these metrics was also based on the following factors:

- Exchange guidance (or requirements) already enacted around the world—either by the exchanges themselves, or local market regulators, or reporting frameworks that were most prevalent in a variety of markets
- The ubiquity of certain indicators across multiple reporting frameworks; in fact, we have included a grid in the attached worksheet to support this assertion
- Investor opinions about the correlation of certain metrics to overall company health, strategic advantage, and/or expected returns as well as increased investor demand for comparable indicators across companies and jurisdictions
- The research, guidance, and counsel of key investor advocacy groups, most notably Ceres
- A reasonable analysis of available resources at companies of all sizes to track and report on these issues

As contributors to the UN SSE Model Guidance, we believe that every exchange should start with that document. It provides a cogent summary of the value drivers behind exchange advocacy for better ESG reporting. In brief, the MG calls attention to these seven main value drivers:

- Developing well-functioning, more resilient, less volatile markets
- Encouraging companies to transparently manage risks and opportunities
- Creating more attractive markets for engaged investors
- Helping companies navigate current or forthcoming disclosure regulation
- Promoting corporate governance and efficiently regulated markets
- Contributing to national and international sustainable development goals
- Helping companies outcompete on ESG matters

To that end, we have reinforced our selection of metrics by linking each one to one of these seven value drivers. In other words, there are real and lasting goals that exchanges believe in, and the timely and accurate disclosure of certain KPIs by listed companies will help exchanges achieve those goals.

Recommendations for Exchanges *and* Listed Companies

Stock exchanges can and do advance the promotion of sound financial reporting and corporate governance standards. As the link between issuers and investors, exchanges are uniquely positioned to create more transparent and efficient capital markets that generate long-term value. But listed companies, individually and *en masse*, are equally able to drive change.

More than 44,000 companies—representing a total market capitalization of USD 64 trillion and a total trading value of USD 76 trillion, or more than 75% of the global economy—list on WFE member

exchanges. The SWG is keenly aware of the potential scale of its work; even a small step towards better reporting is sure to improve market conditions around the world.

We have made this connection explicit by providing a list of MG-specific recommendations not only for exchanges to follow, in any capacity possible, but also the individual companies that list on those exchanges. You can find this in the worksheet titled “SSE MG Recommendations” in the attached document. Salient passages (with page citations) from the MG are linked to an exchange-specific recommendation, a discrete and measurable course of action, and also a company-specific recommendation.

Global Advocacy with Local Customization

It is not our intention to dictate exchange standards or requirements when it comes to ESG practice. Just as the MG is intended to be ‘raw material’ for exchanges to use in producing their own, customized reporting guidance, the SWG selection of KPIs is simply a recommendation. We have tried to be transparent about the reasons behind each one, as well as sensitive to the real opportunities and constraints present when asking (or requiring) listed companies for more information.

Exchanges may elect to use the MG and the corresponding KPIs that we have provided without any alteration. By doing so, they can be assured that their approach and impact would be serious and sustained. But exchanges are also encouraged to adapt or amend these KPIs to better suit the needs of their listed companies, to place them within the context of their practices.

We encourage exchanges to be as inclusive and transparent as possible in undertaking this work. The consultation and creation period can take many forms and involve engagement with companies, investors, other priority stakeholders and subject matter experts. This is necessary to better understand the demand for ESG disclosure and ensure that any exchange effort in this regard will have a real and lasting impact. Exchanges can investigate the challenges that exist in a particular marketplace, as the MG document makes clear:

- Levels of reporting, where there is insufficient ESG data reported by companies
- Format of reporting, where the data is being reported in a way that does not enable the target audience to access and use it adequately
- Content of reporting, where the information provided is not meeting the demands of the intended audience; for example, there is no clear link to financial impacts or the demand for quantified data is unsatisfied

In general, exchanges may want to contextualize the contents of this document to:

- Complement existing guidance on corporate financial, governance, or ESG reporting
- Create new or dramatically improved guidance on ESG disclosure

Other Considerations

Reporting Mechanisms. This document recommends the collection and transparent dissemination of listed company ESG data on a regular basis, but we wish to emphasize that exchanges control this aspect of implementation. In most cases, exchanges have robust disclosure processes already in place. This process normally takes place on an annual basis – which seems sufficient for ESG data transmission as well. Once the form and timing of ESG disclosure was set by the exchange, this data could simply be added into the mix. In other cases, exchanges may prefer to use a third party collector or stand-alone system. We only caution against giving the impression that ESG data is somehow less vital or less integrated in the investment process than "traditional" financial data.

Consultation and Engagement. Exchanges are advised, whenever possible, to look within their markets for partners to assist in this work. This adds expertise into the process that exchanges may not have in house (just as the SWG serves in this capacity for exchange members), but also broadens and diversifies the engagement pool at the outset of the program. Potential participants include investors and investor advocacy groups, regulators, NGOs, listed company representatives, and outside experts. This document does not specifically recommend global or regional consultation partners, but we do list the most prominent sustainability reporting agencies in Appendix A, which may be a useful place to begin. In addition, the SWG will continue to serve as a resource and information clearinghouse for exchanges in this regard.

Materiality. While the concepts of “materiality” and “material business impact” are essential to a proper evaluation of ESG cause and effect, it is not the intention of this document to define the process whereby materiality is evaluated. That work must be undertaken by the corporate reporters—possibly in concert with more detailed guidance from their listing exchange—and with the interests of their stakeholders at heart. The SWG can and will, however, provide assistance in the evaluation of materiality for any exchange that requires it. This assistance might come through education, expert consultation, the drafting of case studies or further research.

- For a better understanding of the concept of materiality, we refer you to guidance provided by the [Global Reporting Initiative](#) and the [Sustainability Accounting Standards Board](#).

Why Should Companies Report Sustainability Metrics?

If and when exchanges decide to create issuer guidance for ESG disclosure, they can make the value proposition clear to the listed company audience. This is especially true if there will be no listing rule or “comply or explain” rationale behind the guidance – essentially, exchanges will have to market the value of participation. We refer exchanges to the summary of value drivers that we listed in the MG document, as summarized below. Taken together, they demonstrate the positive impacts of better disclosure.

Access to Capital

- Demonstrate transparency and effective management and enhance the company's ability to attract long-term capital and favorable financing conditions.
- Enhance the company's ability to attract longer-term investors, including major institutional investors such as pension funds (in fact, some funds actually have mandatory requirements in this regard)

Profitability and Growth

- Generate financial value for the company by identifying opportunities for cost savings, revenue generation, and risk mitigation.
- Drive continuous improvement by creating accountability and fostering collaboration with stakeholders.
- Create a deeper understanding of stakeholder needs, which could drive innovation and enhance market differentiation and competitiveness.
- Enable management and board scrutiny of ESG opportunities and risks, and promote company-wide alignment on goals.

Compliance and Risk Management

- Address mandatory reporting requirements on financially material factors and mitigate compliance risks related to financial disclosure regulations.
- Establish measurement and reporting processes for ESG information.
- Help the company stay ahead of emerging ESG and disclosure regulations.
- Secure the company's license to operate by demonstrating corporate transparency and responsiveness to stakeholder needs.

Corporate Reputation and Branding

- Demonstrate corporate commitments to responsibly managing environmental, social, and economic impacts.
- Exhibit corporate adherence to industry ethical standards and national and international frameworks on corporate sustainability and sustainable development, particularly in light of the UN Sustainable Development Goals.
- Enhance corporate reputation by improving stakeholders' perception of a company through reporting-related stakeholder engagement.
- Improve employee perception of the company, helping to attract, retain, motivate, and align new and existing employees.

Information Flow

- Ensure that the key stakeholder(s) have the relevant information that is needed to make informed decisions about the company's ability to create value in the short, medium and longer term

Enhanced Stakeholder Relationships and Engagement

- Improve relationships with key stakeholders by engaging throughout the reporting process.

Measurable Achievements

- Measure the realization of strategy and the extent of ESG impacts. Reporting should enable the measurement of success or progress in key corporate strategies as well as impacts of corporate practices.

Next Steps

The SWG will continue to debate the merits of this recommendation internally and with key external participants from the corporate, NGO, regulatory, and investor space. Although we have been tasked with delivering a recommendation to the AGM by a specific point in time, we consider this work to be ongoing and evolving, constantly seeking to take new dynamics into account. It is also our hope that the first round of guidance implementation at the member exchanges will lead to greater learning. Through that process, we will update and amend the recommendation as necessary.

In the near term, however, there are a number of processes that must take place. The list below is a summary of the major points on the timeline, but it is not necessarily chronological or comprehensive.

1. Deliver the SWG Recommendation (narrative and metrics) to the WFE Board of Directors
2. Socialize and educate the general WFE membership at the AGM and/or subsequent meetings
3. Solicit Recommendation feedback and/or approval from the WFE member exchanges
4. Make the Recommendation public
5. Issue a statement from the SWG, WFE, or individual exchange members concerning the timeline and/or expectation of integrating sustainability reporting guidance

Appendix A: Sustainability Reporting Frameworks

- **CDP** (formerly the Carbon Disclosure Project) is a global not-for-profit organization, founded in 2000 and headquartered in London. CDP requests standardized climate change, water and forest information from some of the world’s largest listed companies through annual questionnaires sent on behalf of institutional investors that endorse them as ‘CDP signatories’. These shareholder requests for information encourage companies to account for and be transparent about environmental risk.
- The **Global Reporting Initiative (GRI)** is an international, not-for-profit organization working in the public interest towards a vision of a sustainable global economy where organizations manage their economic, environmental, social, and governance performance and impacts responsibly. Thousands of corporate and public sector reporters in over 90 countries use the GRI Guidelines. More than 24,000 reports have been registered in GRI’s Sustainability Disclosure Database and 27 countries and regions reference GRI in their policies. GRI’s activities are two-fold: firstly the provision of sustainability reporting guidelines and secondly, the development of engagement activities, products and partnerships to enhance the value of sustainability reporting for organizations
- The **International Integrated Reporting Council (IIRC)** is a group of international leaders from the corporate, investment, accounting, securities, regulatory, academic, standard-setting and civil society areas with a mission to create the Integrated Reporting framework. The Framework will provide material information about an organization’s strategy, governance, performance and prospects in a concise and comparable format, a fundamental shift in corporate reporting.
- The **Sustainability Accounting Standards Board (SASB)** is a non-profit U.S.-based organization, has a mission to create and disseminate accounting standards that reporting issuers can use to disclose material sustainability factors in filings with the Securities and Exchange Commission. Developing provisional standards for more than 80 industries in 10 sectors, SASB researches material factors within industries, convenes industry working groups, and conducts a public comment period to establish accounting metrics, and provides education on recognizing and accounting for material nonfinancial factors. SASB plans to release provisional sustainability standards for all sectors and industries by 2016. The SASB Materiality Map is a visual tool that helps users identify SASB disclosure topics on an industry-by-industry basis and compare the potential materiality of various sustainability factors across different industries and sectors.
- The **United Nations Global Compact (UNGC)** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. It comprises more than 13,000 organizations in 80 local networks worldwide. Business participants are expected to publicly report on their progress in an annual Communication on Progress.

Appendix B: WFE Member Exchanges Already Providing Sustainability Reporting Guidance

BM&FBOVESPA S.A. (Brazilian Exchange)

Guidance: [Novo Valor: Corporate Sustainability \(2011\)](#)

Other Resources: [The Value of ISE: Main Studies and Investor Perspective \(2012\)](#)

Borsa Istanbul (Istanbul Exchange)

[Issuer Guidance](#)

BSE India Ltd. (Bombay Stock Exchange)

Guidance: [National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business \(2011\)](#)

Bursa Malaysia (Malaysian Exchange)

Guidance:

- [Powering Business Sustainability – A Guide for Directors](#)
- [Corporate Disclosure Guide \(2011\)](#)

Other Resources:

- [Sustainability Knowledge Portal](#)
- [Self Diagnostic Questionnaire on Sustainability Practices](#)
- [Corporate Governance Guide: Towards Boardroom Excellence \(2013\)](#)

Colombian Securities Exchange

Guidance:

- [Inversión Responsable y Sostenible: Visión General, Prácticas Actuales y Tendencias \(2014\)](#)

Deutsche Börse AG (German Exchange)

Guidance: [Communicating Sustainability: Seven Recommendations for Issuers \(2013\)](#)

Hong Kong Exchanges

Guidance:

- [Consultation Paper: Environmental, Social and Governance Reporting Guide \(2011\)](#)
- [Appendix 27 - Environmental, Social and Governance Reporting Guide](#)
- [Steps for ESG reporting \(September 2011\)](#)

Other Resources:

- [Draft ESG Reporting Guide – A Toolkit \(September 2011\)](#)
- [ESG Reporting Guide Seminar and Workshop Materials](#)

Johannesburg Stock Exchange

Guidance: [SRI Index Background and Criteria \(2014\)](#)

National Stock Exchange of India

Guidance: [National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business \(2011\)](#)

Other Resources: [Corporate Governance: An Emerging Scenario](#)

Shenzhen Stock Exchange

Guidance: [Social Responsibility Instructions to Listed Companies \(2006\)](#)

Singapore Exchange

Guidance: [Guide to Sustainability Reporting for Listed Companies \(2011\)](#)

Other Resources: [An Investor's Guide to Reading Sustainability Reports \(2013\)](#)

Taiwan Stock Exchange

[Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies](#)

The Stock Exchange of Thailand

Guidance:

- [Guidelines for Sustainability Reporting \(in Thai\)](#)
- [Guidelines for Social Responsibility \(in Thai\)](#)

Other Resources:

- [Principles of Good Corporate Governance for Listed Companies \(2012\)](#)
- [CSR for Sustainability \(in Thai\)](#)

TMX Group Inc. (Toronto Stock Exchange)

Guidance: [A Primer for Environment & Social Disclosure \(2014\)](#)

ESG	Metric	Measurement <i>annual, unless specified</i>	Exchange Value Driver	GRI G4	CDP	SASB	IIRC	UNGC		
Environmental	Direct & Indirect GhG Emissions*	Total amount, metric tons (Scope 1 & Scope 2)	Encouraging companies to transparently manage risks and opportunities	EN15, WN16	CC	TRANS				
Environmental	Carbon Intensity	Total Emissions relative to Revenue	Developing well-functioning, more resilient, less volatile markets	EN18	CC3.1	CONST	4,32			
Environmental	Direct & Indirect Energy Consumption*	Total amount, MWh (or GJ)	Helping companies outcompete on ESG matters	EN3, EN4	CC	INFRA				
Environmental	Energy Intensity	Amount of Direct Energy Used per M3 of Space & per FTE	Developing well-functioning, more resilient, less volatile markets	EN5		CONST				
Environmental	Primary Energy Source	Cite Specific Energy Type in majority of direct usage	Helping companies outcompete on ESG matters		CC	ALTER				
Environmental	Renewable Energy Intensity	Percentage of Direct Energy Consumption from Renewable Sources	Developing well-functioning, more resilient, less volatile markets			INFRA		P7, P8, P9		
Environmental	Water Management*	Total amount of water consumed, recycled, or reclaimed, M3	Contributing to national and international sustainable development goals	EN8, EN10	CC	PAPER				
Environmental	Waste Management*	Total amount of waste generated, recycled, or reclaimed (by type and weight)	Contributing to national and international sustainable development goals	EN23	CC	INFRA		P7, P8		
Environmental	Environmental policy	Does your company publish and follow an EP: Yes, No	Encouraging companies to transparently manage risks and opportunities							
Environmental	Environmental impacts	Did your company bear any legal/regulatory responsibility for an environmental impact: Yes/ No	Encouraging companies to transparently manage risks and opportunities							
Social	CEO Pay Ratio	Ratio: CEO Salary & Bonus to Median FTE Salary	Helping companies navigate current or forthcoming disclosure regulation	G4-54						
Social	Gender Pay Ratio	Ratio: Median Male Salary to Median Female Salary	Creating more attractive markets for engaged investors	LA13		BANKS				
Social	Employee Turnover Rate*	Percentage of Change for FTEs, Contractors, Consultants	Developing well-functioning, more resilient, less volatile markets	LA1		HOTEL				
Social	Gender Diversity	Percentage of FTE, Contractor, and Consultant Positions Held by Women	Creating more attractive markets for engaged investors	LA12		HARDW	4,9			
Social	Temporary Worker Rate	Percentage of FT Positions Held by Part-Time/Contract/Temp Workers	Creating more attractive markets for engaged investors			PETRO				
Social	Non-Discrimination	Does your company publish and follow a non-discrimination policy: Yes, No	Promoting corporate governance and efficiently regulated markets	HR3		FINAN		P6		
Social	Injury Rate*	Total number of injuries and fatalities relative to workforce	Helping companies navigate current or forthcoming disclosure regulation	LA6	SC	MACHI				
Social	Global Health	Does your company publish and follow a policy for occupational and global health issues: Yes,No	Contributing to national and international sustainable development goals			BIOTE				
Social	Child & Forced Labor	Does your company prohibit the use of child or forced labor throughout the supply chain: Yes, No	Encouraging companies to transparently manage risks and opportunities	HR5, HR6				P4, P5		
Social	Human Rights policy	Does your company publish and a Human Rights policy or statement: Yes, No	Contributing to national and international sustainable development goals	G4-56		PETRO		P1, P2		
Social	Human Rights violations	Number of grievances about human rights impacts filed, addressed, or resolved	Contributing to national and international sustainable development goals	HR12		PETRO		P1, P2		
Social	Board - Diversity	Percentage of Board Seats filled by Independents & Women	Helping companies outcompete on ESG matters	LA12						
Governance	Board - Separation of Powers	Does your company allow the CEO to sit on the board, act as chairman, or lead committees?	Promoting corporate governance and efficiently regulated markets	G4-39						
Governance	Board - Confidential Voting	Are your board votes (individually or collectively) made public: Yes, No	Helping companies navigate current or forthcoming disclosure regulation							
Governance	Incentivized Pay	Are company executives formally incentivized to perform on ESG: Yes, No	Helping companies outcompete on ESG matters	G4-51	CC1.2					
Governance	Fair Labor Practices	Does your company (or supply chain) inhibit workers from organizing: Yes, No	Creating more attractive markets for engaged investors	HR4				P3		
Governance	Supplier Code (SC) of conduct	Does your company publish and follow a SC: Yes, No	Helping companies outcompete on ESG matters	G4-56	SC					
Governance	Ethics Code (EC) of conduct	Does your company publish and follow an EC: Yes, No	Promoting corporate governance and efficiently regulated markets	G4-56	SC					
Governance	Bribery/Anti-Corruption Code (BAC)	Does your company publish and follow an BAC: Yes, No	Promoting corporate governance and efficiently regulated markets	G4-56	SC	PHARM		P10		
Governance	Tax Transparency	Does your company publish and follow a tax policy that is overseen by the Board:Yes, No	Encouraging companies to transparently manage risks and opportunities			FINAN				
Other	Sustainability Report	Does your company publish a sustainability report: Yes, No	Helping companies outcompete on ESG matters							
Other	Framework Disclosures	Does your company publish a GRI, CDP, SASB, IIRC, or UNGC disclosure?	Creating more attractive markets for engaged investors	X	X	X	X	X		
Other	External Validation, Assurance	Are your company's ESG disclosures assured or validated by a third party: Yes/No	Helping companies outcompete on ESG matters	G4-33	CC14.2			3,4		
	* "First-Generation" sustainability indicators		Developing well-functioning, more resilient, less volatile markets							
			Encouraging companies to transparently manage risks and opportunities							
			Creating more attractive markets for engaged investors							
			Helping companies navigate current or forthcoming disclosure regulation							
			Promoting corporate governance and efficiently regulated markets							
			Contributing to national and international sustainable development goals							
			Helping companies outcompete on ESG matters							

SSE Model Guidance Reference					WFE Recommendation	
Section	Subsection	Page	Line(s)	Principle	For exchanges:	For listed companies:
I	1,2	6	85-87	Exchanges are encouraged to use this [model guidance] as a starting point for creating their own guidance to companies or strengthen their current offering.	The exchange should create and provide formal ESG disclosure guidance to its listed companies.	The company should follow exchange guidance on ESG disclosure.
II	2,1	12	263-264	Senior management should demonstrate commitment to [ESG] reporting and provide strategic input into, and oversight over, the processes.	Determine the level, of C-Suite participation in sustainability planning.	Formalize the connection between senior leadership strategy/goals/incentives and sustainability performance.
II	2,1	12	268-270	As the board of directors represents the interests of the corporation as a legal entity, its responsibility for the strategic direction of a company includes integrating ESG considerations in the company's strategy.	Ask listed companies to report annually on any ESG concerns that were reported to the Board; consider publishing data anonymously (or in aggregate form) as a white paper	Create a formal communication channel between those responsible for managing sustainability strategy and performance within the company and the Board of Directors.
II	2,1	12	271-274	It is thus increasingly common for companies to define their ESG rationale and objectives with their boards of directors, and provide governance mechanisms for addressing these factors across all levels of the organization.	Determine if the Board has a formal sustainability committee.	If Board rules permit it, consider the creation of a formal Sustainability committee. If not, add sustainability oversight to an existing committee's responsibilities.
II	2,1	12	283-285	Boards may find it beneficial to directly communicate the company's ESG priorities and processes by issuing a statement that clarifies the board's position on which stakeholders are most significant for the long-term interests of the corporation	Determine if the company has issued a statement on the purpose, strategy, and value of good sustainability management practices.	Draft and publicly release a statement on the purpose, strategy, and value of your sustainability management practices.
II	2.2.1	13	302-303	In addition to being a deliverable with benefits of its own, a significant portion of the value of reporting for a company is embedded in the process of creating a report	Educate listed companies on the distributed value of shared performance when it comes to sustainability planning.	Report the number of employees that directly contribute to the process of creating a sustainability report; also report the number of employees that are directly impacted by the performance indicators in the report.
II	2.2.1	13	313-314	There is a need for clear links between strategic goals, the business model, risks and opportunities through to operational indicators and financial performance.	Report the number (or percentage) of listed companies where employees are incentivized to perform on sustainability goals.	Formalize the connection between rank and file employee strategy/goals/incentives and sustainability performance.
II	2.2.2	14	329-331	Given that stock exchanges are a nexus between investors and companies, the primary focus of the guidance is on facilitating transparency between these two groups.	Host or sponsor in-person, virtual, or small-group meetings between issuers and investors with a focus on sustainability.	Participate in any exchange-hosted events that focus on this topic.
II	2.2.2	14	333-335	Companies should communicate to investors on their process for selecting and engaging with these stakeholders.	The exchange should create and provide formal stakeholder engagement guidance to its listed companies.	The company should follow exchange guidance on stakeholder engagement, or publicly disclose its own rationale.
II	2.3.1	14	342-344	Investors with a long-term investment horizon, such as pension funds, are more likely to take into account information regarding risks such as the effects of climate change that affect the company in the medium- or long-term.	Disclose the number (or percentage) of listed companies with significant holdings by pension funds; Host or sponsor meetings between issuers and long-term investors with a focus on sustainability.	Publish a detailed environmental disclosure via CDP or similar reporting framework.
II	2.3.2	14	351-352	Proactively engaging stakeholders can help a company identify, mitigate, and manage ESG	Publish best practices (by company type, industry, or size) for stakeholder engagement.	Proactively reach out to internal and external stakeholders to discuss ESG performance and
II	2.3.2	14	352-353	[Proactively engaging stakeholders] can also be a source of innovation, future opportunities and new partnerships that fuel strategic growth.	Publish best practices (by company type, industry, or size) for stakeholder engagement.	Solicit developmental feedback from stakeholders on product, service, or partnership creation.
II	2.3.2	14	357	The company should have a process for engaging all priority stakeholders.	Host or sponsor in-person, virtual, or small-group meetings between issuers and investors with a focus on sustainability.	Create a committee or internal team and empower it to determine, contact, and engage the correct stakeholders for your company; you may choose to make their work public.
II	2,4	14	363-366	Information has the quality of relevance when it influences the opinion or decision of users by helping them to evaluate past, present or future events, or confirming or correcting their past evaluations.	Always include trend data (including past performance and future expectations) in any exchange-specific ESG disclosures.	Always include trend data (including past performance and future expectations) in any company-specific ESG disclosures.
II	2,4	15	369-371	The language used and the way the information is presented should resonate with the target audience and connect to a company's ability to create value in the short, medium and long term.	Promote (and/or reward) listed company leaders or exemplars when it comes to the form and content of their public reporting of ESG data.	Actively solicit and incorporate stakeholder feedback on previous ESG disclosures.
II	2.4.1	15	373-375	An effective report covers ESG considerations that are relevant to business strategy and illustrates the link to long-term value.	Contextualize any ESG disclosures within the larger needs of the exchange or the exchange industry.	Use ESG reporting data to explain, in narrative form, the long-term goals and expectations of the company; encourage Investor Relations to include this analysis (or a summary thereof) in your prospectus.
II	2.4.1	15	381-382	A company can use a variety of national and international resources to develop an initial list of ESG factors.	Promote WFE global ESG guidance to listed companies.	Use WFE global ESG guidance when selecting relevant factors for your company.
II	2.4.1	15	382-383	When reflecting on human rights, a company should review the United Nations Guiding Principles Reporting Framework.	Distribute relevant information (links to UN documentation, exchange-created summaries, etc.) to listed companies.	Consider publishing a human rights statement that takes into account the Guiding Principles.
II	2.4.2	15	388-389	Once a company has established which ESG factors to report... it will need to disclose performance indicators to measure and track progress.	Promote WFE global ESG guidance to listed companies.	Use WFE global ESG guidance when evaluating performance factors for your company.
II	2.4.2	16	408-410	Quantitative data is also in high demand because it can be easily compared across time within the same company or with similar data from other companies.	Create a public database of quantitative sustainability disclosures from listed companies on the exchange.	Facilitate user connections between "financial" and "non-financial" data via digital tools (interactive websites).
II	2.4.2	16	414-416	It can be useful to maintain the same boundaries for reporting ESG information as for financial information for the sake of consistency and comparability.	Reference the same timeframe (reporting period) in any of the exchange's sustainability reports as in its financial reports.	Reference the same timeframe (reporting period) in the company's sustainability reports as in its financial reports.
II	2.4.2	16	420-421	Use widely recognized reporting guidelines for measuring and presenting ESG metrics to improve the comparability of a company's disclosures.	Disclose the number (or percentage) of listed companies that disclose to CDP, GRI, SASB, etc.	Participate in one or more of the most established sustainability reporting frameworks.
II	2.4.2	16	422-423	Explain why indicators increased or decreased year-to-year, the company's perception of this, and how this might change in the future.	Always include trend data (including past performance and future expectations) in any exchange-specific ESG disclosures.	Always include trend data (including past performance and future expectations) in any company-specific ESG disclosures.
II	2.4.2	16	424-425	Explain methodologies for data collection in the report, along with why these were used.	Create and distribute ESG disclosure best practices.	Include a summary of methodological practices and assumptions alongside any ESG data disclosures.
II	2.4.2	16	428-430	Explain the link between ESG metrics and financial performance, by demonstrating how ESG initiatives drive growth, productivity, and risk management in monetary terms, where possible.	Promote (and/or reward) listed company leaders or exemplars on this topic.	Include a summary of all of internal cross-linkages between ESG strategy and company strategy in your sustainability reports.
II	2.4.2	16	431	Report on challenges and mistakes as well as accomplishments.	Offer listed companies a closed-door forum to discuss this topic with experts.	Become more transparent (via sustainability reports, questionnaires, or framework disclosures) about the pros and cons of this work.
II	2.4.2	16	433-434	In many jurisdictions, information on regulatory infractions or penalties is available	Create a public database of such records for investors or other interested parties to consult.	Limit or eliminate such infractions.
II	2,5	17	445-447	Using more than one communication channel can be an effective way to ensure that a company's complete target audience gets the necessary information.	Use multiple audience channels to distribute sustainability disclosures, information, and guidance (web, social, events, media).	Use multiple audience channels to distribute sustainability disclosures, information, and guidance (web, social, events, media).
II	2,5	17	449-451	Securities regulations or listing rules may require a company to integrate financially material ESG information into its financial disclosures and other mandatory investor communications.	Work with local regulator to understand expectations and/or improve performance in this regard.	Consider creating an Integrated Report, according to the guidelines of the IIRC.
II	2,5	17	451-453	Given a company's own analysis of information needs and expectations, it may decide to include certain ESG information in the company's financial disclosure even if not required.	Provide financial disclosure guidance or best practices to listed companies.	Become more transparent about sustainability practices in your regulatory filings and other financial disclosures.
II	2,5	17	453-455	Some companies disclose ESG information through voluntary investor communications, such as analyst calls, roadshows, and responses to investor questionnaires.	Host or sponsor in-person, virtual, or small-group meetings between issuers and investors with a focus on sustainability; become more transparent about exchange practices on your own analyst calls.	Participate in any exchange-hosted events that focus on this topic, or create your own; engage investors that submit questionnaires in order to determine the priority and purpose of answering their questions.
II	2,5	18	473-475	It is critical that the information is easy to find. Producing, for example, a content index with hyperlinks to boost digital accessibility indicating where all existing ESG information can be found.	Create and publish a master content index on behalf of your listed companies.	Publish all sustainability disclosures in an electronic (digital, online) format that takes full advantage of cross-linking capabilities.
II	2,5	18	477-478	Some companies have adopted a similar approach for disseminating ESG data via XBRL	Accept disclosures from listed companies in the XBRL format.	Create XBRL-formatted versions of all disclosure documents.
II	2.6.1	19	484-485	If internal systems are not sufficient for the task, a company may need to invest in building capacity in this area.	Dedicate at least one FTE at the exchange to manage sustainability concerns and strategy.	Dedicate at least one FTE at the company to manage sustainability concerns and strategy.
II	2.6.1	19	492-494	An internal audit committee or group of individuals, independent of the division tasked with measuring and gathering the information, can review disclosure. An internal audit can also further ensure that internal data collection systems are robust and organized.	Provide for the internal, independent audit of all exchange disclosures and statistics.	Make a transparent declaration as to the accuracy and accountability of all publicly disseminated data.
II	2.6.1	19	496-497	External assurance by a third party is also encouraged. This can lend an added degree of trust, credibility and recognition.	Disclose the percentage of listed companies that leverage external assurance; educate listed companies on the return value of undertaking such a process.	Have your data assured or verified by a third party.
II	2.6.3	19	509-510	Many companies use disclosure to strengthen relationships with stakeholders by actively asking for their feedback on the company's priorities, performance and reporting.	Host or sponsor in-person, virtual, or small-group meetings between issuers and investors with a focus on sustainability.	Participate in any exchange-hosted events that focus on this topic.
Annex A	Annex A	21	522	Revenue growth from sustainability-advantaged products, services and/or strategies (S/G).	Disclose publicly on behalf of the exchange.	Disclose publicly on behalf of the company.
Annex A	Annex A	21	523-524	Total annual cost savings (and cost avoidance) from sustainability-driven productivity	Disclose publicly on behalf of the exchange.	Disclose publicly on behalf of the company.
Annex A	Annex A	21	525-526	Reduced sustainability-related risk exposure that could materially impair a company's performance (S/R).	Disclose publicly on behalf of the exchange.	Disclose publicly on behalf of the company.
Annex B	Annex B	22	540-541	Enhance the company's ability to attract longer-term investors, including major institutional investors such as pension funds.	Compare investor turnover rates at listed companies within similar industries, or of similar sizes; publicly disclose aggregate data.	Disclose investor turnover rates (by size, type, and holding level).
Annex B	Annex B	22	549-550	Promote company-wide alignment on goals.	Promote (and/or reward) listed company leaders or exemplars on this topic.	Formalize the connection between rank and file employee strategy/goals/incentives and sustainability performance.
Annex B	Annex B	23	555	Help the company stay ahead of emerging ESG and disclosure regulations.	Regularly brief companies on emerging regulatory trends.	Formally engage corporate general counsel or regulatory functions in any sustainability effort.
Annex B	Annex B	23	561-562	Exhibit corporate adherence to industry ethical standards and national and international frameworks on corporate sustainability and sustainable development.	Disclose the percentage of listed companies that participate in one or more global sustainable development efforts.	Become an active participant in one or more global sustainable development efforts.
Annex B	Annex B	23	566-567	Improve employee perception of the company, helping to attract, retain, motivate, and align new and existing employees.	Compare the relative turnover rates at listed companies (within similar industries, or of similar sizes).	Measure employee satisfaction via surveys, polling, or focus groups; publicly disclose employee turnover rates.
Annex G	Annex G	29	789-790	Explain the exchange's materiality standard as it relates to financial reporting.	Create a materiality map and disclose it publicly.	Compare/contrast the materiality mapping process that your company undergoes with any guidance from the exchange in this regard.