



Sustainability Report

Sustainability Roadmap
Report for FEAS members
October, 2019

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Executive Summary

This report seeks to identify the current sustainability initiatives, trends, challenges and opportunities among FEAS member exchanges. It aims to foster the cooperation through the sharing of experiences and sustainability best practices among FEAS member exchanges, listed companies and capital market stakeholders, which include investors and policymakers. Finally, the report proposes a roadmap for capital market sustainability among FEAS member exchanges. This report is based on a survey conducted by the FEAS Sustainability Task Force.

The goal of the survey conducted is to establish whether FEAS member exchanges adopt a framework for promoting capital market sustainability in order to enhance their positions towards supporting the United Nations Sustainable Development Goals (SDGs). Most of the questions included in the survey have been extracted from the United Nations Sustainable Stock Exchanges (UN-SSE) and the World Federation of Exchanges (WFE-SWG) annual sustainability surveys.

The survey consists of 34 questions, which are divided into 3 main parts:

Part 1: Basic Market Statistics (10 questions).

Part 2: Memberships and Commitments (11 questions).

Part 3: ESG Disclosures and Reporting (13 questions).

This report thus emphasizes the role of capital markets in the attraction of the required financing to fund the SDGs. It also emphasizes the role of capital markets in enhancing Environmental, Social and Governance (ESG) practices through the promotion of ESG disclosures among listed companies.

Out of the 18 eligible FEAS member exchanges, 14 exchanges (78%) participated in the questionnaire, namely, the Amman Stock Exchange (ASE), the Armenia Securities Exchange (AMX), the Athens Stock Exchange (ATHEX), Boursa Kuwait (formerly KSE), Cyprus Stock Exchange (CSE), the Egyptian Exchange (EGX), Iran Fara Bourse (IFB), The Iraq Stock Exchange (ISX), Kazakhstan Stock Exchange



(KASE), Muscat Securities Market (MSM), Palestine Exchange (PEX), Project Heather (Scottish Stock Exchange), the Tehran Stock Exchange (TSE), and the Tashkent Republican Stock Exchange (UZSE).

Results show that five members made a public commitment to the United Nations Sustainable Stock Exchanges Initiative (SSE), nine members (69%) are members of the World Federation of Exchanges (WFE), out of which one member is a member of the WFE Sustainability Working Group (SWG). Moreover, out of the surveyed exchanges, only one exchange is a participant in the United Nations Global Compact (UNGC). Regarding committing to the United Nations Women Empowerment Principles (WEPs), only two exchanges (15%) responded that they have signed the UN WEPs while ten exchanges have not.

As for exchange specific sustainability governance, and the existence of a Sustainability Committee among member exchanges, only one exchange, namely EGX, has reported the existence of a committee that aims to manage sustainability related initiatives and advisory on behalf of the Board of Directors.

Currently, there is only one-member exchange which provides sustainability indices. The Egyptian Exchange has launched the S&P/EGX ESG index in March 2010 in cooperation with Standard and Poor's Dow Jones Indices. Additionally, Project Heather (Scottish Stock Exchange) are currently developing a sustainability index to be launched soon after regulatory approval to the initiative.

Moreover, out of the surveyed exchanges, 5 exchanges (38%) do not report on sustainability in their annual report, while seven exchanges (54%) do integrate sustainability disclosures into their annual reports. On the investor's front, the investor demand for ESG disclosure by companies listed on FEAS member exchanges can be increased through enhancing the sustainability disclosures framework at the market level, and also by raising the awareness on the advantages and benefits of sustained financing and investing to FEAS member economies. Currently, there are two FEAS member exchanges that reported having demand for ESG disclosures by investors in their markets, namely the Armenia Securities Exchange (AMX), the Athens Stock Exchange, and the Iraq Stock Exchange (ISX).

Results indicate an overarching trend in promoting sustainability across the respondent exchanges; however, it is worthwhile to note that a number of measures are needed to be undertaken by the exchanges in order to materialize on sustainability - which is why this report suggested a four-pillar roadmap:

Pillar One: Sustainability Responsibilities and Oversight

Pillar Two: Sustainability Reporting and Disclosures

Pillar Three: Sustainable Financial Products

Pillar Four: Sustainability Awareness

Objectives of the FEAS Sustainability Task Force

The objectives of the Sustainability Task Force are as follows:

1. **To define the current status of each FEAS Member** exchanges in terms of integrating principles of sustainable development
2. **To promote and enhance ESG reporting and disclosure** through developing a guideline for minimum ESG- disclosures to be embedded in listing rules;
3. **To communicate with top ESG index providers** on developing an FEAS ESG Index.
4. **To develop a strategy for promoting green finance products** in cooperation with leading stakeholders (e.g. WFE-SWG, UN-SSE, IFC, Climate Bond Initiative, etc.)
5. **To coordinate closely with key stakeholders** of sustainability i.e. SWG-WFE, UN SSE, IFC, Climate Bond Initiative, etc. Also to coordinate with global standard setters such as the Global Reporting Initiative or the Integrated Reporting frameworks.

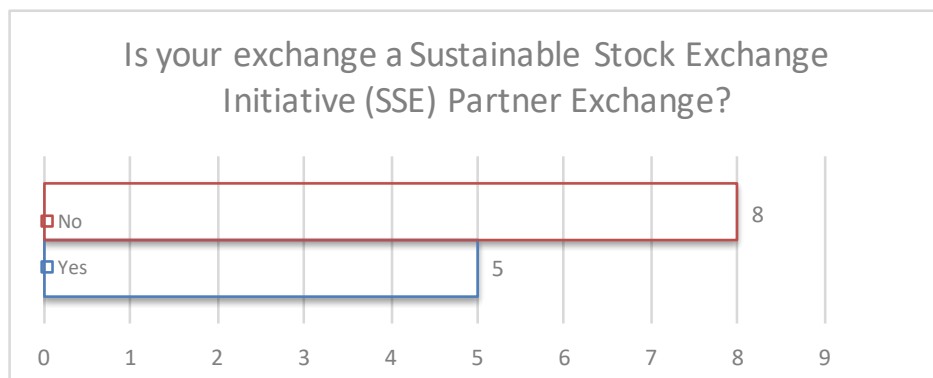
Part (1): Sustainability Current State

1.1. Exchanges Facts and Figures

Sustainability Memberships, Commitments and Governance

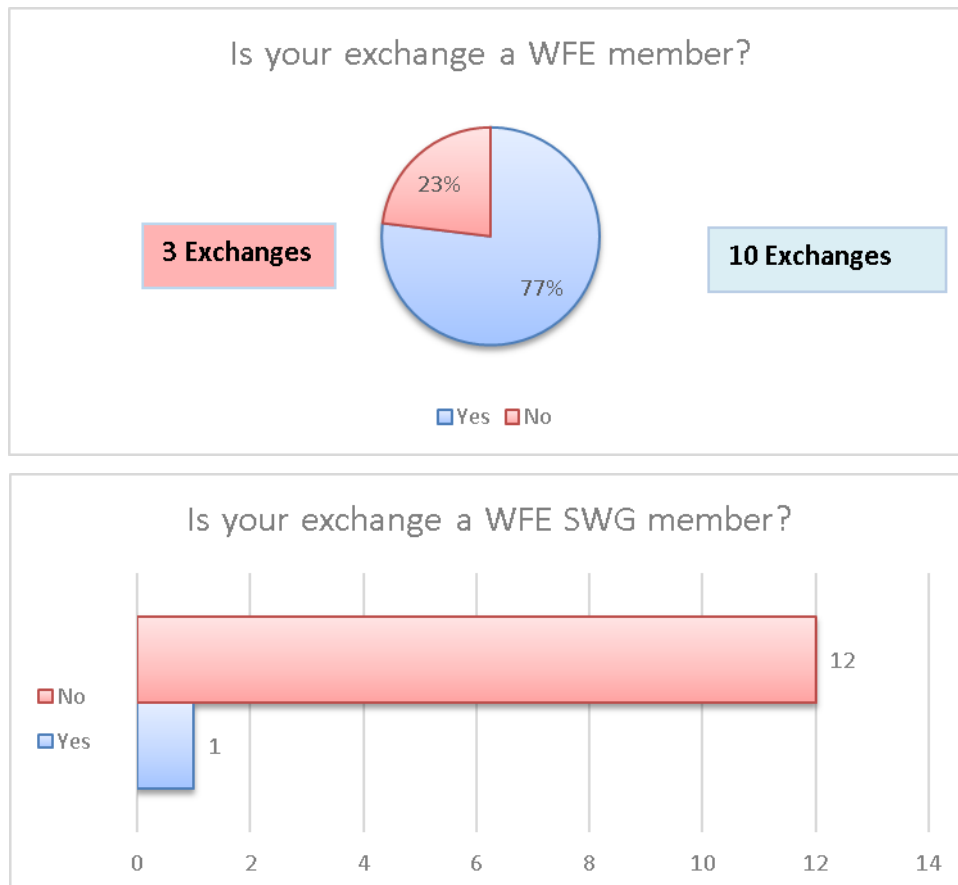
- **Memberships and Commitments:**

This section aims to identify the current sustainability initiatives, memberships and commitments among FEAS member exchanges. Out of the surveyed exchanges, five members made a public commitment to the United Nations Sustainable Stock Exchanges Initiative (SSE) nine members (69%) are members of the World Federation of Exchanges (WFE), out of which one member (EGX) is a member of the WFE Sustainability Working Group (SWG)



Box 1: United Nations Sustainable Stock Exchanges Initiative (UN-SSE)

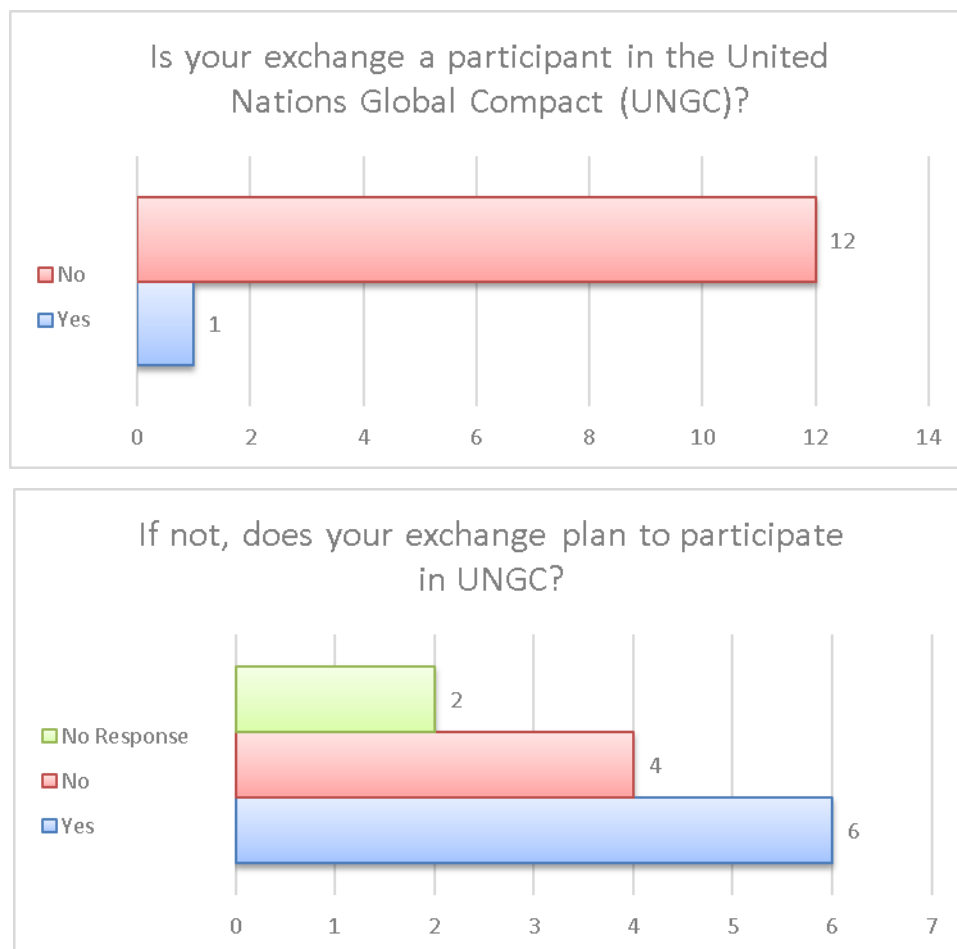
The UN secretary general initiated the SSE in 2009 with a mission to build capacities of global stock exchanges in order to promote responsible and sustainable investments and to emphasize the importance of capital markets in promoting investments in SDGs. The SSE commitment was formally announced in 2012, and it is also worth mentioning that the Egyptian Exchange is one of the first members to make a voluntary public commitment to the SSE initiative alongside with NASDAQ, the Johannesburg Stock Exchange, the Bourse Istanbul and the Bovespa Exchange (B3).



Moreover, out of the surveyed exchanges, only one exchange is a participant in the United Nations Global Compact (UNGC). The UNGC is a pact by the UN to encourage institutions

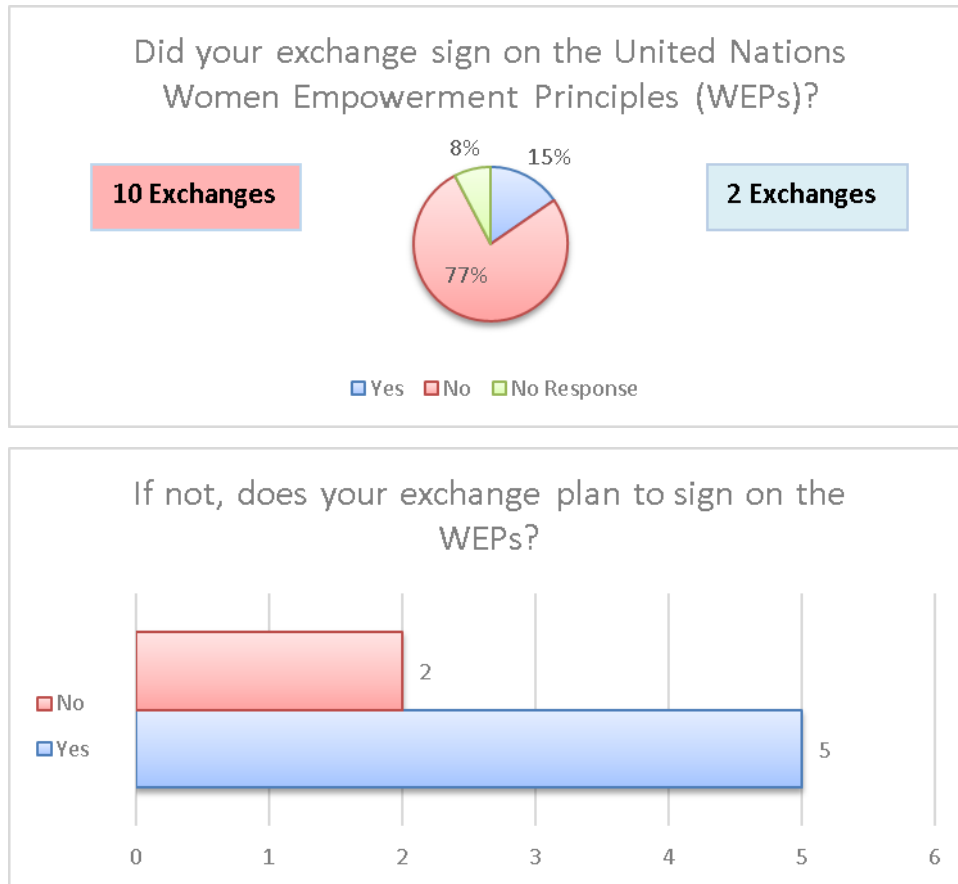
worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

The UNGC is a principle-based framework for sustainable institutions, stating ten principles in the areas of human rights, labor, the environment and anti-corruption. In addition, out of the surveyed exchanges that responded as being non-participants in the UNGC, six members (50%) responded that they are willing to participate in the UNGC in the near future.



Regarding committing to the United Nations Women Empowerment Principles (WEPs), only two exchanges (15%) responded that they have signed the UN WEPs while ten exchanges have not. Out of the members that have not yet signed the UN WEPs, five exchanges (71%) are willing to sign the commitment in the near future, as they are aware of the role that exchanges play

regarding raising the importance of gender equality and empowering women among capital market stakeholders and participants.



Additionally, some member exchanges are committed to other initiatives such as the Marrakech Pledge, the Global Investor Statement on Climate Change, and the Task Force on Climate-related Financial Disclosures Report (TCFD).

Sustainability Governance:

As for governance, and the existence of a Sustainability Committee among member exchanges, only one exchange, namely EGX, has reported the existence of a committee that aims to manage sustainability related initiatives and advisory on behalf of the Board of Directors.

Box 1: EGX-Sustainability Advisory Committee (SAC)

The UN-SDGs inspired EGX to establish **the Egyptian Exchange Sustainability Advisory Committee (SAC)**; the committee includes well-known advocates to facilitate effective sustainability activities & efficient decision making to EGX Chairman and sustainability team as well. The committee is handling EGX sustainability activities and is advising the Chairman and EGX sustainability team on sustainability related issues.

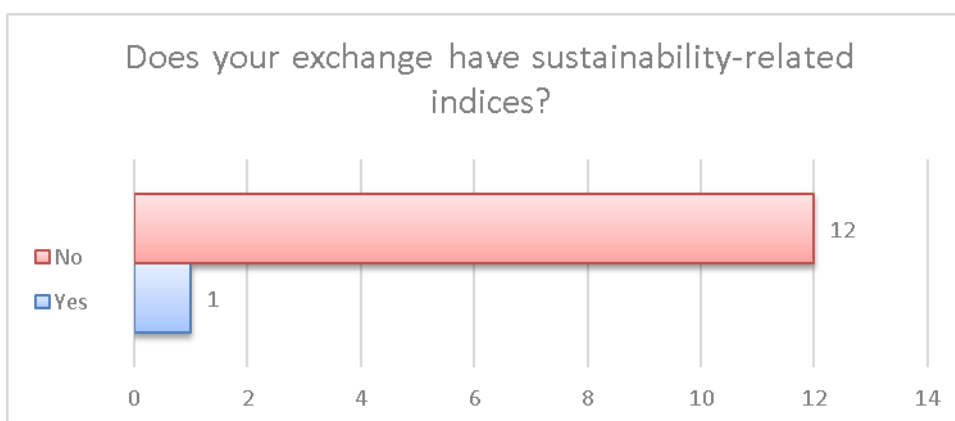
SAC Members:

- **The Egyptian Exchange**
- **Listed Companies**
- **Academic Community**
- **NGOs**
- **Non-listed Companies**



Sustainability Indices:

Currently, there is only one member exchanges, which provide sustainability indices. The Egyptian Exchange has launched the S&P/EGX ESG index in March 2010 in cooperation with Standard and Poor's Dow Jones Indices. Additionally, Project Heather (Scottish Stock Exchange) are currently developing a sustainability index to be launched soon after regulatory approval to the initiative.



The following Box shows the outperformance of EGX Sustainability index (S&P EGX/ ESG) when compared to the benchmark EGX30 index from 2010-2019.

Box 2: The S&P/EGX ESG Sustainability Index

Historical Background:

In March 2010, EGX was the first stock market in the MENA region and second worldwide to launch the S&P sustainability index S&P/EGX ESG index, in cooperation with Standard and Poor's Dow Jones Indices.

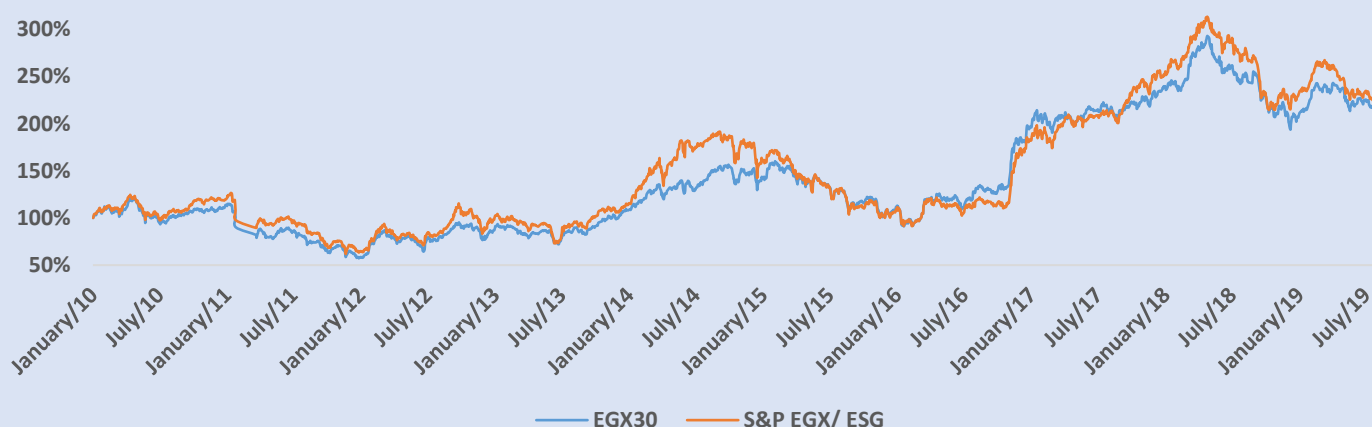
Purpose of the Index:

The purpose of the index is to raise the profile of those companies that perform well along the considerations of environmental, governance, and social responsibility when compared to their market peers. The S&P/EGX ESG index intends to encourage listed companies to move away from doing charitable activities and to focus on building their corporate image and being able to manage ESG related-risks. Therefore, the company's Corporate Social Responsibility (CSR) strategy not only helps the company improve its reputation but also becomes part of the overall risk management. Also establishing the ESG Index would encourage companies to be more transparent and to disclose their governance, social and environmental practices.

Constituents of S&P/EGX ESG index as of August 2019:

- | | |
|---|------------------------------------|
| 1. Commercial International Bank (Egypt) S.A.E. | 16. Egyptian Transport (EGYTRANS) |
| 2. Egyptian Iron & Steel | 17. Citadel Capital Corp |
| 3. Paint & Chemicals Industries (Pachin) | 18. Amer Group Holding |
| 4. Oriental Weavers | 19. Al Baraka Bank Egypt |
| 5. Global Telecom Holding | 20. Abu Dhabi Islamic Bank - Egypt |
| 6. Orascom Development Egypt SAE | 21. Arabian Cement Company |
| 7. Egyptian Financial Group-Hermes Holding | 22. Orascom Construction Limited |
| 8. Raya Holding For Technology And Communications | 23. Edita Food Industries S.A.E |
| 9. Telecom Egypt | 24. Emaar Misr for Development |
| 10. Credit Agricole Egypt | 25. Porto Group Holding |
| 11. Egyptian Kuwaiti Holding | 26. Cleopatra Hospital Company |
| 12. Six of October Development & Investment (SODIC) | 27. Raya Contact Center S.A.E |
| 13. Palm Hills Development Company | 28. Sidi Kerir Petrochemicals |
| 14. GB Auto | 29. Orascom Investment Holding SAE |
| 15. Juhayna Food Industries | 30. Medinet Nasr Housing |

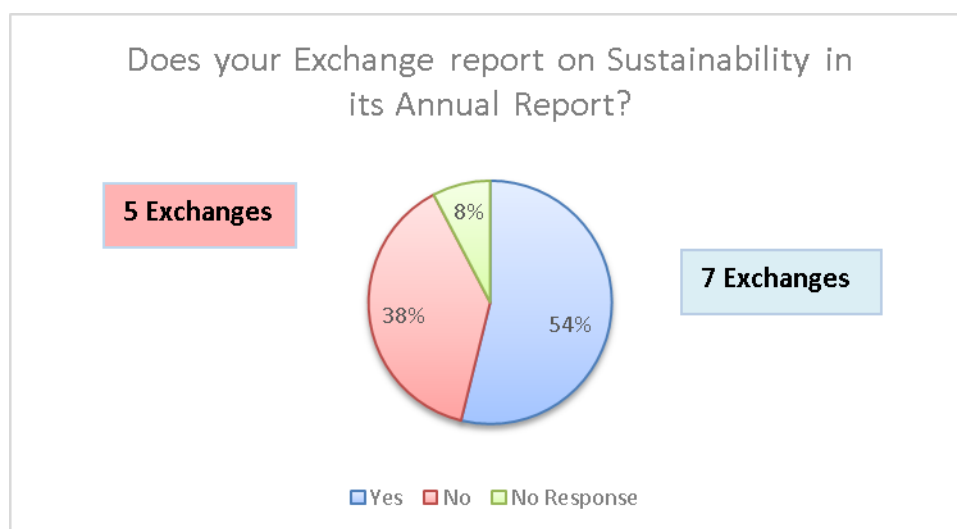
Performance of the S&P/EGX ESG Index vs the Benchmark EGX30 Index



(1.2) Sustainability Reporting and Disclosures

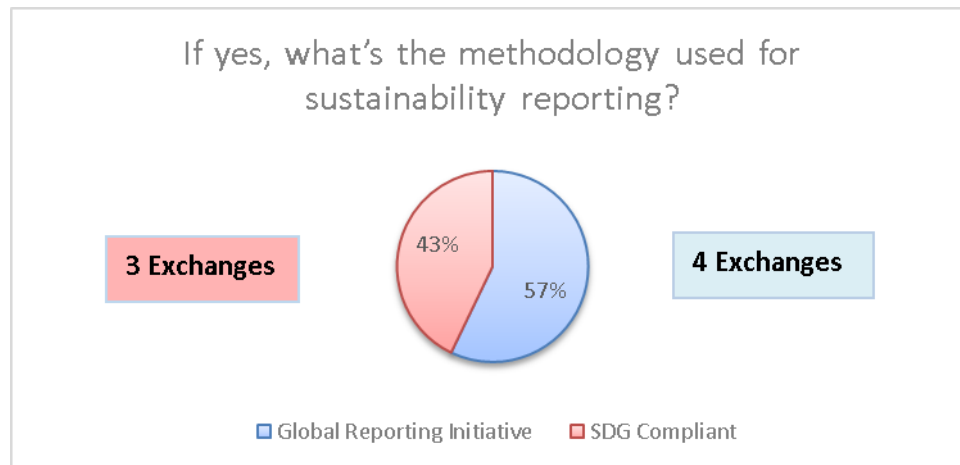
1. Reporting on the Exchange Level

This part of the report investigates the current status of reporting of exchanges on ESG and sustainability, and what form of reports they provide, if any; do they report on sustainability as a part of their annual report, or do they provide an independent sustainability report? This part also investigates the reporting initiatives and methodologies used in reporting on sustainability.



Out of the surveyed exchanges, 5 exchanges (38%) do not report on sustainability in their annual report, while seven exchanges (54%) do integrate sustainability disclosures into their annual reports. Finally, only one exchange did not respond neither on issuing independent sustainability reports, nor on reporting sustainability issues as part of their annual report.

It was also found that only one exchange issues its independent sustainability report.



Regarding the methodology used for sustainability reporting, it was found out that reporting in line with the SDGs, and in line with the Global Reporting Initiative (GRI) are the two main frameworks used by FEAS member exchanges. It was found out that three exchanges report on sustainability in compliance with the SDGs, and four exchanges use the GRI core reporting approach to report on sustainability.

Box 3: Sustainability disclosures reported by FEAS member exchanges:

Governance Related: Board Composition and Remuneration, Risk management, and Ethics and Anti-corruption are the most reported governance issues by exchanges in their sustainability reporting mechanism (whether independent reporting or part of the annual reporting).

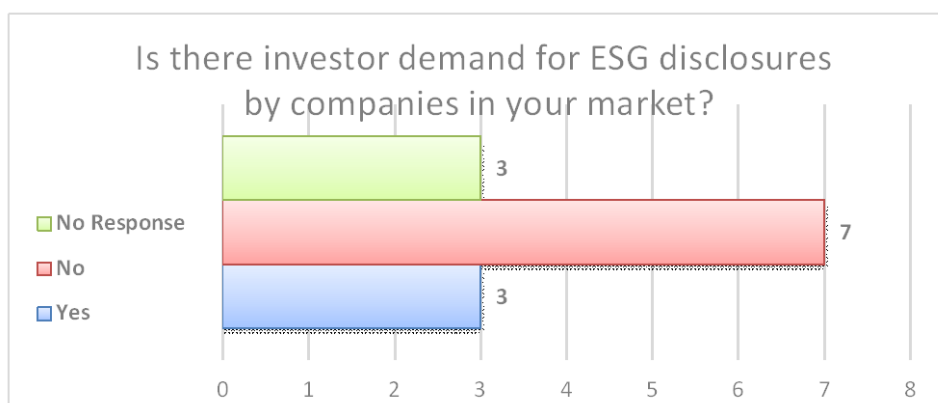
Society Related: Human Rights and Labour Standards on the social level were the most reported factors by the respondent exchanges.

Environment Related: Water Use and Recycling, and Pollution (air, water and waste) are the most reported environmental related disclosures by FEAS member exchanges.

Moreover, the majority of the respondent exchanges do not require reporting in line with the Task Force on Climate Related Financial Disclosures (TCFD). However, some exchanges are committed to the TCFD through encouraging listed companies to report on climate related issues.

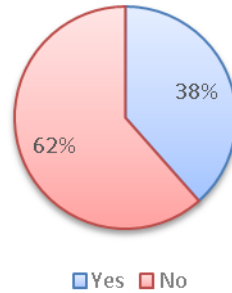
2. Disclosures on the Market Level

On the investor's front, the investor demand for ESG disclosure by companies listed on FEAS member exchanges can be increased through enhancing the sustainability disclosures framework at the market level, and also by raising the awareness on the advantages and benefits of sustained financing and investing to FEAS member economies. Currently, there are two FEAS member exchanges that reported having demand for ESG disclosures by investors in their markets, namely the Armenia Securities Exchange (AMX), the Athens Stock Exchange, and the Iraq Stock Exchange (ISX).



As for the exchanges that adopt the ESG reporting requirements in listing rules and regulations, there were no respondents having a mandatory ESG reporting in their listing requirements. Regarding offering a written guidance on ESG reporting by the exchanges, it was found out that five exchanges (38%) offer a written guidance on ESG reporting to listed companies. While eight others (62%) do not offer any written guidance on ESG reporting; out of which are two exchanges that are planning to offer an official ESG reporting guidance to their listed companies. Additionally, FEAS members realized the importance of reporting on sustainability and ESG issues, as most of the respondent exchanges reported that the disclosure of ESG data would not adversely affect their business continuity. However, some exchanges did respond that ESG reporting would adversely affect their businesses, as their markets are still immature to enforce ESG reporting.

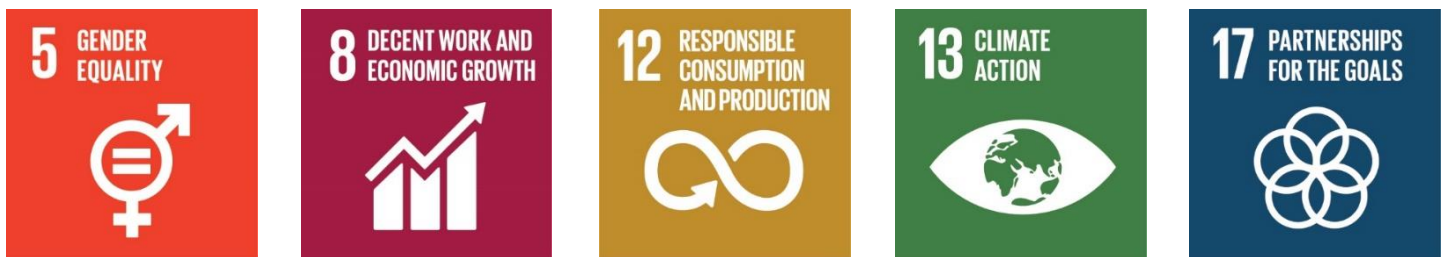
Does your exchange offer written guidance on ESG reporting?



Promoting integrated sustainability reporting frameworks (such as the International Integrated Reporting Framework and the Global Reporting Initiative) is currently being initiated by the FEAS member exchanges, as most responded with yes, the exchange or regulator is promoting integrated reporting on sustainability.

Part (2): Sustainability Roadmap Recommendations

The following figure outlines the previous efforts of United Nations Sustainable Stock Exchanges (UN SSE) initiative, which identified five main SDGs which when implemented well, would have a significant impact on exchanges' efforts towards sustainability:



Also, the World Federation of Exchanges (WFE) recently published in October 2018 the “WFE Sustainability Principles” which defined five principles that can be used by exchanges to advocate and enhance sustainability at the market level:

Box 4: WFE Sustainability Principles (S-P)

WFE SP1: Exchanges will work to educate participants in the exchange ecosystem about the importance of sustainability issues.

WFE SP2: Exchanges will promote the enhanced availability of investor-relevant, decision-useful ESG information.

WFE SP3: Exchanges will actively engage with stakeholders to advance the sustainable finance agenda.

WFE SP4: Exchanges will provide markets and products that support the scaling-up of sustainable finance and reorientation of financial flows.

WFE SP5: Exchanges will establish effective internal governance and operational processes and policies to support their sustainability efforts.

Pillar One: Sustainability Responsibilities and Oversight

A- Internal Assessment

The first proposed phase in the FEAS sustainability roadmap recommendations is to encourage each exchange to perform an internal impact assessment to the current sustainability efforts, and to set a progressive path for contributing towards achieving SDGs on the local, regional and global partnership levels of sustainability. This could be achieved through defining the responsibilities and oversight of sustainability at the exchange's level, to assess current technologies, resources and products that are currently or could potentially further the implementation of sustainability initiatives. Defining the responsibilities towards sustainability will therefore include setting a focus area for sustainability activities, and establishing the resources needed for the necessary changes.

Box 5: Muscat Securities Market and Sustainability

Oman Centre for Governance and Sustainability (OCGS) has signed a memorandum of understanding with Muscat Securities Market for mutual cooperation, provision of consultancy services on governance and sustainability principles, dissemination of awareness on corporate governance and social responsibility, enhancing competition and facing challenges.

The MOU was signed by Sayyid Hamid Sultan Al Busaidy, Executive Director for OCGS and Mr. Ahmed Saleh Al Marhoon, Director General for MSM.

The MOU aims at creating a common forum for mutual understanding and cooperation between MSM and OCGS for exchange of information and use of various services offered by OCGS in the field of training and promotion of governance and sustainability which would positively reflect on the performance of MSM, accordingly MSM became a member of OCGS and the centre will prepare guiding manual for MSM on governance and sustainability and prepare a training programmes for the directors of MSM and the senior management beside providing support and analytical studies where necessary.

Sayyid Hamid Sultan Al Busaidy, Executive Director of OCGS expressed his happiness and appreciation for the importance MSM attaches to the services provided by the centre and to acquaint with the best practices in governance and sustainability which reflects confidence in this aspect in ensuring sound

administrative path for best performance standards. He said, we hope other institution in the Sultanate will follow suit.

B- Defining Sustainability Focus Areas

In this phase, defining the sustainability focus area could be done through the defined Sustainable Development Goals (SDGs) by the Sustainable Stock Exchanges (SSE) initiative on its annual progress report 2016, the SSE initiative defined Five SDGs that can be enhanced by stock exchanges. Also, the World Federation of Exchanges (WFE) published the “WFE Sustainability Principles” which defined five principles that can be used by exchanges to advocate and enhance sustainability at the market level.

Responsibilities of FEAS exchanges could be segregated on both levels outlined above, the exchange level and the market level. The exchange level should emphasize the need for sustainability commitments, where exchanges are encouraged to engage in public policy dialogues and/or global initiative dialogues. While the market level should emphasize initiatives by the different market stakeholders

C- Sustainability Evaluation Metrics

The formal segregation of responsibilities should also be followed by sustainability evaluation metrics and Key Performance Indicators (KPIs) to track the progressions achieved by exchanges at both the market and the exchange levels in each focus area.

Defining responsibilities at the exchange level could incorporate establishing an independent sustainability advisory committee, which reports to the board of directors or the CEO directly, and which is delegated with the main duty of providing advice to the exchange’s sustainability team on sustainability issues; which includes defining the most relevant focus areas, and helping in designing training programs and seminars for the exchange’s stakeholders (mainly the listed companies).

FEAS member exchanges are also encouraged to make public commitment for sustainability, through partnership with global capital market sustainability initiatives such as the Sustainable Stock Exchanges Initiative.

Pillar Two: Sustainability Reporting and Disclosures

A- Exchange's Sustainability Report

According to the current surveyed results of the exchanges, it is evident that independent sustainability disclosures at exchange level is not actively promoted in FEAS member exchanges, as only one exchange publishes its own sustainability report, while three exchanges report on sustainability in their annual report. Therefore, FEAS member exchanges are encouraged to lead-by-example, through issuing their own independent sustainability report.

B- Model Guidance on ESG reporting for listed companies

At the market level, formal segregation of responsibilities should take into account the role of the exchanges in promoting greater transparency in their markets, and in promoting high quality ESG information.

The best-recommended option for FEAS members is to have the ESG disclosure requirements embedded in the main listing rules, however second-best option would be to create a separate listing board with ESG disclosure requirements, with the latter conforming with the SSE recommendations.

Accounting for the role of the member exchanges should have a direct positive effect on developing well-functioning and resilient capital markets, which could be done as defined by the Sustainable Stock Exchanges (SSE, 2018) with the following box:

Box 6: Boursa Kuwait guides market on sustainability reporting through training and guidance

In December 2017, Boursa Kuwait announced the launch of its new voluntary sustainability disclosure guide to the Kuwaiti market and held a training session on ESG disclosure on 19 December 2017.

Boursa Kuwait has developed this Corporate Sustainability disclosure guide to support listed Kuwaiti issuers in reporting Environmental, Social, and Governance (ESG) issues to meet the growing needs of various stakeholders including investors, customers, suppliers, and regulators for transparent and regular information.

“At Boursa Kuwait, we are committed to promoting long-term sustainable investment and improved environmental, social and corporate governance disclosure and performance among companies listed on our exchange through dialogue with investors, companies and regulators.” – Acting Boursa Kuwait CEO Mohammad Al-Osaimi

The exchange also announced a [Memorandum of Understanding](#) with Sustainability Excellence formalizing the deployment of a series of strategic sustainability initiatives aimed at further enhancing transparency and disclosure of sustainability/ESG information among Boursa Kuwait’s listed companies. The training session covered the business case for ESG and sustainability, provided an overview of global investor assessment approaches to ESG and presented Boursa Kuwait’s voluntary sustainability disclosure guide to support listed companies to report on ESG information.

Boursa Kuwait recognizes that it can play a crucial role in encouraging and advancing Corporate Sustainability practices in capital markets and effectively contribute to achieving the overall objectives of the Kuwait National Development Plan by creating an investment climate that is capable of attracting funds and encouraging sustainable corporate investments.

This guide proposes an initial set of 26 Corporate Sustainability indicators that are in line with the State of Kuwait's sustainable development ambitions as set out by the Kuwait Vision 2035 and the National Development Plan “New Kuwait”. This guide is also aligned with the recommendations of the Sustainable Stock Exchanges Initiative (SSEI) and the World Federation of Exchanges (WFE).

By joining this initiative, Boursa Kuwait aspires to lead the path for a more sustainable future by developing and increasing market confidence in the State of Kuwait and actively contributing to national priorities.

Pillar Three: Sustainable Products

A- Introducing Sustainability Indices

Sustainability Indices are one of the tools stock exchanges utilize to encourage sustainability reporting and performance. Sustainability indices include quantitative and qualitative evaluations, and can cover single issues (e.g. carbon intensity) or a broader range of criteria. Such flexibility enables the indices to be adapted to local economic and reporting environments (SSE, 2018). FEAS exchanges are encouraged to establish sustainability indices, which can be done through sharing

Box 7: SSE Recommendations on ESG Reporting

Providing written guidance for companies on ESG reporting using the SSE Model Guidance on Reporting ESG Information to Investors and conducting at least one market consultation.

Partnering with a data provider to review the ESG performance of listed companies and providing the market with key sustainability data alongside financial data.

Developing a separate listing arm that requires enhanced transparency on ESG information, potentially also taking into account the companies' approach to the SDGs and measuring and reporting their impact in these areas.

Building market demand for ESG information and sustainable financial products.

Promoting the inclusion of ESG factors within existing definitions of what constitutes material information for the purposes of corporate reporting and considering phasing a requirement for assurance on ESG information.

Encouraging corporate boards to disclose their approach and time horizon for determining material ESG issues.

Promoting systems for investor feedback on the quality of existing ESG disclosures, in order to better inform future work plans.

Working with issuers to enhance the understanding that better ESG data allows vendors to create

current experiences from exchanges with well-established sustainability indices. Also the creation

of such indices should involve collaboration with all capital market stakeholders, including the listed companies, investors, and regulatory authorities.

The creation of a sustainability index at the national level will help in raising awareness about ESG issues, as companies will also benefit from this index by learning to better track and manage their performance and progressions on ESG issues. Sustainability indices will also be considered further successful if they can support investment products such as Exchange Traded Funds (ETFs), which would attract more investors, especially when sustainability indices outperform their non-green benchmark indices.

The sustainability indices usually outperform the exchange's benchmark index as is shown from the Egyptian Exchange (EGX)'s case (Box 2).

B- Promoting Green Finance Products

Green finance products have already been introduced in several markets around the world and have witnessed increasing demand, with both the green bond and the green equity indices outperforming their non-green index benchmarks. To promote green finance products FEAS members are encouraged to use The SSE Green Finance Action Plan (a voluntary action plan on how stock exchanges can grow green finance).

The action plan identifies two main action areas that stock exchanges should work at the same time. First, the promotion of green labelled products and services helps direct funding towards green projects and towards environmentally aligned issuers and investors. Secondly, more systematic and holistic changes must take place to support a green transition and to ensure market resilience to the economic impacts of climate change.

In addition to these two main action areas, the SSE guidance also identifies two crosscutting areas that will facilitate green finance efforts namely, strengthening the quality and availability of climate-related and other environmental disclosure among issuers and investors. While the second area

focuses on contributing to the growth of dialogues and consensus building on green finance with other capital market participants. Throughout all four phases of these action areas, partnerships are key.

FEAS members can promote the adoption and the incorporation of green finance standards by participating in relevant standard-settings and policy consultations among issuers and investors, and by promoting these issues into their listing rules or by the adoption of a separate listing segment for green finance products such as a green bond-listing segment.

Pillar Four: Sustainability Awareness

Commitment to Market Education on Sustainability

Market education on sustainability issues is an important tool for raising and maintaining sustainability awareness across the capital market participants. FEAS members should therefore have a role in building and fostering capacity and trust among all market shareholders. Therefore, training and market education on the importance of sustainability and reporting and disclosure is a crucial step in complementing exchanges efforts towards achieving sustained capital markets.

This role is initiated by enabling dialogue and by promoting education among all the different market stakeholders. According to a recent publication by the Sustainable Stock Exchanges initiative, regular training to investors and issuers on the integration of sustainability initiatives into investment decision making and practices should be focused upon if sustainability initiatives are to be achieved. FEAS member exchanges are thus encouraged to participate in market education and capacity building on sustainability issues, which should contribute to the attainment of sustainability initiatives.

The forms of market education and capacity building could include dialogues with stakeholders and investors, at the beginning, then designing the appropriate sustainability training courses for them. Such dialogues have been proven as a useful way for stock exchanges to thoroughly inspect

sustainability issues on the local, regional and international levels. Therefore, training for listed companies on the importance of sustainability initiatives and Environmental, Social, and Governance (ESG) reporting and disclosure is an important step towards achieving a sustainable future for FEAS members.

The development of networks and dialogues also enables the sharing of experiences in a material and contextual manner across FEAS member exchanges, and would raise the awareness about the importance of learning by experience from their market contextuality.

Therefore, the proposition of developing local networks of Stakeholders and learning from regional and international experiences in a unified manner is the way forward to FEAS member Exchanges towards reaching a sustainable future for their capital markets and economies.

Box 8: Project Heather: Sustainability and Impact Investing

As independent stock exchanges across Europe become part of larger bourse groups, there is one group working to launch a new trading venue with a focus on 'capitalism for good'. The launch of the Scottish Stock Exchange (SSE) will mark the first time Scotland will have its own stock exchange since 1973, when the nation's trading venue became part of the London Stock Exchange Group.

Speaking to The TRADE, Tomas Carruthers, founder and chief executive of Borse Scot, the registered firm behind the project, said that the aim of the Scottish Stock Exchange will be to create a "globally-facing and impact focused" trading venue. "What that latter point means is our issuers will all have to report on their environmental and social impact, just as they already report on their financial performance and governance arrangements", Carruthers said. "Our vision is to normalise impact reporting, for it to be in the mainstream: only by aligning market return requirements with impact can we hope to address the prevailing external challenges."

Based in Edinburgh, the exchange has currently slated the latter half of 2019 to launch once it receives approval from the Financial Conduct Authority. At the end of June, SSE announced the appointments of Elaine Morton as chief regulatory and compliance officer, and Helen Webster as chief operating officer, completing its executive team. While some newly-minted exchanges have struggled to attract liquidity, with alternative venues often succumbing to establish a solid position among a crowd of peers, the new venture's focus on social and ethic investing may be a key differentiator.

Carruthers says that while ESG (Environmental, Social and Governance) has become a well- established concept in financial markets, impact investing aims to take this a step further by placing non-financial returns on an equal footing to financial, and, he asserts, demand is on the increase.

"The Global Impact Investing Network reported in their latest annual survey that impact investment assets under management more than doubled to \$502 billion, while the World Bank's International Finance Corporation estimates demand for said assets could be up to \$26 trillion," he says. "Societal attitudes are changing fast and market forces will bring the capital and therefore the incentive for companies to rethink their priorities."

B- Women Empowerment and Gender Equality

Women empowerment and promoting gender equality is not only good for economic development, but also for business continuity. According to a recent survey by McKinsey, a mapping of gender equality indicators of 95 countries found out that the inclusiveness of the female gender equally with males into the national economic workforce could add up to US\$28 trillion (26% of annual global GDP by 2025).

Research also shows that companies with more diversity in terms of gender equality on boards or in executive positions perform better, as gender equality in the workforce would provide better financial performance. Therefore, FEAS stock exchanges can play an important role in promoting gender inclusiveness in listed companies. This could also be done through raising awareness and enforcing commitment through the market stakeholders to start embracing the ideology. The SSE Ringing the Bell for Gender Equality event is a major milestone that was adopted by many SSE member exchanges such as the case of the Egyptian Exchange.

A future recommendation to all FEAS member exchanges is to follow the recommendations of the SSE initiatives to promote gender equality awareness to the local stakeholders by participating in ringing the bell for gender equality events and promoting women on the board of directors and in executive positions in listed companies. Furthermore, creating a room for reform across non-listed companies through engaging other market participants in the suggested dialogues would further extend the awareness of sustainability across the region. It is also worthwhile to mention that a number of FEAS exchanges began initiating women empowerment and gender equality.

Box 9: Kazakhstan Stock Exchange and Gender Equality

Kazakhstan Stock Exchange JSC (hereinafter, KASE) held a securities trading opening ceremony on KASE markets dubbed "Ring the Bell for Gender Equality" on March 7, 2018 within the framework of the Sustainable Stock Exchanges Initiative (hereinafter, the UN SSE initiative) of the United Nations (hereinafter, the UN) and UN Women.

This event is timed to the International Women's Day and is conducted in order to promote sustainable development ideas including achievement of gender equality that were declared by the United Nations. Ring the Bell for Gender Equality event is intended to highlight the importance of gender equality in order to enhance women's role in the society.

The empowerment and equality of women as entrepreneurs, innovators and leaders is an important focus of the modern society.

Kazakhstan, as a part of the global world, also strives to achieve gender equality. Nowadays, women provide 40 per cent of the gross domestic product of Kazakhstan and account for 52 per cent of the total number of persons employed in small and medium businesses of the country.

According to the Global Gender Gap Report-2017 prepared by the World Economic Forum, Kazakhstan ranked the 52nd in the Global Gender Gap index and the 25th by the 'Working Women' indicator in the Global Competitiveness Index of the World Economic Forum. KASE joined the UN SSE initiative on September 24, 2015.

Table (1): Some insights from the Survey

	Cyprus Stock Exchange	Boursa Kuwait	Muscat Securities Market	Armenia Securities Exchange	Kazakhstan Stock Exchange JSC	Republican stock exchange "Toshkent"	The Egyptian Exchange
Sustainability-related indices?	No	No	No	No	No	No	Yes
Index name							S&P EGX/ESG Index
Inception date							2010
WFE member	Yes	Yes	Yes	No	Yes	No	Yes
WFE SWG member	No	No	No	No	No	No	Yes
UN-SSE Partner Exchange	No	Yes	No	No	Yes	No	Yes
Participate (UNGC)	No	No	No	No	No	No	Yes
Plan to participate in UNGC.	Yes	No		Yes	No	No	
Signed UN- WEPs	No	Yes	No	No	No	No	Yes
If not, does your exchange plan to sign on the WEPs?				Yes	Yes	Yes	
Is your exchange committed to any other sustainability pledge or commitments?	No	No	No	No	No	No	Yes
If yes, please state							Marrakech Pledge
Sustainability Committee?	No	No	No	No	No	No	Yes

	Cyprus Stock Exchange	Boursa Kuwait	Muscat Securities Market	Armenia Securities Exchange	Kazakhstan Stock Exchange JSC	Republican stock exchange "Toshkent"	The Egyptian Exchange
ESG reporting requirements in listing rule.	No	No	No	No	Yes	No	Yes
Offer written guidance on ESG reporting	No	No	No	No	Yes	No	Yes
If no, does your Exchange plan to offer the ESG guidance.	No	No		Yes		Yes	
Report on Sustainability in its Annual Report.	Yes	No		No	Yes	No	No
Exchange Sustainability Report	No	No		No	No	No	yes
Would the disclosure of ESG data adversely affect your business?	No			No	Yes	Yes	
Is integrated reporting being actively promoted in your market?	No			No	Yes, by the exchange/regulator	Yes, by the exchange/regulator	

Table (1): Some insights from the Survey (continued)

	Iraq Stock Exchange	Palestine Exchange	Tehran Stock Exchange	Amman Stock Exchange	Athens Stock Exchange	Iran Fara Bourse
Sustainability-related indices?	no	No	no	no		no
Index name						
Inception date						
WFE member	Yes	Yes	Yes	yes	yes	no
WFE SWG member	no	No	no	no	no	no
UN-SSE Partner Exchange	no	No	No	yes	yes	no
Participate (UNGC)	no	No	No	no	no	no
Plan to participate in UNGC.	Yes	Yes	No	yes	no	yes
Signed UN- WEPs	no	Yes	No	no	no	no
If not, does your exchange plan to sign on the WEPs?	no		No	yes	yes	no
Is your exchange committed to any other sustainability pledge or commitments?	no	No	No	no	no	no
If yes, please state						
Sustainability Committee?	no	no	no	no	no	no
ESG reporting requirements in listing rule?	yes	no	no	yes	no	no
Offer written guidance on ESG reporting?	yes	Yes	No	Yes	no	no
If no, does your Exchange plan to offer the ESG guidance.		GRI (Core Reporting),			yes	yes
Report on Sustainability in its Annual Report?	no	Yes	No	no	Yes	yes
Exchange Sustainability Report	no	No	No	no	no	no

	Iraq Stock Exchange	Palestine Exchange	Tehran Stock Exchange	Amman Stock Exchange	Athens Stock Exchange	Iran Fara Bourse
Would the disclosure of ESG data adversely affect your business?	yes	No	no	no	yes	no
Is integrated reporting being actively promoted in your market?	Yes, by parties external to the exchange/regulator	Yes, by the exchange/regulator	Yes, by the exchange/regulator	Yes, by the exchange/regulator	Yes, by the exchange/regulator	Yes by the exchange