

## **EIRIS interviews reveal stock exchanges' leadership on sustainability issues**

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Leading stock exchanges across the globe, including those in emerging markets, are increasingly at the forefront in developing sustainability initiatives. A report released today by EIRIS, a leading global provider of research into corporate environmental, social and governance (ESG) performance for investors, shares insights from stock exchanges on the implementation of such initiatives. Eleven stock exchanges were interviewed for the report, representing both established players and newcomers to sustainability. The report includes EIRIS' recommendations to help stock exchanges realise effective sustainability initiatives in the future.

### **Key findings**

The report [\*Sustainability Initiatives: Insights from Stock Exchanges into Motivations and Challenges\*](#) identifies stock exchanges' key motivations for developing sustainability initiatives, including:

- to improve the ESG performance of companies listed on their exchanges,
- to encourage and to help investors engage with companies on sustainability issues,
- to identify themselves in the marketplace as committed to sustainability and
- to draw on the latest research to support the link between long-term financial performance and ESG issues.

In the report stock exchanges share valuable insights for the benefit of their peers, including:

- advice on the benefits of getting senior management buy-in,
- improvements seen in company performance and
- opportunities opening up from research demonstrating a link between good ESG performance and long-term financial performance.

### **EIRIS recommendations**

EIRIS works with a number of stock exchanges around the world, including the Johannesburg Stock Exchange, the Bolsa Mexicana de Valores and most recently the Borsa Istanbul. EIRIS provides data and analysis services to help stock exchanges develop, launch and grow sustainable indices, from defining criteria and collecting data, to developing and implementing new index rules, and engaging with companies and the investment community.

EIRIS gives the following key recommendations to stock exchanges:

- engage with companies and investors around the long-term benefits of driving better company performance on ESG issues, both for the benefit of these groups and for society as a whole

- engage with investors, particularly those from the mainstream, in order to identify the sustainability-focused products and services that exchanges can offer which would be of most value to investors
- explore ways of working together to overcome the challenges stock exchanges face
- work with national regulators to develop ESG-related listing rules, preferably on a 'comply or explain' basis
- encourage companies to provide audited ESG data
- draw on the latest research to support the link between long term financial performance and ESG issues

## **Sustainability initiatives and strong corporate ESG performance**

The case study in the report finds a strong correlation between those markets with stock exchanges that have pioneered sustainability indices and strong corporate ESG performance. An analysis of the performance of the largest 300 emerging companies against [EIRIS' Global Sustainability Ratings](#) product, delivered via the [EIRIS Global Platform](#), found a markedly strong performance from both South African and Brazilian companies (both of which have stock exchanges with sustainability indices) and weaker ESG performance from companies in China and Russia.

Stephen Hine, Head of Responsible Investment Development at EIRIS, commented, *"The insights shared by stock exchanges in this report are an excellent resource for other stock exchanges seeking to implement sustainability initiatives for the first time, or those trying to make existing initiatives more effective. Whilst there will be challenges, they are surmountable. Through their key position in the financial ecosystem stock exchanges can provide powerful encouragement to sustainability, and the benefits from their sustainability initiatives will be for companies, investors and society as a whole."*

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### **Notes to editors**

1. EIRIS [www.eiris.org](http://www.eiris.org) is a leading global provider of independent research into the environmental, social, governance (ESG) and ethical performance of companies. Wholly owned by the EIRIS Foundation, EIRIS is a social enterprise, working to help our clients develop the market in ways that benefit investors, asset managers and the wider world. Our mission is to empower responsible investors with independent assessments of companies and advice on integrating them with investment decisions. EIRIS now provides responsible investment services to 200 clients including asset owners, asset managers, banks, stock brokers and governments around the world - as well as major index providers. We have 30 years' experience of promoting responsible investment and helping consumers, charities and advisers invest responsibly. EIRIS has offices in London, Paris, Boston and Washington, D.C., as well as a representative based in Gothenburg. In addition to overseas offices, EIRIS has a global network of partners in Australia, Germany, Israel, Mexico, South Africa, South Korea and Spain to further extend our research coverage and keep us abreast of responsible investment issues at the local level.

2. EIRIS works with a number of stock exchanges around the world, including the Johannesburg Stock Exchange, the Bolsa Mexicana de Valores and the Borsa Istanbul. We provide data and analysis services to help stock exchanges develop, launch and grow sustainable indices, from defining criteria and collecting data, to developing and implementing index rules, and engaging with companies and the investment community. EIRIS offers bespoke solutions to suit the local market and to help achieve an exchange's goals, and has extensive experience of developing local partnerships to enhance the data analysis process.
3. EIRIS interviewed 11 stock exchanges for this paper, including the BM&FBovespa, the TMX, the EGX (the Egyptian Exchange), the BSE (Bombay Stock Exchange), the BMV (the Bolsa Mexicana de Valores), the Oslo Stock Exchange, the JSE (Johannesburg Stock Exchange), the BIST (Borsa Istanbul), the NASDAQ and the NYSE. All stock exchanges cited in this paper were given the opportunity withdraw their comments or for their comments to be made anonymous.
4. [EIRIS' Global Sustainability Ratings](#) product provides a complete picture of corporate sustainability performance, expressed on a clear A-E scale. The ratings combine EIRIS' assessment of a company's sustainability impacts with EIRIS' analysis of management response to ESG risks. EIRIS Global Sustainability Ratings draw from a broad range of ESG criteria which are selected and weighted according to their relevance to the sustainability debate. The research philosophy that underpins the ratings is driven by the need for companies to meet the concerns of their current stakeholders whilst managing the impact of their businesses upon society and the environment, both now and for the future. Ratings are available on around 3,000 companies globally, spanning more than 110 different ESG areas. Multi-level sustainability scores available at the sector, regional and portfolio level.
5. The [EIRIS Global Platform](#), launched in September 2013, is an innovative and intuitive research platform for sustainability data. It offers a simple way into EIRIS' rating and screening tools, research reports, UN Global Compact compliance and PRI toolkits and, uniquely, allows clients to customise it to suit their specific investment approach.