



INVESTOR INITIATIVE FOR SUSTAINABLE EXCHANGES SEPTEMBER 2014 EXCHANGE UPDATE

GENERAL NEWS

EUROPEAN COUNCIL FORMALLY ADOPTS NON-FINANCIAL AND DIVERSITY DISCLOSURE DIRECTIVE

September 29, 2014

The Directive will require approximately 6,000 large EU companies to disclose ESG information in their management reports. EU Member States have two years to develop national legislation to implement the Directive and reporting according to the directive will go into effect starting in fiscal year 2017.

<http://bit.ly/1vucNL1>

FRENCH MARKET REGULATOR EXAMINES CORPORATE GOVERNANCE AND EXECUTIVE COMPENSATION AT LISTED COMPANIES

September 24, 2014

The Autorité des Marchés Financiers (AMF) found that 43% of the 60 companies analyzed do not apply all recommendations on directors' independence. Additionally, the report found full implementation of the recent "say on pay" rule, and found that nearly 93% of resolutions were approved.

<http://bit.ly/1ByWJYk>

COMPANIES AND INVESTORS TEAM UP ON STATEMENT LINKING CLIMATE CHANGE AND FIDUCIARY DUTY

September 23, 2014

The Climate Disclosure Standards Board, in partnership with the UN Environment Programme Finance Initiative, has organized a joint statement of investors and companies noting that climate change disclosure is currently lacking but critical, and signatories commit to help drive better reporting through using common reporting frameworks, and that such disclosure is part of one's fiduciary duty.

Read the Statement: <http://bit.ly/1rIzIq5>

CDSB Release: <http://bit.ly/1thT2C7>

"SUSTAINABILITY REPORTING FALLING SHORT"

September 23, 2014

The article argues that while sustainability reporting has become mainstream, the quality and consistency of reporting is not conducive to analysis, and companies often overemphasize positive performance.

<http://bit.ly/1u3jNy5>

CORPORATE CSR OFFICER ASKS: IS SUSTAINABILITY REPORTING DRIVING CHANGE?

September 11, 2014

The author, a corporate responsibility director at a major company, argues that some sustainability frameworks and reports expect such a comprehensive quantity of information that it is difficult to compare companies and prioritize indicators and issues. The author believes that a more streamlined approach to disclosure would benefit companies and incentivize performance improvements.

<http://bit.ly/WZZuEP>

THAI EXCHANGE JOINS SSE INITIATIVE

September 10, 2014

The Stock Exchange of Thailand (SET) became the first Southeast Asian exchange to join the Sustainable Stock Exchanges Initiative. SET provides guidance and training on sustainability to its issuers. This announcement reflects SET's continued commitment to improve corporate sustainability in its market.

<http://bit.ly/1phc7mm>



NEW STUDY FINDS HIGHER STOCK PRICE MEANS LESS HIGH FREQUENCY OWNERSHIP

September 9, 2014

A recent Capital Markets Cooperative Research Centre (CMCRC) report shows that a lower ticker price correlates with increased activity of high frequency trading. The research has implications for companies who wish to encourage longer-term ownership.

<http://bit.ly/1BhY2L3>

MEXICAN EXCHANGE (BMV) JOINS UN GLOBAL COMPACT, COMMITS TO CARBON NEUTRAL EVENTS

September 8, 2014

The decision to join the Global Compact signals BMV's intention to promote the Compact's principles, which include promoting human rights, addressing environmental challenges, and preventing corruption. BMV also received the "Neutral Carbon" seal of approval from the Mexican Carbon Platform, for purchasing offsets for the carbon emissions of all of its corporate events in 2014.

Global Compact Announcement: <http://bit.ly/1myWaw3>

Carbon Neutral Announcement: <http://bit.ly/1rqml8F>

PENSION FUNDS SUE EXCHANGES OVER HIGH FREQUENCY TRADING

September 8, 2014

A US-based lawsuit alleges that exchanges have been offering advantages to high frequency traders, including special orders and allowing clients' computer servers to be placed in exchanges' data centers. Defendants include the New York Stock Exchange, NASDAQ, BATS global markets, and Barclays.

<http://nyti.ms/1phbWHC>

DEUTSCHE BORSE CONDUCTS RESEARCH ON ESG REPORTING BY LISTED COMPANIES

September 3, 2014

The exchange analyzed companies in its DAX 30 index, which includes the largest companies on the Frankfurt Stock Exchange. Results and sustainability analytics are accessible on an online portal hosted by the exchange.

Portal: <http://bit.ly/1ncAAyc>

GRI Press Release: <http://bit.ly/1vmb2h2>

S&P LAUNCHES MULTIMEDIA CLIMATE CHANGE FEATURE

September 2014

The online feature compiles research and articles on topics including green bonds, climate impacts on sovereign ratings, and extreme weather's effect on the insurance industry.

<http://bit.ly/1ncAjev>

HIGH FREQUENCY TRADING REPORT DESCRIBES CHALLENGES AND OFFERS SOLUTIONS

September 2014

The report, jointly produced by the Investor Responsibility Research Center and the Stevens Institute of Technology, provides an overview of high frequency trading, and argues that traders who can receive quotes before they become generally available should be registered and regulated as specialists.

<http://bit.ly/Wjs6U9>

SHAREHOLDERS WITHDRAWING MORE PROPOSALS

September 2014

Recent Conference Board research indicates that in the 2014 proxy season, shareholders withdrew nearly 12% of their resolutions at Russell 3000 firms, compared with 6% in 2012. This statistic may suggest that corporations are increasingly inclined to engage with investors. The Conference Board also notes that there is a "fundamental shift in the types of resolutions shareholders submitted to a vote..." and "that activist investors have become more sophisticated in their use of technology and social media to agitate for



corporate change outside of the AGM.” It also found that companies are “increasingly likely to implement precatory shareholder proposals on corporate governance that have received majority support.”
<http://bit.ly/1vqZF8J>

SINGAPORE FORMS DIVERSITY ACTION COMMITTEE TO BUILD POOL OF FEMALE DIRECTORS

August 29, 2014

The committee was founded with the goal of increasing female representation on corporate boards. It will be headed by Singapore Exchange’s CEO Magnus Bocker, and includes CEOs, the Permanent Secretary for Finance and Performance, and the chairman of the Singapore Business Federation, among others. The committee aims to issue 10 specific recommendations related to the nomination process, and to help match suitable candidates to companies.

<http://bit.ly/1unJYyB>

LONG-TERM STOCK OWNERSHIP INCREASING, ACCORDING TO NASDAQ REPORT

August 4, 2014

A NASDAQ survey of 8,000 investors found that though investors perceive their own firms to be more short-term-focused since the 2008 crisis, investors are increasingly putting money into low-turnover funds. The report found that 1/3 of all U.S. dollars invested by asset managers is in low-turnover portfolios, three times the amount invested in such portfolios in 2008.

<http://cnb.cx/1qUh4Ym>

CFA MEMBERS SUPPORT INCREASED CORPORATE DISCLOSURE OF POLITICAL INVOLVEMENT

August 2014

A recent survey finds that 88% of CFA members believe corporations should be required to disclose monetary political spending and associated policies.

<http://cfa.is/1yum7SN>

CORPORATE-INVESTOR ENGAGEMENT SKYROCKETS AMONG LARGE US COMPANIES

July 2014

An Ernst & Young report finds that in 2014, 50% of S&P 500 companies disclosed engagements with investors, up from 6% in 2010, and 23% in 2012. 53% of these engagements resulted in companies taking action.

<http://bit.ly/1u3jTFV>

CONSULTATIONS

CANADA POISED FOR NATIONAL FINANCIAL SECURITIES REGULATIONS

September 8, 2014

Four Canadian provinces and the central government finalized a memorandum of understanding agreeing to the terms of the Cooperative Capital Markets Regulatory System. The public is invited to comment on drafts of national legislation until **November 7, 2014**.

<http://bit.ly/1yum8WW>

Draft Legislation: <http://bit.ly/1wV0Zk9>

HKEX CONSIDERS WEIGHTED SHARES

August 29, 2014

After Alibaba’s high-profile decision to conduct its IPO on the New York Stock Exchange, in part due to less stringent governance requirements, Hong Kong Exchanges and Clearing (HKEX) has begun evaluating the possibility of allowing listed companies to offer shares with weighted voting rights. HKEX is seeking comments on the concept paper by **Nov. 30, 2014**.

<http://bit.ly/1rpfw60>



EVENTS

GRI TO HOST WEBINAR ON IMPLICATIONS OF EU NON-FINANCIAL DISCLOSURE DIRECTIVE FOR US COMPANIES

UPCOMING: October 27, 2014

The webinar will provide an overview of the *Directive on the Disclosure of Non-financial and Diversity Information*, which was adopted in April 2014 by the European Parliament, and will describe how it may affect a company's operations.

Registration: <http://bit.ly/1BvFebr>

WORLD INVESTMENT FORUM INCLUDES SSE GLOBAL DIALOGUE

UPCOMING: October 13-16, 2014

The UN Conference on Trade and Development is hosting the 2014 World Investment Forum in Geneva, with the Sustainable Stock Exchanges Global Dialogue happening on Oct. 14th as part of that week.

Registration: <http://unctad-worldinvestmentforum.org>

TSX HOSTS CLEANTECH INVESTOR DAY

September 18, 2014

The Toronto Stock Exchange, in partnership with Sustainable Development Technology Canada, hosted an event focused on clean technology for companies and investors. The annual event, which began in 2008, follows the sector's highest valuation ever, and the announcement that for three consecutive years, the Renewable Energy and Cleantech Index has outperformed the S&P/TSX Composite and the S&P/TSX 60.

<http://bit.ly/1phbARl>

ESG INDICES AND PRODUCTS

LARGE INVESTORS BACK MSCI LOW-CARBON INDICES

September 16, 2014

Sweden's AP4, France's FRR, and asset manager Amundi commit to invest up to \$1B US in strategies using MSCI's new series of low-carbon indices as benchmarks for their passive investment mandates.

<http://bit.ly/1xq0H7S>

15TH DOW JONES SUSTAINABILITY INDEX RESULTS ANNOUNCED

September 11, 2014

S&P Dow Jones, and RobecoSAM released the index of leading "sustainability-driven companies." For this year's index, Bank of America and General Electric have been dropped, while Amgen and GlaxoSmithKline have been added.

<http://bit.ly/1vnNJ7w>

THOMPSON REUTERS RELEASES CSR INDICES

September 2014

Thompson Reuters, in partnership with S-Network Global Indexes, released a series of ESG indices which focus on analysis of numerical ESG information. The indices take a "best in class" approach, where no sector is excluded from analysis.

<http://tmsnrt.rs/1okY1AI>

*This is a monthly newsletter courtesy of Ceres' Investor Network on Climate Risk.
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