A role for market regulators and operators in advancing corporate transparency on sustainability
A role for market regulators and operators\(^1\) in advancing corporate transparency on sustainability

**Purpose of this paper:** Market regulators and operators are playing an increasingly important role in encouraging good corporate governance and transparency by requiring companies listed on their exchanges to fulfill certain standards. This paper explores how they can use their role as policy makers to promote disclosures of non-financial (including environmental, social and governance) information by listed companies. Its purpose is to prompt debate and action by market regulators and operators to create more transparent and sustainable markets.

**Executive summary**

- Investors and market analysts (including rating agencies) are increasingly demanding disclosure of a company’s sustainability risks, impacts and performance\(^2\). Alongside financial data, this information is becoming more important in assessing a company’s value, and provides a more complete picture of its resilience and health.

- The availability of such data enables better decisions to be made by companies, investors and regulators, and contributes to the advancement of a sustainable global economy.

- Investors need high-quality, comparable, consistent and relevant data to make informed decisions about investment choices. However, appropriate sustainability information is often not available.

- The practice of reporting on sustainability information has become mainstream among the largest multinational companies, with more than 90% of the largest 250 companies in the world (G250) currently publishing sustainability reports\(^3\). Still, there are some 58,000 publicly traded companies, the majority of which are not transparent about material sustainability performance information.

- Market regulators and operators are uniquely placed to introduce policies to enhance the quantity and quality of sustainability reporting by companies who wish to list on their exchanges or who are under their jurisdiction. There is an increasing number of market regulators and operators adopting policies and regulation requiring enhanced disclosures of non-financial information by companies, including those from Brazil, China and India to Pakistan, South Africa and the USA.

- A number of multilateral initiatives, led by both international organizations and by investors, have emerged in this space – such as the Sustainable Stock Exchanges initiative\(^4\) – and the proposal for a sustainability disclosure-listing standard by the Investor Network on Climate Change (INCR)\(^5\), a Ceres project. Such initiatives aim to build consensus and lead calls for greater disclosures of non-financial information.

- GRI advocates the use of informed policies to encourage sustainability reporting that: creates a level playing field; makes use of internationally recognized standards; allows flexibility and limits the administrative burden; and enhances good governance. In developing such informed policies, GRI also endorses the use of tried and tested approaches such as: ‘Report or Explain’, which

---

\(^1\) For the purposes of this paper, market and operators are stock, futures and options exchanges, while market regulators are security commissions and regulatory agencies.

\(^2\) The KPMG Survey of Corporate Responsibility Reporting 2013

\(^3\) See supra note 2

\(^4\) http://www.sseinitiative.org/

\(^5\) https://www.ceres.org/investor-network/incr
requires companies to either report on their material sustainability impacts or explain why they have not reported on a particular area; and ‘materiality’, where a company identifies its most significant economic, environmental and social impacts.

- GRI sees a crucial role for market regulators and operators to implement informed policies on sustainability reporting for companies listed – or wishing to list – on their exchanges. Such policies can be good for capital markets, good for investors and companies and, ultimately, good for wider society.

- Whilst market regulators and operators can take specific action when it comes to listed companies, it is important to have rules in place for all companies to ensure a truly level playing field, and to avoid competition issues of forum shopping for stock exchanges. Market regulators and operators should engage and work with governments in this regard.

1. Sustainability reporting: a growing global trend

1.1. Increasing demand for sustainability information

The practice of reporting on sustainability information is well and truly mainstream amongst large multinational companies, with 95% of the largest 250 companies in the world (G250) currently publishing sustainability reports. According to the latest survey, 82% of the G250 align with sustainability reporting standards developed by the Global Reporting Initiative (GRI). However, while the numbers appear impressive, this is a small proportion of the approximately 58,000 listed companies worldwide. There are thousands of listed companies that still do not disclose sustainability data. In recent years, markets have shown an increasing interest in the sustainability performance data disclosed in reports. Information brokers now offer environmental, social and governance performance data on thousands of companies worldwide. Bloomberg has more than 300,000 terminals providing such sustainability data. Sustainability reporting is increasing and mainstream financial analysts have already started to include sustainability information in their analyses.

Civil society players represent a stakeholder group that already often uses sustainability information disclosed by companies and other organizations to prioritize issues that are relevant to them, and on which they can initiate an open dialogue. These dialogues are set in place to help companies, together with their stakeholder groups, address possible negative social and environmental impacts, and to celebrate the positive ones.

1.2. Policy as a driver of quality data

Investors and markets need sustainability information that is robust, transparent and focused on material issues in order to make informed decisions about investment and performance. GRI defines material information as information that reflects the organizations’ significant economic, environmental and social impacts.

---

6 The KPMG Survey of Corporate Responsibility Reporting 2013, 2013
7 See supra note 1
8 For the purposes of this paper: “sustainability information” – and “environmental, social and governance information” – shall be taken to mean the same thing.
9 See supra note 1
10 Bloomberg, The Sustainability Edge – Sustainability Update, 2011
environmental and social impacts, or that substantively influences the assessments and decisions of stakeholders.\(^\text{12}\)

Sustainability information presented in reports should be the result of thorough due diligence undertaken in terms of the operations of the company and its value chain. However, due diligence which also extends to sustainability impacts that occur in the supply chain is still at a relatively early stage.

For sustainability information to be relevant, useful and consistent for investors, there must be a critical mass of this information available. The challenge is how to replicate the critical mass of material\(^\text{13}\), comparable sustainability data disclosed by the very largest companies with data from all listed companies. According to recent research by Corporate Knights\(^\text{14}\), which analyzed trends in sustainability disclosure of almost 4,000 companies across 45 individual stock exchanges distributed over 40 countries, demand for sustainability information from institutional investors, governments and other groups is increasing, while supply of this data is starting to level out. In order to address this, intervention by policymakers is required.

Whilst governments have historically been the leading actor in terms of introduction of sustainability disclosure policies, there is a growing trend where market regulators and operators are playing a more central role. Market regulators and operators have an obligation to the public in exercising this role. For example, stock exchanges act as gateways to the capital markets and play a quasi-regulatory role with significant impact on the public interest. Market regulators and operators, including stock exchanges, are uniquely placed to introduce informed sustainability reporting policies for listed companies that are good for markets, good for companies and, ultimately, good for wider society by ensuring the transparency of corporate decisions.

However, there are challenges which market regulators and operators can face in the introduction of such policies. Competition between stock exchanges is a key issue, where forum shopping by companies for more relaxed listing rules could impact on a stock exchanges business and act as a disincentive to regulate in this important area. For this reason, it is crucial for market regulators and operators and governments to collaborate to ensure that not only listed companies are required to report on sustainability considerations, but also all medium and large companies.

1.3. A move towards integration with financial data

There is a growing movement towards an integrated approach to reporting\(^\text{15}\), where sustainability and financial information is disclosed together in an integrated report. GRI sees integrated reporting as a vehicle for reporting on sustainability impacts that are material for investors.

Sustainability reporting is an intrinsic part of integrated reporting – not a separate paradigm. In order to prepare an integrated report, sustainability disclosures need to be made. Sustainability reporting enables the identification of the material environmental, social and governance information which

\(^{12}\) For a detailed description of the materiality principle and guidance on its application, please refer to pages 11-12 of the G4 Sustainability Reporting Guidelines Implementation Manual

\(^{13}\) See supra note 9


can be used to address the various capitals (for example, intellectual, human, social and relationship, as defined by the IIRC)\textsuperscript{16} in an integrated report. Further, whilst integrated reports are valuable for investors, standalone sustainability reports continue to be a crucial source of information for a range of additional stakeholders, such as governments and civil society. Investors continue to demand and require sustainability reports to address the wider breadth of relevant information that will not be included in an integrated report. Sustainability reports prepared based on the materiality mapping exercise also enable companies to comprehensively identify the significant environmental, social and governance impacts and performance associated with their operations.

The integrated reporting movement represents a step change in the way that financial reporting should be done, where sustainability information has a place alongside financial data. Pioneering companies are beginning to report in an integrated way, but there are currently differing approaches as to what constitutes an integrated report. As one of the founders of the Secretariat of the International Integrated Reporting Council (IIRC), GRI is a supporter of the concept of integrated reporting. High-quality, investment-grade sustainability information must be a pillar of this exciting development. The launch of the IIRC’s integrated reporting framework in December 2013 was a milestone in the market-led evolution of corporate reporting. GRI supports the need for development of an integrated reporting framework that is fit for purpose and adequately serves the needs of investors and market analysts. G4, the latest Sustainability Reporting Guidelines, are well suited to help build the sustainability disclosures for an integrated report.

2. The benefits of sustainability reporting for markets

The monitoring and reporting of sustainability impacts and performances is increasingly an integral part of every business’s social license to operate. Enhanced transparency also leads to improvements in the performance of companies, and contributes to the transition towards a more sustainable and competitive global economy.

There is a growing body of research\textsuperscript{17} on the link between corporate financial performance and sustainability performance. Recent investigation from St Andrews University, using data from EIRIS over a five-year period, has established a strong correlation between corporate bodies whose environmental criteria have been highly rated and a reduction in worst-case-scenario risk and volatility\textsuperscript{18}. Whilst there is data to support the link between financial and sustainability performance, EIRIS have identified that it is an area where stock exchanges are keen to see increasing evidence of the strong, long-term, positive financial performance trends associated with companies adopting sustainability policies and practices\textsuperscript{19}.

Alongside addressing macro socio-economic goals, the disclosure of sustainability information has important micro-economic relevance for businesses and markets. For example, the Rana Plaza factory disaster\textsuperscript{20} in Bangladesh demonstrated how critical far-flung supply chains are to the long-term viability of an investment. In this instance, the tragedy damaged reputations, operational costs, and impacted on the Bangladeshi economy and – ultimately – on Bangladeshi workers.

\textsuperscript{16} http://www.theiirc.org/companies-and-investors/
\textsuperscript{17} Including that from Deutsche Bank Climate Change Partners and Professor Robert G. Eccles from the Harvard Business School
\textsuperscript{18} ‘Sustainability Initiatives: Insights from Stock Exchanges into Motivations and Challenges’, EIRIS November 2013
\textsuperscript{19} See supra note 14
\textsuperscript{20} www.wsj.com ‘Deadly collapse in Bangladesh – Garment factory crumbles, killing at least 200’
Environmental and social issues are increasingly becoming a strategic concern for companies, in addition to being increasingly material\textsuperscript{21} for markets. Investors and market analysts need high-quality, comparable and consistent data that is material\textsuperscript{22} and relevant in order to make decisions about company performance and investment. Traditional financial reporting provides a relatively narrow view of a company’s present and future. Reporting on sustainability information can provide business and investors with a comprehensive picture of how competitive a company’s business model will perform over time.

Sustainability information is important for investors to appraise a company’s value creation in the medium and longer term. At the same time, the process of a company scrutinizing its operations to gather and report on sustainability information helps to ensure it understands risks and opportunities, and can build sustainability considerations into their business strategy. Such a process should mean it better provides tangible value to society and, in turn, generates a more sustainable return for investors.

The table below sets out some of the key benefits to companies and markets of reporting on sustainability (including environmental, social and governance) information. This overview has been created based on academic and empirical research by leading experts such as Professor Robert Eccles and the Deutsche Bank Climate Change Advisors.

\begin{tabular}{|l|l|}
\hline
\textbf{Benefits of reporting on sustainability information} & \\
\hline
For companies & For markets \\
\hline
\end{tabular}

\textsuperscript{21} See supra note 9
\textsuperscript{22} See supra note 9
Influences long-term management strategy and business plans
- Potentially increases identification of previously unforeseen risks and opportunities
- In the context of integrated reporting, it can help to establish the link between financial and non-financial performance.
- Benchmarks and assesses sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives
- Compares performance internally and externally
- Facilitates the streamlining of processes, reduces costs and improves efficiency
- Manages and communicates environmental, social and governance performance
- Communicates risk management information to investors
- Improves reputation and brand loyalty
- Enables stakeholders to understand how the business is or is aiming to directly and tangibly contribute to sustainable economic, social and environmental performance of local, regional and national economies.
- Can improve employee loyalty and retention and consumer loyalty

Addresses growing shareholder/stakeholder concerns about environmental, social and economic performance in business
- Enhances competitiveness and business resilience
- Attracts the growing number of investors interested in sustainability and non-financial performance
- Critical source of information for affected communities and stakeholders
- Enables external stakeholders to engage with and understand companies’ true value, and tangible and intangible assets
- In the context of integrated reporting, it allows more accurate assessment of value creation into the medium and long term

3. Sustainability reporting: state of play of market regulators and operators

An increasing number of governments, market regulators and operators are adopting policies and regulation that require companies to provide enhanced disclosures of non-financial information. They are playing an increasingly pivotal role in recommending listed companies to disclose sustainability/environmental, social and governance information – with market regulators and operators in countries such as Brazil, China, India, Malaysia, Singapore, Pakistan, South Africa, and the USA among those taking action in this area.

Below are some examples of recent unilateral policy initiatives undertaken by individual stock exchanges, as well as information about multilateral global initiatives, such as the Sustainable Stock Exchanges initiative.

Please refer to the latest edition of the ‘Carrots and Sticks’ publication23 for more detailed information about sustainability reporting policies (introduced by stock exchanges as well as governments and other policy makers) worldwide.

3.1. Unilateral initiatives

Some of the informed policies recently introduced by individual market regulators and operators regarding sustainability reporting are:

23 https://www.globalreporting.org/resourcelibrary/Carrots-and-Sticks.pdf by GRI, KPMG, UNEP and Centre for Corporate Governance in Africa
• **Brazil**: In 2012, BM&F Bovespa introduced ‘report or explain’ recommendations advising listed companies to provide information on whether they publish a regular sustainability report, or to explain why if they do not. BM&F Bovespa recently reported that the number of companies listed on its exchange who are taking part in its voluntary ‘report or explain’ initiative rose from 45.31% to 66.29% between May 2012 and June 2013.

• **China**: In 2012, the Stock Exchange of Hong Kong Limited published recommended practice on environmental, social and governance reporting (including disclosures on workplace quality, environmental protection, operating practices and community involvement). There is a move towards a ‘comply or explain’ approach (similar to ‘report or explain’, see above) by 2015.

• **India**: In 2012, the Securities and Exchange Board of India (SEBI) issued a requirement for all of the top 100 companies (rated by market capitalization trading on the Bombay Stock Exchange and the National Stock Exchange) to issue a business responsibility report as part of their annual report (to include required and optional disclosures about issues such as energy use and waste generation).

• **USA**: In 2010, the United States’ Securities and Exchange Commission (SEC) issued interpretive guidance to public companies clarifying the SEC’s existing disclosure requirements in the context of climate change matters. Whilst not strictly a policy change, this was seen as a key signal to issuers to revisit and update their climate change disclosures.

### 3.2. International organization-led initiatives

There have also been a number of key multilateral efforts led by both international organizations and the investment community, to build consensus on stronger requirements for reporting of non-financial information:

• **Sustainable Stock Exchanges Initiative**: The Sustainable Stock Exchanges (SSE) initiative is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency – and ultimately performance – on ESG issues and encourage sustainable investment. Launched in 2009, it is co-organized by the United Nations Conference on Trade and Development (UNCTAD), the UN Global Compact, the Principles for Responsible Investment, and the UN Environment Programme Finance Initiative. Since December 2013, nine exchanges have made a commitment to advancing sustainability in their markets and have become partners in the initiative. These exchanges include the New York Stock Exchange (NYSE), Nasdaq OMX, the Johannesburg Exchange and Brazil’s BM&F Bovespa, among others. In coordination with the SSE initiative, PRI’s SSE Investor Working Group has been working to encourage exchanges and their regulators on these issues since 2009. The SSE IWG

---

24 To read more about GRI’s Report or Explain approach, please refer to: [https://www.globalreporting.org/SiteCollectionDocuments/ReportOrExplainBrochure.pdf](https://www.globalreporting.org/SiteCollectionDocuments/ReportOrExplainBrochure.pdf)
25 www.bmfbovespa.com
29 [http://www.sseinitiative.org](http://www.sseinitiative.org)
currently represents approximately $5.2 trillion AUM (assets under management). Another important player in this initiative has been Aviva Investors who are leading PRI’s Investor Working Group in engaging with stock exchanges.

- **UNCTAD**: Under the framework of its SSE activities, UNCTAD has produced voluntary best practice guidance on sustainability reporting initiatives for market regulators and operators. This guidance aims to help stock exchanges to develop guidance and policies around sustainability reporting\(^\text{30}\). GRI was involved in the expert group, which advised on the development of this guidance.

**3.3. Investor-led initiatives**

- **CERES and INCR**: The Investor Network on Climate Risk (INCR) is a project initiated by Ceres, a coalition of investors and environmental groups working to advance sustainable prosperity. The INCR is a network of 100 institutional investors representing more than $11 trillion in assets, and committed to addressing the risks and seizing the opportunities resulting from climate change and other sustainability challenges. In response to a request from NASDAQ, in May 2012, the INCR published proposals for a sustainability disclosure-listing standard for global stock exchanges\(^\text{31}\), developed from dialogues with investors around the world. The INCR proposal contains a number of key recommendations, including: companies should carry out a materiality assessment for environmental, social and governance (ESG) considerations in annual financial filings; companies should be required to disclose against ten key ESG topics on a ‘comply or explain’ basis; and companies should use a GRI content index or equivalent when preparing reports to indicate where the ESG information can be found.

- **Corporate Sustainability Reporting Coalition (CSRC)**: The CSRC is an investor-led coalition assembled by Aviva in September 2011 representing financial institutions, professional bodies, NGOs and investors with an AUM of approximately US$2 trillion. At the Rio+20 Earth Summit in 2012, the CSRC led calls for nations to commit to developing an international framework on non-financial reporting. This resulted in the formal recognition of the importance of corporate sustainability reporting by the UN\(^\text{32}\). GRI is an active member of CSRC.

**4. Sustainability reporting: What are the elements of an informed market regulator policy approach?**

GRI advocates the use of informed policies to encourage companies to report on sustainability (including environmental, social and governance) impacts and performance. An informed policy approach supports the following (non-exhaustive) criteria:

- **Creation of a level playing field**: GRI supports the creation of a harmonized policy environment where companies can operate effectively. The policy should regulate the floor and leave full flexibility to companies in terms of implementation. All listed companies should disclose information that is material.

---


• **Materiality**: An informed policy approach identifies important topic areas for disclosure (for example, environment, human rights, governance, and anti-corruption) yet allows space for businesses to identify and disclose information that is assessed to be material. The methodology for the materiality assessment used by the company should be disclosed. In its proposal for a global listings standard, the INCR calls for a materiality assessment on environmental, social and governance considerations in annual financial filings.33

• **Encouraging the use of internationally recognized frameworks**: A harmonized approach, where policy-makers endorse the use of internationally recognised frameworks, helps to ensure a high-quality, comparable and consistent global reporting language to inform markets. GRI’s Sustainability Reporting Framework offers companies indicators and guidance for sustainability reporting, and makes links to the main internationally recognized normative frameworks34 – such as the UN Global Compact (UNGC) Ten Principles, the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, and the International Organization for Standardization (ISO) 26000. All the principal internationally recognized frameworks can be used in a complementary manner with GRI’s Sustainability Reporting Framework. The GRI Guidelines specifically include references to synergies with, and complementary provisions in, the key internationally recognized frameworks – making it easier for organizations to use them in parallel, and helping them to prepare reports swiftly. The INCR proposal for a global listings standard calls for the use of a GRI ‘content index’, or equivalent, in preparing sustainability reports, allowing for easy indication of where key sustainability information can be found35.

• **Stimulation of innovation**: The best policies will allow for flexibility, in order for companies to innovate and improve their performance, as well as increase their contribution to sustainable growth. There is a growing body of evidence that suggests that sustainability reporting encourages businesses to include sustainability in their business strategy36 and bring new products and services to market.

• **Enhancing good governance**: By linking non-financial disclosure to boards’ approval of annual reports, policy makers promote a culture of transparency and sustainability within the company, incentivizing good governance. In the past, the PRI’s SSE Investor Working Group formally reached out to the 30 largest stock exchanges, asking them to consider possible actions exchanges can take, such as mandating that listed companies have a non-binding shareholder

33 See supra note 25
35 See supra note 25
36 A recent Primer for Environmental and Social Disclosure, issued by the Toronto Stock Exchange, in collaboration with the Chartered Professional Accountants of Canada relies on the research by McKinsey & Company and MIT Sloan Management Review, which state that “more companies are managing sustainability to improve processes, pursue growth and add value to their companies as sustainability strategy is a competitive necessity”. The same Primer argues that investors with a long-term perspective face more exposure to an investment’s risk profile. They want to know how well issuers manage risks, including environmental and social ones.
vote on the sustainability report or sustainability strategy at the AGM. The CSRC advocates for effective mechanisms for investors to hold companies to account on the quality of their disclosures – for example, through an advisory vote at the AGM.

- **Allowing flexibility and limiting administrative burdens**: GRI believes that policy makers should require transparency on environmental, social and governance impacts from companies, but should allow for a flexible approach in terms of how companies can report on these issues. A useful and flexible method for governments in mainstreaming sustainability reporting is the Report or Explain approach, requiring companies to either report on their material sustainability impacts or explain why they have not reported on a particular area. This smart approach creates a fair and flexible environment, which benefits businesses and drives innovation. It offers companies the choice to report, whilst promoting a culture of transparency. A policy based on a Report or Explain approach is relatively simple to enact and implement. It does not require complex or prescriptive regulation, nor is it overly burdensome for companies and policy makers to put into practice. However, it is worth noting that Report or Explain isn't suitable for every market (for example, it has not been used in the US).

5. **GRI recommendations for market regulators and operators**

Sustainability information will be at its most useful when there is a critical mass of material and comparable sustainability data disclosed by all companies. The challenge is how to replicate the critical mass of material, comparable sustainability data disclosed by the very largest companies with data from all listed companies. GRI believes that part of the solution lies in: raising awareness and the creation of a culture of enhanced transparency; and the development of informed policy.

The first step is to raise awareness among market regulators and operators of the importance of enhanced transparency by the companies listed on global stock exchanges. This will recognize the growing number of informed policies on sustainability reporting introduced by stock exchanges around the world.

**GRI endorses existing initiatives that further advance transparency and sustainability disclosure by listed companies.**

GRI supports the United Nations Sustainable Stock Exchanges (SSE) initiative which serves as a forum where market regulators and operators can discuss best practice on sustainability disclosure policies and learn from each other, creating awareness and a culture of enhanced transparency. There is further potential for institutions like the World Federation of Exchanges and the International Organization of Securities Commissions, working with the United Nations, to play a key role in the advancement of these concepts within the business community and financial market. GRI also welcomes the recent establishment of a Sustainability Working Group of the WFE to advance knowledge and learning between stock exchanges on sustainability reporting.

The second step concerns the introduction of informed policies.
Market regulators and operators can take a lead role in encouraging enhanced sustainability reporting by listed companies, improving the quality and quantity of disclosures around non-financial information worldwide.\(^{37}\)

GRI believes that market regulators and operators are uniquely placed to drive change in this area by regulation through listing requirements and other market regulation. There are challenges to the implementation of such policies, not least those of forum shopping by companies. To address such challenges, governments should be supportive of market regulators and operators by encouraging or requiring not only listed companies to report on sustainability information.

In introducing policies around sustainability reporting, **GRI recommends that market regulators and operators make reference to internationally recognized frameworks** rather than preparing new standards. This ensures a level playing field, as well as comparability and consistency of data. GRI produces the world’s most widely used Sustainability Reporting Framework which provides standard disclosures and guidance to companies on disclosure of non-financial information. GRI’s Framework is already referenced by many policy makers around the world in their policies on sustainability reporting. GRI’s latest Sustainability Reporting Framework, G4, was developed to help companies disclose ‘fit-for-market’ information that is material, relevant and helps analysts to assess a company’s value creation in the medium and longer term.

GRI supports the introduction of policies on sustainability reporting that are principle-based, flexible and that provide a level playing field for those companies that are already reporting, whilst leaving room for innovation.

**GRI recommends the use of use of tried and tested approaches such as: ‘Report or Explain’,** requiring companies to either report on their material sustainability impacts or explain why they have not reported on a particular area; and ‘materiality’, where a company identifies its most significant economic, environmental and social impacts.\(^{38}\)

\(^{37}\) EIRIS in its work found that an example of this can be seen in the recent transition of the Johannesburg Stock Exchange SRI Index to public data. The number of JSE SRI Index constituents fell by only 4 to 72 recently as the Johannesburg Stock Exchange implemented its decision to require public disclosure of all relevant information and widened the underlying universe to 157 stocks. The transition to only public data in this year’s review raises the bar as part of the JSE’s continued focus on encouraging expanded sustainability disclosure by listed corporates. Research, completed on behalf of the JSE by EIRIS and its local partner, the Centre for Corporate Governance in Africa at the University of Stellenbosch Business School, suggests that the widening of the index to take into account small cap companies for the first time this year, also identified strong progress by small caps in a number of ESG areas.

\(^{38}\) To learn more about GRI, the Guidelines, policy development and other work, please refer to www.globalreporting.org
The Global Reporting Initiative (GRI) promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to a sustainable global economy.

GRI’s mission is to make sustainability reporting standard practice. To enable all companies and organizations to report their economic, environmental, social and governance performance, GRI produces free Sustainability Reporting Guidelines.

GRI is an international not-for-profit organization, with a network-based structure. Its activity involves thousands of professionals and organizations from many sectors, constituencies and regions.

GRI contact person
Pietro Bertazzi - Senior Manager Policy and Government Affairs
+31 (0)20 531 00 64
bertazzi@globalreporting.org
www.globalreporting.org