



COVID-19 AND SUSTAINABILITY IN OIC EXCHANGES

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THE WFE'S VISION FOR THE INDUSTRY

- We champion the integrity of markets as the foundation of economic growth and welfare
- We believe in, and promote, the benefits of regulated, fair, orderly and transparent markets
- We strive to restore trust by enshrining investor protection at the heart of efficient market structure
- We advocate for markets and market structures that are resilient, robust and stable in the midst of both turmoil and innovation
- We seek to enable the free flow of capital globally through regulated market infrastructures

THE WFE'S MISSION ON BEHALF OF THE INDUSTRY

- To ensure the integrity of markets by **advocating** for the right market structure globally
- To unite the industry and find consensus on issues so we speak with **one strong voice**
- To foster **market development** that leads to optimal outcomes in the future and fosters sustainable growth
- To support and nurture **emerging markets**
- To enable the use of **innovation** and the use of **technology** for the benefit of investors around the world

EXCHANGES & COVID-19

- Exchanges have been robust, resilient and kept markets open and operating in a time of volatility, uncertainty, high volumes and fear.
- This crisis posed an existential question for exchanges as some asked if closing the exchange or shortening trading hours was the way to manage volatility. The answer was no. The industry response and the regulatory response was also no.
- The industry now needs to be focused on supporting the economic recovery and ensuring it is inclusive, sustainable and offers hope and support to those who have been worst affected.

EXCHANGES & COVID-19

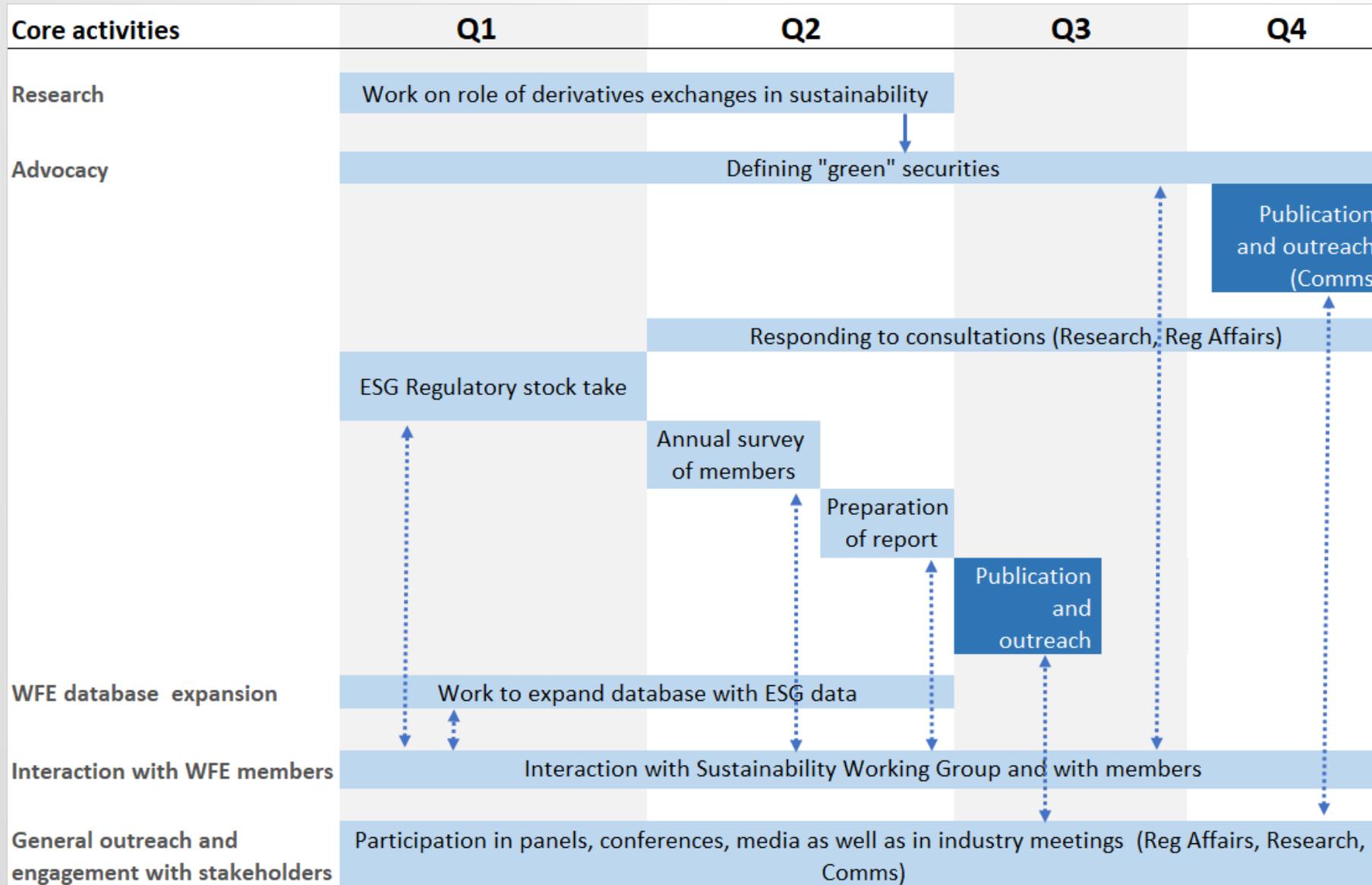
- Market infrastructures have played a critical role in sustaining local economies throughout the pandemic outbreak and afterwards, ensuring markets remained resilient, trusted, and efficient. Their role in the economic recovery will be fundamental.
- IPO markets in particular have remained open and served companies well during the first half of the year including through the pandemic
- Globally, we've seen investor interest in ESG opportunities show significant growth with assets under management of companies that are signatories to the UN Principles of Responsible Investment (PRI), reaching \$103trn.

EXCHANGES & ESG

Exchanges have an important role to play in:

- Mobilising finance to support achieving the global Sustainable Development Goals
- Efforts to increase understanding and awareness of ESG investing
- ESG reporting among listed companies to support sustainable investment
- Mainstreaming ESG across the financial sectors
- Sharia-compliant exchanges have a unique position as they already appeal to belief-based investors. Research demonstrates similar characteristics between ESG investing and belief-based investing.
- DFM is the Chair of WFE's Sustainability Working Group

WFE & ESG: 2020



Focus on:

1. The role of derivatives exchanges in sustainability
2. Defining 'Green Securities'
3. Adding ESG data to the WFE's new database

OIC EXCHANGES THAT PARTICIPATED IN WFE'S 2020 ESG SURVEY:

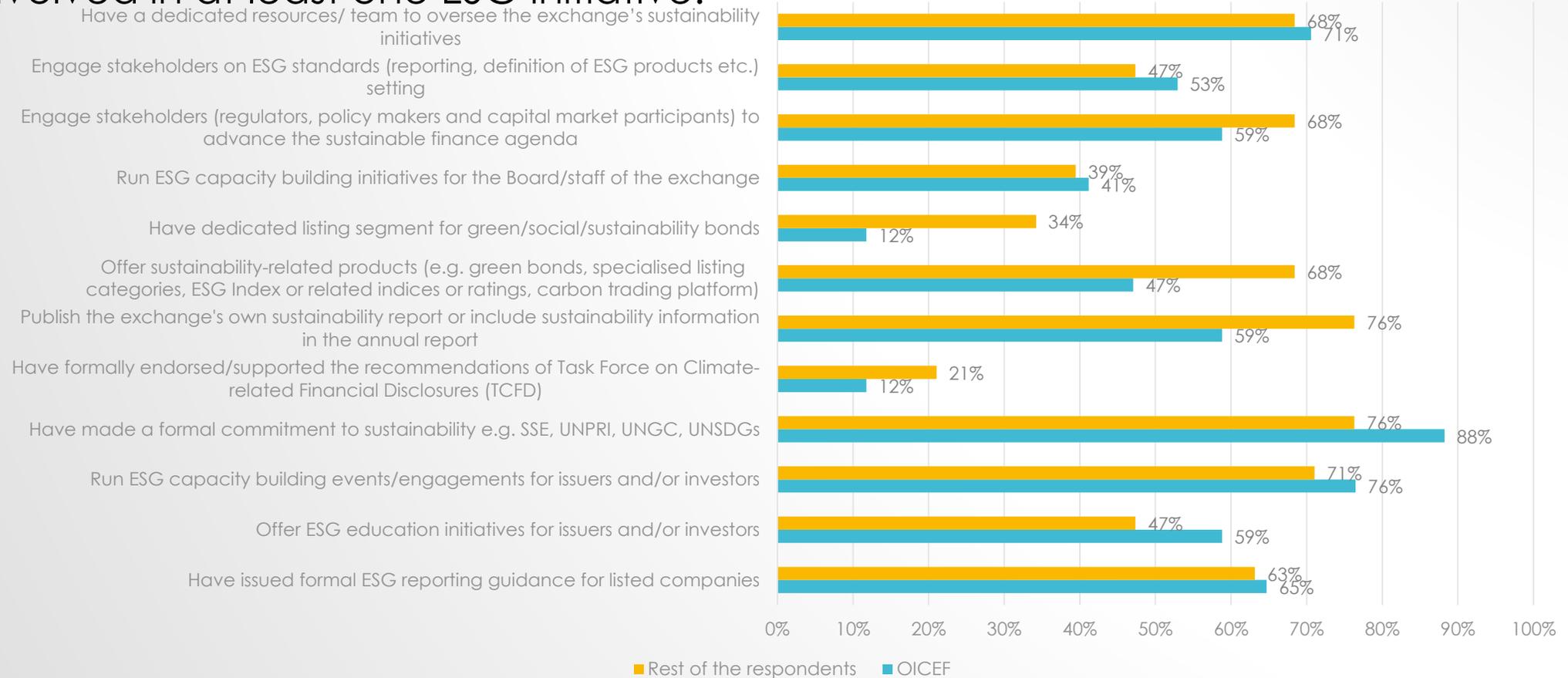
- Abu Dhabi Securities Exchange
- Amman stock exchange
- Bahrain Bourse
- Borsa Istanbul
- Boursa Kuwait
- Bursa Malaysia
- Dubai Financial Market
- FMDQ Securities Exchange

OIC EXCHANGES THAT PARTICIPATED IN WFE'S 2020 ESG SURVEY:

- Indonesia Stock Exchange
- Iran Fara Bourse Securities Exchange
- Kazakhstan Stock Exchange JSC
- Palestine Exchange
- Qatar Stock Exchange
- Saudi Stock Exchange (Tadawul)
- Tehran Stock Exchange
- The Egyptian Exchange
- The Nigerian Stock Exchange

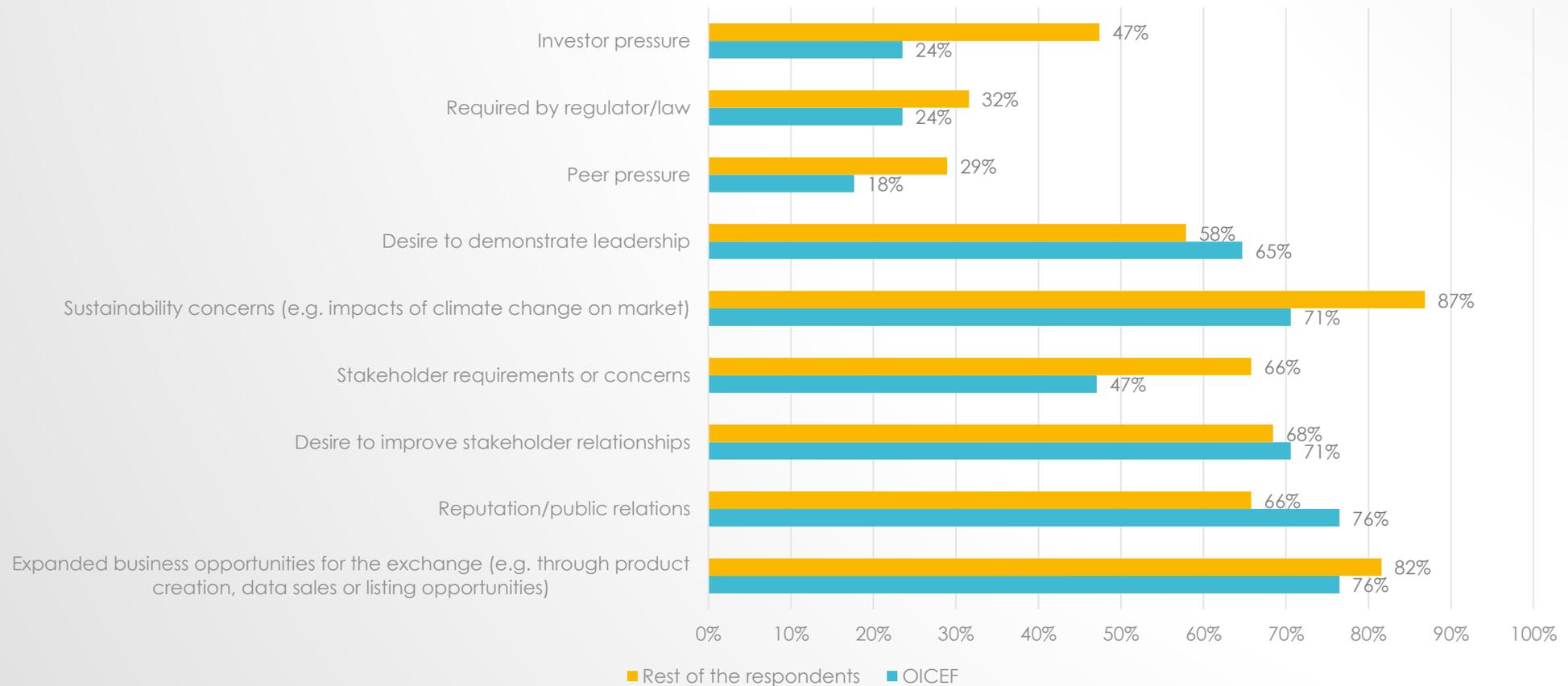
ESG/sustainability initiatives

OIC exchanges are above average in their involvement in most ESG initiatives; in particular, they stand out in having made formal commitments on sustainability. They are slightly behind in their ESG product offering, particularly in ESG bonds. All OIC exchanges are involved in at least one ESG initiative.



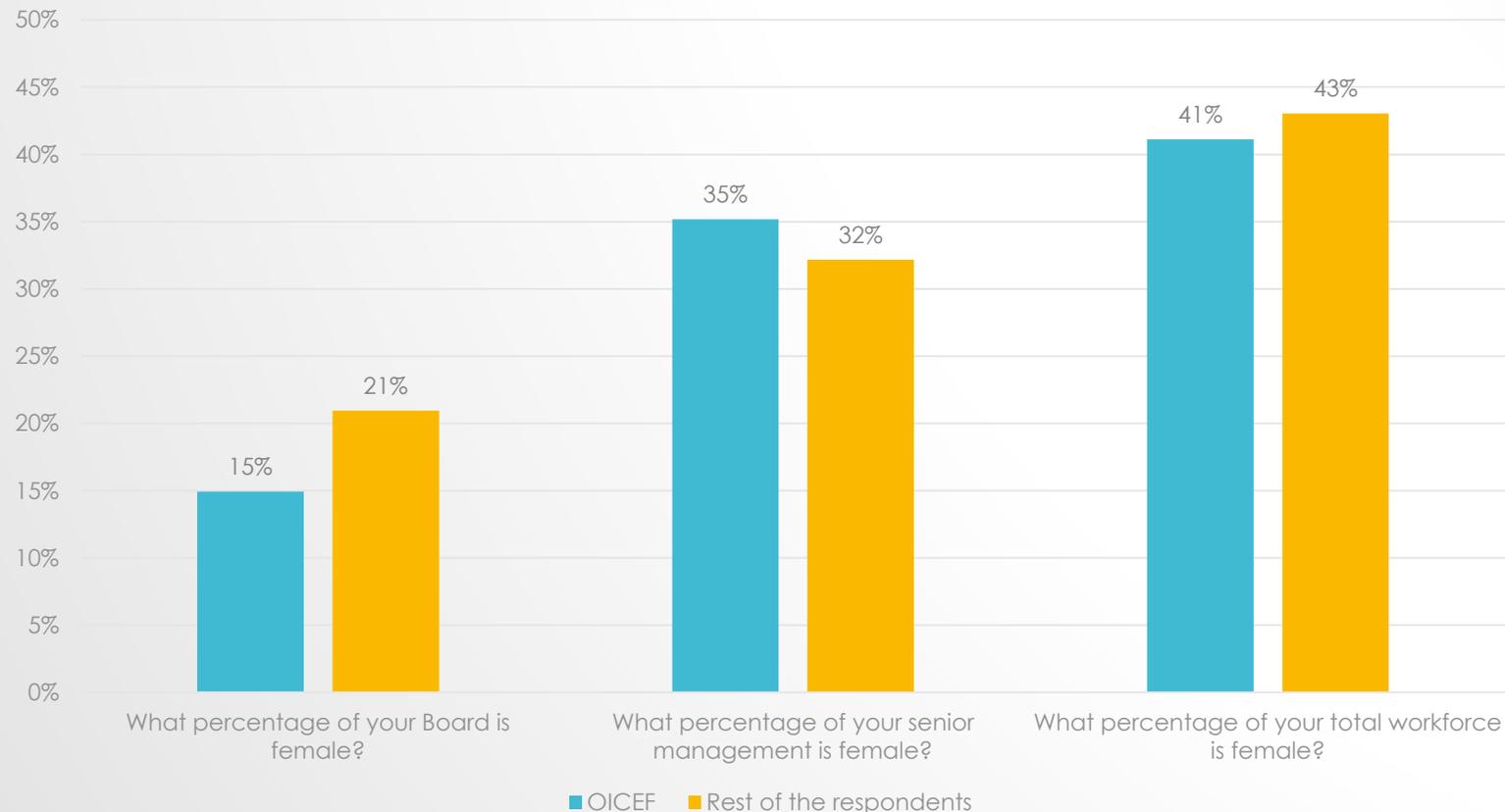
Motivation for sustainability involvement

OIC exchanges are largely in line with other countries' motivations for sustainability involvement, standing out as having a greater desire for demonstrating leadership. At the same time, investor pressure and sustainability concerns are less of a motivation when compared to other respondents.



Gender equality

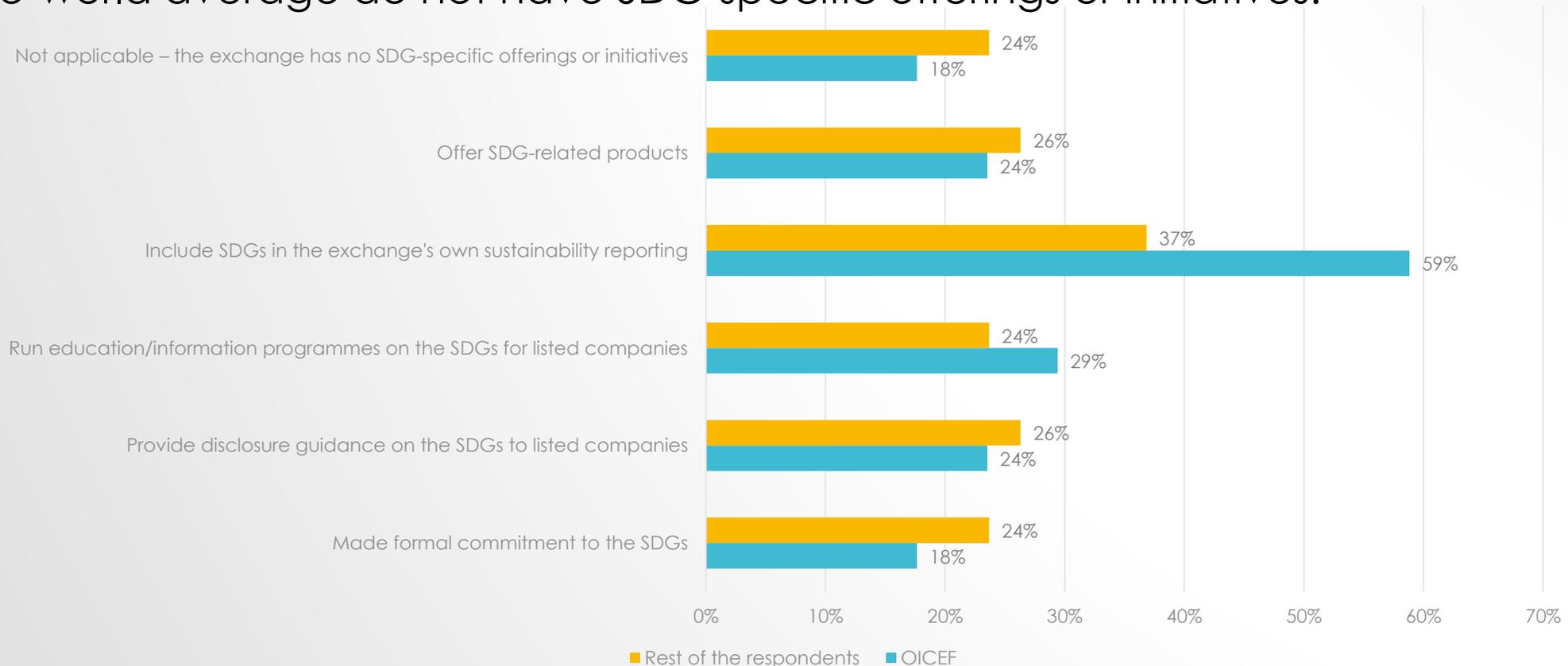
On gender equality goals OIC exchanges are in line with the rest of the world. While women are slightly less represented on boards, they are slightly more represented within the senior management.



The chart shows the average of the percentages indicated by exchanges in their responses

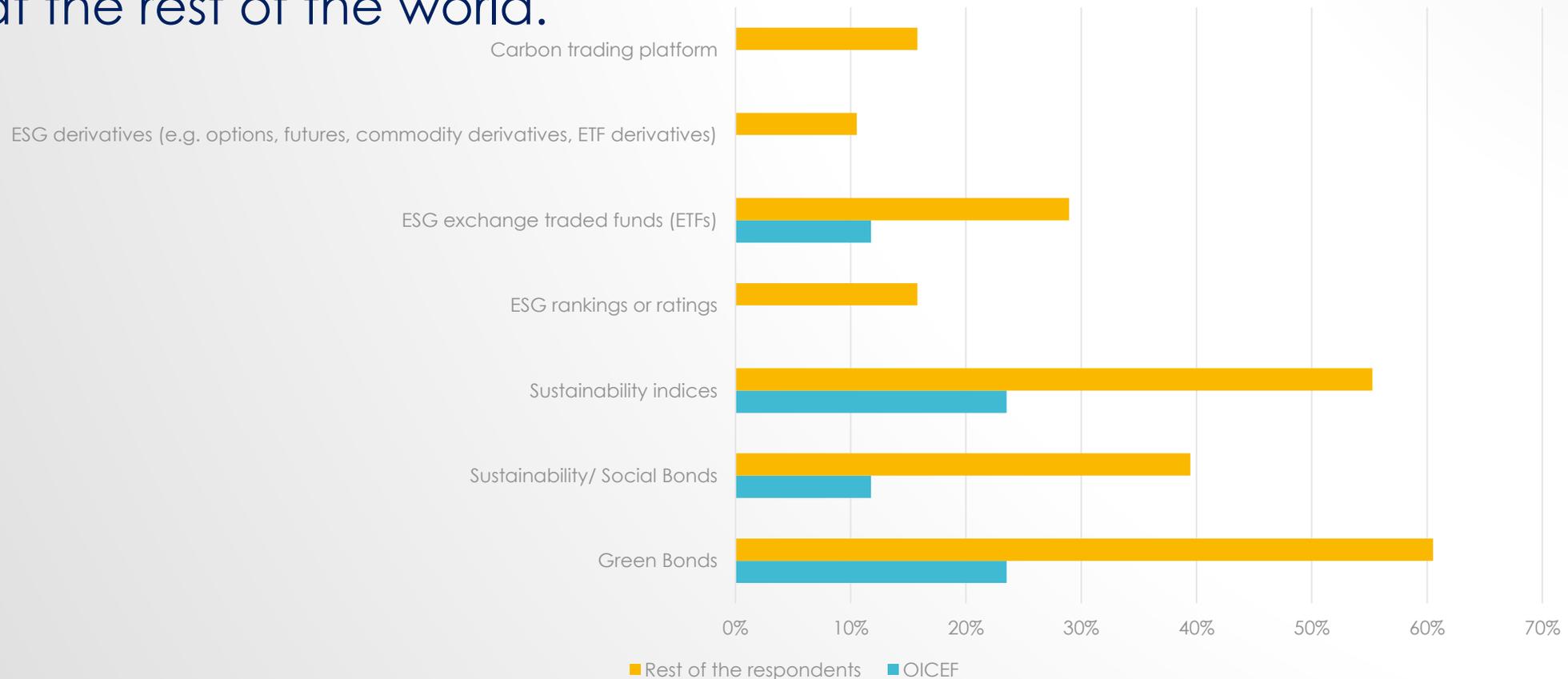
Initiatives related to the UN Sustainable Development Goals

OIC exchanges are largely in line with other countries in terms of initiatives related to the UN's Sustainable Development Goals, standing out in including SDGs in their own sustainability reporting. Note that fewer OICEF exchanges as compared to the rest-of-the-world average do not have SDG-specific offerings or initiatives.



Possible area of improvement: ESG product offering

According to the WFE survey, investors in OIC exchanges have expressed limited demand for ESG products. Likely as a result of this, OICEF exchanges have a slightly more limited ESG products offering than the rest of the world.



The chart shows the average of the percentages indicated by exchanges in their responses

CASE STUDY: DFM – CHAIR OF WFE'S SWG

- DFM was the first exchange in the Gulf region to launch a Sustainability Strategy 2025
- They also have a country-wide UAE ESG Index and Sharia Standards to cater to investors' growing interest in sustainability
- DFM has its own annual Sustainability Reporting, all of which supported DFM in joining the FTSE4Good Index and moving up the index
- To support gender diversity and inclusion, DFM launched an eBoard to raise awareness of Board positions available. One third of DFM-listed companies have female board representation.

SOME QUESTIONS TO START AN OIC - WFE CONVERSATION:

- What is the greatest ESG need in your jurisdiction that the exchange can fill?
- What is the greatest ESG issue in the region that the exchanges can solve?
- How can WFE help you do that?
- What ESG products do you think would be helpful for exchanges to offer to investors in the region?
- Where do you see the ESG conversation in 5 years for OIC exchanges?
- What opportunities for ESG has Covid-19 brought to your market today as we all focus on building back better?
- What's on your ESG wishlist today?

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