

UNCTAD World Investment Forum 2018

Sustainable Stock Exchanges Global Dialogue

Opening statement by

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23 October, Room XVII, Palais des Nations

Excellencies

Ladies and Gentlemen

It is an honour for me to welcome such a distinguished group of capital market leaders to Geneva for the 2018 Sustainable Stock Exchanges Global Dialogue. Within the broader UNCTAD World Investment Forum, this session plays an important role, where capital market leaders can contribute their voice to the sustainable development agenda.

Our objective in this session is to engage with the critically important question of how security regulators, stock exchanges, investors and other capital market stakeholders – working together – can contribute to tackling some of the twenty-first century's biggest sustainability challenges.

Global policy developments make clear the task before us and the need to take actions.

Since we last gathered together here in Geneva in 2014, world leaders have agreed again and again on the sustainable development imperative: from the Paris Agreement on climate action to the UN's Sustainable Development Goals.

The aspirations of these agreements have been echoed by the private sector: from the Financial Stability Board's task force on climate related financial disclosures; to the World Federation of Exchanges new sustainability principles.

A greener planet, prosperous and inclusive societies, thriving markets and economies: these are aspirations that we all agree on.

Those of you sitting in the room with us today are already gearing up to be part of the solution. We expect the outcome of today's session to include new ideas and new commitments for practical steps forward.

Major momentum is building among stock exchanges. Many of you in the room today are working to integrate sustainability issues into investment and financial products, promote corporate sustainability reporting, and encourage responsible and long-term approaches to investment.

The 2018 SSE Report on Progress tracks your efforts. In the last two years we've seen the number of green or sustainability bond listing segments triple from 5 in 2016 to 15 today, with half of this growth just in the past year.

We've also seen sustainability disclosure guidance from exchanges grow from 10 exchanges the last time we met in 2014 to almost 40 exchanges today.

Momentum is also building among regulators. I am pleased to welcome to this meeting a number of securities market regulators and the Secretary General of IOSCO. Today we are launching a new report on how security market regulators can promote sustainable finance. And I would like to thank Dr. Mohammed Omran of Egypt's Financial Regulatory Authority for Chairing the advisory group that prepared this report.

In jurisdictions around the world, securities regulators are taking actions to support sustainable development. The number of markets today that have mandatory sustainability reporting is double what it was in 2014. These actions are not only relevant to, but central to, your key objectives: to protect investors, to ensure markets are fair, efficient, and transparent, and to reduce systemic risk.

We congratulate both market regulators and exchanges for their efforts. You are illustrating through your work a 'new mainstream' of best practices in promoting sustainable finance. We are no longer at the beginning of this conversation. That is the good news.

The challenge before us, however, is that we have much more to do to meet our global goals. The sustainability challenges the world faces remain enormous. Climate change is a clear and present danger: it is causing investors to re-evaluate risk; and it is confronting entire industries with disruptive change. Social inequalities are leading to political and economic instability in both developed and developing countries alike, threatening international trade and investment.

To tackle these global challenges, yes we must regulate, but we must also innovate and educate. New sustainability themed products and market training are critical developments that many exchanges and securities regulators are fostering.

We must use every tool at our disposal with the aim of building a world where market signals align with sustainable development objectives.

UNCTAD and our SSE partners – the UN Global Compact, UNEP and the PRI – can help. Through the SSE, exchanges have access to guidance, research and technical assistance to assist in their efforts to contribute to sustainable development.

The key capital market institutions – IOSCO and the WFE – are stepping up their activities on sustainable finance. We applaud your efforts and look forward to strengthening our collaboration in this area.

Next year is the SSE's 10th anniversary. So, before I conclude, I want to take a moment to reflect on the progress we have all made together via this initiative.

Since its launch in 2009, the SSE was built on the demand from exchanges for a place to come together with investors, companies, regulators and policymakers to share good practices and challenges in a multi-stakeholder environment.

In 2012, the first five stock exchanges joined the SSE, making a public commitment to advancing sustainability in their market: Nasdaq, the Egyptian Exchange, the Brazilian exchange B3, Borsa Istanbul and the Johannesburg Stock Exchange. You were all ground-breakers who paved the way for others: today we count 78 Partner Exchanges around the world.

Over the years it has been a great pleasure for myself and my team to interact with all of you, gaining insights as we go. Today I want to close by sharing one anecdote.

An exchange executive once said to us, that it is not the academic arguments and research around sustainable finance that is the key motivating factor. Rather, the executive said, it is because "I have grand-children and I am not stupid."

Blunt and direct, I think this captures the thinking of many leaders around the world.

Going forward, our ambition is to transition from incremental progress to transformative impact.

We do this not because we want to, but because we *need* to. Because we have grand-children and because we are not stupid.

To achieve our global goals, we count on your leadership, action and partnership.