

# Pioneering Role of Exchanges

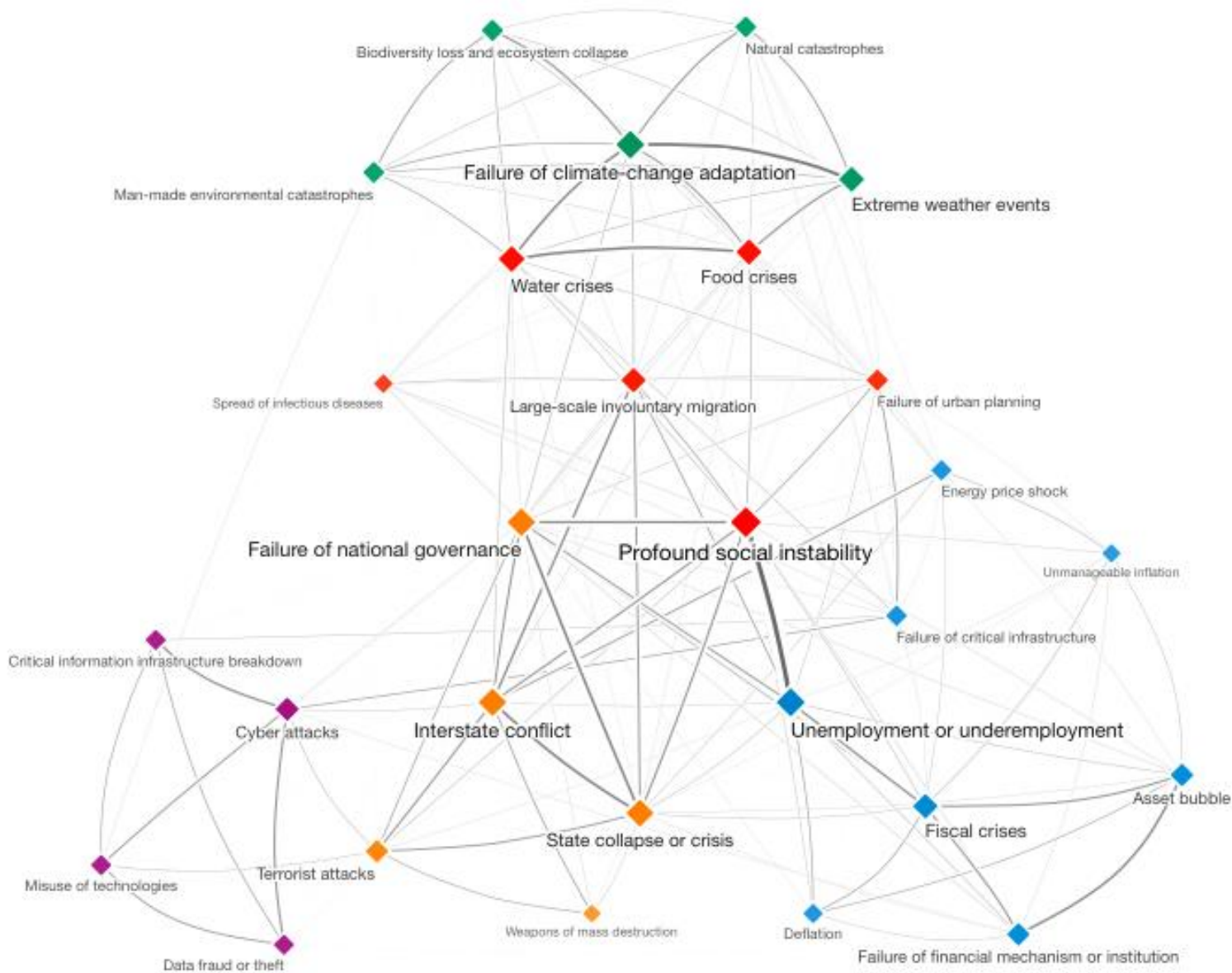
Kerem Okumus, S360 Sustainability, 19.11.2015, Istanbul

# The Global Risks 2015 Interconnections Map

How are global risks interconnected?

Mega trends such as climate change, population growth, poverty, migration and urbanisation all putting strain on our planet

Investors and asset owners are exposed to sustainability risks unless system-wide action is taken to address the risks



# How Future-proof Are Your Stocks?

Can a company survive and thrive in a world reshaped by environmental and social shifts?



Global asset managers are changing the way they value stocks to find out.

Strategy

Risk Management

Innovation



WATCH "DOOMSDAY PREPPERS" ON NATIONAL GEOGRAPHIC CHANNEL

**FREE POSTER** Mauna Kea: Taller Than Everest

NGM.COM SEPTEMBER 2012

**NATIONAL GEOGRAPHIC**

**RUMAN FRONTIERS**

# WHAT'S UP WITH THE Weather

- SUMMER IN MARCH
- RECORD FLOODS
- ENDLESS DROUGHT
- SNOWMAGEDDON



**Global Carbon Markets**



Source: World Bank

joanne-nova.com.au

World's richest  
sovereign wealth fund

# NORWAY DUMPS COAL & TAR SAND COMPANIES BECAUSE OF HIGH RISK TO CLIMATE

# Impact on current market system

- Risks to investment
  - E.g. University of Cambridge experts said global investment portfolios could see losses of up to 45% from Climate Change impacts in the short term



## Chipotle Share Price - July 2012 - October 2012

■ Chipotle Mexican Grill Total Return Price



 The Motley Fool

Jan 13 2014, 2:34AM UTC. Powered by Y

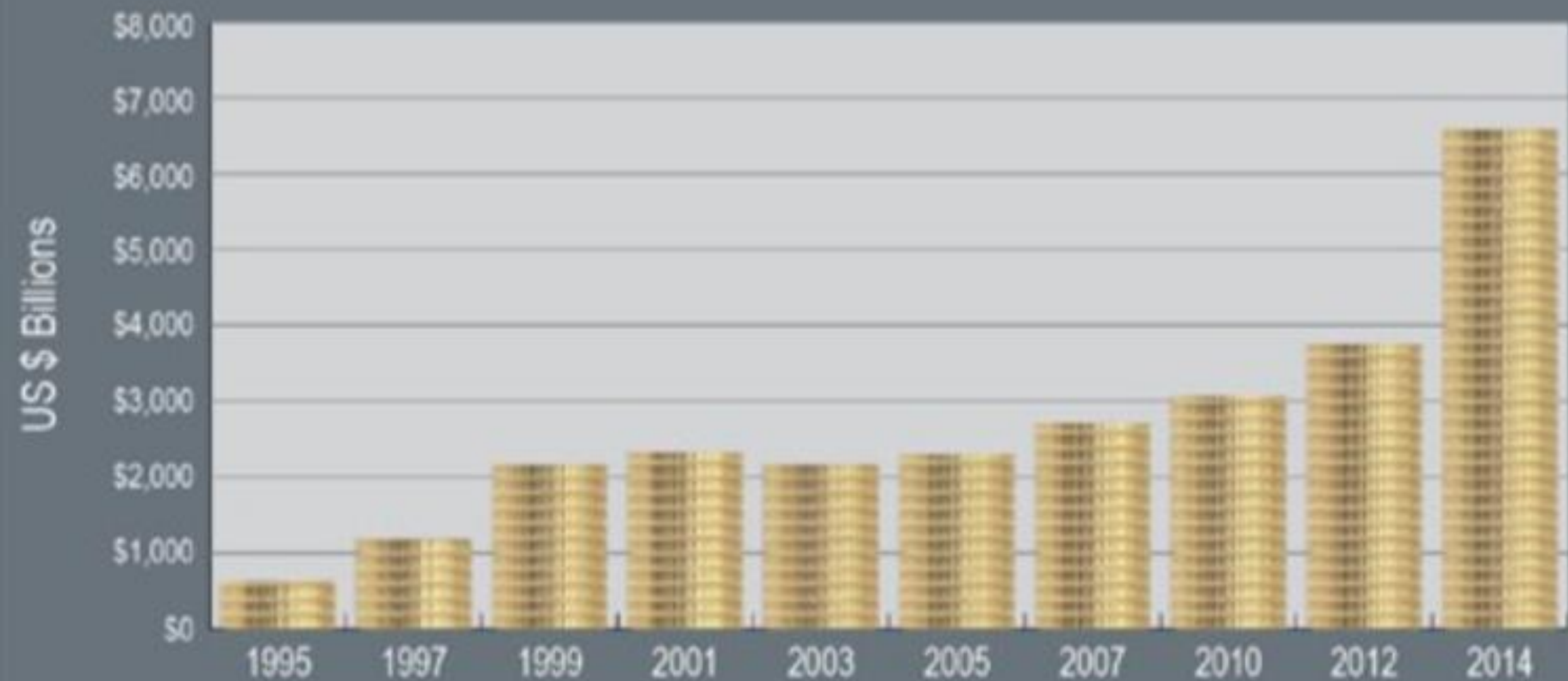


stock analysts  
incorporated  
global warming's  
heat and drought  
impacts upon;

**restaurant food  
costs,  
profit margins  
and sales if  
*higher menu  
prices trigger a  
consumer search  
for lower cost  
options***



# \*Growth of SRI Assets 1995-2014

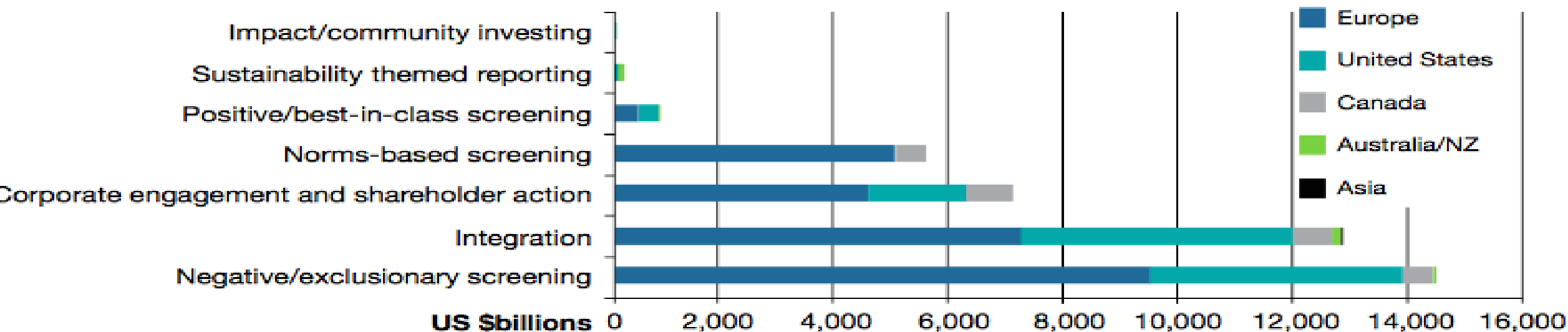


\* Source: US SIF 2014 Trends Report

## Growth of SRI Assets by Region 2012–2014

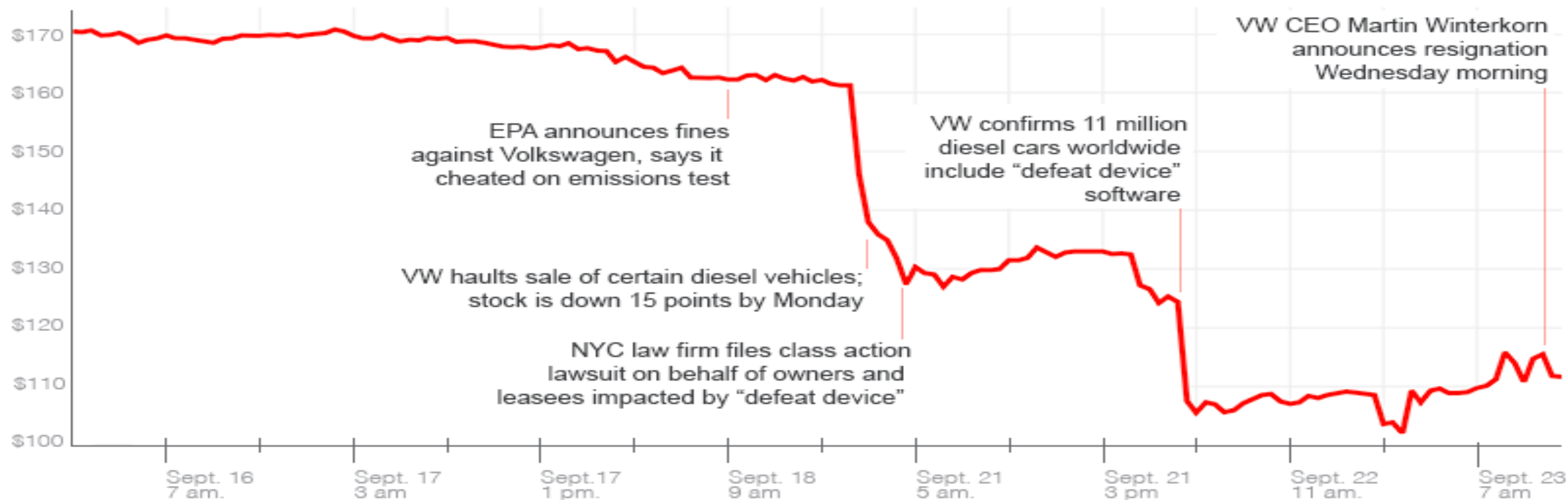
	2012	2014	Growth
Europe	\$8,758	\$13,608	55%
United States	\$3,740	\$6,572	76%
Canada	\$589	\$945	60%
Australia/NZ	\$134	\$180	34%
Asia	\$40	\$53	32%
<b>Total</b>	<b>\$13,261</b>	<b>\$21,358</b>	<b>61%</b>

**Figure 2: SRI Assets by Strategy and Region**





# Investors' reaction to Volkswagen emissions saga



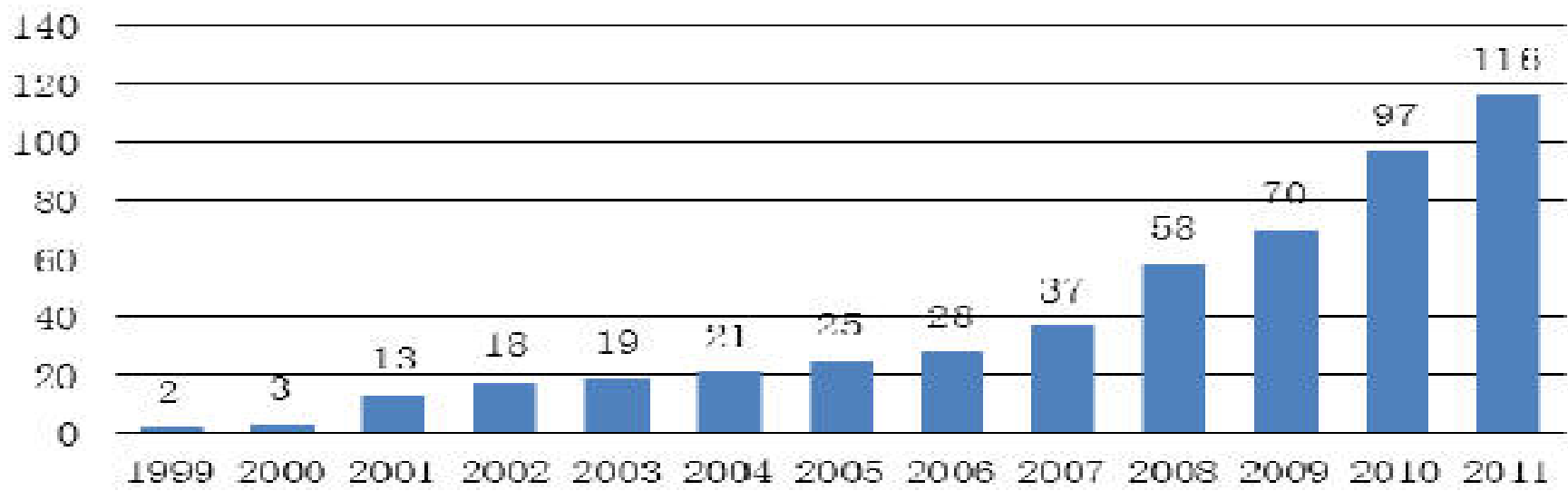


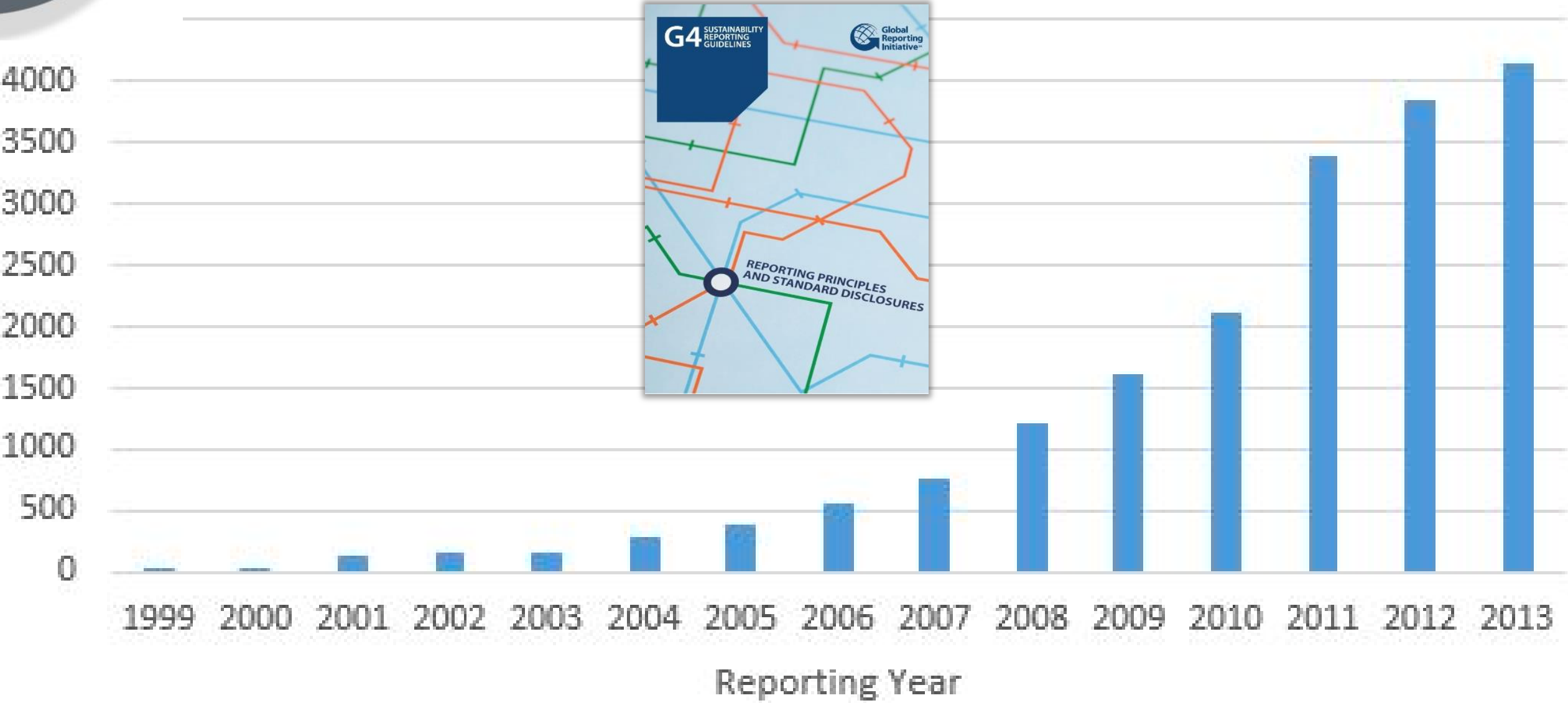
Figure 1. The number of SRI index in the world.



FTSE4Good



# Number of GRI Reports





## **Islamic Reporting Initiative**

**Social investment**

**Youth engagement**

**Nationalization of the workforce (within global multicultural framework)**

**Promotion of the knowledge based economy**

**Development of STEM skills and knowledge transfer**

**Creation of long-term business values**

**Organizational philanthropy**

**Environmentally sustainable measures**

**Economical Contribution (e.g. Sustainable employment)**





# Critical role of stock exchanges – Leapfrogging

- Support innovative financial instruments, products and services like Green Bond markets and sustainability indices
- Define ESG reporting expectations and use the guidance already available to help improve transparency and quality. Require disclosure on key material sustainability issues
- Encourage companies to move from growth in financial return only to growth of multiple capitals
- Help enable investors to make better decisions by seeking tools and approaches that simplify complex issues
- Incentivise longer term investing and disincentivise short term trading
- Include ESG issues in listing rules

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