

TUNIS STOCK EXCHANGE - COMMUNICATION WITH STAKEHOLDERS

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BUSINESS STRATEGY

1. How does your exchange (Bourse de Tunis) define and view the rationale for corporate sustainability and the exchange's role in promoting it ?

The responsibility of the company is not only to maximize its profit, but also to ensure its sustainability, to create value and to share it. In order to achieve that, a company has to operate in a favorable business climate.

We strongly believe that the improvement of a business climate is not only based on political will and on regulations but also on the systematic vision of the company within its ecosystem.

The central market infrastructures, such as the stock exchange, have the advantage to position themselves as a focal point and hub of the entrepreneurial ecosystem. As such, the stock exchange, thanks to its role of prescriber, constitutes a very important leverage in the dissemination of CSR practices.

2. How does your exchange's senior leadership and organizational structure support the promotion of corporate sustainability in its market (s) ?

Tunis Stock Exchange adopted in 2016 a new organization that takes into account its strategy to promote CSR practices in the Tunisian entrepreneurial ecosystem.



The top Management is responsible for defining and implementing the CSR strategy in collaboration with the concerned departments: Development, Communication, Risk and Quality.

The top Management considers that the promotion of CSR practices in the market must be preceded by the involvement of the staff of the Exchange.

3. What goals/objectives does your exchange have in regards to advancing sustainability in your market?

We would like to promote economic efficiency and good corporate governance, risk management related to their activity in order to reassure investors and issuers, as well as other stakeholders including suppliers and other service providers.

We believe that CSR is a favorable factor for the sustainability of listed companies, as it helps to anticipate crises, deal with the instabilities and therefore make the right decisions. On this context, we establish regular meetings with stakeholders to discuss the progress made by the Exchange in this area.

Our presence in November 2016, at COP22 in Marrakech and the signing of the "Fostering Green Capital Markets in Africa" agreement shows the will of the Stock Exchange to promote sustainable development practices in Tunisia.

TRANSPARENCY AND ISSUER REPORTING

4. Describe your exchange's approach to promoting sustainability disclosure by companies ?

Tunis Stock Exchange has developed a stock market education system aimed at promoting financial literacy in the country whose establishment was facilitated by the African Investment Fund for Climate Facility (ICF). This educational system, which is unique in Africa is based on very advanced teaching methods



and based on E-Learning. In this portal (www.investia-academy.com) many topics are covered including good governance practices and CSR.

In addition to this portal, Tunis Stock Exchange has committed in 2016 to raising awareness among listed companies on the value of adopting the CSR approach and its impact on improving transparency, governance and the protection of their environment in general.

The Stock Exchange has begun to work with all stakeholders in the market to adapt the regulatory framework, encourage funding for innovative projects that integrate sustainability, and ensure better reporting on extra-financial information.

To promote CSR among listed companies, Tunis Stock Exchange has dedicated a panel to CSR at the first Forum of Francophone stock exchanges held in Tunis in January 2016.

Tunis Stock Exchange has also signed a cooperation agreement with the listed issuers, offering to provide them assistance to facilitate their communication to the market and to investors, and to develop the liquidity of their securities. This facilitates their financing through the market.

In this context, workshops have been organized. Four of these workshops focused on financial reporting, the holding of OGM and EGM, as well as the transmission of family groups and the adoption of CSR.

All these meetings have CSR scopes. The financial communication and the good performance of OGM and EGM are intended to emphasize good governance within companies. The meeting on the transfer of family groups aims to sustain businesses and preserve accordingly the social climate.

The meeting on CSR aims to raise awareness among issuers to incorporate this approach into their development objectives and lead them to enrich their annual



management reports submitted to the AGM, by providing information on their current and future CSR practices.

Although the Tunisian regulations do not currently require listed companies to communicate their CSR activities, some of them have voluntarily chosen to publish extra-financial information on CSR in their annual reports.

5. What is your exchange's process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?

The review process of the conditions for admission on the stock exchange is ensured by the regulator «Financial Market Council (CMF)», which drafts the General Regulations of the Stock Exchange. These Regulations set in particular:

- The organization and the market operating rules
- Admission and delisting rules

However, the Stock Exchange and the brokerage firms Association can formulate proposals to the Financial Market Council to develop the market, such as good governance practices and CSR.

Therefore, they have the opportunity to comment on the regulatory revisions that the FMC could bring about.

6. How do you track sustainability reporting of your listed companies?

We still do not have any law requiring listed companies to report on CSR or publish extra-financial information. We continue to encourage issuers to reach a minimum of 25% in their communications dedicated to CSR.

7. What incentives (i.e public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?



We have no incentives or sanctions for corporate disclosure or non-transparency on CSR policy.

8. What connections have you made between national sustainable development frameworks and goals, and your exchange's standards and norms?

In terms of CSR, we cooperate with national organizations to help us and to develop CSR among listed companies. We maintain relationships with the Institute of Corporate Social Responsibility in Tunisia (IRSET), along with the International Center for Environmental Technologies of Tunis (CITET), which controls the implementation of CSR practices in Tunisia.

ISSUER CAPACITY BUILDING

9. Does your exchange offer sustainability guidance of the process for its creation?

Not yet.

10. Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?

No.

COLLABORATION AND ENGAGEMENT

11. Do you engage and collaborate (or plan to do) with regulators, peer exchanges, investors, companies, global organizations and other stakeholders?

We have held a seminar jointly with the CITET. We also plan to sign an agreement with the IRSET in order to promote CSR.

SUSTAINABLE PRODUCTS

12. How does your exchange support the development of financial products that address sustainability-related issues (e.g., ESG indices, carbon markets, social environmental bonds, sustainable development funds, etc)?

N/A.

EXCHANGE NEEDS

13. Are there specific resources (meetings, commissioned research, webinars, etc) that you would like from the SSE or other relevant groups to help you in your sustainability work?

We believe that the SSE initiative can help us to design educational materials for the promotion of CSR and to create a guide facilitating the adoption of this approach by listed companies.

14. Are there any specific requests you have of investors, issuers and regulators in terms of their role in advancing sustainability in the market?

We believe that economic activities carry certain social and environmental risks that are more or less high, depending on the case, and can therefore generate a financial impact that could potentially be significant to the performance of businesses and the economy in general.

We believe that the role of the regulator is critical to the extent that it can play an important educational role in raising awareness among issuers, but also a pioneering role in the establishment of a new regulatory framework for CSR and extra-financial information that could further increase the responsibility of listed issuers on the importance of such an approach. It should also allow investors to have a new type of information that helps them in their choice of investment on the stock market.