

BSE (BOMBAY STOCK EXCHANGE)

COMMUNICATION WITH STAKEHOLDERS

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BUSINESS STRATEGY

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

BSE (formerly known as Bombay Stock Exchange) has been playing a critical role in the growth of the Indian corporate sector and the country for the last 140 years. At BSE, we understand that corporate sustainability is an important step to create long term value for all stake holders such as customers, employees, investors, suppliers, Government, society, etc.

BSE has launched theme based indices like S&P BSE Carbonex and S&P BSE Greenex. BSE is also a member of Sustainability Working Group by World Federation of Exchanges (WFE). BSE has signed Memorandum of Understanding with Indian Institute of Corporate Affairs (IICA), established by the Ministry of Corporate Affairs, Government of India to launch Corporate Social Responsibility (CSR) Index.

BSE has also provided a dedicated section on its website for Sustainability, to publish sustainability reports of the exchange listed companies on its website.

BSE has also included sustainable investment / responsible investment as one of the important criteria of analysis for putting companies in BSE Group A, a exclusive group of 300 top, liquid and well capitalized companies out of the 3000 actively traded companies listed on BSE.

BSE has organized series of workshops with UNEP-FI, CDP, GRI and other domestic institutions to increase awareness amongst investors and member companies regarding the importance of sustainability factors.

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

BSE has got a dedicated team to promote sustainability development for companies listed at BSE headed by Mr. Girish Joshi ,Senior General Manager, BSE Ltd. The top management of BSE too is committed in making corporate sustainability a subject which is a priority in every corporate's agenda. Mr. Ashish Chauhan, MD & CEO, BSE participated in the Global Dialogue 2014 organised by SSE with UNCTAD at Geneva showing BSE's commitment to the issue.

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

BSE intends to increase the awareness of the S&P BSE Carbonex and S&P BSE Greenex as benchmark sustainability indices, so that it becomes a matter of honour for companies to be part of

these indices. BSE would increase investor awareness for responsible investment in India for next few years.

Another objective is also to educate retail investors, institutional investors and investment professionals on considering ESG parameters in their investment decisions.

BSE also intends to partner with industry bodies to engage various stakeholders on the importance of sustainability and disclosure.

Integrated Reporting Council is working in India through a trade association body called Confederation of India Industry (CII), via its Centre of Excellence for Sustainable Development (CESD) and has formed a committee for encouraging Integrated Reporting (IR) by corporates in India. BSE has joined this initiative as a member of working group. BSE shall contribute to this group by providing guidance and assistance to interested companies on integrated thinking, sustainable business portfolio, value innovation and integrated reporting.

BSE and Indian Institute of Corporate Affairs (IICA) established by Ministry of Corporate Affairs, the Government of India, have signed a Memorandum of Understanding (MoU) to work collaboratively in the domains of Business Sustainability, Corporate Social Responsibility (CSR), Investor Education and other allied areas.

BSE has conducted training programs designed for Indian investors and investment professionals with UNEP-FI, ICGN and domestic institutions to educate them on considering ESG parameters in their investment decisions. The professionals from Mutual Funds, PE Funds, and Hedge Funds participated in the program.

TRANSPARENCY AND ISSUER REPORTING

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

In India the idea of corporate sustainability is still in the nascent stage and it is not mandatory for companies to make disclosures on sustainability. However, Securities and Exchange Board of India (SEBI), regulator for capital markets in India has made it mandatory for top 100 companies by market capitalization to provide Business Responsibility Report (BRR) in their annual report. On BSE website, analysis of BRR of Top 100 companies is also available.

BSE however has taken an initiative and has provided a dedicated section on the exchange website for uploading their sustainability reports. BSE is in touch with GRI, UNEP-FI and other domestic institutions for conducting investor awareness programs on sustainability and evaluation of ESG matrix.

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

BSE regulations require corporations who wish to be listed on the exchange to comply with the registration and continuous disclosure requirements of Securities and Exchange Board of India (SEBI), regulator for capital markets in India. There is no specific process for BSE in particular.

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

Corporate Sustainability is still at a nascent stage in India and it is not mandatory as per the listing agreement for the member companies to submit the sustainability report to the exchange. The companies can voluntarily submit their reports to the exchange.

However, few Indian companies are doing GRI or CDP reporting as part of their own initiative.

BSE has provided a dedicated section on its website for sustainability. BSE has started publishing sustainability reports of the exchange listed companies on its website.

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?

BSE has two sustainability indices S&P BSE Carbonex and S&P BSE Greenex. The companies are rated in these indices on the basis of their disclosures which are in public domain.

BSE has also signed memorandum of understanding with Indian Institute of Corporate Affairs (IICA), established by the Ministry of Corporate Affairs, Government of India to launch Corporate Social Responsibility (CSR) Index. This is going to be the first index of its kind in Asia. The exchange would also give public recognition / awards to companies which have done well in Corporate Social Responsibility. We believe these initiatives will encourage more transparency.

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

India's National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) were released by the Ministry of Corporate Affairs (MCA) in July 2011. Subsequent to the release of NVGs, Securities and Exchange Board of India (SEBI), the market regulator mandated the Business Responsibility Reporting (BRR), a framework based on NVGs, for top 100 companies by market capitalization.

BSE is monitoring the reporting by these companies. BSE has also provided details of BRR requirements on the Exchange website.

BSE is providing analysis of BRR report on the exchange website.

Issuer Capacity Building

9. If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.

BSE currently has no sustainability guidance for the companies listed on it. BSE is doing workshops and conducting events for increasing of awareness regarding ESG amongst investors and the companies.

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?

Neither the Exchange nor the regulator (SEBI) provides guidance on externally assuring of information disclosed on ESG issues. In India the practices of external assurance of ESG disclosures yet to be evolved.

COLLABORATION AND ENGAGEMENT

11. Who does your exchange view as its key stakeholders and how does it engage and collaborate (or plan to do so) with these and potentially other stakeholders?

BSE is the first stock exchange from Asia to join the Sustainable Stock Exchange (SSE) Initiative. BSE is actively participating in the events organized by SSE to exchange views with stake holders.

BSE is also a member of Sustainability Working Group by World Federation of Exchanges (WFE).

BSE was invited in the Novathic annual event for asset owners on November 14, 2013 to discuss the role of stock exchanges in promoting sustainability.

BSE organized an investor awareness workshop in March 2014 to increase awareness on sustainable finance and development, focusing role of investors. During the launch of S&P BSE Carbonex, the Exchange conducted few workshops on stakeholder engagement attended by corporate, NGOs, ESG specialists and investors.

BSE organised a sustainability event 'Exchange Driving Credibility and Transparency', with GRI, on April 28, 2015. This event included a capacity building workshop on 'A roadmap for investors – Making use of relevant ESG data for investment decisions' and a high level panel discussion on 'The materiality of Environmental, Social and Governance data'.

BSE with GRI will contribute to the high level discussion with senior executives of companies listed on BSE to engage them on the importance of sustainability and disclosure.

As a commitment towards social development, BSE contributed USD 0.16 million on April 22, 2015 towards Swachh Bharat Kosh. The money will be utilised by the Government of India to achieve the objectives of 'Clean India (Swachh Bharat)' by the year 2019.

Sustainable Products

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

BSE has launched the sustainability indices like S&P BSE Carbonex and S&P BSE Greenex as a part of sustainability initiative

http://www.bseindia.com/sensexview/indexview_new.aspx?index_Code=77&iname=CARBON

and

http://www.bseindia.com/sensexview/indexview_new.aspx?index_Code=75&iname=GREENX.

Recently a leading commercial bank in Indian has listed its Green Bond on the Exchange.

BSE has also signed memorandum of understanding with Indian Institute of Corporate Affairs (IICA), governed by The Ministry of Corporate Affairs, The Government of India to launch Corporate Social Responsibility (CSR) Index. This is going to be the first index of its kind in Asia.

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?

BSE needs the support of SSE relevant expert groups to generate efficient channels of information between issuers and investors. It also would like to get guidance and support for educating investors regarding capitalizing on ESG factors at the time of investments. BSE is organizing workshops and high level discussions on ESG related issues. BSE would like Sustainable Stock Exchange forum to participate in the events.

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

No, at this time BSE does not have any specific requests for investors, issuers and regulators on issues of sustainability.