

NASDAQ Vice Chairman Calls for Sustainability Standards

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Speaking recently at the GreenBiz Forum, the vice chairman of the NASDAQ stock exchange, Meyer Frucher, called for universal sustainability standards for listed companies, and is currently coordinating with various stock exchanges worldwide to promote corporate sustainability reporting. This global initiative, the Sustainable Stock Exchanges initiative, grew out of the UN Conference on Sustainable Development, commonly referred to as Rio+20. Current signatories to the global initiative include the Johannesburg Stock Exchange, the Brazilian Stock Exchange, the Istanbul Stock Exchange, and the Egyptian Stock Exchange.

Several stock exchanges already require sustainability or environmental reporting. For example, the Johannesburg Stock Exchange and the government of Denmark have mandatory sustainability reporting, and the London Stock Exchange will require annual emissions data reporting beginning in April. NASDAQ currently publishes a global sustainability index of leading companies that voluntarily disclose sustainability information, but does not require sustainability reporting or attainment of performance standards because such requirements would likely prompt companies to seek another exchange without such requirements. Frucher called for organizations such as the Global Reporting Initiative ("GRI") and the Carbon Disclosure Project to propose a set of sustainability standards that could be used by stock exchanges worldwide. Frucher stated that clear sustainability metrics and reporting requirements will allow corporate leadership to better evaluate the relationship between sustainability efforts and profitability. While the international Sustainable Stock Exchanges initiative is focused on promoting corporate sustainability reporting, Frucher stated recently that companies should also be required to meet minimum sustainability standards in order to be listed on global stock exchanges.

We note that, in addition to the GRI and Carbon Disclosure Project efforts, the American Society for Testing and Materials ("ASTM") International's Committee on Sustainability, which has developed standards to promote sustainable development in areas such as construction and hospitality, announced in late 2012 that it will develop standards for sustainable manufacturing.

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