

Promoting collaborative development of feasible strategies for Corporate Social Responsibility among Central Securities Depositories (CSDs) globally

Abstract

I. Research Motivation

As a member of the Asia-Pacific CSD Group (ACG), TDCC is committed to implementing the concept of corporate care and practicing social responsibility through concrete actions. We aim to extend these efforts from our organization to other member countries of the ACG, fostering the development of corporate social responsibility and promoting international cooperation to drive the development of the Asian capital markets, thus creating sustainable development in the Asia-Pacific region.

Given the differing paces of action among CSDs regarding the United Nations Sustainable Development Goals, specific recommendations for promoting the collective development of corporate social responsibility among Asian CSDs will be outlined in short, medium, and long-term approaches. In the short term, the primary task is to build consensus, aiming to elevate the level of awareness and understanding of corporate social responsibility among Asian CSDs to a consistent level. In the medium term, we aspire to establish strategic alliances with organizations primarily focused on sustainability in the name of the ACG. Looking at the long term, it is imperative for ACG members to jointly identify issues worthy of long-term attention and resource allocation. Additionally, promoting integrated investor relations platforms and fostering a climate of healthy competition will collectively elevate the sustainability of the Asia-Pacific capital markets.

II. Conclusion and Recommendations

1. Short-Term - Building Consensus

The ACG operates as a regional and cross-border industry association, providing opportunities for member institutions to exchange, observe, and learn from each other. However, direct engagement with sustainability issues has been limited in the past due to the primary focus on business operations. Therefore, to create opportunities for collective development in

sustainability issues, it is essential to first seek consensus.

The ACG hosts an annual Cross Training Seminar (CTS) where representatives from member organizations acquire new professional knowledge and share insights through courses, lectures, and exchanges. By successfully applying to host the ACG 22nd CTS in 2020, TDCC could incorporate discussions on sustainability issues into the seminar's agenda. This could involve inviting representatives from the Taiwan Institute for Sustainable Energy or related institutions to share their experiences and provide professional advice on sustainable operations in backend services. It is believed that through collaborative efforts between TDCC and relevant institutions, member organizations of the ACG can be motivated to engage with sustainability issues, paving the way for future consensus-building and the initiation of common activities.

Once the ACG's attention to sustainability issues has been successfully raised, the next step would be to replicate such successful experiences within the World Forum of CSDs (WFC), transitioning from a regional to a global scale, and driving the global depository industry to become outstanding corporate citizens collectively.

2. Medium-Term - Strategic Alliances with Sustainability-focused Organizations

As a regional industry association formed voluntarily by CSDs in the Asia-Pacific region, the ACG, while not primarily focused on sustainability, can strengthen its connection to sustainability issues by collaborating with organizations or initiatives that prioritize sustainability. By jointly organizing events or joining specific sustainability-focused organizations or initiatives, the Asia-Pacific regional depository organization can express its concern for sustainability issues and enhance its engagement with them.

As significant players in the capital markets, CSDs can seek to join sustainable exchanges that emphasize "partnerships," offering different perspectives and techniques to inject sustainability into the ecosystem of the capital markets. This collaboration can also provide opportunities for mutual learning and inspiration among CSDs, fostering a positive cycle of cooperation.

Additionally, although the questionnaire survey may indicate that "environmental impact of operations" is not currently a top priority for CSDs, it is crucial to recognize the significant impact of climate risk on sustainable business operations, as acknowledged by the World Economic Forum. In response to this trend, the Financial Stability Board has released the "Recommendations of the Task Force on Climate-related Financial Disclosures," aiding companies in presenting relevant and reliable measurement information and assessing the risks and opportunities associated with climate change. Given that climate change has become a global issue of paramount importance, and the recommendations are highly regarded across various sectors, the ACG should proactively plan and adopt measures to address climate risk, strengthen adaptation capabilities, and present relevant and reliable measurement information in accordance with the recommendations. Together with the capital markets, the ACG can face the challenges posed by climate change..

3. Long-Term - Identifying Issues and Promoting Investor Relations Platform

The pursuit of sustainability is an endless journey. The ACG should collectively identify sustainable development goals and tracking indicators that are particularly relevant to the backend services of capital markets, seeking issues of common concern among member institutions. Through consensus-building and discussion, action strategies for corporate social responsibility can be developed, harnessing the collective efforts of member institutions to promote the development of relevant issues in the Asia-Pacific region. By doing so, the journey towards sustainability can continue indefinitely.

As the core function of backend institutions in capital markets is to provide strong and robust financial market infrastructure, the ACG members, serving as the backend for capital markets in various Asian countries, can focus on SDGs such as "9. Industry, Innovation, and Infrastructure," "10. Reduced Inequalities within and among Countries," and the cross-cutting goal of "17. Partnerships for the Goals." By aiming to "build strong financial infrastructure" and "promote financial information flow," and by focusing discussions on specific sub-goals, regional collective actions can be developed to better leverage financial influence and enhance the societal

importance of relevant issues in Asian countries.

Asian CSDs and TDCC prioritize "corporate governance and integrity." Apart from striving for excellent performance in corporate governance themselves, CSDs should also aim to enhance the overall corporate governance performance and other related aspects of the capital market. Therefore, TDCC can establish an integrated platform for corporate investor relations to improve the ESG performance of listed companies in Taiwan and promote similar services to other markets. This initiative is expected to enhance the ESG performance of listed companies in those markets, thereby elevating the overall corporate social responsibility performance in Asia.