

CORPORATE AND INVESTOR SUPPORT GROWS FOR JSE'S SRI INDEX

JOHANNESBURG, 30 November 2009 – The continued strong performance of Top 40 companies in the Johannesburg Stock Exchange's Socially Responsible Investment (SRI) Index, coupled with a notable increase in the number of Mid-Cap companies that qualified for inclusion in the Index this year, indicates that South African companies regard sustainability concerns as an increasingly important issue, the JSE commented at the announcement of the results of the annual Index review today.

"This year we have the highest number of constituents in the Index's history," says Corli le Roux, Head of the SRI Index. "We believe the improvement in the Mid-Cap companies' performance is due to our greater engagement with these companies over the last two years to assist them in thinking through sustainability issues. Also, many of these companies are in high impact businesses and are facing pressure from fund managers and shareholders as good sustainable performance moves up the investment agenda."

In the review of the 2009 Socially Responsible Investment Index, which assesses the environmental, social and economic sustainability practices and corporate governance of listed companies –

- 67 of the 109 companies reviewed succeeded in becoming constituents of the Index
- 11 companies made it onto the Index for the first time
- 30 companies were identified as best performers. That is, they meet all relevant core requirements in the social, governance and environmental areas, relative to their impact. Ten of these are best performers for the first time.

Mining companies continue to be the largest represented sector within the Index. This year for the first time all 14 mining companies that were assessed, qualified. The financial sector also did well, as did general industrials.

The SRI Index – which in 2009 includes 34 Top 40 companies, 30 Mid-Caps and 3 Small Cap companies – recognises companies with good sustainability policies and practices, demonstrating a high standard of reporting. The 'automatic universe' for 2009 – that is, the companies whose assessment is compulsory – consisted of the FTSE/JSE Top 40 Index, 60 Mid Cap companies and the four Small Cap companies from the 2008 SRI Index.

"The fact that companies are assessed according to themes and frameworks that are globally aligned whilst still taking into consideration locally relevant themes such as HIV/Aids and BEE, not only carries huge reputational kudos for those companies that qualify for inclusion in the Index," comments Le Roux, "but offers investors a useful comparable tool to use in determining true company value."

John Oliphant, Head: Investments and Actuarial, at the Government Employees Pension Fund (GEPF), which will be announcing its responsible investment policy in the near future and plans to use the data as a basis for engaging with listed companies in which the fund is invested, confirms that "The time is ripe for companies and investors alike to realise that sustainability is now a non-negotiable, and for the focus to shift from short-term profits to building true shareholder value in the longer term. This can be achieved if businesses respect the community and environment in which they operate. The SRI Index is a useful tool serving both companies and investors to achieve this goal."

For the third year, leading UK-based sustainability research provider EIRIS conducted the company assessments. EIRIS's clients currently include pension and retail fund managers, banks, private client brokers, charities and religious institutions across Europe, the USA and Australasia. The research process for the SRI Index involved a review of publicly available company information as well as profile and survey responses from companies taking part in the review.

"Our goal is for companies to use the index criteria as the accepted mainstream benchmark in South Africa, against which good triple bottom line practices are measured and for investors to use the Index as a practical investment tool backed by robust research that is aligned to global standards and that will constantly evolve as the needs of responsible investment mature," says Le Roux.

Speaking at SRI Index 2009 announcement, Professor Mervyn King said sustainability is the moral and economic imperative of the 21st century. "Consequently, companies cannot separate governance, strategy and sustainability. The State has a constitutional obligation on sustainable ecological development and the Commissioner, under the new Companies Act, will have the power to stop reckless business. It is reckless to act oblivious to the parallel crises of financial, climate change, ecosystems and biodiversity."

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Additional information included:

- list of constituents
- best performers
- quotations from some of the companies

- SRI Index Advisory Committee

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