

# **The 2014 index: broadening good practice**

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## **This year's process: key points**

- Continued with the larger universe of 156 companies
- Despite public-only data, engagement has remained strong
- Up from 67% to nearly 80% overall
- Mid caps up from 79% to 90%, small caps 37% to 53%
- Thanks are due to Daniel, Johan, Lovemore, Roger & Roan in South Africa and to Valeh, Jaspreet & the rest of the team in London, and of course Makhiba and Corli here

## Looking back over the past few years

- Public, clear criteria
- Building a team in South Africa
- Moving out from the top 40 to 100 and now to 160
- Moving from private to public data
- Investor engagement with companies
- Driving external disclosure and internal CSR activity
- A model that others are taking up

## Challenges going forward

- The top 40 need some new challenges
- Despite general progress we saw reduced scores for HIV/Aids and social reporting generally that merit reflection
- Climate change overall remains a problem at entry level
- Social areas generally weaker than you might expect
- Governance generally strong though not so Codes of Ethics

## The data behind the conclusions

- As an investor looking to engage or evaluate
- As a consultant benchmarking companies against each other
- What lies beneath the index inclusion level?

> Summary

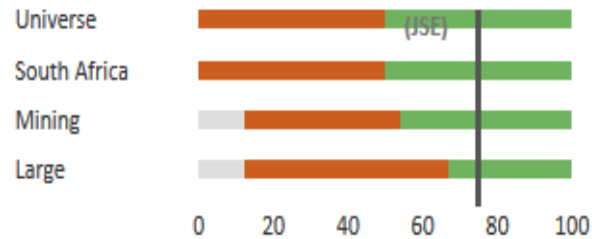
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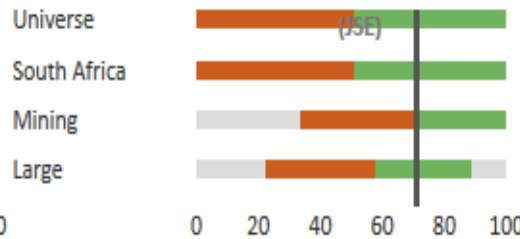
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JSE assessments

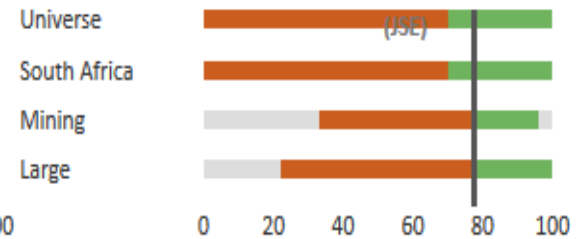
## Environment ?



## Social ?



## Governance ?



## Environment ★ ★ ★ ☆ ☆

### Strengths

- Environmental management: Level 5 JSE EIRIS public (high imp)
- Environmental reporting: Level 4 JSE EIRIS public (high impact)
- Environmental policy: Level 4 JSE EIRIS public (high impact)

Weight Score

- 1 3 ✓✓✓
- 1 2 ✓✓
- 1 2 ✓✓

### Weaknesses

- Environmental impact: High
- Climate change: Meets all entry level climate change indicators (very high impact)

Weight Score

- 1 -2 XX
- 1 -1 X

Environment subtotal: 4

## Key to scoring

Best positive	Worst negative
✓✓✓ = 3	XXX = -3
✓✓ = 2	XX = -2
✓ = 1	X = -1

## Areas of non-involvement



Showing 80 companies of [all sizes](#) from [all sectors](#) worldwide [Clear](#) [?](#)

Company Name	Sector	JSE assessments									
		JSE assessments	Community involvement	Board practice			Environmental management	Environmental policy	Environmental reporting	Equal opportunities	
				Board practice	PUBLIC JSE: governance & sustainability reporting	PUBLIC JSE: business value and risk management					PUBLIC JSE: board practice
	Banks	51	3	8	All	All	All core and most desirable	3	2	3	6
	Mining	50	3	9	All	All	All	3	2	2	6
	Mining	48	1	8	All	All	All core and most desirable	3	2	3	6
	Life Insurance	48	3	9	All	All	All	2	2	3	6
	General Industrials	47	1	9	All	All	All	2	2	2	6
	Industrial Metals & ...	47	3	8	All	All	All core and most	3	2	2	5

> Summary

> Full details

> PDF



## Environmental management

Weight 1

Score 3

Assessment: The Company is graded as Level 5 for environmental management systems.

The Company has an EMS which publicly discloses the following elements:

- \* environmental policy - the Company has a written policy on climate change found in their Corporate Risk Management Strategy
- \* identification of significant impacts - the Company provides details of the environmental impact of all key issues (energy, air emissions, water emissions and use and waste generation), including quantitative data providing a 4 year moving baseline review for evaluating continued improvements of key activities/issues. Also reports on environmental incidents for a 5 year period.
- \* documented objectives and targets in all key areas - for each operation the Company has outlined a review of the previous financial year, including environmental data, some quantitative and further produced objectives. The Company's CDP report 2012 describes targets and objectives set for energy and carbon emissions for 2015 targets.
- \* outline of processes and responsibilities, manuals, action plans, procedures - the Company has ISO14001 certification and ISO14001 standard environmental management system standards for all operations
- \* internal system audits - undertaken by an internal Audit Committee
- \* internal reporting and management review - SHSD Committee is responsible for managing and reporting systems across the Company
- \* communicates policy internally - the Company communicates its environmental policy through the distribution of a Climate Change and Carbon Management Toolkit

The EMS does not publicly disclose the following elements:

- \* quantitative objectives and targets in all key areas
- \* training for relevant employees

The Company has 100% of its operations covered by ISO14001 certified EMS



## Conclusions

- Engagement with the process has remained strong
- Small caps are the great step forward this year
- A proud record of driving disclosure and CSR development
- Thanks to everyone for your commitment and focus
- Congratulations to all those included this year
- Much has been achieved, though plenty challenges remain