Introduction

• What a journey it has been

• Thank you to a stellar team at JSE and EIRIS
The 2014 review: Overview of timeline

• Initial public research commenced during June 2014
• Company preliminary profiles sent out in three tranches between July and September
  ❑ Companies given two weeks to respond to profiles
  ❑ EIRIS responsible for researching companies this year
• Engagement on controversial issues and borderline cases during September and November 2014
• Results approved by Advisory Committee on 18 November 2014
• Individual results distributed on 26 November 2014
Research methodology – criteria overview

• **Covers four areas of measurement**
  - Environment
  - Society
  - Governance and related sustainability concerns
  - Climate change

• **Entry level threshold for each of the four areas of measurement**
  - All four must be met to be included in Index

• **Environmental impact classification**
  - Aligned to sector’s overall environmental impacts relative to economic contribution of the relevant activity to company revenue
  - Currently no impact classification for social, governance or climate change
Research methodology – criteria overview (2)

• EIRIS responsible for the entire research this year
• Only publicly available information
• Entire FTSE/JSE All Share Index automatically assessed
Experience of the process

• 156 companies assessed in 2014 (157 in 2013)
  - 11 for the first time

• 120 of these submitted detailed profile/survey responses (high response rate) – 76.9% of total
  - Represents highest level of engagement – increases robustness of data collection process
  - Despite small caps with limited resources, e.g. few employees, they are progressing well.

• Top 40 best responders – 92.5% of Top 40 companies responded with additional information
Results at a glance

2014 SRI Index constituents:

- Total assessed: 156 (157)
- Newly assessed: 11 (53)
- Borderline: 18 (27)
- Newly out: 0
- Ineligible from 2013: 4

- First time in: 8
- Back from before: 6
Performance by size*

The result of the JSE SRI Index Review 2014

- **Total**: 52.6% IN, 47.4% OUT
- **Top 40**: 87.5% IN, 12.5% OUT
- **Small**: 19.3% IN, 80.7% OUT
- **Mid**: 61% IN, 39% OUT

* Source: Report by the Data Provider, EIRIS, November 2014
Performance by size – over Index life

Year of review | Top 40 | Mid Cap | Small Cap
--- | --- | --- | ---
2014 | 35 | 36 | 11
2013 | 35 | 31 | 6
2012 | 36 | 33 | 7
2011 | 36 | 31 | 7
2010 | 36 | 33 | 5
2009 | 34 | 30 | 4
2008 | 36 | 23 | 4
2007 | 34 | 18 | 5
2006 | 34 | 17 | 7
2005 | 32 | 13 | 4
2004 | 31 | 17 | 3

Number of constituents

0 | 10 | 20 | 30 | 40 | 50 | 60 | 70 | 80 | 90
--- | --- | --- | --- | --- | --- | --- | --- | --- | ---

Legend:
- Top 40
- Mid Cap
- Small Cap
Sector performance

• **Biggest sector representation: Mining**
  - 15 out of 18 mining companies have qualified
  - Makes up 19% of companies in index (20% in 2013, 18% in 2012)

• **Further strong sectors:**
  - Life Insurance, General Retailers, General Industrials, Food Producers – each 6.3% of total number of companies in Index
  - Banks – 5.1% (down from 6.9% in 2013)
### Sector Performance in the JSE SRI Index 2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>IN</th>
<th>OUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel &amp; Leisure</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Mobile Telecommunications</td>
<td>66.7%</td>
<td>33.33%</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>83%</td>
<td>16.67%</td>
</tr>
<tr>
<td>Construction &amp; Materials</td>
<td>57.1%</td>
<td>42.86%</td>
</tr>
<tr>
<td>Mining</td>
<td>78.9%</td>
<td>21.1%</td>
</tr>
<tr>
<td>Banks</td>
<td>71.4%</td>
<td>28.57%</td>
</tr>
<tr>
<td>General Industrials</td>
<td>83.3%</td>
<td>16.67%</td>
</tr>
<tr>
<td>General Retailers</td>
<td>62.5%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Food Producers</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Other</td>
<td>54.3%</td>
<td>45.7%</td>
</tr>
<tr>
<td>Health Care Equipment &amp; Services</td>
<td>66.7%</td>
<td>33.33%</td>
</tr>
<tr>
<td>Food &amp; Drug Retailers</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>General Financial</td>
<td>33.3%</td>
<td>66.67%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>14.8%</td>
<td>85.2%</td>
</tr>
</tbody>
</table>

* Source: Report by the Data Provider, EIRIS, November 2014*
Individual research areas: Environment

• 66.7% of all assessed met environmental requirements in 2014 (65.6% in 2013)
  - Comprehensive disclosure requirement remains a challenge particularly for high impacts
• Medium impact companies do best in policy, need to improve management and reporting
• Low impact category still strong in reporting
Individual research areas: Society

- 66.7% of all assessed met social requirements in 2014 (65% in 2013)
  - Slight improvement on last year
- Consistently strong themes
  - Stakeholder engagement, Community relations and BEE
  - Demonstrates awareness of external / societal expectations and willingness to engage
  - Improvements have been observed in all areas apart from HIV/AIDS and Social reporting
- Challenging themes
  - Downward performance in reporting has highlighted that there is still room for increased transparency and reporting
Individual research areas:
Governance & related sustainability concerns

- 92.9% of all assessed met governance requirements in 2014 (90.4% in 2013)
- Strongest performance area
  - Attributed to influence of King III
- Strong areas
  - Improvements have been observed in Business Value & Risk Management and Code of Ethics
  - Other areas showing similar trends as in previous years, with Board practice remaining strongest area
- Despite slight improvement, governance reporting remains challenging area
Individual research areas: Climate Change*

- 58.3% of all assessed met climate change entry level requirements in 2014 (56.2% in 2013) - shows signs of improvement although level of disclosure still problematic
- Strongest performance by Top 40 companies – 90% meeting entry level (slight decrease from last year)

* Source: Report by the Data Provider, EIRIS, November 2014
THE SUCCESSFUL CONSTITUENTS OF 2014
2014 constituents (A)

- ADvTECH
- AECI Limited
- African Oxygen
- African Rainbow Minerals
- Altron
- Anglo American
- Anglo American Platinum
- Anglo Gold Ashanti
- Aquarius Platinum
- Arcelormittal SA
- Aspen Pharmacare
- Aveng
2014 constituents (B-F)

- Barclays Africa Group
- Barloworld
- BHP Billiton
- Bidvest
- British American Tobacco
- Business Connexion
- Capevin
- Clicks
- Discovery
- Exxaro Resources
- FirstRand
- Foschini
2014 constituents (G-J)

Gold Fields  Grindrod  Group Five  Growthpoint Properties
Harmony Gold  Howden Africa  Hyprop Investment  Illovo Sugar
Impala Platinum  Imperial Holdings  Intu Properties  Investec
JSE Limited
2014 constituents (K-M)

- Kap Industrial Holdings
- Kumba Iron Ore
- Lewis Group
- Liberty Holdings
- Life Healthcare Group
- Lonmin
- Massmart
- Mediclinic
- MMI Holdings
- Mondi
- Mpact
- MTN Group
- Mr Price
- Murray & Roberts
2014 constituents (N-R)

- Nampak
- Nedbank
- Netcare
- Northam Platinum
- Oceana Group
- Old Mutual
- Pick N Pay
- PPC Limited
- RCL Foods
- Redefine Properties
- Remgro
- Reunert
- RMB Holdings
- Royal Bafokeng Platinum
2014 constituents (S)

- SABMiller
- Sanlam
- Santam
- Sappi
- Sasol
- Sibanye Gold
- Spar
- Standard Bank
- Steinhoff
- Sun International
- Super Group
2014 constituents (T-W)

- Telkom
- TigerBrands
- Tongaat Hulett
- Truworths
- Vodacom
- Woolworths
Best performers

- Companies that meet additional levels of performance
  - All relevant core requirements in social and governance
  - Independent chair
  - Environmental best performer threshold
  - All climate change indicators (except for “Trend data”)

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
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<tbody>
<tr>
<td>Best performers</td>
<td>9</td>
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<tr>
<td>New BPs</td>
<td>4</td>
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<tr>
<td>No longer BP</td>
<td>1</td>
</tr>
<tr>
<td>Consistent since 2007</td>
<td>1</td>
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## Best performers by size & impact

<table>
<thead>
<tr>
<th>HEADLINE</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 40</td>
<td>4</td>
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<tr>
<td>Mid Cap</td>
<td>5</td>
</tr>
<tr>
<td>Small Cap</td>
<td>0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
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<table>
<thead>
<tr>
<th>IMPACT</th>
<th>2014</th>
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<tbody>
<tr>
<td>High</td>
<td>5</td>
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<tr>
<td>Medium</td>
<td>1</td>
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<tr>
<td>Low</td>
<td>3</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
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Best performers 2014

Anglo American
Best performers 2014

Barloworld
Best performers 2014

Illovo Sugar
Best performers 2014

Lonmin
Best performers 2014

Netcare
Best performers 2014

Royal Bafokeng Platinum
Best performers 2014

Vodacom
Best performers 2014: Every year since 2007

Standard Bank
The future

“If you are planning for a year, sow rice; if you are planning for a decade, plant trees; if you are planning for a lifetime, educate people”

Chinese proverb

• We’ve reaped heaps of rice
• We can see the trees spreading their branches
• Now we are ready for the next evolution
• Strategy implementation reality in 2015
  - Expanding data availability
  - Enhancing opportunities to share and learn
Thank you
<table>
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<tr>
<th><strong>Advtech</strong></th>
<th><strong>Barloworld (BP)</strong></th>
<th><strong>Group Five</strong></th>
<th><strong>Liberty Holdings</strong></th>
<th><strong>Northam Platinum</strong></th>
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<td><strong>AECI</strong></td>
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<td><strong>Sasol</strong></td>
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<td><strong>PPC</strong></td>
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