

SRI Index celebrates 10 Years with record number of constituents

JSE SRI Annual Review Results 2014

Johannesburg, 27 November 2014. This year's JSE Socially Responsible Index (SRI Index) includes more constituents than any other year since the launch of the Index 10 years ago. The number of companies fulfilling the index requirements relating to their environmental, social, governance (ESG) policies, management practices and reporting climbed to 82 this year, compared to 72 companies in 2013.

This year's best performers include:

- Anglo American plc
- Anglo American Platinum
- Barloworld
- Illovo Sugar Limited
- Lonmin plc
- Netcare Limited
- Royal Bafokeng Platinum
- Standard Bank
- Vodacom Group Ltd

Corli le Roux, the JSE's SRI Index Head, says companies are becoming more aware of the need to communicate how they manage sustainability impacts to investors. She quotes the SRI Index Advisory Committee who observed upon finalising this year's process that "Ten years since its creation the legacy of the SRI Index is clear as having contributed to driving maturity in sustainability management, as well as expanded disclosure."

In order to encourage greater corporate transparency, since 2013 the JSE only considered publicly available information in compiling the index. No new requirements were introduced to be included in this year's SRI Index. "This year 8 companies were included in the SRI Index for the first time and 9 others were identified as best performers. We would like to congratulate these companies and applaud them for their commitment to being transparent in applying environmental, social and governance principles in their businesses." Le Roux comments.

One of the nine best performers, Standard Bank, has achieved this status every year since 2007. "Standard Bank is delighted to be recognised as the only company on the JSE SRI index to have achieved 'Best Performer' status for eight consecutive years. This is an acknowledgement not only of great efforts in ongoing improvements in disclosure but illustrates that teams of Standard Bank staff are considering sustainability in everyday business practice. The recognition is important but also a great challenge to maintain and further improve our underlying performance so that we can be part building sustainability and resilience into the South African economy," says Karin Ireton, Head: Sustainability Management, Standard Bank.

This was the second year in which all Small Cap companies were also considered for inclusion in the index, with all 156 members of the FTSE/JSE All Share Index being assessed. "Smaller companies are showing increased reporting and

engagement on ESG issues and this year 11 met the requirements of the index. This is the highest number of Small Cap companies ever included,” says Le Roux.

The research for the SRI Index was carried out on behalf of the JSE by global investment research provider EIRIS.

Le Roux says the JSE will continue to progress its efforts to drive debate around what sustainability means in the South African and investment context. “As our work continues to evolve the JSE wants to encourage greater transparency around ESG performance in an environment offering expanded data for research and analysis as well as more opportunities for companies and investors to engage.”

Overview of 2014 SRI Index Review

- 156 companies were assessed (2013:157)
- 82 of the companies assessed qualified for the SRI (2013:72)
- 8 companies are in the index for the first time
- The index comprises 35 Top 40 companies, 36 Mid Cap companies and 11 Small Cap companies.
- 9 companies have been identified as best performers (2013:6) and 4 of these companies have been identified as best performers for the first time. Best performing companies have to meet all the core requirements of the index in terms of social and governance as well the best performer environmental threshold, must meet all of the index requirements on climate change and have an independent chair.

Sector performance

- 15 out of 18 mining companies have qualified for inclusion in the SRI Index
- Mining companies make up 19% of companies in the index (20% in 2013, 18% in 2012)
- Other strong sectors include life Insurance, general retailers, general Industrials and food producers which each make out 6.3% of constituents
- Banks make up 5.1% of constituents (6.9% in 2013)

Individual research areas

- Governance areas still show the strongest performance with 92,9% of companies meeting overall requirements here (90% in 2013 and 98% in 2012). Board practice and Business value & risk management remain strongest areas.
- Two thirds of all companies met the social requirements of the SRI and Stakeholder engagement and Community Relations remain strong areas. Unfortunately, there is a downward trend in reporting on social performance overall.
- Two thirds of all companies also met the environment requirements of the SRI Index, with medium impact companies faring best in terms of their environmental policy and reporting. High impact companies still grapple with coverage of all key environmental issues.

ENDS

ABOUT JSE

The Johannesburg Stock Exchange is based in South Africa where it has operated as a market place for the trading of financial products for 125 years. It connects buyers and sellers in equity, derivative and debt markets. The JSE is one of the top 20 exchanges in the world in terms of market capitalisation and is a member of the World Federation of Exchanges (WFE). The JSE offers a fully electronic, efficient, secure market with world class regulation, trading and clearing systems, settlement assurance and risk management. www.jse.co.za

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