

Update on developments in ESG and sustainability at the JSE

Recap of 2014 SRI Index review

With a record 82 companies in the 2014 SRI index review, there's no question that SA listed companies have demonstrated their metal as regards a response to environment, society and governance (ESG) and related sustainability concerns. The SRI index criteria have been instrumental in mainstreaming sustainability for top SA firms across sectors, each with its own sector-specific challenges requiring a platform to delve into potential risks and engage issues.

In the 2014 SRI Index review, performance by sector saw 15 out of 18 mining companies qualify for inclusion. Mining companies make up 19% of companies in the index (20% in 2013, 18% in 2012, a consistent strong showing).

Other strong sectors include life insurance, general retailers, general Industrials and food producers which each comprise 6.3% of constituents. Banks represent 5.1% of constituents (6.9% in 2013).

Notable dates in 2015

Sustainability continues to be an important driver of value creation for the exchange, and plays a pivotal role to reach its clients on these particular concerns.

This year, the JSE will bolster its offering to issuers by expanding dialogue opportunities with subject matter experts, panel debates and peer to peer dialogue. This will be achieved through a series of topical seminars, which are set to become part of the exchange's sustainability agenda with the first session taking place early in the second half of 2015. The seminars will target high level executives who engage in the sustainability dialogue.

The JSE's seminars will fit well into the broader setting of a series of focused events, including the launch of the Integrated Reporting Committee's (IRC) Starter's Guide on the 14th April at the JSE, and the Global Reporting Initiative (GRI)'s landmark regional conference on 12 and 13 May at the EY offices in Sandton.

In August the JSE will host the annual ESG Investor Briefing, a full day event with a line-up of around 8 companies across sectors, presenting their sustainability strategies to a mix of boutique and institutional investors.

International developments also abound, with the Sustainable Development Goals set to be released later this year, and the critical COP negotiations in Paris hoping to achieve consensus on the way forward post the 2015 milestone following the Kyoto Protocol.

Looking ahead

This year the JSE is implementing a significant evolutionary strategy to move the work achieved through the SRI Index to the next level. The transition closes the loop on the strategic review from 2012, and will build on the maturity achieved by companies over the last decade, while opening up opportunities for investors to gain access to more investment grade ESG data.

Internationally, we continue to participate in the Sustainable Stock Exchanges initiative (SSE), as well as vice-chairing the World Federation of Exchanges (WFE) Sustainability Working Group which will release its recommendations for exchanges around sustainability to the WFE membership later this year.

For more information, please go to www.jse.co.za or email sri@jse.co.za

