

# JSE charts a path for the future of its Socially Responsible Investment (SRI) Index

**By Corli Le Roux: Head of the SRI Index and Sustainability at the JSE**

The annual SRI Index review for 2011 indicated that over two-thirds of the companies reviewed (the Top 100 companies listed on the JSE and a handful of volunteering Small Cap companies) qualified for inclusion while many were counted amongst the global achievers in the sustainability sphere. "We are encouraged by the strides companies continue to make in the field of sustainability, and we expect to see similar results in the 2012 review which commences in May," says Corli le Roux, Head of the SRI Index and Sustainability at the JSE.

This year, together with the SRI Index annual review, the JSE will be charting a future path for the SRI index as part of strategic work looking broadly at the role of an exchange in the sustainability space and how best the Index can continue to respond to burning issues. "The SRI Index was first developed in May 2004, but since then the sustainability sphere has evolved enormously; we are at a point where we need to assess the opportunities and challenges to take the JSE's work to the next level," says Le Roux.

The strategic review process includes consultative sessions with stakeholders including listed companies, investors and investor bodies as well as other stakeholders such as academia, service providers and NGOs. This will be concretised in the form of a new vision for the index for the next three to five years, which will likely be announced at the 2012 SRI Index launch in November.

The global sustainability arena has experienced some dynamic shifts in the past couple of years, notably the massive push towards integrated reporting and the growing involvement of major investment institutions. As the Rio+20 United Nations Conference on Sustainable Development in June 2012 draws near, the international pull of the event and high media profile will once again stimulate the debate on sustainability amongst governments, companies, investors and NGOs.

South Africa has been a leader in sustainability discussions, with the local agenda becoming more pervasive as the investor community starts lending its support to this imperative, amongst others through the positive response to the release of the Code for Responsible Investing in South Africa (CRISA) and the Sustainable Returns Project.

Released in July 2011 and dubbed the 'King III for investors' CRISA is the first responsible investment code for institutional investors in South Africa.

"This is indicative of a new phase in sustainability, showing that these issues are no longer about corporate citizenship, but rather an investment issue as shareholders demand more accountability from companies," says Le Roux.

In 2011 and 2012, the Principal Officers Association of South Africa (POA) with financial backing from the International Finance Corporation (IFC) and the support of a number of significant pension funds and investment institutions, rolled out the Sustainable Returns Project, an emerging markets initiative aimed at the trustees of pension funds. The focus of the project is to bolster the education and experience of retirement fund trustees by developing local and global best practice into a real learning experience in terms of sustainability.

The JSE looks forward to continue working with issuers, investors and other stakeholders towards integrating sustainability into the economic mainstream.

For more information about the JSE's SRI Index please visit <http://www.jse.co.za/Products/SRI.aspx>