

## LIVE PRICING ON JSE SRI INDEX

**Johannesburg, 9 September 2009** – On 28 September 2009, investors in South African stocks move one step closer to being able to access a fast developing global investment theme – responsible investment – on the Johannesburg Stock Exchange (JSE). From that day, the exchange will disseminate live values of its Socially Responsible Investment (SRI) Index to the trading screens of thousands of investors worldwide. Until now, only close of day values of the SRI Index have been available. The exchange hopes that this development will prompt the creation of instruments based on the index, to be traded on the JSE.

The SRI index is a South African benchmark for corporate citizenship and has as its constituents JSE-listed companies with high standards of environmental, economic and social performance as well as good governance. Responsible investing, a significant investment theme in many developed countries, is also growing in SA. Institutional interest in responsible investing came of age in 2008 when South Africa's largest pension fund, the Government Employees Pension Fund, placed its weight behind the index and required institutions managing GEPF funds to support responsible investing. These institutions – and all investors – will be able to track the index real time from 28 September.

"It was always our intention to have live pricing available on the SRI Index," comments Corli Le Roux, Head of the SRI Index at the JSE. "Investors are no longer content to use the SRI Index as a benchmark, but would like to track the performance of the index on a minute-by-minute basis. This development is significant as it opens the door to investment avenues on the index, which is in-line with our vision to make responsible investment accessible and be seen as mainstream investment activity rather than a peripheral one."

Like the FTSE JSE Top40 index or any other JSE index, it will now be possible to track the performance of the index at any time during the trading day. This makes it more attractive for a market maker to create products such as exchange traded funds (ETFs), unit trusts or tracker funds based on the index.

"Responsible investment is coming of age and is increasingly important to investors, most notably for institutional investors such as pension funds. This is being pushed by drivers such as the UN Principles of Responsible Investment, which is burgeoning in support globally as well as locally, where the Index has been an aspirational benchmark for some years, and the recent launch of King III which is likely to provide added impetus," adds Le Roux.

"While it is possible to create investment products based on end-of-day pricing, this is not the norm. The market demands transparency and real time prices to track performance during the day. The introduction of live

pricing and the visibility of the index on the trading desks will facilitate the introduction of SRI based products,” comments Ana Forssman, the JSE’s Senior General Manager: Information Product Sales. “As can be seen in King III, good corporate governance and sustainability issues will become increasingly important for listed South African companies. For institutional investors, products based on this index would help them to meet mandates that consider issues of sustainability and social impact.” The SRI Index is calculated by the JSE, constituents are drawn from the companies that meet the SRI criteria as well as set liquidity ratios.

The JSE SRI Index acts as a tool for investors to select certified good corporate citizens and a benchmark for companies looking to improve corporate responsibility. The SRI index was launched in May 2004; it was the first index of this nature in an emerging market and the first in the world to be launched by exchange. Since 2008, South Africa’s largest pension fund, the Government Employee Pension Fund (GEPF), has collaborated with the JSE on the SRI index and plans to use the index to inform its investment decisions.

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