



JSE

**2023
APPLICATION OF
KING IV
PRINCIPLES**

for the year ended 31 December
2023

King IV principles

Corporate governance is integrated across the Group's operations. The Board is committed to applying the core governance principles set out in King IV. These principles of accountability, fairness, and transparency are embedded in the Board's charter, and reflected in all of the JSE's business dealings with its stakeholders. The Board is committed to the highest standards of governance, ethics and integrity, which are essential for sustained value creation and safeguarding the interests of all our stakeholders.

We are a listed company, listed on our own exchange, and paragraph 3.84 of the Listings Requirements stipulates that issuers must comply with specific requirements concerning corporate governance. The JSE certifies that it complies with all the requirements detailed in paragraph 3.84.

We believe that our governance processes should aim to achieve an ethical culture, good performance, effective control and legitimacy. We have applied all the principles outlined in King IV adequately during 2023. The table sets out a brief description of the principles and their application within the JSE environment.

Desired outcomes	Compliance	Application of principles	Outcome of application of principles
Principle 1 Lead ethically and effectively	✓	The Board is responsible for ensuring its conduct and that of management is ethical and effective. Independent Board oversight is an essential component of good performance and effective control. The separation of responsibilities is designed to ensure effective leadership where no single person has unfettered decision-making powers and that the appropriate balance of power and authority exists on the Board.	Separation of roles: <ul style="list-style-type: none"> o Chairman: an independent non-executive director. o Lead independent non-executive director. o CEO and CFO: are executive directors of the Board.
Principle 2 Govern the ethics of the organisation to support an ethical culture	✓	The Board is committed to ensuring ethical business practices and standards are integrated into the strategy and operations of the JSE, and that the conduct of all management and employees reflects this objective.	The JSE Code of conduct and ethics policy is reviewed on a biennial basis and updates were last approved by GSC in February 2023.
Principle 3 Ensure that the organisation is seen to be a responsible corporate citizen	✓	The Board is responsible for overseeing and monitoring the Group's reputation and practices as a responsible corporate citizen, with a particular emphasis on employees and the workplace, and the Group's environmental and societal impacts. The Board is supported by the Group Sustainability Committee (GSC) in overseeing and monitoring the Group's social and economic development, good corporate citizenship and sound business ethics.	Our Transformation efforts – achieved Level 1 on BBBEE scorecard. GSC approved additional funding of R15 million towards the JSE Enterprise Growth Fund, a contribution towards the national agenda through Small and Medium Enterprise development.

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<p>Principle 4</p> <p>The organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creation process</p>	✓	<p>The Board monitors and drives delivery on our strategy which focusses on actively pursuing inorganic opportunities, creating new lines of business beyond equity trading while also protecting core business.</p> <p>At its annual strategy session held in June 2023, the Board reviewed the Group strategy and business model to address the key trends facing capital markets. The Board reviews quarterly business performance updates to evaluate performance against business objectives and receives regular feedback on the Group's operational performance.</p>	<p>During 2023, the Board approved:</p> <ul style="list-style-type: none"> o 2024 Group strategy. o 2024 CEO and corporate scorecard. o 2024 annual budget.
<p>Principle 5</p> <p>Ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects</p>	✓	<p>The JSE produces a full suite of reporting publications to cater for diverse needs of key stakeholders. All external reports are considered and approved by the Board prior to publication.</p> <p>At the 2023 AGM, shareholders were given an opportunity to engage with the Board on our reporting suite.</p> <p>The Board acknowledges its responsibility over the integrity of external reports issued, and takes into account the statutory, regulatory and best practice when preparing them.</p>	<p>Publication of the 2023 annual reporting suite:</p> <ul style="list-style-type: none"> o Annual integrated report – sets out how the JSE creates value in the context of our business model, strategy, operating context, governance, and operational performance o Annual financial statements – set out the group's full audited annual financial statements, including the report of the Group Audit Committee and director's report. o Governance and Remuneration report – presents the JSE's governance philosophy and priorities and includes our remuneration policy and implementation report. o Sustainability report – sets out our sustainability approach and our commitments to support and drive sustainable value creation.
<p>Principle 6</p> <p>The Board is the focal point and custodian of corporate governance in the organisation</p>	✓	<p>The Board is responsible for setting and steering the JSE's strategic direction. It approves policy and planning that give effect to the strategy. The Board oversees and monitors implementation and execution by the executive management while also ensuring its conduct and that of management is ethical and effective.</p>	<ul style="list-style-type: none"> o Board charter. o Board protocol on access to independent, professional advice.

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<p>Principle 7</p> <p>Appropriate balance of knowledge, skills, experience, diversity and independence to discharge governance role and responsibilities objectively and effectively</p>	<p>✓</p>	<p>The Board comprises of a majority of independent non-executive directors with separate roles for chairman and Group CEO. The separation of responsibilities is designed to ensure that no single person has unfettered decision-making powers and that the appropriate balance of power and authority exists on the Board.</p> <p>The JSE has a policy to maintain, over time, a minimum of 50% female Board members, and a minimum of 67% Black Board members.</p> <p>The Board comprises an appropriate balance of knowledge, skills and experience to discharge its governance role and responsibilities objectively and effectively. The Board has the skills, competencies and wide business experience to respond effectively to the changing regulatory, technological and competitive landscape faced by the JSE.</p>	<ul style="list-style-type: none"> o Board: 10 directors, 8 independent non-executive directors, and 2 executive directors. o Diversity: 60% female Board members and 60% Black Board members.
<p>Principle 8</p> <p>Ensure that arrangements for delegation within Board structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties</p>	<p>✓</p>	<p>The Board is ultimately responsible for the JSE's adherence to sound corporate governance practices and high ethical standards, and for ensuring the business operates in a fair and transparent manner.</p> <p>The Board is supported in its work by standing committees, established by the Board. These Board committees have specific mandates for overseeing the following broad strategic areas within the JSE: audit and finance, risk, remuneration, transformation, sustainability and ethics, execution of the JSE's regulatory mandate, and Board renewal and related matters.</p> <p>Each Board committee operates in accordance with its written terms of reference, which are reviewed annually by each committee. Although the Board delegates relevant responsibilities to each committee, the Board remains ultimately accountable for the decisions of the committee.</p>	<p>The Board is supported by 7 committees:</p> <ul style="list-style-type: none"> o Group Audit Committee (GAC) – finance and audit governance. o Group Risk Management Committee (GRMC) – risk, technology and information governance. o Group Investment Committee (GIC) – oversight of acquisitions and growth opportunities. o Group Sustainability Committee (GSC) – sustainability and ethics governance. o Group Remuneration Committee (GRC) – oversight over remuneration. o Group SRO Oversight Committee (GSROOC) – regulatory oversight. o Group Nominations and Governance Committee (GNGC) – board renewal and governance oversight.

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<p>Principle 9</p> <p>Ensure that the evaluation of the Board and its committees supports continued improvement</p>	<p>✓</p>	<p>The Board ensures continued improvement in performance and effectiveness through annual self-evaluation.</p> <p>The annual self-assessment of the Board’s performance and effectiveness, as well as that of its governance committees and individual directors (including the chairman, CFO and Group company secretary), is overseen by the chairman and the Group company secretary in conjunction with an independent service provider. Our Board and committee self-evaluation process allows for an assessment of Board practices and the opportunity to identify areas of improvement.</p> <p>Annual self-evaluation process</p> <p>Evaluation – is conducted as an online assessment. It probes the Board’s impact on critical issues and dynamics, the workings of the Board committees, and the performance of the CFO and Group company secretary.</p> <p>Individual interviews – one-on-one interviews conducted with Board members.</p> <p>Discussion of results – the report is presented to GNGC for discussion and tabled for consideration by the Board. Where required, the Chairman will discuss findings from the effectiveness review in one-on-one meetings with the directors.</p> <p>Use of feedback – In 2024, the Board and each committee will develop action plans based on the results. The implementation of these plans will be monitored during the year and progress shared with stakeholders accordingly.</p>	<p>The 2023 Board effectiveness review was conducted and it established that the Board is strong, collegiate and collaborative with good dynamics and a healthy culture. The agenda and matters tabled at Board and Board committee meetings were appropriate for the issues that were of concern to the Board.</p>

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<p>Principle 10 Ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	✓	<p>There is a clear delineation of roles and responsibilities between the Board and executive management.</p> <p>The Board is responsible for the appointment of the Group chief executive officer who is also an executive director and is responsible for the appointment of the executive management and ensures proper executive succession planning. The Board, with GSC oversight, is kept updated on executive management succession planning.</p>	<p>Board approved delegation of authority allows for delegation and assignment of authority, while enabling the Board to maintain effective control of the Group.</p> <p>Group CEO – is responsible for driving and implementing the Board-approved strategy as well as ensuring operational efficiency of the business.</p> <p>Group CFO – is responsible for the Group’s financial capital and leads the finance team.</p>
<p>Principle 11 Govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	✓	<p>The Board has overall responsibility for risk and maintaining a robust risk management and internal control system. The Board is responsible for determining the level and type of risk the Group is willing to take in achieving its strategic objectives.</p> <p>The GRMC supports the Board by providing a key oversight and assurance role. The GAC is responsible for reviewing the effectiveness of the risk management and internal control processes. Executive management has overall accountability for the management of risks.</p>	<p>GRMC reviews the following policies/plans annually:</p> <ul style="list-style-type: none"> o Enterprise Risk Management policy. o Control management framework. o Business continuity management policy. o Business continuity management plan. <p>Approval of risk appetite and top risks in alignment with the current uncertain and volatile macro-economic environment.</p>
<p>Principle 12 Govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>	✓	<p>The Board ensured the JSE invests in its operational capabilities such as technical skills; information security; cybersecurity; backup systems and technology upgrades to achieve operational stability of our markets and reduce operational disruption. The Board, through GRMC, has oversight over management’s efforts to drive nimble, technologically enabled organisations.</p>	<p>Board approved the strategy aligned Group Information Technology Strategy.</p>
<p>Principle 13 Govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen</p>	✓	<p>Doing business, the right way and complying with all applicable legislation, regulations, standards and codes is integral to the JSE’s culture and key to achieving its strategy and ensuring its sustainability.</p> <p>Oversight over compliance management is delegated to GSROOC and GSC which review reports on the status of compliance risk management in the group, significant areas of non-compliance, as well as providing feedback on interaction with regulators.</p>	<p>During 2023, there were no regulatory penalties, sanctions or fines for contraventions of, or non-compliance with statutory obligations.</p>

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<p>Principle 14</p> <p>Ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic and positive outcomes in the short, medium and long term</p>	✓	<p>The Board, working through GRC, seeks to ensure that total remuneration paid by the Group is aligned with the JSE's value-creating strategies, is sustainable and meets the legitimate expectations of stakeholders. The Board and GRC are responsible for developing appropriate remuneration policies, models and practices and for determining remuneration outcomes in accordance with these policies and practices.</p>	<p>During the May 2023 AGM, shareholders voted as follows on the JSE's Remuneration policies:</p> <ul style="list-style-type: none"> o Non-binding advisory vote on the remuneration policy of the Company – 90.60%. o Non-binding advisory vote on the implementation report as set out in the remuneration report of the Company – 90.87%.
<p>Principle 15</p> <p>Ensure that assurance services and functions enable an effective control environment that supports the integrity of information for internal decision-making and for external reports</p>	✓	<p>The Board, supported by GAC, is ultimately accountable for the JSE's systems of internal control, designed to identify, evaluate, manage and provide reasonable assurance against material misstatement. GAC ensures that the JSE applies a coordinated approach to all assurance activities.</p>	<p>The GAC Chairman meets separately with the chief internal audit executive and with the designated external audit partner for three scheduled formal discussions during each year, for briefings on internal and external audit matters. The chief internal audit executive and the designated external audit partner also have direct access to the full committee, including closed sessions held during the year without management present.</p>
<p>Principle 16</p> <p>Adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation</p>	✓	<p>The Board is responsible for leading stakeholder engagement, ensuring we fulfil our obligations to those impacted by our business. We place our stakeholders at the centre of our business activities and consider the stakeholder experience when formulating our strategy and designing our business initiatives. GSC oversees the JSE's approach to stakeholder engagement.</p>	<p>During 2023, the Board took the decision to hold the annual general meeting as an in-person meeting while still providing direct online access with voice and text facilities within the Zoom platform. This afforded all our shareholders, wherever located, to engage with the Board while also being mindful that the richness of the debate and interaction is improved immeasurably by meeting face-to-face.</p> <p>The chairman of GRC held one-on-one sessions with various shareholders to afford them the opportunity to engage on concerns they may have with the JSE's policies on remuneration.</p>

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