



Net Zero

JSE

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In November 2021, the JSE joined the Race to Zero Partner Initiative through the Net Zero Financial Service Providers Alliance (NZFSFA), and the Glasgow Financial Alliance for Net Zero (GFANZ) to promote and champion sustainability measures within South Africa, and internationally. The JSE has committed to achieving net zero by 2050.



“The JSE recognises its role in guiding and supporting listed companies to acknowledge climate change as one of the most pressing sustainability risks. The urgent social needs of our country mean that we must holistically integrate environmental, social and governance (ESG) considerations into investment and financial decision making”

JSE Group CEO, Dr Leila Fourie

The Sustainable Stock Exchanges Initiative has provided exchanges with guidance on targets to be considered by exchanges in fulfilling their net-zero commitments. The JSE submitted its first iteration of reporting against the target setting initiatives in June 2024.

Key initiatives and strategies being implemented to achieve net zero:

- 01 Governance**
 - a) Continue to maintain robust governance structures that have oversight over sustainability topics including climate action and net zero (*see page 14 of the JSE Sustainability Report*)
 - b) Continue to include climate-related objectives in the Group Corporate Scorecard
- 02 Emissions Reduction & Disclosure**
 - a) Continue to enhance and disclose the JSE’s GHG emissions (*see page 54 of the JSE Sustainability Report*)
 - b) Development of science-based targets and transition plan
- 03 Transparency & Education**
 - a) Provision of high-quality guidance for issuers such as the voluntary Sustainability, and Climate Disclosure Guidance’s (*see page 33 of the JSE Sustainability Report*)
 - b) Continue to offer various climate-related training initiatives for both external and internal stakeholders (*see page 35 of the JSE Sustainability Report*)
- 04 Products and Services**
 - a) Continue to expand our suite of climate-themed products and services (*see page 56 of the JSE Sustainability Report*)
 - b) Identification of climate-related considerations into the development processes for products and services
- 05 Policy, Persuasion & Engagement**
 - a) Continue to engage with policy makers, organisations, association bodies, and industry leaders on climate-related topics (*see page 60 of the JSE Sustainability Report*)

OUR COMMITMENT TO NET ZERO

NET- ZERO COMMITMENTS | REPORTING OVERVIEW

Sphere of Influence	Focus Area	Overview of JSE Response
Category 1: Lead by example Exchange-focused targets	1.1.1 Implement appropriate governance structures to ensure accountability for and oversight of the development and execution of the NZFSPA commitments	<p style="text-align: center;">1.1 Governance</p> <p>The JSE’s existing governance structures, i.e., the main Board Committees- the Group Sustainability Committee and Group Risk Management Committee- have oversight over sustainability topics including climate action and net zero. These responsibilities are documented in the Board and its relevant committee’s Terms of Reference.</p> <p>An internal net-zero working group was established in 2023 to coordinate the implementation of the JSE’s net zero initiatives. This working group meets monthly and comprises individuals across various operational areas within the JSE. An agenda and minutes of each meeting are maintained in a central repository which supports accessibility and transparency. The group’s outputs are reported into EXCO and the Group Sustainability Committee at appropriate intervals.</p> <p>The JSE Group's corporate scorecard includes climate-related objectives, which are linked to relevant individuals’ performance-based incentives. These objectives are cascaded down into the organization, into divisional and individual performance management agreements, to ensure the appropriate levels of accountability.</p> <p>The JSE has a risk management framework and processes for identifying, assessing and managing all types of risks, including climate change- related risks. The Sustainability function maintains a risk register which includes both physical and transition risks, which are monitored on an ongoing basis. In addition, the JSE has a risk appetite and tolerance framework which defines the risk appetite for different risk categories, and in the current review of the framework, risk appetite statements and tolerance metrics for ESG/ Climate Change are being added. These will be approved at Risk Exco and Group Risk Management Committee (GRMC). Thereafter, any breaches to the ESG/ Climate change risk appetite will be monitored, tracked and reported.</p>

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Sphere of Influence	Focus Area	Overview of JSE Response
Category 1: Lead by example Exchange-focused targets	1.1.2 Develop relevant policies, procedures and training to support exchange climate action	<p style="text-align: center;">1.1 Governance</p> <p>The JSE has several climate-related policies in place, namely the JSE Environmental Policy (to be updated in 2025) and the JSE Enterprise Risk Management Policy (updated annually). Once updated, the policy will be communicated to all staff to support understanding of the policy requirements, as well as its implementation. This is a standard practice when updating policies at the JSE.</p> <p>The Enterprise Risk Management Policy provides guidance on managing different types of risks within the JSE, which includes climate- related risks. This policy is reviewed annually and approved by the Group Risk Management Committee.</p> <p>We have engaged a consultant to undertake a climate scenario analysis and stress testing, following on from our initial exercise in 2023. Their scope of work includes a review of our environmental policy, as well as the travel and procurement policies.</p> <p>The JSE has various climate-related training initiatives currently in place that is offered through the JSE Academy. Additional training topics are being added to the training offering during 2024 for delivery in 2025. RFQs have been sent to a several potential training providers and includes topics such as scenario analysis and transition planning.</p> <p>Staff can attend these climate- related (or sustainability) training hosted by the JSE Academy, or access online content through UDEMY.</p> <p>A structured sustainability training plan on climate-related topics is being explored for staff. Staff are invited to the Sustainability Showcase, an annual event two- day event that includes thought leadership on climate- related topics such as CBAM. The links to the recordings of the sessions will be made available to staff as well as externally through our website. We partnered with the UN SSE and SAICA to host training on ISSB S1 & S2, and staff from the finance, risk and issuer regulation teams attended. Feedback on the 2023 employee commuting survey will be going out shortly as primer for the 2024 survey. It includes explanations of ‘jargon’ to improve understanding of climate- related terminology.</p>

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Sphere of Influence	Focus Area	Overview of JSE Response
Category 1: Lead by example Exchange-focused targets	1.2 Emissions Reduction & Disclosure	
	1.2.1 Make annual public disclosure of climate actions as part of a transition plan	<p>The JSE has a near- term reduction target plan, which is based on the possible level of decarbonisation of the national grid. Of the three scenarios developed, we selected the middle- of- the- road scenario, i.e., 50% achievement of the grid decarbonisation (according to the latest national Integrated Resource Plan), as a basis for setting our targets. This required that the JSE reduce its Scope 2 emissions by 1 413 tCO₂e by 2033 (with a base year of 2019). To reduce our emissions, this plan articulated a need to invest in solar PV projects to achieve an annual reduction of 556 tCO₂e, which would have to be further supported by 2 197MWh renewable energy certificates/ PV by 2033. In 2023, the JSE decided that RECs would not be included as an option in the decarbonisation strategy.</p> <p>The JSE undertook two engineering studies to determine the feasibility of installing an on- site renewable energy source such as solar panels, however, due to several reasons: maintenance accessibility, safety risks, costs and power availability, this option proved to be unviable.</p> <p>The feasibility of securing a wheeling arrangement (where renewable energy is sourced from an independent power producer through the existing electricity grid) is being explored. The output of this RFQ process will help us identify the potential for including renewable energy into our current electricity mix as well as the associated costs. However, the earliest the JSE will be able to access this energy source is potentially only in 2026, which will delay the submission of our updated short to medium-term reduction targets application and the release of an updated transition plan.</p> <p>A consultant has been engaged to undertake the climate scenario analysis and stress testing for specific JSE products and its operations. Elements of the scope of work, will input into the drafting of the updated transition plan.</p>
	1.2.2 Measure and disclose Scope 1, 2 and (where material) 3 emissions annually	<p>The JSE measures and discloses its GHG emissions (Scopes 1- 3), which is based on the GHG Protocol. These details are available in our sustainability reports.</p> <p>Based on the operations of the JSE, it was determined that travel- related, and energy & fuel- related activities are currently our most material scope 3 emissions. We have embarked on an exercise to identify and refine our measurement of our other scope 3 emissions to ensure completeness of our carbon footprint.</p> <p>A supplier sustainability survey was sent to our Tier 1 suppliers (those critical to the operations of the JSE), and those suppliers with whom we have the largest spend. It included a question on relating to the supplier’s carbon footprint. This information will assist with refining our scope 3 emissions.</p>



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Sphere of Influence	Focus Area	Overview of JSE Response
Category 1: Lead by example Exchange-focused targets	1.2.3 Commit to Scope 1, 2 and (where material) 3 emission reductions for exchange's own operations	<p style="text-align: center;">1.2 Emissions Reduction & Disclosure</p> <p>The electricity supply in South Africa is fossil- fuel based, i.e., electricity is generated through the burning of coal. There are several local context and ecosystem challenges that limit the pace of decarbonisation of the grid. Another issue that the JSE (as does most of the country) contends with, is electricity supply interruptions which can last for extended periods of time. Therefore, to ensure business continuity, the JSE's back- up power is diesel generators.</p> <p>The manner we choose to reduce our Scope 1 & 2 emissions also influences the setting of short to medium term science- based targets as well as the transition plan. Over the past 18+ months we have been exploring several options to reduce our Scope 1 & 2 emissions. This entailed undertaking a couple of engineering studies to identify the potential to include renewable energy sources such as installing solar panels on the building's roof. However, none of the options have proved feasible for a variety of reasons ranging from safety, cost, performance and power availability. In addition, the use of carbon credits & RECs are options we have agreed not to explore.</p> <p>We are now embarking on a procurement process to explore the viability to secure a wheeling arrangement where we source renewable energy from an independent power producer through the existing electricity grid. It should be noted that if this option proves to be feasible from for example a costing or infrastructure perspective, the earliest the JSE will be able to access this energy source is 2026, which will delay the application of our updated short to medium- term reduction targets and the release of the updated transition plan. Our current commitment is a 4.2% annual reduction for 10 years (to 2033) commencing from 2023, and thereafter an annual reduction of 193 tCO₂e (2034- 2050). However, as previously mentioned, we will update this based on the responses to the wheeling RFQ.</p> <p>16 IPP and energy aggregators have been approached to provide quotes to enter into a wheeling arrangement with the JSE. This process will help us identify the potential for including renewable energy into our current electricity mix, the associated costs, and timing.</p>

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Sphere of Influence	Focus Area	Overview of JSE Response
Category 2: Exercise influence Market-focused targets	2.1 Transparency & Education	
	2.1.1 Promote availability of high-quality climate information by producing guidance for issuers or undertaking initiatives that encourage climate-related disclosure (as may be relevant to the market)	The JSE launched its voluntary Sustainability, and Climate Disclosure Guidances in June 2022, which remain voluntary. We embarked on updating the Guidance to include the IFRS/ ISSB S1 & S2 Standards, as the current Guidance documents were released when these Standards were Exposure Drafts. We have since paused this work, as we want to ensure that any output is aligned and consistent with the various regulator/ government departments’ direction of travel on mandatory sustainability (& climate) reporting for SA Inc.
	2.1.2 Offer climate disclosure training at least annually	<p>Training on the Sustainability and Climate Disclosure Guidance training is offered annually, through the JSE Academy. It is open to anyone (individuals in private or public sector, large to small companies, etc.) who work or have an interest in this area. In 2023 we had 15 companies attend training on both Disclosure Guidance.</p> <p>An external service provider delivers the training virtually on how to use the Disclosure Guidance. The training provides companies/ individuals with the tools to prepare or to enhance one’s sustainability and/ or climate disclosure. The JSE monitors the content, attendance, as well as the feedback of these trainings.</p> <p>The JSE has various climate-related training initiatives currently in place that is offered through the JSE Academy. Additional training topics are being added to the training offering during 2024 for delivery in 2025. RFQs have been sent to a several potential training providers and includes topics such as scenario analysis and transition planning.</p> <p>We partnered with the UN SSE and SAICA to host training on ISSB S1 & S2, and staff from the finance, risk and issuer regulation teams attended.</p>

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Sphere of Influence	Focus Area	Overview of JSE Response
Category 2: Exercise influence Market-focused targets		2.2 Products & Services
	2.2.1 Raise visibility for climate-themed products	<p>The JSE launched a carbon spot market through JSE Ventures, a fully owned JSE subsidiary. The JSE’s Sustainability Segment makes it easier to list and trade sustainability-related instruments and provides a platform for companies and other institutions to raise funds for activities directed at sustainable development. These instruments provide an opportunity to finance investments that provide environmental and social benefits. This segment broadens the investment options available to investors, and allows issuers to increase their participation in impact and sustainability investments.</p> <p>The Sustainability Segment debuts on the Main Board of the JSE for listing of debt instruments which are used for raising listed debt where the proceeds are ring-fenced for activities directed at sustainable development. These include:</p> <ul style="list-style-type: none"> • Green bonds (including energy, water and waste); • Social bonds (including UN SDGs, housing, schooling and health); and • Sustainability bonds (a combination of green and social bonds) which are specifically earmarked to raise funds for climate, social and environmental projects. <p>In order to advance climate-related products the JSE is running sessions that delves into the intricacies of the Sustainability and Transition Finance universe. This session is based on the latest trends, best practices, and the future potential of these financial instruments while offering a roadmap for issuers looking to make a positive environmental and social impact. The JSE and the International Finance Corporation (IFC), part of the World Bank, have joined forces to foster sustainable investment practices and support issuers in their transition to greener economies. The training leverages JSE's deep understanding of the local market dynamics and IFC's global perspective on sustainable finance. Participants will emerge with a robust understanding of how to structure and issue bonds in the Sustainability Bonds universe, the criteria for Transition Finance, and the benefits these tools offer. The session will also cover the practical aspects of meeting investor expectations and navigating the regulatory landscape. This knowledge will empower issuers to not only attract investment but also drive meaningful change towards sustainability in their operations and broader value chain. One session was held in July, and another is planned for later in 2024.</p> <p>The JSE's marketing team incorporates into their annual plans an approach to raise awareness of these product offerings, which incorporate, e.g., social media, print media, news releases, etc., and shall continue to do so. An example of awareness- raising: at our latest Sustainability Showcase, we hosted a panel discussion on our sustainability (including climate) related service offerings and the associated trends. The Showcase is a free event, that averages 120 in- person attendance.</p> <p>Plans for expansion to existing offerings include SA Carbon Tax offsets and physically settled carbon credit futures contracts, The Sustainability Segment is exploring incorporating Blue and Transition bonds to the Segment. The JSE is exploring offerings such as: SA Carbon Tax offsets eligible credits, settled in local currency & physically deliverable in the local registry; Physically settled carbon credit futures contract, listed on the JSE Commodity derivatives market.</p> <p>The Sustainability Segment has evolved quite well since 2018, evolving from the Green Bond Segment to what we have today. We are looking to bring the first Blue and Transition bonds to the Segment.</p> <p>To ensure that green / sustainability-themed bonds comply with internationally or locally accepted instruments / standards / certification, the JSE follows guidelines published by ICMA or any other principles, guidelines or standards acceptable to the JSE.</p>

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Category 2: Exercise influence Market-focused targets		2.2 Products & Services
	2.2.2 Incorporate climate-related considerations into the development processes for products and services	We have included draft sustainability considerations (including climate- related issues) into the terms of reference of the New Products Committee. The Committee is currently deliberating this inclusion, which will require that sustainability- related topics are considered during the development of new products and services.

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Category 2: Exercise influence Market-focused targets	2.3 Policy, Persuasion & Engagement	
	2.3.1 Actively engage with local and global policy makers and standard setters to stay informed of and promote net zero aligned policies	<p>The JSE engages with policymakers on a range of related- topics and these are mainly ad hoc. For example, the voluntary carbon market (VCM) team engages with National Treasury, Dept. of Minerals & Energy, and the Dept. of Forestry, Fishery & Environment, on topics related to the VCM, the NDCs as it relates to article 6, legal frameworks of carbon assets in SA, as the JSE believes that the VCM plays a pivotal role in supporting organisations' journeys to net- zero.</p> <p>The JSE has identified a forum that assembles the financial services sector including key regulators and association bodies to drive sustainable finance (which will include climate- related issues), which it intends to engage with upon inception.</p> <p>In addition, we are exploring how to further support the Presidential Climate Commission with its work to achieve a low carbon, climate- resilient economy.</p>
	2.3.2 Work towards mandatory climate- related disclosure in the exchange's market	<p>There are no mandatory climate related disclosure obligation in SA. We have engaged in dialogue with the parties that would be able to impose such mandatory requirements, specifically through the CIPC (Companies and Intellectual Property Commission) who have jurisdiction over all companies. Flowing from those engagements we co hosted a public 2 day stakeholder workshop with them in September 2023.</p> <p>We have had various discussions with CIPC both in the lead up to this workshop as well as subsequently (to touch base on progress), and engagement is currently ongoing. We also continue to engage with the Financial Sector Conduct Authority (FSCA) to ensure an understanding of their thinking and approach to mandatory reporting requirements.</p> <p>The JSE will continue to work with key regulators and stakeholders to determine an appropriate way forward for the SA economy.</p>
2.3.3 Proactively engage with market participants, including through market awareness programmes, to promote the adoption of net zero commitments and transition plans among market participants	<p>The JSE will continue participating in appropriate structures to promote net- zero. The JSE is exploring including training related to net-zero and transition planning through the JSE Academy.</p> <p>We have supported for example the work of the Presidential Climate Commission by hosting events for the organisation that promotes awareness on climate- related issues included just transition, in addition to participating in speaking engagements at various fora and events.</p>	

Thank you

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