



SUSTAINABILITY REPORT 2021

for the year ended 31 December 2021

JS

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Feedback

We welcome feedback from stakeholders on this report and invite you to contact ir@jse.co.za should you have any questions or recommendations to enhance the reporting process.



Page reference for additional reading in this report.



Reference to online data at <https://www.jse.co.za/investor-relations/results>.

REPORT OVERVIEW

Our reporting suite

Our full reporting suite is available at <https://web.jse.co.za/ar2021> and comprises the following reports:

Sustainability report

Sets out our approach to sustainability and our commitments to support and drive sustainable value creation.

Integrated annual report

Sets out how the JSE creates value in the context of our business model, strategy, operating context, governance and operational performance.

Annual financial statements

Sets out our financial results, with the Group Audit Committee report, directors' report and annual financial statements prepared according to International Financial Reporting Standards (IFRS).

Remuneration report

Sets out the JSE's remuneration philosophy and policy, and how it was implemented in 2021.

Notice of AGM and proxy form

Sets out the notice of the JSE's AGM of shareholders to be held on 3 May 2022, together with the summarised report containing the required financial disclosures.

Disclaimer

Many of the statements in this report constitute forward-looking statements. These are not guarantees or predictions of future performance. The information on which forward-looking statements were based was not audited. Like all businesses, the JSE faces risks and other factors outside of its control. This may lead to outcomes unforeseen by the Group. These are not reflected in the report.

Readers are cautioned not to place undue reliance on forward-looking statements.

REPORT OVERVIEW continued

Report objectives

Stakeholders are increasing focus on sustainability disclosures and reporting. This trend is aligned with the growing acknowledgement of environmental, social and governance (ESG) factors becoming increasingly material and contributing significantly to the intangible asset value of companies. The spotlight on climate change as a specific theme is clear and requires more focus within the broad scope of sustainability reporting. Therefore, we have changed the name of this report from what we previously termed as the social value report and named it the sustainability report.

The focus of this report has also changed and reflects the progress that we have made towards embedding sustainability matters as an integral and fundamental part of our strategy and culture. It provides an account of our plans to evolve our sustainability approach to align with local and global developments and our plans to consider the wider spectrum of sustainability matters, while acknowledging the elevated focus on climate change globally.

Scope and boundary

This report focuses on the financial year from 1 January 2021 to 31 December 2021 and includes historical information and forward-looking statements, which provide context to the Group's strategy and operations.

The report is structured within the context of our four commitments to drive our objective of creating an enabling environment for better sustainability practices and disclosure to grow. At the JSE Limited (the Group or the JSE) we undertake to:

1. Integrate sustainability across our value chain.
2. Provide guidance to our markets on the importance of sustainability disclosure and incorporating sustainability into investment considerations.
3. Facilitate engagements and advocacy in relation to sustainability.
4. Provide the tools and services that facilitate responsible investing and the re-orientation of capital flows to more sustainable development.

Considering the evolving nature of sustainability-related reporting frameworks, standards and rating tools, we consider a range of these, and bring together various elements to inform our reporting approach. These include:

- Companies Act, 71 of 2008 (as amended) (Companies Act);
- International Integrated Reporting Council Framework;
- King Report on Corporate Governance™ for South Africa, 2016 (King IV)¹;
- relevant indicators of FTSE Russell's ESG ratings methodology as applied for purposes of the FTSE/JSE Responsible Investment Index Series;
- UN Global Compact (UNGC);
- UN SDGs;
- UN Principles for Responsible Investment;
- Sustainable Stock Exchanges initiative; and
- CDP.

For an overview of how governance supports our commitment to advance better sustainability practices, please refer to the governance section on  pages 92 to 137 of the integrated annual report at <https://web.jse.co.za/ar2021>.

Situated at the heart of capital markets, the JSE is well-positioned to drive long-term sustainable economic growth, stability and resilience in our economy.

¹ Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

REPORT OVERVIEW continued

Material matters

Material matters are those matters that substantially affect the JSE's ability to create value over the short, medium and long term. Our material matters and the process for determining materiality are disclosed on page 1 in our integrated annual report. In 2021 we determined the following material matters:

1. Attractiveness of the JSE as a capital raising destination.
2. Level of trading activity.
3. Operational availability and stability.
4. Enabling technology to provide innovative solutions.
5. Attractiveness of the JSE as an employer.
6. Robust clearing and settlement for all transactions.
7. Competition and disruptors.

We believe that each of the material matters listed contribute in ensuring that we deliver sustainable value for our stakeholders and our sustainability approach supports our business to ensure that we deliver value in a manner which seeks to explicitly integrate sustainability thinking into our value chain.

Further details on each matter can be found in our integrated annual report at <https://web.jse.co.za/ar2021>.

Assurance over this report

The information contained in this report has been prepared and provided by the JSE's various departments, based on the Group's internal reporting and information systems.

Management decides and applies judgement in deciding what to report, based on principles of materiality and stakeholder inclusiveness. This process is done with the oversight of the Group Sustainability Committee (GSC).

Assurance on financial and non-financial information has been obtained in line with our combined assurance model, with feedback provided to the Executive Committee (Exco) and Board committees. All information contained in this report has been submitted to an internal verification process. Non-financial information is assured by Group internal audit on a periodic basis.

The Board is satisfied that internal oversight sufficiently ensures the reliability of the information in this report and did not obtain additional external assurance over this report.

Board approval

The directors of the JSE acknowledge responsibility for the integrity of this report. The directors have applied their minds to the report and believe that the information is reliable, and that it fairly presents the sustainable value creation of the Group.



Nonkululeko Nyembezi
Chairman: Board



Dr Suresh Kana
Chairman: Group
Sustainability Committee

CHAIRMAN'S LETTER – GROUP SUSTAINABILITY COMMITTEE

Dr Suresh Kana

Chairman: Group Sustainability Committee



At the JSE we understand that business is not detached from social and environmental issues but exists to help address these issues in a sustainable way

As the imperative for business to integrate sustainability thinking into the core of its strategy becomes ever more pressing, coupled with growing investor awareness, the need for stock exchanges to support this through the role they play in capital markets, is becoming more clear.

As we started the 2021 financial year, we found ourselves in the middle of the COVID-19 pandemic which has caused severe disruption to the global economy and people's livelihoods. The pandemic brought into sharp focus and exacerbated many of the fragilities embedded in our economy. However, it has also helped to clearly identify what is paramount in terms of societal well-being.

There is renewed focus on the way society interacts with each other and the natural world. 2021 saw a record \$649 billion poured into sustainability focused funds worldwide according to the latest Refinitiv Lipper data, and sustainability funds now account for 10% of global fund assets.

At the JSE we have spent a lot of time assessing what we do in society and how we contribute. We worked towards improving our understanding of our sustainability impacts (also referred to as environmental and social or ESG impacts) to maximise positive impact.

Advancing better sustainability practices

As a leading African stock exchange, the JSE supports the vision of markets as a powerful force for good in supporting and driving sustainable value creation.


CHAIRMAN'S LETTER – GROUP SUSTAINABILITY COMMITTEE continued

Our role as a regulator and as an exchange is shifting in response to sustainability matters. We have experienced a noticeable increase in demand from our listed companies for guidance and training on sustainability disclosure, shareholders are raising more sustainability questions of companies, and investors seek more sustainability-focused investment products. We see this as an opportunity to shepherd our listed companies through the intricacies of sustainability disclosure, expand our universe of listed products and play an active advocacy role. In 2021, we made significant steps towards realising these opportunities.

Refining our sustainability strategy

We revised our sustainability strategy to align better with our corporate strategy, particularly with the JSE's strategic objectives of partnering to co-create for inclusive and sustainable growth and leading by example on the national agenda. The outcome was a commitment to apply a sustainability lens to everything we do: operationally; with our clients; and with our communities. Our sustainability strategy acknowledges that the JSE is one player in a broader ecosystem; we must work with national and global players to create an enabling environment for more sustainable business practices.

Our evolving approach to sustainability encompasses appropriate regulation, sustainability engagement and training with listed companies and investors, expanding our sustainability-related product suite, and an advocacy and leadership role through involvement in

various local and international sustainability and governance bodies. We are proud of our newly developed sustainability purpose statement and four sustainability commitments. Read more on  page 10.

Additionally, we examined the JSE's carbon footprint report, and deliberated on sustainability reporting for the JSE. In March 2023, the JSE aims to issue our first set of climate change disclosures aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). This demonstrates our commitment to being a sustainability leader while also providing an opportunity to share our learnings with listed companies.

Guidance to our markets on sustainability disclosure

We anticipate an increasing harmonisation of how companies report on their impacts and assess the sustainability matters that are material to their businesses.

Our current approach to sustainability as a regulator is to incorporate the King Code (King IV) into the Listing Requirements on an "apply and explain basis". The Code places responsibility for identifying and addressing all material matters, including sustainability matters on the board and management team of companies. This will evolve in response to critical national decisions and progress made by the International Financial Reporting Standards (IFRS) Foundation on sustainability

disclosure standards, the recommendations by the International Organization of Securities Commissions (IOSCO), as well as the direction given by Financial Sector Conduct Authority locally.

In December 2021, the JSE launched its *Sustainability and Climate Change Disclosure Guidance* consultation papers to promote transparency and good governance and guide listed companies on best practices in sustainability disclosure. The guidance is a curation of the leading sustainability disclosure frameworks, standards and guidelines and aims to assist companies navigate this challenging area, and offers a local context layer, in particular around the social and Just Transition dimensions. These climate change disclosure guidance is based on the TCFD framework and the Sustainable Stock Exchange Initiative's (SSEI) Climate Disclosure Model Guidance.

We hope that these consultation papers will be a valuable resource and tool to all our listed companies, regardless of size or sector. The feedback we receive will help the JSE refine this work to prepare the final documents to be published in 2022.

Products and services

Healthy markets are vital for South Africa's economic growth and sustainable development. We continuously review our business model to find opportunities to improve access to capital beyond our traditional stronghold to promote economic growth and inclusion.

¹ <https://www.reuters.com/markets/us/how-2021-became-year-esg-investing-2021-12-23/>

CHAIRMAN'S LETTER – GROUP SUSTAINABILITY COMMITTEE continued

We guide investors on incorporating sustainability matters into investment considerations and provide products and services to facilitate responsible investing. We are collaborating with market players to increase our suite of sustainability-related products and we are investigating new partnerships and third-party sustainability ratings providers.

In 2021, as part of our first steps in explicitly considering sustainability risks into our Enterprise Risk Management (ERM) framework, we assessed the potential impact of sustainability issues in our business, beginning with a limited set of asset classes. Our initial focus was climate change, and our risk analysis included the cost of capital, stranded assets and physical risks. We also considered the sustainability product opportunities per asset class.

Sustainable finance instruments continue to enjoy high growth levels globally and locally. The JSE was one of the first emerging markets to provide a dedicated Sustainability Segment for the issuance of green, social and sustainability bonds. Two social bonds listed on this segment in 2021 (building on the suite of green bonds already listed), and issuances on this segment crossed the \$1 billion mark in 2021. In 2022, the JSE will launch a Transition Segment to fund projects related to the transition to a low-carbon economy, as well as sustainability-linked bonds (SLBs), which allow for the cost of capital to be directly linked to sustainability outcomes and impact.

Advocacy

The JSE supports South Africa's just transition and has joined the Race to Zero Partner Initiative through the Net Zero Financial Service Providers Alliance and the Glasgow Financial Alliance for Net Zero. In addition, the Financial Sector Climate Risk Forum's Sustainable Finance Working Group, convened by National Treasury and chaired by the JSE, is developing a sustainable finance roadmap for the country, including perspectives on the just transition, premised on a climate-first approach. In 2021, this working group conducted extensive finance sector and real economy workshops and finalised recommendations for the relevant financial sector and government actors.

In a global context, the JSE, together with the London Stock Exchange Group, co-chaired the work of the Sustainable Stock Exchange Initiative on developing and issuing a model guidance for climate disclosures, as well as an action plan for exchanges to help make their markets more resilient. These documents were released in June 2021. They can be easily used and referenced immediately by stock exchanges to help make their markets more resilient, acknowledging that exchanges are at varying stages of their sustainability journeys.

In addition, the JSE works closely with the United Nations Global Investors for Sustainable Development Alliance (GISD), co-chaired by JSE Group Chief Executive Officer (CEO) Dr Leila Fourie. This alliance

leverages finance and investment know-how to scale up private-sector contributions to the annual funding gap of the UN Sustainable Development Goals (SDGs).

Our focus areas for 2021

The Group Sustainability Committee (GSC) oversees and reports on the manner and extent to which the JSE Group protects, enhances and invests in a more prosperous and equitable South Africa. In 2021, the GSC focussed on the following key areas:

Enhancing our employer brand

The JSE Group's future success relies on a motivated, skilled and diverse workforce. Following the onset of the pandemic, the JSE did not implement any retrenchments, lay-offs or mandatory time-off as a result of the global pandemic. Instead, we provided our employees with additional mental health and wellness support plus additional financial support.

In 2021, the GSC reviewed the JSE's culture initiatives, employee engagement and wellbeing initiatives to support employees to be productive and efficient while continuing to work remotely. Specific focus areas included organisational engagement and alignment regarding strategy, employee wellbeing and leadership enablement programmes. Leaders were also provided with educational sessions to improve their wellbeing and to capacitate them with the knowledge to support their teams.

CHAIRMAN'S LETTER – GROUP SUSTAINABILITY COMMITTEE continued

Employment equity

The GSC monitors the JSE Group's progress regarding transformation and employment equity. By end of December 2021, the JSE completed the first year of its three-year successive employment equity plan. We believe that the plan presents a realistic target to drive transformation at the JSE. We can report that the JSE has made strong progress over the last few years, especially in top and senior management, where there was a glaring underrepresentation of African, Indian or Coloured (AIC) employees at these levels in 2015. Our AIC representation at Board level is currently 67% while at Exco this is 50%. Pleasingly, in 2021, 93% of all permanent placements have been AIC candidates of which 86% were African.


Stakeholder engagement

The JSE relies on sound relationships with a range of stakeholders including clients, investors, regulators, communities, suppliers and employees. In 2021, the GSC monitored various surveys and measurement tools to gauge the quality and strength of relationships with stakeholders. These included the GIBS Ethics Study and a Net Promoter Score (NPS) survey of clients. In addition, as requested by the GSC, JSE management has completed a Stakeholder Risk Assessment, which identifies key risks and risk

appetite of different stakeholder groups. The insights from these surveys and assessments will inform the design of a comprehensive Stakeholder Management Strategy, that will include actions to address key issues and leverage existing strengths. Read more on  page 127 of the integrated report.

Corporate social investment (CSI)

We also approved a revised corporate social investment strategy. This CSI strategy is strongly linked to the JSE's core business and emerging issues on the national agenda. The JSE seeks to attribute measurable outcomes to its CSI funding and have a more direct line of sight to allocating funds with reporting requirements agreed upfront with non-profit partners.

Read more on  page 20 about our focus area and activities for 2021.

Looking ahead

The JSE will continue to play a role in funding South Africa's rebuilding, which has been rocked by the most significant public health crisis in living memory. We have to build back better and build back sustainably. The JSE will continue to look for ways in which to contribute to this.

Appreciation

I thank my fellow Board and committee members for their contributions in 2021, and our CEO, Leila, and her Exco for leading the JSE through another demanding year. I also acknowledge Leila's incredible commitment as a sustainability leader driving change through the JSE's products and services and market support, and through participating in local and global bodies, conferences, and media platforms. Thanks to the dedication from the JSE's exceptional employees, the JSE delivered steady progress against its corporate strategy while ensuring the smooth operations of the exchange.


Dr Suresh Kana*Chairman: Group Sustainability Committee*

¹ The JSE is an SRO, licensed in terms of section 8 of the Financial Markets Act, 19 of 2012 and responsible for regulating the financial markets that it operates.

HOW THE JSE CREATES VALUE

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HOW THE JSE CREATES VALUE

Our value creation process is embedded in our vision of growing shared prosperity and driven by our strategy.

Who we are

The JSE is a self-regulatory¹ multi-asset class stock exchange that offers listings, trading, clearing and settlement (post-trade), and information services, as well as issuer services.

Our vision	Growing shared prosperity.
Our mission	To be the best globally connected platform for inclusive and sustainable value creation that enriches lives and enables a positive future.
Our purpose	People with passion, powering a trusted marketplace for an inclusive and prosperous future.
Our values	We deliver on our purpose through our core values of servant leadership, connecting for co-creation and growing together.
Our ethical culture	We remain focused on adhering to the applicable legislation and being an ethical, environmentally responsible business.

The JSE is:

- based in **South Africa**;
- the largest stock exchange by market capitalisation in **Africa**;
- the **16th largest** stock exchange in the world;
- operating as a marketplace for the trading of financial products for **135 years**; and
- a self-regulatory organisation (SRO) and acts as the frontline regulator of our issuers and of our trading and clearing members through the Issuer Regulation and Market Regulation divisions.

The JSE is uniquely positioned as a:

- critical **product and service provider** to South Africa's financial market;
- **facilitator** between those who provide capital, those who need capital to fund their businesses, and those who rely on returns for short, medium, or long-term purposes; and
- **frontline regulator** of the financial markets that it operates.

Soundly regulated

Financial supervision of the JSE is shared between two regulators, which were established on 1 April 2018.

- The **Prudential Authority (PA)** is a department of the **South African Reserve Bank (SARB)** and is responsible for the prudential supervision of banks, insurance companies and market infrastructures (such as exchanges and clearing houses).
- The **Financial Sector Conduct Authority (FSCA)** is responsible for the supervision of the conduct of financial institutions, including market infrastructures, and replaced the Financial Services Board.

HOW THE JSE CREATES VALUE continued

What we do

The JSE connects buyers and sellers of financial products, supported by world-class technology and regulatory oversight. We are a fully electronic, efficient and secure market with world-class regulation, trading and clearing systems, settlement assurance and risk management.

Below is a summary of our products and services, with more information on 📄 pages 11 to 15 of the integrated annual report.

CAPITAL MARKETS	POST-TRADE SERVICES	INFORMATION SERVICES	ISSUER SERVICES
<p>Operating the markets under our exchange licence, the JSE connects businesses and investors with access to capital markets and enables companies to grow and develop.</p> <p>The Primary Market seeks new equity and debt listings on the JSE's Equity and Interest Rate markets.</p> <p>The Secondary Market provides trading, colocation and client support services in the Equity, Bonds, Financial Derivatives, and Commodity Derivatives markets.</p>	<p>Responsible for the risk management, clearing and settlement assurance of markets operated by the JSE.</p> <p>Acting as the settlement authority for the exchange-traded Equity Market and as the clearing house for the exchange-traded Derivatives Market.</p>	<p>Provides data, indices, valuations, business intelligence and statistics to market professionals and data distributors.</p> <p>Promote, license and sell all JSE information products and services across all JSE markets.</p>	<p>Provides listed companies with market-specific services including training, presentation venues, AGM facilitation and transfer secretarial and registry services, including registry maintenance and treasury services.</p>
<p>Value created</p> <p>Trading venues enable liquid and transparent markets, generating proprietary multi-asset data which is widely used by a variety of market participants to inform their decision-making.</p>	<p>Value created</p> <p>Post-Trade Services enable operational efficiency, risk and balance sheet management.</p>	<p>Value created</p> <p>Data and analytics enable trading and investment decisions.</p>	<p>Value created</p> <p>By providing comprehensive market-specific services, we provide a central hub that aims to improve accessibility to key services for our stakeholders.</p>

HOW THE JSE CREATES VALUE continued

Our sustainability approach

The long-term success of the JSE is inextricably linked to the sustainability of the world around us.

By building a sustainable business, we are able to engage in activities that:

- contribute to the transformation of the social space within our sphere of influence; and
- promote the wellbeing of the economy, our relationships with our stakeholders and the natural environment.

Our approach to sustainability is guided by an array of frameworks that shape our actions and how we create value. We align our disclosure to what is relevant to the business and sustainability disclosure best practice. The recommendations of King IV Code on Corporate Governance (King IV) form the basis for our overarching approach, while specific sustainability frameworks inform the strategy, specific disclosures and the associated management practices.

Apart from looking at embedding sustainability practices in our organisation, we are also guided by our view on the role the JSE can play in creating an enabling environment for better sustainability practices to take root in the markets we serve and facilitating the flow of capital to support the aims of sustainable development and resilient markets and economies.

We remain committed to operating at the highest regulatory standards, adopting sustainable business practices and advocating sustainability reporting by JSE-listed companies. We believe this will build trust and contribute to long-term value for our stakeholders.

Sustainability trends

As with our core strategy, our sustainability approach is informed by global trends and local context, as they apply to the exchange, our operations and intent. This ensures that our approach and actions are relevant, timely, create value for our stakeholders and are in keeping with global norms and local needs. A selection of the key trends we have observed are as follows:

- Growing focus on climate change with net zero target-setting and systemic and financial risks dominating the discourse.
- Greater acknowledgement of the “just” element of transition.
- Increasing alignment and consolidation of sustainability standards, frameworks and definitions.

Our view of sustainability is influenced by:

- national agenda;
- Companies Act, 71 of 2008 (as amended) (Companies Act);
- International Integrated Reporting Council Framework;
- King Report on Corporate Governance™ for South Africa, 2016 (King IV)1;
- relevant indicators of FTSE Russell's ESG ratings methodology as applied for purposes of the FTSE/JSE responsible Investment Index Series;
- UN Global Compact (UNGC);
- UN SDGs;
- UN Principles for Responsible Investment;
- Sustainable Stock Exchanges initiative; and
- CDP.

- Sustainable finance instruments showing high growth levels, as investors are looking for more products that are sustainability focused.
- Investors, activists and civil society continue to ask more sustainability-related questions of companies.
- Private sector is more visible and active as demonstrated by Global Investors for Sustainable Development (GISD) Alliance and CEO roundtable commitments.
- Noticeable increase in local company interest in sustainability and wanting guidance and training.

HOW THE JSE CREATES VALUE continued

Our plans to evolve

In 2021 we updated the sustainability strategy to align it with our corporate strategy to inform our future actions while maintaining our position as a thought leader. We aim to be more deliberate in considering our impact on the sustainability landscape. Our practices and actions will evolve to effect change in the underlying behaviours of our markets and wider society.

As the sustainability reporting landscape continues to undergo changes that are aimed at aligning the multiple frameworks, our approach to sustainability reporting (internally and externally) has been an iterative process. We are seeking to ensure that our reporting reflects our strategy, actions and stakeholder expectations more clearly. The following key actions have been undertaken to evolve and improve the quality of our reporting and reporting landscape:

- Conducted a self-assessment against the TCFD Framework to assess what our key gaps are in order to begin the journey towards TCFD-aligned climate change disclosure.
- Assessed the gaps in our reporting and outlined and agreed the associated actions for implementation in 2021 and beyond.
- Assessed our role in assisting our market with disclosure practices and how we can contribute to enhanced corporate sustainability disclosure across our listed companies.

Our sustainability purpose statement

Markets are a powerful force for good in achieving the aims of supporting and driving sustainable value creation. The JSE, as a leader in sustainability in

emerging markets, recognises the importance of integrating the long-term perspective into financial markets and to contribute to enhanced financial stability and a low carbon economy.

We undertake to:

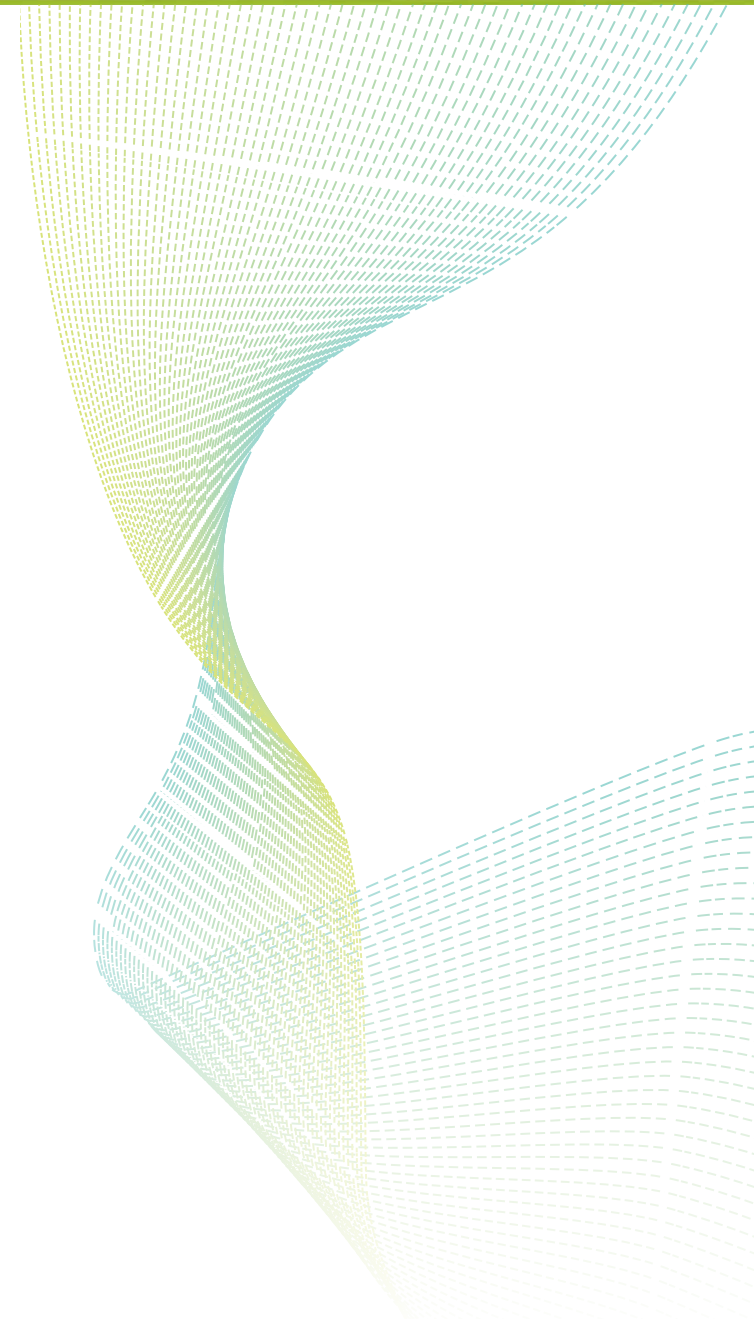
- Behave in a manner that explicitly considers sustainability across our value chain as an exchange and as a central player in the South African economy (📄 page 14).
- Guide our markets on the importance of sustainability disclosure and incorporating sustainability into investment considerations (📄 page 27).
- Use our central role as a connector to facilitate engagement and advocacy in relation to sustainability (📄 page 33).
- Provide the tools and services that facilitate responsible investing and the re-orientation of capital flows to more sustainable development (📄 page 36).

Details on how we action these undertakings form the core chapters of this report.

Enabling environment

As a connector between buyers and sellers in the financial markets we are well positioned to:

- create an enabling environment for better sustainability disclosure and awareness for issuers and investors;
- maximise our impact; and
- promote sustainability thinking in the ecosystem within which we operate.



HOW THE JSE CREATES VALUE continued

Driving and supporting a sustainable future

We have arranged our efforts to act on our sustainability goals, around four pillars of action as shown below. We believe that these are key levers most suited to our role in the capital market ecosystem.

REGULATORY FRAMEWORK

- Mandatory governance requirements regarding sustainability in the listing rules
- Requiring that companies report using the King IV Codes of Corporate Governance on an “apply and explain” basis

ENGAGEMENT AND FACILITATION

- Sustainability investor briefings
- Annual sustainability showcase
- Customised presentations and training on ESG
- Partnerships/collaboration
- Client engagement

**CREATING AN
ENABLING
ENVIRONMENT
FOR BETTER
SUSTAINABILITY
PRACTICES
TO GROW**

ESG INVESTMENT TOOLS

- FTSE/JSE Responsible Investment Index Series and FTSE ESG Ratings from 2015 (preceded by the SRI index from 2004 to 2015)
- Sustainable products (such as green, social and sustainability bonds) and ESG futures contracts
- April 2022: Transition Bonds, Sustainability Linked Bonds and ESG data products

ADVOCACY

- Signatory of United Nations Principles for Responsible Investment; partner and founding member of the SSEI; member of the WFE Sustainability Working Group (SWG); member of ASEA SWG; and the Africa Integrated Reporting Committee
- Represented on Code for Responsible Investing in South Africa Committee; South African Institute of Chartered Accountants, King Committee and Integrated Reporting Committee of South Africa; and co-chair the United Nations Global Investors for Sustainable Development (UNGISD) Alliance
- Chair of the Sustainable Finance Working Group of the Financial Sector Climate Risk Forum
- Just Transition Pathways Initiative

HOW THE JSE CREATES VALUE continued

Internal and external drivers

Our approach to sustainability is guided by internal and external drivers:

- **Internal:** How the Group operates its business and addresses its corporate sustainability concerns to deliver lasting value for our stakeholders and broader society.
- **External:** The Group's circle of control and ability to influence and encourage change in behaviour in the broader discourse on sustainability matters with connected entities.

We view these two dimensions as symbiotic and mutually value adding. We endeavour to focus our attention on those sustainability initiatives that have broader multiplier effects in society while remaining sensitive to our impact.

As an exchange, ensure access to capital and a liquid and robust trading platform.

As a listed company lead by example and integrate sustainability matters and SDGs into operations.

As a regulator ensure market fairness and reliability by applying an appropriate regulatory function to everyday capital market activity.

Alignment to the SDGs

In line with our strategic priorities and with the additional lens of where we are best placed to effect change through our business model, we have prioritised six SDGs whose objectives we are best placed to advance. By helping drive progress towards these outcomes and creating shared value, we can support more resilient communities, sustainable capital and a transformed society, enabling value creation over the long term.

As an exchange our primary opportunity is as a connector of various parts of the financial, economic, social and capital market ecosystems. This avails us of opportunities to partner for the goals and we achieve this through various partnerships such as with the SSE and GISD, as well as our CSI partnerships where we advance the sustainability agenda. Through our ability to influence the behaviour and disclosure practices of listed companies, we advance responsible production and consumption, most notably through the JSE listing rules, the draft sustainability disclosure guidance and the FTSE ESG ratings. Through our various advocacy roles such as co-chairing the development of the climate change model guidance for stock exchanges, and now our own draft climate change disclosure guidance for our market, we advance SDG13 on climate action. Our platform to list green, social and sustainability bonds allows capital flows to SDG outcomes such as renewable energy production which advances SDG13, as well as a series of other SDGs. Our employment and remuneration practices, as well as elements of our CSI spend aim to reduce inequalities in its various forms.

HOW THE JSE CREATES VALUE continued

The SDGs we focus on:

- Reduced inequalities



- Responsible consumption and production



- Climate action



- Partnerships for the goals

**Strategic priorities**

- **Partner to co-create** for inclusive and sustainable growth and diversify our value chain
- **Run trusted markets**, products and services by ensuring stability, security, quality execution, good governance and settlement assurance
- **Enhance the stakeholder experience** by co-creating with stakeholders, engaging regularly with clients, and understanding the challenges that our stakeholders face
- **Attract and retain diverse top talent** that supports the evolution of the business to be future fit and relevant
- **Lead by example on the national agenda** by promoting the country as a desirable place to invest and partnering with the public and private sectors to further the cause of #SAInc

Response

- Achieved Level 2 BBBEE
- Completed a pay parity review exercise and addressed pay disparities between employees within comparable groups
- We have launched products that enable the reallocation of capital to more sustainable outcomes and advancing of the SDGs. Read more on [page 36](#)
- Drafted Sustainability and Climate-change disclosure guidance documents which aim to assist in improving the understanding of sustainability in our market as well as enhance sustainability disclosure practices
- Made a pledge and commitment to achieve net zero by 2050
- Revised our CSI strategy to focus on the areas we feel can better impact. Read more on [page 20](#)
- Expanded our SA Tomorrow investor roadshows to include United Kingdom, United Arab Emirates and Southeast Asia regions

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN

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INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN

Behave in a manner that explicitly considers sustainability across our value chain as an exchange and as a central player in the South African economy.

Our approach to sustainability is fully aligned with the Group's vision and overall business strategy and forms an integral part of how we conduct our day-to-day business. From a value chain perspective, the JSE's business has several primary activities and secondary activities. Within this, we have considered how we can integrate sustainability, and these considerations are mapped in the following pages.

In this chapter

We discuss how we undertake to behave in a manner that explicitly considers sustainability across our value chain.

- **Sustainability across primary and secondary activities** | Consideration of how we integrate sustainability into our primary and secondary activities (📄 page 15).
- **Sustainability across support activities** | We unpack how we contribute to wider society, minimise our impact on the environment as well as our approach to managing our governance processes (📄 page 16).

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Sustainability across primary activities

Primary activity	2021 Focus areas	Future focus areas
Capital Markets	<ul style="list-style-type: none"> Initiated a climate change focused assessment of sustainability risks in the market. Focused on improving ESG product opportunities by promoting and progressing existing and new investable products. See 📄 page 36 for more information. 	<ul style="list-style-type: none"> Expanding sustainability product offerings based on market need. Create governance solutions that promote better shareholder inclusivity and transparency. Expand sustainability-related training offerings.
Information Services	<ul style="list-style-type: none"> Improve ESG rating coverage to include a greater number of listed companies beyond those assessed for our responsible investment indices. 	<ul style="list-style-type: none"> ESG data collection and provisioning (FTSE). ESG rating progression in line with global norms.
Regulation	<ul style="list-style-type: none"> Sustainability disclosure: Work with the King Committee, National Treasury, FSCA and SARB to consider a harmonised national approach to disclosure in the longer term. 	

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Sustainability across support activities

Incorporating sustainability across our support activities

There are certain cross-cutting issues that relate to the JSE from a corporate responsibility and governance perspective which we consider as important. In addition, where we cannot reach with our primary business activities, we try to reach with our CSI focus.

GOVERNANCE

We see governance as a critical component of value creation, promoting strategic decision making that balances short, medium and long-term outcomes to reconcile the interests of the Group, stakeholders and society.

 Page 17

OUR PEOPLE

At the JSE we understand that human capital management is a broad sustainability issue that captures important and prevalent matters, such as skills development, diversity and inclusion, and employee engagement and wellness.

 Page 17

SOCIAL RESPONSIBILITY

We recognise that social and environmental issues are amplifying corporate responsibility with an increasing demand for purpose-based initiatives that will deliver sustainable solutions to society's challenges.

 Page 20

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Governance

There are many areas which we can and must improve. We are working hard to integrate sustainability considerations into our business strategy and our day-to-day activities. To this end, we enhanced our ERM framework to include sustainability-related risk such as rising inequality and climate change. The GSC, a sub-committee of the board, monitors our progress in terms of sustainability matters and advancing the UN Global Compact's ten principles with respect to business, human rights, labour, environment, and anti-corruption. They also monitor our progress in terms of our climate-related disclosures and welcomed our efforts to improve our disclosures. Read more on [page 25](#).

Our efforts towards better disclosure

Improving disclosures is an ongoing effort and we are doing this in step with the evolution of our practices and strategy. Our current focus is to improve our climate change-related disclosures.

During 2021, we contracted the services of a technical expert in carbon footprinting to review our calculations for 2020, 2019 and 2018 to strengthen our assessment and reporting and the scope of what we cover. This resulted in some changes to our reported numbers which are explained in the sections that follow.

We also aim to lay the foundation to produce a TCFD-aligned set of disclosures within the next two years. This effort will assist us in meeting our commitment to net zero in line with the Net Zero Service Provider's

Alliance (NZSPA), which we joined in November 2021 as part of the first group of global exchanges to commit to net zero.

Supporting the JSE's people objectives

The cultivation of a healthy organisational culture that can attract and retain the right people is critical to the JSE's longevity and future success.

We appreciate that a high calibre and committed workforce is essential to maintain operational stability and provide innovative solutions for clients. We continually develop a pool of skilled and engaged employees to meet the demands of our increasingly digital and interconnected markets. The competition for top skills is fierce; attracting and retaining specialised skills in regulation, operations, technology and futuristic thinking is increasingly important.

In 2021, we continued to review our capabilities and invested in our culture, employee development, engagement and wellbeing initiatives to enable employees to be more productive and effective while working remotely. Improving our employment equity is an annual focus area. We also considered gender equality, both at the JSE and among our listed companies.

Enhancing our organisational culture

The JSE is enhancing its culture to offer a superior working environment. The JSE conducts an employee survey every second year to assess the level of

employee engagement. The 2020 employee engagement survey results reveal a high employee engagement level, with a score of 85% across all dimensions measured. In 2021, we continued to execute programmes and initiatives to improve employee engagement, the employee experience and employee wellbeing.

In 2021, we improved our organisational culture through the following initiatives:

- We implemented an agile coaching programme to improve business agility across the Group and build on our agile culture;
- We worked on organisational alignment projects to further embed the JSE vision, mission, purpose and values; and
- We enhanced the employee wellbeing programme including introducing the 10 Dimensions of Wellbeing programme.

The JSE continued to support employees to work remotely and deal with the impact of COVID-19. Leaders were trained to lead and manage teams remotely while employees were supported on how to build a healthy work-life balance. Employees accessed training and development opportunities through world-class online learning platforms. In June 2021, we introduced an employee educator benefit to provide educational financial support to employees' children, should their JSE-employed parent pass away. JSE employees received their COVID-19 vaccinations through the Banking Association of South Africa's vaccination programme.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Developing our people

The JSE has a strong focus on enabling immersive and engaging learner experiences to reskill and upskill employees.

The JSE supports employee productivity by providing training that aligns with our corporate strategy. This increases cross-functional collaboration and fosters a continuous learning culture. JSE employees use the JSE Training Academy digital platform for essential training and mandatory courses. In some cases, this is augmented with access to bespoke subject-matter educational platforms. Coaching programmes are offered for high-potential leaders and their value is evident in the rising confidence and engagement levels of the senior team. The JSE spent R8.2 million on learning and development in 2021 (2020: R8 million), and 80% of the beneficiaries were previously disadvantaged. This spend included sponsoring senior managers in MBA programmes, employee enrolment in South African Institute of Financial Markets (SAIFM) programmes and employee-sponsored study towards bachelor's degrees and other accredited qualifications. A review of our talent and a succession planning process was conducted to ensure that leadership changes do not interrupt major business initiatives and to mitigate key person dependency.

Continuing our transformation journey

We are committed to becoming demographically representative in race, gender and disability.

The JSE takes its role in driving transformation seriously and this is encapsulated in its 2021 Corporate Strategy. Our employment equity policy aims to eliminate unfair discrimination. We conduct mandatory diversity, inclusion, equality and belonging workshops and training sessions for employees and specific training for our leadership group. These workshops and training sessions facilitate discussion and a shared understanding of diversity and the JSE's transformation priorities.

We completed the first year in the new successive three-year employment equity plan and are making progress towards our December 2023 objectives. As of 31 December 2021, 76% of our employees are AIC and will continue to improve AIC representation in senior and top management. Our learnership programme for unemployed AIC youth contributes to a pipeline of skilled AIC employees. Our focus on disabled learners, assists in driving transformation. We reviewed various policies and practices to ensure the fairness and equality of our working environments. This resulted in the implementation and adoption of a gender-neutral parental leave policy and the introduction of a gender-based violence policy.

Gender equality

We acknowledge that the JSE could use its position and influence to further advance gender equality both internally and externally in alignment with the national agenda and the UN SDGs. The JSE prides itself on the initiatives it has undertaken internally in 2021 to support various gender equality pillars including a

gender-neutral parental leave policy, mandatory staff training on gender-based violence and introduction of a gender-based violence policy to provide victim support. We have conducted extensive desktop research and interviews to understand other practices that companies, countries and exchanges are adopting to close the gender equality gap. The desktop research looked at key elements that drive gender equality, namely representation and participation, equal pay and gender-equal caregiving. Several studies indicate that improvement on these dimensions narrows the existing gender parity gap. These research insights informed the recommendations made on the JSE's Gender Equality Strategy and activities to build on those already undertaken by the JSE. These recommended activities intend to complement existing government initiatives and are aligned with the best practices outlined in the guidance paper that the Sustainable Stock Exchanges Initiative has published on actions stock exchanges can adopt to promote gender equality. In essence, the JSE can model gender equality practices and enhance its performance on gender mainstreaming internally and across its market.

Rewarding our people

The JSE's remuneration philosophy and policy govern the remuneration of all employees. We observe the concept of fair and equitable remuneration for executive management in the context of overall employee remuneration.

Read more on [📄](#) our remuneration report.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Reinforcing our ethics

The JSE's reputation is built on its high ethical standards, compliance with applicable legislation and a zero tolerance for bribery, corruption, misconduct, fraud, theft and unethical behaviour. Ethical behaviour and anti-corruption measures are instilled formally through our code of conduct and ethics, policies, procedures, and training material, and through compliance oversight of the Group's adherence to relevant legislation. The JSE has a whistle-blowing hotline that is available to employees, stakeholders and the general public. This hotline is managed by an external service provider to protect the identity of all respondents. Zero calls and one email was received during 2021 (2020: 5). One matter was escalated for investigation and closed during 2021.

The JSE conducts a GIBS Ethics Barometer Survey every second year to monitor and improve our organisational ethical fitness. According to the 2021 survey, the JSE's overall ethical fitness was above the

benchmark and in the top 36% of companies. The survey results returned an overall score of 73% for the JSE, compared to 63% in 2019. This is slightly below the ideal range (score above 75%) but shows a notable improvement. Scores for all categories of the report were significantly higher than the previous score and higher than the benchmark. Notably, scores for the treatment of clients, treatment of shareholders and engagement with broader society were above the ideal range. Scores for the treatment of employees, organisational culture and practices and treatment of suppliers were below the ideal range, but above the benchmark and significantly higher than the previous score. Training sessions were conducted to foster greater awareness and understanding of our ethical objectives and how the JSE can enhance its ethical culture.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Corporate Social Responsibility

We are committed to investing time, effort and money into initiatives that make a positive, sustainable, and meaningful impact on the wellbeing of South Africans.

Managing our Corporate Social Responsibility

Our CSI programme is where we make financial contributions to organisations to directly benefit disadvantaged individuals. To maximise our contribution towards bringing about social change, we need to contemplate how our business relates to the needs of society and understand that the market needs to respond constructively to South Africa’s socio-economic pressures. Therefore, we reviewed our CSI strategy and focus areas for 2022 and beyond.

In determining areas of focus, we aligned our CSI approach to the following principles:



Taking these principles into consideration, we amended our CSI focus areas, allocation of CSI budget, and the beneficiary profile as follows:



INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

The main categories of investment are consumer education (including financial literacy), education, health, environment and society. Over the years, the number of organisations supported has been rationalised and the allocated amounts reviewed to ensure that our resources are optimised to make a meaningful contribution and benefit to broader groups of beneficiaries.

Going forward we aim to continue with most of our existing focus areas, except for health, as these areas remain relevant to the CSI strategy and principles. We will add gender equality, including gender-based violence, as a new investment area. This is in support of both the South African government's focus on eradicating gender-based violence and the SDG of Gender Equality.

Performance

This year we conducted a monitoring and evaluation study to measure the impact of our corporate social investments in addressing South Africa's social challenges.

The scope of the study was two-fold:

1. To gain an understanding of the social outcomes achieved with our contribution of R21.3 million to 16 CSI partner organisations between 2019 and 2021.
2. To assess the results of the JEF bursary programme, with respect to graduation rates and beneficiaries' career paths between 2018 and 2020. The bursary programme was reviewed for three years, between 2018–2020, as the 2021 academic year was in progress at the time of the assessment.

CSI partnerships portfolio overview

All our partnerships are designed to be long-term relationships to ensure they have a deep, broad and sustainable impact in the identified communities. In 2021 we funded 16 CSI partners (15 non-profit organisations) focused on education (including financial literacy), community development, health and environmental conservation. More than half (56%) of all our funding was spent on educational projects. Below we outline the impact we have made in five key CSI partners.

AFRIKA TIKKUN

Total contribution (2019–2021) | R2 800 000

Core activities

Growing and nurturing young lives through the Cradle to Career Programme.

Use of JSE investment

For project costs, including:

- educational materials;
- educational access/participation;
- financial literacy training; and
- participation in the JSE Schools Investment Challenge.

JSE funding has indirectly reached

- 30 643 youth participants ages 2 to 35 years old; and
- 60 000 families and community members.

Category



Education



Social



Community
Development



JSE funding has indirectly contributed to

- 10 000 youth registered in the programme annually;
- social support to about 4 000 beneficiaries annually;
- > 75% of Grade R learners attained "school readiness";
- above average matric pass rate, 2019–2021; and
- > 9 000 youth placed in employment.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

BUSINESS AGAINST CRIME SOUTH AFRICA (BACSA)

Total contribution (2019–2021) | R800 000

Core activities

Initiatives to combat crime and corruption; contribute to a safer business environment.

Use of JSE investment

Law enforcement projects.

Monitoring and evaluation of projects.

JSE funding has indirectly reached

- 95 members of the NPA's Asset Forfeiture Unit received training; and
- 97 SAPS officers in Gauteng trained in microdot technology skills.

Category

Social

**CONSERVATION SOUTH AFRICA (CSA)**

Total contribution (2019–2021) | R3 150 000

Core activities

Enabling humans to live in harmony with nature.

We work with communities in Northern Cape, Mpumalanga & Eastern Cape.

Use of JSE investment

Projects supporting sustainable agriculture, green economic growth, economic and environmental resilience, women and youth.

JSE funding has indirectly reached

- 3 890 programme participants; and
- 17 595 family and community members.

Category

Environment

**JSE funding has indirectly contributed to**

- 832 farmers; 23 grazing associations committed to land stewardship;
- 978 participants trained on climate change;
- four springs restored; water access improved for 140 people in the Eastern Cape;
- improved rangelands restoration and management; and
- 735 youth trained in key CSA areas such as green businesses and carbon finance.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

GBVF RESPONSE FUND 1

Total contribution (2021) | R1 000 000

Core activities

Prevention of gender-based violence and femicide; promoting social cohesion.

Category

Crosscutting

**Use of JSE investment**

Contribute to a fund that supports community-based organisations providing services in these core areas.

The newly established (2021) fund anticipates reaching the following beneficiaries through its NGOs and programmes:

- 38 000 children;
- 77 000 children with disabilities;
- 51 000 youth;
- 35 000 people living with HIV/AIDS;
- 13 000 drug abusers;
- 28 000 unemployed people; and
- 6 140 000 women.

NOVIA ONE GROUP (PTY) LTD

Total contribution (2019–2021) | R2 449 498

Core activities

Training provider for newly employed graduates, including specialised financial/technical training.

Category

Education

**Use of JSE investment**

Chartered Financial Analyst (CFA) exam preparation programme, including study materials, books, guidelines and mock exams.

JSE funding has indirectly reached

- 84 beneficiaries preparing for CFA exams.

JSE funding has indirectly contributed to

- 90% of participants have completed the course and received an accredited qualification;
- > 85% of participants placed into employment;
- four candidates passed the CFA exam in 2019; five candidates passed the CFA exam in 2020; and
- improved educational assessment results after training, e.g. an average improvement of 11.7% after the 2020 Primary School Reading Improvement Programme (PSRIP) training.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

JEF BURSARY PROGRAMME OVERVIEW



PROGRAMME EXPENDITURE

Total contribution (2009–2021):

R83 600 000

Average annual expenditure:

R6 400 000

Average expenditure per student:

R119 000

Average students per year:

54

PROGRAMME CORE ACTIVITIES

- JSE tertiary bursary programme supports students from second year through to honours studies.
- Catered for students studying for qualifications that are aligned with the JSE's "skills of the future".
- Provides comprehensive support, including tuition, living costs, books and learning materials, transport allowance and a stipend.
- Support is renewed annually, dependent on student performance.

This year we undertook a study to assess the results of the JEF bursary programme, with respect to graduation rates and beneficiaries' career paths and these were our key findings:

- From a sample of alumni, we were able to determine that the bursary programme is impactful with respect to accessing funds to pursue tertiary studies and therefore enhancing their employability.
- Most graduates surveyed were employed and agreed that programme has expanded their careers and earning prospects.

- Some alumni have struggled to find full-time employment indicating the need for pre-graduation support for alumni. The JSE is considering ways to provide "school-to-work" bridging support, which could benefit alumni in areas such as assistance in job applications, work readiness, and work experience opportunities at the JSE and its eco-system.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Environment

At the JSE we remain cognisant of our impact on the environment through our consumption of natural resources and our contribution to climate change.

Due to our positioning as a central player in the South African economy and influencer in emerging markets, we can have a great impact if we use our voice and platform to influence sustainability practices in our market and beyond. We recognise the challenges in climate change reporting and acknowledge the increasing acceptance of the Task Force for Climate-related Financial Disclosures (TCFD) recommendations as being the dominant climate change disclosure framework. We are considering how best to align our disclosures with the TCFD recommendations, and our first phase of this work will be reported on for the 2022 reporting year. By reporting into the CDP (formerly the Carbon Disclosure Project), and the CDP's high level of alignment with the TCFD recommendations, we have already begun this journey and our reporting will evolve accordingly.

Managing our environmental impact

Our approach and contribution towards addressing climate change are guided by internal and external drivers.

Internally	We embrace our responsibility to understand and manage our environmental footprint. Our approach is to limit and minimise our direct environmental impact and create awareness to encourage positive sustainable behaviour.
Externally	We believe that the widest and most positive influence we can have is to use our role as an exchange and regulator to support our clients and stakeholders to move towards a low-carbon economy.

While ultimate accountability of the Group's overall environmental impact oversight resides with the GSC, the responsibility for the management of the JSE's carbon footprint is delegated to the Chief operating officer, with the work being led by the Chief sustainability officer.

We calculate our carbon footprint through self-assessment of our business operations. Considering our business activities and heavy reliance on electricity, Scope 2 emissions contribute the most towards the JSE's carbon footprint, while for Scope 3 emissions we consider air travel and other (as defined on the following [page](#)). We are cognisant of the carbon tax, and even though we are not directly affected due to our low carbon footprint, we consider our internal price of carbon to be at the level of the prevailing South African carbon tax rate of R126 per tonne.

Our contribution towards saving energy

We continue to make an effort to understand the impact of our carbon footprint and thus improve our practices. We have in previous years made significant enhancements to reduce our IT-related energy usage (a key part of our carbon footprint), as well in the energy usage in our building. In 2021 additional improvements include the new chillers on the HVAC system that were installed and the new LED lighting with energy efficient options that was installed in demarcated areas of the building.

INTEGRATE SUSTAINABILITY INTO OUR VALUE CHAIN continued

Carbon footprint summary

	2021		2020 ¹		2019		2018	
	Measure	tCO ₂ e	Measure	tCO ₂ e	Measure	tCO ₂ e	Measure	tCO ₂ e
Scope 1: Direct emissions (litres of petrol/diesel used)	27 562	77	21 658	60	35 351	98	8 671	26
Scope 2: Electricity used (kWh) ²	5 865 067	5 572	6 409 397	5 971	7 574 713	7 223	7 675 090	7 445
Scope 3: Air travel (kms travelled) and other ³	217 626	3 033	693 766	1 000	7 457 316	2 905	2 488 050	1 018
Total CO₂e		8 682		7 031		10 226		8 489

FY2021 changes:

- ¹ The increase in Scope 1 emissions in 2021 is largely attributed to load-shedding which resulted in the building generators consuming more diesel for FY21. Additionally, the petrol expenditure for the JSE Caddy vehicle increased significantly during 2021 due to significant delivery trips.
- ² The decrease in scope 2 emissions is largely attributed to the re-modelling and construction of the building. Despite a reduction in energy usage, expenditure on energy increased as a result of an increase in tariffs during 2021. Scope 2 indirect emissions contribute approximately 64% towards our total carbon footprint.
- ³ In an effort to increase the accuracy of our reporting, Scope 3 emissions include train traveling as a mode of transportation in our employee commuting carbon footprint. This has resulted in our employee commuting emissions (which are based on estimates) contributing 73% to our scope 3 emissions. The exclusion of train commuting reduces our total carbon footprint from 8 682 tCO₂e to 6 533 tCO₂e.

Other factors – JSE Ltd

	2021	2020	2019	2018
Energy spend (R) ³	7 374 817	7 202 224	7 011 387	7 173 261
Energy consumed (kWh)	5 600 975	6 261 141	7 296 880	7 675 090
Number of employees	403	406	389	369
Floor space (m ²)	16 603	16 603	16 603	16 603
Revenue (R million)	2 517	2 446	2 187	2 199
Energy spend as % of turnover	0.29	0.29	0.32	0.33

***Other factors – JSE Investor Services**

	2021	2020	2019	2018
Energy spend (R)	731 040	672 338	720 619	
Energy consumed (kWh)	264 092	148 256	277 833	
Number of employees	137	96	90	
Floor space (m ²)	1 433	1 433	1 433	
Energy spend as % of turnover	0.029	0.027	0.033	

Intensity factors (per unit tCO₂e)

	2021	2020	2019	2018
Per unit of total revenue	0.0000034	0.0000029	0.0000047	0.0000039
Per unit of full-time employee	16	14	21	23
Per square metre of office space	0.5	0.4	0.6	0.5

2019 & 2020 restatement of certain numbers related to the JSE's carbon footprint:

In 2021, as outlined previously, we undertook a revision of our carbon footprint for 2019 and 2020 to correct areas where inconsistencies were evident. We obtained the services of a technical expert to undertake this exercise. The following points bear noting and explain the nature of the changes made:

- The JSE greenhouse gas (GHG) inventories for the financial year ending 2019 (FY19) and 2020 (FY20) outlines the company's material direct and indirect emissions and emission sources.
- *JSE Investor Services (JIS) was acquired by the JSE Ltd in 2020. The emissions related to the JIS facilities have been included for both 2019 and 2020 in the GHG inventories to allow for a like-for-like comparison. This is aligned with the GHG Protocol's approach for restatements due to acquisitions. Going forward we will consolidate the JIS factors with those of the JSE.
- The boundary of this GHG inventory for FY2019 and FY2020 extends to the JSE Ltd and JIS operations and accounts for both direct and indirect emissions.
- A high-level exercise was conducted to estimate the emissions related to JSE staff working at home. The emissions from employees working from home have not been directly accounted for in the JSE's inventory as they are outside of the inventory scope, according to the GHG Protocol's guidelines.

MARKET GUIDANCE

Guidance to our markets on sustainability disclosure

28

MARKET GUIDANCE

We aim to guide our markets on the importance of sustainability disclosure and incorporating sustainability into investment considerations.

In recent years, we have seen remarkable growth in the need for and interest in sustainability disclosure from investors and issuers. Investors want to understand how issuers are responding to long-term and macro-economic trends such as climate, demographic, social and technological change as well as political developments. A number of the world's largest investors are allocating capital to companies that are well equipped to benefit from the transition to the green economy and wish to protect their portfolios against downside sustainability risks.

For their part, issuers are increasingly aware of how their sustainability performance on subjects such as resource use, human rights, health and safety,

corruption and transparency are increasingly used to draw conclusions about the quality of their management, identify their exposure to business risks and assess their ability to leverage business opportunities. Therefore, it is becoming more important for issuers to communicate with investors and other stakeholders clearly and accurately on these aspects of their performance and issuers are increasingly seeking guidance on how to integrate sustainability into stakeholder reporting and communication.

Stock exchanges are robust and resilient engines of commerce, efficiently adapted to raise and sustain capital. However, they are also change agents,

responsive to market demand for new products, better services and more transparent data and are aptly placed to connect investors and companies and to facilitate discussion of sustainability issues. By promoting transparency and high-quality reporting on sustainability matters, they will assist participants to understand important drivers of value creation and address new information demands from investors.

In this chapter

We outline how we aim to facilitate a deeper understanding between issuers and investors by helping to enable issuers to effectively navigate the reporting landscape of today and tomorrow.

We also aim to promote responsible investment practices by encouraging dialogue between investors and issuers on responsible investing and promoting the integration of sustainability factors in investment decisions. Detail on how we encourage this has been unpacked in our "Product and Services" chapter (📄 page 36).

Guidance to our markets on sustainability disclosure

Facilitating deeper understanding between issuers and investors and enabling better flow of information to other stakeholders.

By providing guidance on sustainability disclosure, we promote greater consistency and depth in corporate reporting. Companies that communicate the direct link between sustainability matters and material financial impacts are improving their potential access to capital, as investors increasingly incorporate sustainability considerations into the investment process.

The value proposition for providing guidance

As a conduit between issuers and investors, the JSE is uniquely positioned to promote more transparent and efficient capital markets that generate long-term value. Transparency builds trust and is critical to well-functioning markets. As sustainability factors are increasingly recognised as important for investors and issuers alike, providing voluntary guidance to issuers on reporting these considerations is a direct and influential opportunity for the JSE to facilitate effective corporate communication.

By promoting greater transparency of high-quality sustainability information, we will:

- assist in developing well-functioning markets, which are more resilient and less volatile;
- contribute to stronger, more transparent listed companies that are better able to identify and manage risks and opportunities;
- create more attractive markets where investors can better evaluate fundamental drivers of value creation, and as more investors recognise the value of sustainability information, they will direct more of their activity to exchanges that foster it;
- help companies navigate, comply with or stay ahead of regulations that require disclosure of financially material sustainability information; and
- assist companies in differentiating themselves on sustainability matters, which is quickly becoming a competitive imperative.

Our approach

Our initial approach to facilitating sustainability disclosure by issuers has been to incorporate the principles of the King IV Code on Corporate Governance into the listing rules and making the responsibility for the identification of all material matters, including sustainability matters, the role of the governing body. No local separate guidance document had been issued to assist listed companies on sustainability disclosure.

Given the rapid development in global standards and stakeholder interest in sustainability and particularly climate change issues, we have recognised the need to assist our listed companies in navigating this and we are developing a phased approach to disclosure guidance for the market.

MARKET GUIDANCE continued

Our positioning across our three functions

Our three functions offer us the opportunity to drive a more impactful approach than if we depended on anyone alone, and this interplay is central to our hybrid sustainability approach. Below is a view of what role each function can play and a roadmap to developing the associated objectives. The lines blur between the three functions at times, but an attempt has been made to make as clear a distinction as possible.

In our phased approach, the first phase aims to establish the context and areas of action in the near term and the future state that we should be aspiring to as an exchange, regulator and a listed company.

As an exchange

Our approach as a market infrastructure is to guide our markets on the importance of incorporating sustainability matters into investment considerations and providing the products and services, such as our sustainability segment, that facilitate responsible investing. Our approach is influenced by market needs and our peers and we are looking at increasing our suite of passive products (working in conjunction with the market), providing more training for the market on climate disclosure, etc. For more on our products and services, see [page 36](#) of this report.

Our undertaking is for the JSE to provide issuers with guidance on sustainability and climate change (TCFD-based) disclosures. It is important to note that these are guidance documents, and as such is not a listing requirement. For more on our engagement and advocacy see [page 33](#) of this report.

As a regulator

We are cognisant of the developments taking place globally and locally in relation to sustainability disclosure and reporting. Our approach to sustainability disclosure, as a regulator, is influenced by key decisions and timing drivers that are taking place from a wider national and global context such as progress made by IFRS on sustainability and climate change disclosure standards and the direction taken by the International Organization of Securities Commissions.

In the South African ecosystem, there have been several developments, most notably the work done by the Climate Risk Forum chaired by National Treasury and we have chosen to work within the context of this process for a broader set of recommendations for the country. We are following global practice in this evolving space. It is clear that a harmonised regulatory approach at a national level is the favoured approach, as it ensures that sustainability and climate risks are considered across all entities and elements of the financial market and the economy.

As a company

The JSE has a high level of leadership presence globally and locally on relevant advocacy and engagement platforms. Our approach is to lead on the national agenda by influencing policy.

For more on our engagement and advocacy, see [page 33](#) of this report.

Roadmap

We have begun the journey of establishing a climate change approach starting in 2021 across our various faces as the regulator, the exchange and the listed company. This is a self-evaluation of our current position and where we anticipate we will need to be to support a Paris-aligned pathway.

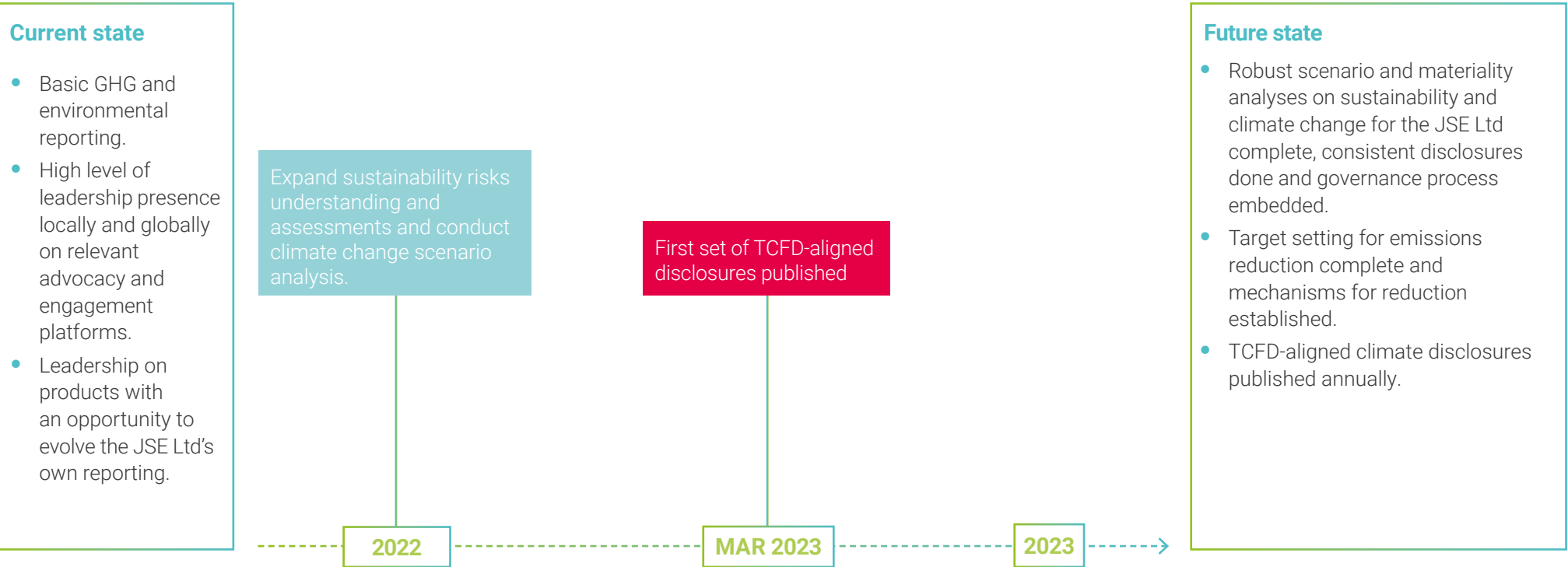
Below is a roadmap that depicts the identified actions planned for the first phase of our approach for the company and the exchange.

Key decision and timing drivers:

- Progress by the IFRS on sustainability disclosure standards (impact on ESG guidance messaging)
- Peer progress
- Evolving national context (including political economy)

JSE LTD. (THE COMPANY)

Aim: To lead by example on “best practice” in sustainability disclosure, and integration of sustainability matters into strategy



To be the best globally connected platform in emerging markets for inclusive and sustainable value creation

MARKET GUIDANCE continued

THE EXCHANGE/MARKET INFRASTRUCTURE

Key decision and timing drivers:

- Market needs (supported by engagement)
- Peer approaches

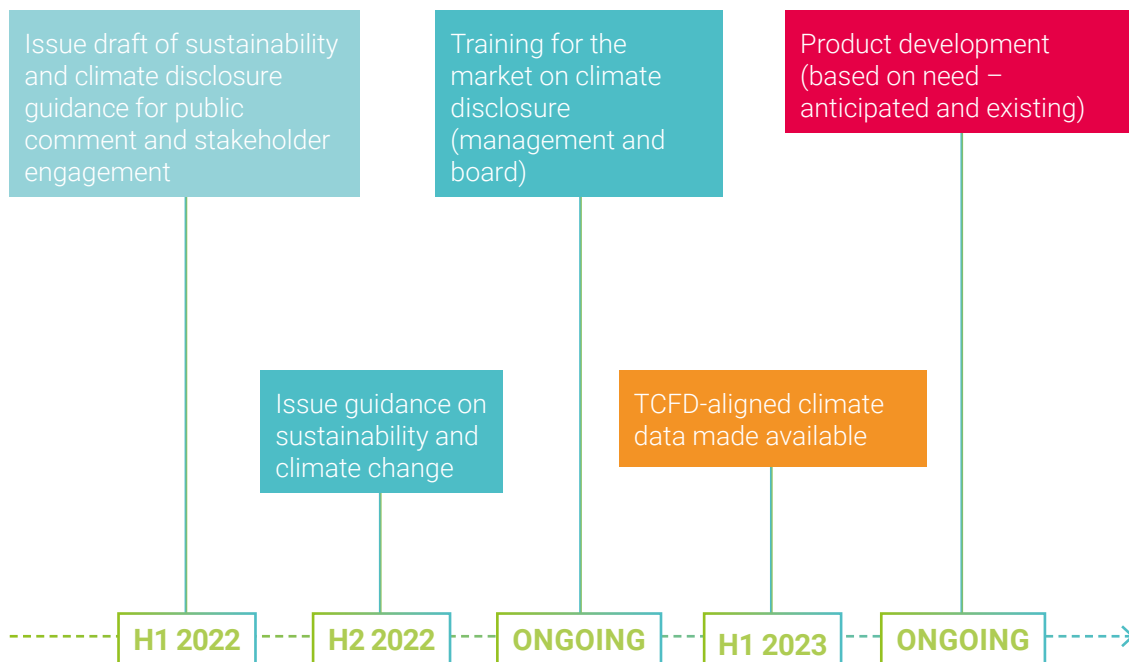
Aim: Be the leading finance destination in emerging markets by supporting the financing and competency needs of the Just Transition

Current state

- Debt: sustainability segment.
- Equities: FTSE/JSE RI indices.
- Derivatives: futures on the RI Top 30 index.
- ESG data: FTSE Russell data based on the FTSE4Good rating, methodology, and Green Revenues.
- ETFs.

Future state

- Carbon credit trading.
- Governance solutions that promote better shareholder inclusivity and transparency (JIS).
- Education of listed companies and investors on climate (and other ESG) risks.
- Training for the market on climate disclosure.
- Sustainability guidance issued in the market, allowing for thematic supplements, supported by established forums for engagement and consultation.



Run trusted markets, products and services



MARKET GUIDANCE continued

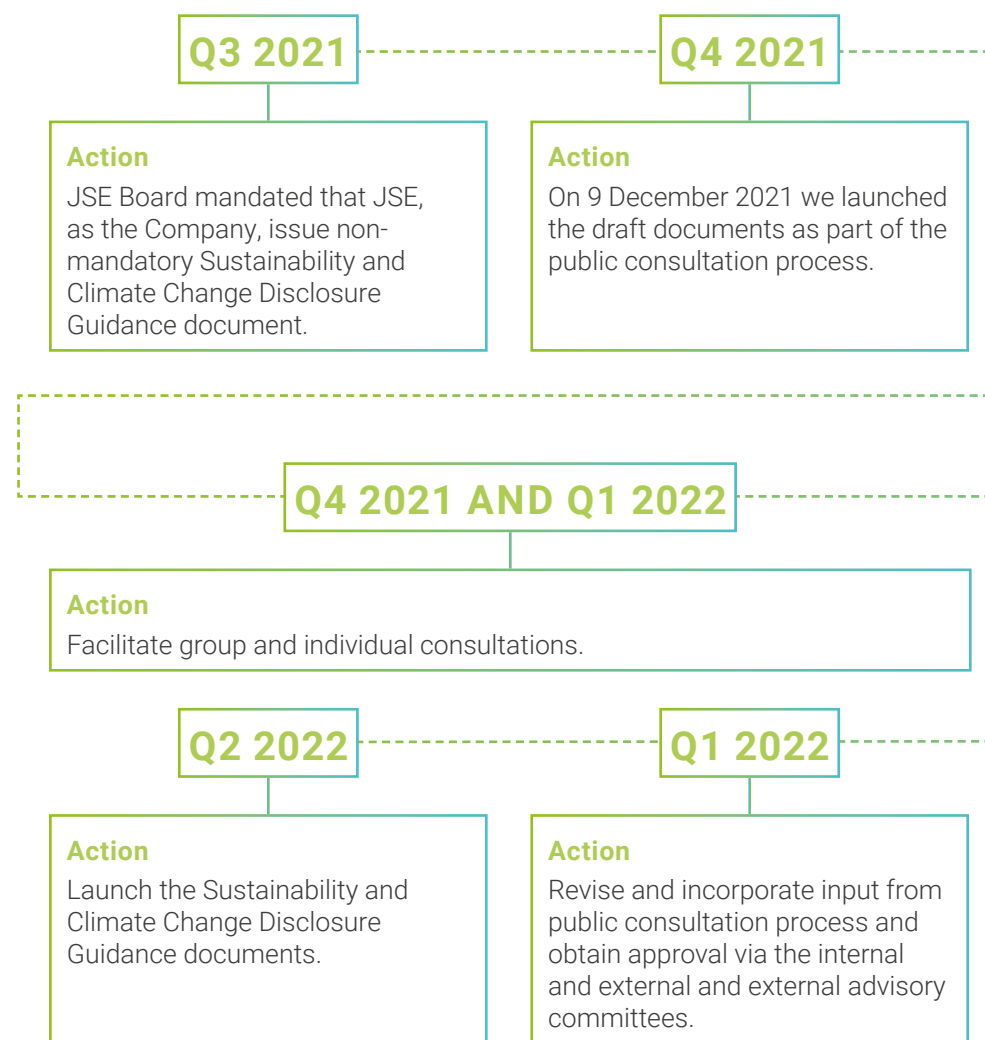
Performance

Companies have a significant role to play in contributing to more sustainable development, and the JSE, as part of the capital market ecosystem has an opportunity to influence both issuers and investors. In August 2021 our board approved the commencement of a project to develop an umbrella sustainability disclosure guidance and a related, more granular climate change disclosure guidance. This was aimed at helping alleviate the pressures our listed companies have been facing with the plethora of mostly voluntary sustainability frameworks and standards, alongside a rapidly developing regulatory landscape where increasingly, sustainability and climate change reporting is becoming mandatory. We embarked on a process of research and limited public consultation to help us answer a few key questions such as:

- Would such guidance issued by the JSE be useful, or create more confusion?
- Should such guidance be principles-based or include a level of metrics?
- Should we take a double- or single-materiality approach?
- Should we align with the FTSE Russell ESG rating model which is being used to assess a subset of listed companies?

We were fortunate to receive support from the IFC in their 30 by 30 Zero programme which helped us get the best global support and inputs. Our research included a variety of major frameworks and standards, a review of what peer exchanges have done, global expert input via the European DFI network and local input via a set of bilateral interviews, and the Sustainability Advisory Council which we convened to assist us on ensuring we had a variety of stakeholder perspectives to inform the work and ensure that we were addressing the correct issues. This included regulators, policy makers, NGOs and investors.

We also had open consultations with our listed companies, and a few business groups to test the framework which we were developing. The support for our approach was very positive and we proceeded to produce the public consultation draft which was released in December 2021. The consultation period which will include further targeted consultations and is open for anyone to comment on, runs to 28 February 2022 after which we will consolidate feedback and issue the final guidance. A timeline of key activities is shown.



Further thematic disclosure guidance documents will be developed over time as we engage with stakeholders. We also appreciate that the guidance should not be viewed as a "one size fits all", but as a flexible template that companies can adapt and modify to meet their circumstances for promoting best practice voluntary reporting.

ENGAGEMENT AND ADVOCACY

Sustainability leadership

33

ENGAGEMENT AND ADVOCACY

We aim to use our central role as connector to facilitate engagement and advocacy in relation to sustainability.

Sustainability Leadership

Investors are engaging more frequently with corporates regarding sustainability matters. Our role is to contribute to fostering an environment where sustainability is part of the investment analysis and the investment industry integrates sustainability considerations into the valuation and analysis of companies.

We continue to be recognised globally as a thought leader in sustainability matters and are a founding member of the SSEI. We are part of the Financial Sector Climate Risk Forum and chair the working group

on Sustainable Finance. Our CEO serves as co-chair in the Climate Disclosure Guidance project alongside the London Stock Exchange Group in the associated work done via the SSEI. She also serves as co-chair of the UNGISD, a new alliance of CEOs coordinated by the UN's Department of Economic and Social Affairs, which is aimed at scaling up and speeding up investment in the SDGs. Further, she is part of the UN Secretary General's Climate Action Advisory Group as well as a CEO Champion on the NBI's Just Transition Pathway initiative.

As a responsible corporate citizen and constructive role-player, we continue to engage extensively on sustainability matters. We showcase our efforts and commitment to supporting the national agenda by using our role as a connector and global thought leader to advocate and promote sustainable, transparent business and responsible investment.

In this chapter

We unpack how we aim to further enhance the focus on sustainability through continuous stakeholder engagement, spearheading and participating in making sustainability a key market component. (📄 pages 33 to 34).

ENGAGEMENT AND ADVOCACY continued

The sustainability initiatives we undertook in 2021 include:

COP26 AND JSE COMMITMENT TO NET ZERO

- Attended the 2021 COP26 summit and announced our commitment to join the Race to Zero Partner Initiative.
- Participated as speakers at four events the COP26 hosted by SSEI, the GISD; the NBI and the UK Chancellor of the Exchequer.
- Joined the Net Zero Financial Service Providers Alliance and the Glasgow Finance Alliance for Net Zero, to promote and champion sustainability measures within South Africa and internationally.

HOSTED OUR ANNUAL SUSTAINABILITY SHOWCASE IN OCTOBER

- Company showcase session with four listed companies.
- Panel discussion on climate risk and opportunity.
- Half-day event on Transition Finance co-hosted with the IFC featuring local and international perspectives.

Expanding our input in the GISD Alliance by

- leading a work stream on a call to action on COVID-19 bonds, which is a quick guide to issuers of such bonds on how to link these to the SDGs at a target level, creating a direct link of short-term efforts to long-term benefits;
- leading a work stream on governance as a key input into the GISD comments on the EU's Renewed Finance Strategy; and
- playing a lead role in guiding the GISD Alliance and coordinating input at the co-chair level.

SUSTAINABLE FINANCE WORKING GROUP (NATIONAL TREASURY) WITH THE JSE AS CHAIR

- Concluded extensive finance sector and real economy workshops, and finalised recommendations for relevant financial sector and government actors.
- A handbook (targeted at skills development in sustainable finance with local context tailoring) has been completed and published on <https://sustainablefinanceinitiative.org.za/working-groups/sustainable-finance-working-group/>.

SUSTAINABILITY AND CLIMATE CHANGE GUIDANCE STAKEHOLDER ENGAGEMENT

International engagements:

- Co-chaired the development of the Model Climate Change Disclosure guidance under the SSE

Local engagements:

- Completed two workshops with listed companies and one discussion with the CFO Forum (ESG Committee) on the proposed Sustainability and Climate Change guidance.
- Convened two meetings of the Sustainability Advisory Committee. Invited feedback from the European DFI Network and IFC partner network with support from the IFC's disclosure team.

PRODUCTS AND SERVICES

Growing our sustainability-related product offering

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PRODUCTS AND SERVICES

Provide the tools and services that facilitate responsible investing and the re-orientation of capital flows to more sustainable development.

The World Federation of Exchanges (WFE) classifies stock exchange sustainability efforts into three primary categories: promotion of sustainability disclosure, green bonds, and the creation of sustainability indices. While discourse initially focused on trends in exchange disclosure, the market for green finance-related products is expected to continue to see rapid growth in the coming years.

Green bonds can be listed on any exchange with a traditional bond platform. They are no different from regular bonds with one exception, proceeds are dedicated to projects with environmental benefits, primarily climate change mitigation. Another high-demand financial tool, sustainability indices, define universes that meet specific criteria for use by asset managers, as well as standards for characteristics to

compare with the underlying market. The primary uses for indices are: performance benchmarks, the basis for passive investment funds such as ETFs, and investment policy benchmarks for large asset owners such as pension funds. Many exchanges world-wide have recognised such opportunities and are increasing their efforts to engage market participants and integrate sustainability into mainstream financial practices.

In this chapter

Providing the products and services that facilitate responsible investing and the re-orientation of capital flows to more sustainable development.

Growing our sustainability-related product offering

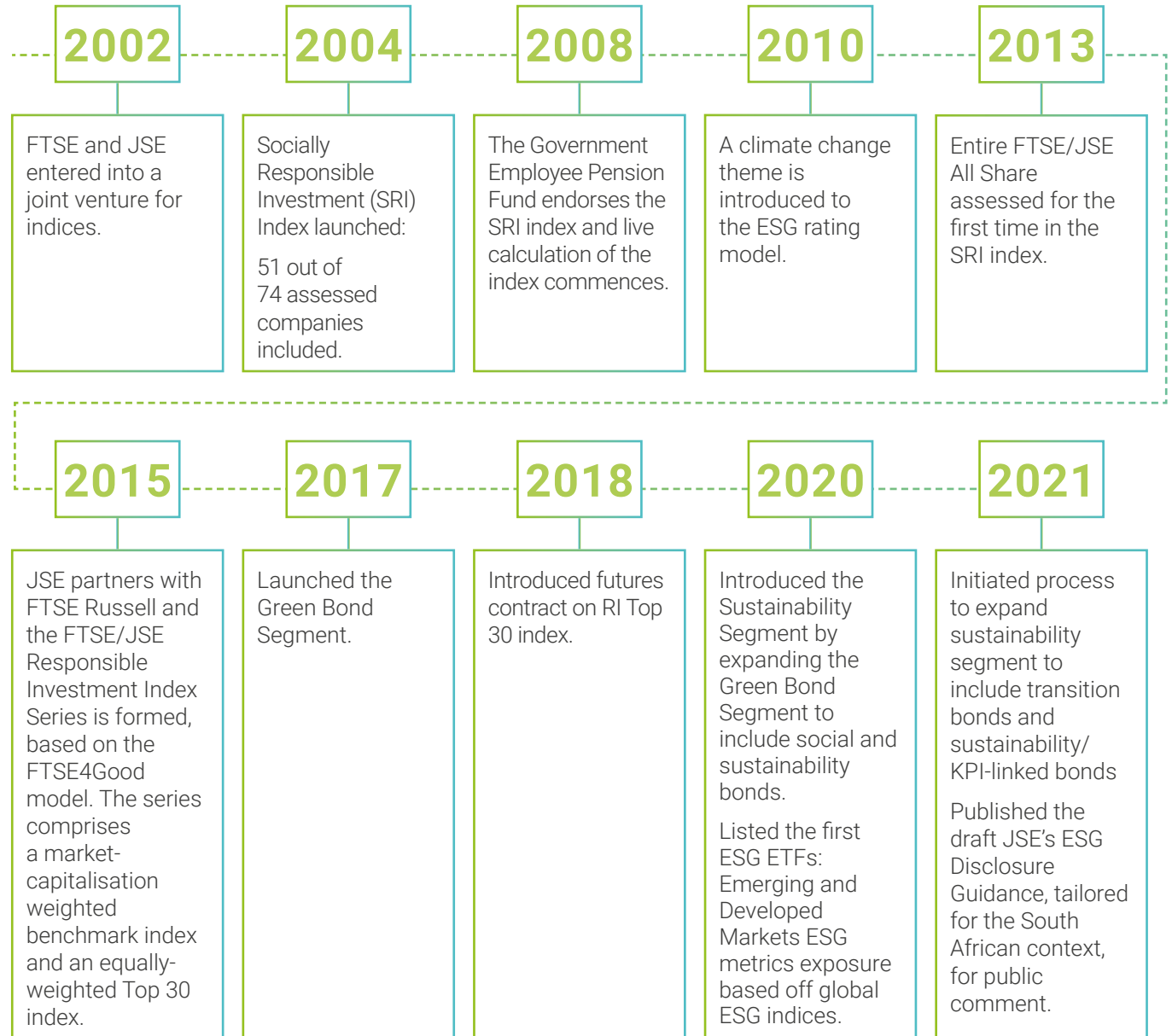
As an exchange (market infrastructure) the JSE has the opportunity for financial instrument innovation to finance the green and social transition and finance the green and social infrastructure generally. Much work needs to be done across the financial ecosystem to support transition finance that will access global concessionary finance as well as climate-oriented active funds. The JSE will be a critical market infrastructure in the process, and we are well-positioned to promote sustainable finance instruments.

We already have a reasonably advanced suite of instruments on offer via our sustainability segment (covering green, social and sustainability bonds), with sustainability-linked bonds and transition bonds planned to go live in early 2022, after the JSE issued the draft rules for public commentary mid-2021. Both are of particular relevance to climate action and the need for the local context on just transition to be supported by market mechanisms.

In relation to ESG indices the activity in the market is still relatively low especially compared to the USA and Europe. However, we expect the market will continue to grow, driven by regulatory pressures and growing demand in the underlying market. Indices create a supportive environment for greater ESG investment by:

- providing transparency around the performance of the ESG index relative to the benchmark;
- providing more information about the level of demand for ESG-aligned products; and
- enhancing the ability of investment managers to provide ESG-aligned investment products.

Performance



GROUP SUSTAINABILITY COMMITTEE REPORT

The JSE is committed to doing business the right way and we continue to promote and integrate sustainability best practice in our value creation processes.

The JSE Board has ultimate responsibility for the oversight and monitoring of the organisation's status as a good corporate citizen, with a focus on employees and the workplace, as well as societal and environmental impacts. The Board has delegated to the GSC its responsibility for monitoring and managing the Group's social and economic development, good corporate citizenship, and sound business ethics. The committee assists the Board by monitoring these areas, with the aim of promoting high standards and ensuring good business conduct in respect of both its financial and non-financial performance.

Annual confirmations by the committee

The committee confirms that it:

- has discharged its responsibilities as mandated by the Board, its statutory duties in compliance with the Companies Act and best practice in corporate governance as set by King IV; and
- is satisfied that the Group's social and ethics procedures and controls are operating effectively.

Committee composition and mandate

Statutory committee constituted in terms of section 72(4) of the Companies Act to monitor and report on the manner and extent to which the Group protects, enhances and invests in the economy and in society.

Independence of the committee: 100%

Members	Attendance	Regular invitees
Dr SP Kana (Chairman)	3/3 100%	N Nyembezi (Board Chairman)
S Cleary	3/3 100%	P Nhleko (independent non-executive director)
VN Fakude	2/3 67%	L Fourie (Group CEO) chief operating officer
FN Khanyile¹	2/2 100%	Director: human resources Director: marketing and corporate affairs
MA Matooane	3/3 100%	group company secretary chief sustainability officer

The committee's primary goals are to provide direction and to promote social and economic development and good corporate citizenship practices in the organisation. The mandate of the committee, as stipulated in the Companies Act, is to:

1. Monitor the Group's activities in the following areas:
 - social and economic development;
 - good corporate citizenship;
 - the environment, health and public safety;
 - consumer relationship; and
 - labour and employment.
2. Bring matters within its mandate to the attention of the Board, as required.
3. Report on matters within its mandate to shareholders during the Company's AGM.

In monitoring the JSE Group's activities, the Companies Act requires that the committee considers various pieces of legislation that relate to EE and empowerment, the 10 principles of the UNGC and the recommendations of the Organisation for Economic Co-operation and Development (OECD) regarding corruption and the International Labour Organization (ILO).

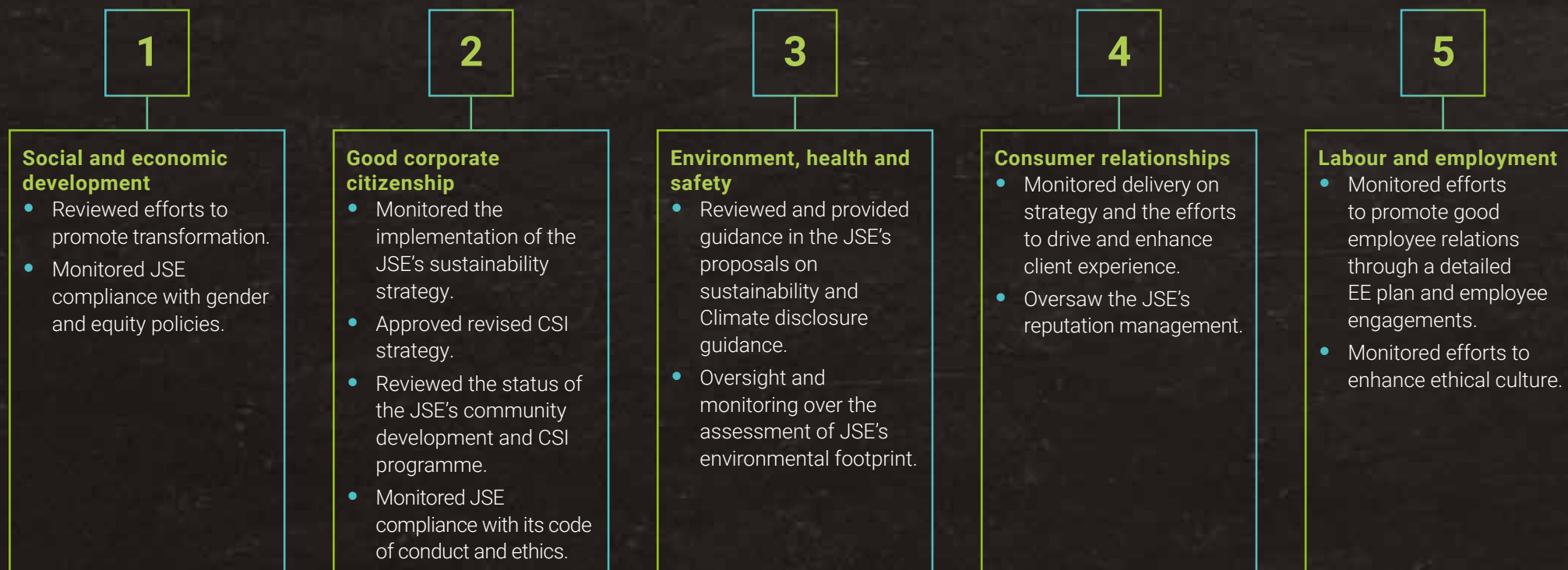
¹ FN Khanyile was appointed to the committee effective 1 July 2021.

GROUP SUSTAINABILITY COMMITTEE REPORT continued

Committee focus areas for 2021

GSC held three meetings in the 2021 financial year, aligned with its work plan and its five key areas of responsibility, as prescribed by Regulation 43 of the Companies Act.

Area of focus considered by the committee included:



¹ Reg. 43(5) of the Companies Act.

Report on statutory requirements (as per regulation 43 of the Companies Act)

The JSE is committed to upholding fundamental human rights, ensuring fair labour practices, working against corruption in all its forms and protecting the natural environment within which the Group operates. We have set up our work using the UNGC principles as our guideline which is demonstrated in the table below.

UNGC principle	JSE's support of the principle	Relevant policies and/or frameworks
<p>Human rights</p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights</p> <p>Principle 2: Ensure that the Group is not complicit in human rights abuses</p>	<p>The JSE is bound by the Constitution of the Republic of South Africa, which contains the Bill of Rights.</p> <p>All employees and contractors are bound by the JSE's conduct and ethics policy and are guided in their behaviour in terms of integrity, loyalty, equity, tolerance, impartiality and discretion.</p>	<p>Code of conduct and ethics, the employee conduct and ethics policy and employment policies</p> <p>Employment policies</p> <p>Our HR declaration can be accessed on https://www.jse.co.za/sites/default/files/media/documents/2021-02/HR%20Compliance%20Declaration.pdf</p>
<p>Labour</p> <p>Principle 3: Uphold freedom of association and the effective recognition of the right to collective bargaining</p> <p>Principle 4: The elimination of all forms of forced and compulsory labour</p> <p>Principle 5: The effective abolition of child labour</p> <p>Principle 6: The elimination of discrimination in respect of employment and occupation</p>	<p>The JSE supports collective bargaining and its principles as promulgated in South African labour legislation. While the JSE does not have any recognised trade union and operates in a non-unionised environment, it continues to promote good employee relations through detailed guidelines, policies and engagement.</p> <p>South African law prohibits forced, compulsory and child labour and South Africa is a signatory to the ILO convention, as applicable to fair labour practices. South Africa has a plethora of labour legislation that embodies these standards and the JSE's employment policies incorporate these legislative provisions.</p> <p>The JSE's HR policy in respect of EE aims to eradicate all forms of unfair discrimination. It aims to create opportunities for all employees, with special emphasis on previously disadvantaged employees, through specific EE programmes. These include affirmative action, performance management, learning and development plans, promotions and career planning.</p>	<p>Employment policies</p>

GROUP SUSTAINABILITY COMMITTEE REPORT continued

UNGC principle	JSE's support of the principle	Relevant policies and/or frameworks
<p>Environment</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p> <p>Principle 8: Undertake initiatives to promote greater environmental responsibility</p> <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>	<p>The JSE remains aware of its interdependence with the natural environment, and particularly at a time of growing concern about the environmental impact of non-sustainable business practices, and of the need to play a role in nurturing its ecosystem.</p> <p>Environmental management and sustainability form part of the Group's sustainability strategy.</p> <p>The JSE is involved in several significant initiatives and developments, including the adoption of the FTSE Russell ESG rating process, whereby eligible listed companies are assessed against a range of environmental themes including climate change, water use, pollution and resources. This rating process determines the constituents of the FTSE/JSE Responsible Investment index series.</p> <p>The JSE participates in the CDP reporting process annually as part our journey to better climate change disclosures.</p>	<p>Sustainability strategy</p> <p>Creation of products that are supportive of the aims of sustainable development and low carbon economy such as green, social and sustainability bonds, our FTSE/JSE Responsible Investment Indices and our ESG futures contracts</p>
<p>Anti-corruption</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery and OECD recommendations regarding corruption</p>	<p>The JSE has adopted a code of conduct and ethics, which articulates the values and acceptable ethical standards to which all persons associated with the Company are required to adhere.</p> <p>The Group has a zero-tolerance approach towards fraud and corruption and management is committed to combating fraud and corruption in all its forms.</p> <p>A whistle-blowing hotline is provided where employees may report any transgression confidentially and anonymously. The toll-free hotline is independently managed and administered.</p> <p>The JSE's Market Regulation division reports suspicious trade activity in the JSE markets it regulates to the FSCA for follow-up and further action.</p>	<p>Code of conduct and ethics policy</p> <p>Dealings in shares policy</p> <p>Whistle-blowing policy</p> <p>Anti-bribery and corruption policy</p>

Regulation 43 legislation

The Companies Act refers to various pieces of legislation and areas that fall within the committee's mandate and oversight role.

Legislation	JSE's compliance with legislation	Relevant policies and/or frameworks
The EE Act, 55 of 1998	The JSE supports the promotion of equal opportunity and fair treatment, the prevention of unfair discrimination and the implementation of affirmative action measures to redress disadvantages in employment.	EE policy in place
The BBBEE Act, 53 of 2003	The JSE strives to ensure that there is increased and fair participation of Black people in the economy of South Africa, supported by the Group HR department which provides ongoing monitoring and quarterly compliance reports to the Board.	We are measured under the revised FSC and have maintained our Level 2 rating, thus reaching our 2021 target
The Consumer Protection Act, 68 of 2008 (the CPA)	With regard to the CPA, the JSE understands our risk areas. The JSE aims to treat our clients fairly and engages with them through various stakeholder mechanisms and forums.	2021 CSI spend
The ILO protocol	The JSE upholds the ILO protocol on decent work and working conditions by encouraging an environment where people are valued. This is achieved through people policies and team practices that continuously strive to enhance diversity in the interest of building a capable, respected workforce.	Employee engagement initiatives
Good corporate citizenship	The JSE is committed to making a difference in the lives of South Africans by investing time, effort and money in its various community-orientated initiatives. We also believe that this difference should be sustainable and should ensure that individuals benefit directly through positive and meaningful contributions.	2021 CSI spend

APPENDICES


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APPENDICES

King IV principles

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 2021. The table sets out a brief description of the principles and their application within the JSE environment. More information can be found in the integrated annual report where relevant information is indicated through a King IV icon . Principle 17 relates to institutional investors and has no bearing on the JSE.

APPENDICES continued

Desired outcomes	Activities in the year	Key governance policies and procedures
<p>01 Principle 1 Lead ethically and effectively</p>	<ul style="list-style-type: none"> • Satisfactory attendance by directors at Board meetings. • Declaration of interest at each Board and Board committee meeting. • Director development – remuneration, sustainability and information and cybersecurity. • Oversight and monitored implementation and execution of policies by management. 	<ul style="list-style-type: none"> • Board charter and terms of reference. • Declarations of interest. • Board assessments.
<p>02 Principle 2 Govern the ethics of the organisation to support an ethical culture</p>	<ul style="list-style-type: none"> • Continued to embed a culture of putting people first and taking care of employees by focusing on employee safety and wellness programmes. • Employees trained on their obligations in respect of the JSE Group code of conduct and ethics policy. 	<ul style="list-style-type: none"> • Whistle-blowing hotline. • Group Dealing in Shares policy. • Code of conduct and ethics policy. • Protected disclosure/whistle-blowing procedures.
<p>03 Principle 3 Ensure that the organisation is seen to be a responsible corporate citizen</p>	<p>Oversaw and monitored the Group's following activities:</p> <ul style="list-style-type: none"> • Transformation efforts – achievement of Level 2 on BBBEE scorecard. • Launch of sustainability and climate change disclosure guidance. • Commitment to TCFD-aligned set of climate disclosure for the 2022 reporting year. • Revision of the carbon footprint. 	<ul style="list-style-type: none"> • Sustainability strategy. • EE plan. • BBBEE scorecard.
<p>04 Principle 4 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>	<ul style="list-style-type: none"> • Approved the Group's growth strategy for 2022 which focuses more actively on pursuing inorganic opportunities and creating new lines of business beyond equity trading. • JIS minority stake buy-out. • Acquisition of Investec Share Plan business. • Integration of JSE Investor Services Proprietary Limited into the Group. 	<ul style="list-style-type: none"> • 2021 Group strategy. • 2021 CEO and corporate scorecard. • 2021 annual budget. • Sustainability strategy.

APPENDICES continued

Desired outcomes	Activities in the year	Key governance policies and procedures
<p>05 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>	<ul style="list-style-type: none"> Timely submissions to the Board and Board committees to better monitor strategic objectives. Reviewed and approved the 2021 integrated annual report, Group consolidated annual financial statements, financial results and results announcements. 	<ul style="list-style-type: none"> Shareholder/investor roadshows. Integrated annual report. Trading statements. Remuneration report. Sustainability report.
<p>06 Principle 6</p> <p>The Board is the focal point and custodian of corporate governance in the organisation</p>	<ul style="list-style-type: none"> Newly appointed Board member serve on the GRMC for a period of one year. Reviewed Board charter, Board work plan and Board committees' terms of reference. 	<ul style="list-style-type: none"> Board charter. Board protocol on access to independent, professional advice.
<p>07 Principle 7</p> <p>Appropriate balance of knowledge, skills, experience, diversity and independence to discharge governance role and responsibilities objectively and effectively</p>	<ul style="list-style-type: none"> Achieved voluntary diversity targets at Board level. Reviewed Board succession plan. Completed appointment of successor to Board Chairman 	<ul style="list-style-type: none"> Diversity policy. Group Nominations Committee (GNC) terms of reference. Chairman is an independent non-executive director. Have a lead independent non-executive director. CEO and CFO are executive directors of the Board.
<p>08 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>	<ul style="list-style-type: none"> Reviewed and updated the committee terms of reference to ensure alignment between the committees. Meetings without management. 	<ul style="list-style-type: none"> Board charter. Board committees' terms of reference.

APPENDICES continued

Desired outcomes	Activities in the year	Key governance policies and procedures
<p>09 Principle 9</p> <p>Ensure that the evaluation of the Board and its committees supports continued improvement</p>	<ul style="list-style-type: none"> • Considered the 2020 independent Board evaluation report and implemented action plans. • Performed 2021 independent evaluation of directors, chairs and committees. 	<ul style="list-style-type: none"> • Board and committee evaluations.
<p>10 Principle 10</p> <p>Ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities</p>	<ul style="list-style-type: none"> • Implement the Board delegation of authority as a base for the divisional delegations of authority. 	<ul style="list-style-type: none"> • Delegation of authority.
<p>11 Principle 11</p> <p>Govern risk in a way that supports the organisation in setting and achieving its strategic objectives</p>	<ul style="list-style-type: none"> • Embed a risk-aware culture by integrating risk and resilience activities into business processes and decision-making. 	<ul style="list-style-type: none"> • ERM policy. • Risk and resilience roadmap. • Control management framework. • BCM policy. • BCM plan.
<p>12 Principle 12</p> <p>Govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</p>	<ul style="list-style-type: none"> • Invested in our operational capabilities, technology upgrade, information security, cybersecurity, technical skills and backup systems to ensure the operational stability of our markets and reduce operational disruption. 	<ul style="list-style-type: none"> • IT and associated security policies. • Information Services policy. • Operational resilience framework. • Control management framework.
<p>13 Principle 13</p> <p>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>	<ul style="list-style-type: none"> • Entrenched legal compliance processes to mitigate the risk of non-compliance. • Monitored regulatory compliance to ensure the fulfilment of licence operating conditions. 	<ul style="list-style-type: none"> • Group compliance charter. • Group compliance framework.

APPENDICES continued

Desired outcomes	Activities in the year	Key governance policies and procedures
<p>14 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>	<ul style="list-style-type: none"> Reviewed and updated remuneration policy to ensure that it is aligned to current remuneration designs. Paid specific attention to the performance measures of the long-term incentive scheme. Conducted pay parity alignment. 	<ul style="list-style-type: none"> Remuneration policy.
<p>15 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>	<ul style="list-style-type: none"> Applied three levels of combined assurance model that is aligned to King IV and designed to effectively address significant risks and material matters. The Group Audit Committee received regular reports from GIA on any identified weaknesses in controls. 	<ul style="list-style-type: none"> Non-audit services policy. GIA charter. Annual internal audit plan. Control management framework.
<p>16 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>	<ul style="list-style-type: none"> Board held a governance and remuneration roadshow. Focused on enhancing customer experience and improving the quality of our engagements. Continued to embark on a customer experience change management programme with the aim to embed a culture of customer awareness. Convened an external Sustainability Advisory Committee to ensure a broad representation of stakeholder interests in the development of our Sustainability and Climate Change disclosure guidance. 	<ul style="list-style-type: none"> Stakeholder engagement framework. Crisis communication standard.

APPENDICES continued

Advisory committees

The JSE is supported by 11 advisory committees wherein stakeholders can discuss and influence JSE activity, including trading on all markets, clearing and settlement, indices and the Listings Requirements. The advisory committees consider and advise on principle and operational matters and, where appropriate, propose amendments to the JSE rules, directives and Listings Requirements.

JSE CLEAR (JSEC) OPERATIONS ADVISORY

Advises JSEC's management on matters pertaining to the central counterparty (CCP) and the derivatives markets it serves, with specific focus on operational matters.

COMMODITY DERIVATIVES ADVISORY COMMITTEE

Provides advice on matters related to agricultural products traded on the Commodity Derivatives Market.

BONDS AND INTEREST RATE DERIVATIVES COMMITTEE

The committee is responsible for the secondary market trading of a diverse set of products, across the cash, repo/carry and derivatives markets.

EQUITY TRADING ADVISORY COMMITTEE

Engages with key stakeholders in the equity trading environment, from senior trading members and buy-side firms to industry associations such as the Association for Savings and Investment South Africa. The committee's main objective is to provide insights and guidance to promote and build deeper and stronger equity markets.

FTSE/JSE ADVISORY COMMITTEE

Provides a forum for the index partners to interact with index users and other stakeholders to enhance the underlying methodologies of the FTSE/JSE indices.

SOLID MINERAL AND OIL AND GAS ADVISORY COMMITTEE

Advises the JSE on Competent Person's Report compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, the South African Code for the Reporting of Mineral Asset Valuation and the South African Code for the Reporting of Oil and Gas Resources, prior to publication.

APPENDICES continued

JSEC RISK ADVISORY

Advises JSEC's management on matters pertaining to the CCP and the derivatives markets it serves, with specific focus on risk management considerations.

ALT X ADVISORY COMMITTEE

Engages prospective AltX companies to assess their business plans and make recommendations to the Issuer Regulation division on the suitability to list on AltX.

CURRENCY DERIVATIVES ADVISORY COMMITTEE

The committee is responsible for reviewing the rules, directives and treatment of currency-related instruments trading on Nutron and may make recommendations to the JSE.

THE FINANCIAL DERIVATIVES ADVISORY COMMITTEE

Engages with Equity Derivatives Market participants to build and promote efficient, innovative and robust equity derivatives markets.

ISSUER REGULATION ADVISORY COMMITTEE

Considers and advises on proposed amendments to the Listings Requirements. The committee also considers objections and appeals in relation to the Listings Requirements.

APPENDICES continued

GLOSSARY

AGM	annual general meeting
ASEA	African Security Exchanges Association
BACSA	Business Against Crime South Africa
BBBEE	Broad-based Black Economic Empowerment
BCM	business continuity management
CCP	central counterparty
CDP	Carbon Disclosure Project
CEO	chief executive officer
CFA	Chartered Financial Analyst
CFO	chief financial officer
Companies Act	Companies Act, 71 of 2008 (as amended)
COP26	2021 United Nations Climate Change Conference
CPA	Consumer Protection Act, 68 of 2008
CSA	Conservation South Africa
CSI	corporate social investment
DFI	development financial institution
EE	employment equity
ERM	enterprise risk management
ESG	environmental, social and governance
ETFs	exchange-traded funds
EU	European Union

APPENDICES continued

Exco	Executive Committee
FSC	Financial Sector Code
FSCA	Financial Sector Conduct Authority
FTSE	Global provider of benchmarks, analytics, and data solutions with multi-asset capabilities. FTSE Russell provides a comprehensive range of indices
GBVF	gender-based violence and femicide
GHG	greenhouse gas
GISD	Global Investors for Sustainable Development Alliance
GNC	Group Nominations Committee
GRMC	Group Risk Management Committee
GSC	Group Sustainability Committee
HR	human resources
HVAC	heating, ventilation, and air conditioning
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Framework
ILO	International Labour Organization
JCPS	Justice, Crime Prevention and Security
JEF	JSE Empowerment Fund
JIS	JSE Investor Services
JSEC	JSE Clear Proprietary Limited
JSE/the Group	JSE Limited

APPENDICES continued

King IV	King Report on Corporate Governance™ for South Africa, 2016 (copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved)
LED	light-emitting diode
Listings Requirements	JSE Listings Requirements
NBI	National Business Initiative
NZSPA	Net Zero Service Provider's Alliance
OECD	Organisation for Economic Co-operation and Development
PA	Prudential Authority
PSRIP	Primary School Reading Improvement Programme
RI	Responsible Investment Index
SAPS	South African Police Service
SARB	South African Reserve Bank
SDGs	Sustainable Development Goals
SRI Index	Socially Responsible Investment Index
SRO	self-regulatory organisation
SSEI	Sustainable Stock Exchanges Initiative
SWG	Sustainability Working Group
TCFD	Task Force for Climate-related Financial Disclosures
UN	United Nations
UNGC	United Nations Global Compact
UNGISD	United Nations Global Investors for Sustainable Development
WFE	World Federation of Exchanges

APPENDICES continued

Corporate information and directorate

JSE Limited

(Incorporated in the Republic of South Africa)

Registration number: 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 213800MZ1VUQEBWRF039

Registered office

One Exchange Square

2 Gwen Lane

Sandown, 2196

Postal address

Private Bag X991174 Sandton, 2146

Contacts

Telephone: +27 (0) 11 520 7000

Web: www.jse.co.za

Investor relations: ir@jse.co.za

Group company secretary: GroupCompanySecretary@jse.co.za

Directors as at 31 December 2021

N Nyembezi¹ (Chairman)

Z Bassa¹

MS Cleary¹

VN Fakude¹

Dr SP Kana¹ (Lead Independent Director)

FN Khanyile¹

IM Kirk²

BJ Kruger²

Dr MA Matookane¹

P Nhleko^{1,4} (Chairman designate)

Dr L Fourie (Group CEO)³

A Takoodeen (Group CFO)³

Changes to the Board in 2021

Mr P Nhleko⁴

¹ Independent non-executive directors.

² Previously classified as non-executive director (not independent) on account of business relationship that affiliated company has with JSE. Reclassified as independent non-executive director as at 31 December 2021 following completion of cooling-off period since leaving the full-time employ of affiliated company.

³ Executive directors.

⁴ Appointed effective 1 July 2021.

Group company secretary

GA Brookes

Transfer secretary

JSE Investor Services Proprietary Limited

19 Ameshoff Street

Johannesburg, 2001

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

1 Merchant Place

Corner Fredman and Rivonia Road

Sandton, 2196

AGM scrutineers

The Meeting Specialist Proprietary Limited

One Exchange Square

2 Gwen Lane

Sandown, 2196

Auditors

Ernst & Young Inc.

102 Rivonia Road

Sandton, 2196

Bankers

First National Bank of SA Limited Corporate Account Services

4 First Place

Bank City

Simmonds Street

Johannesburg, 2001

Investor queries should be directed to ir@jse.co.za and will be redirected, where necessary, to the appropriate Board member or executive for a response.

Governance and secretarial queries should be directed to

GroupCompanySecretary@jse.co.za

