JSE Limited
Social Value Report 2020
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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.

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**Social value report (reporting on social value creation)**

Sets out details of our journey towards delivering on our sustainability mandate and our impact on society, structured according to our five strategic priorities.

**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 (GAC) report, directors’ report and annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

**Remuneration report (rewarding value creation)**

Sets out the JSE’s remuneration philosophy and policy, and how it was implemented in 2020. This report is subject to two non-binding advisory votes at our annual general meeting (AGM).

**Notice of AGM and proxy form**

Sets out the notice of the JSE’s AGM of shareholders to be held on 3 June 2021, together with the summarised report containing the required financial disclosures.

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**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.

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Report overview

As a sustainability leader in emerging markets, we recognise the importance of integrating a long-term perspective into financial markets to promote financial stability and reduce socio-economic risks.

Report objectives

The JSE Limited’s (the Group or the JSE) online social value report provides an account of our most material and salient environmental, social and governance matters and outlines how we addressed these in 2020 and aim to balance them in the short, medium and long term.

Scope and boundary

This report focuses on the financial year from 1 January 2020 to 31 December 2020 and includes both historical information and forward-looking statements, which provide context to the Group’s strategy and operations. The report describes the JSE, the five financial markets it operates and the investor protection funds associated with its markets. The JSE holds 44.55% in Strate Proprietary Limited (Strate); however, this report does not provide details on Strate as it has an independent board and management team.

The report is structured within the context of our five strategic priorities to demonstrate how consideration of sustainability matters are integral to delivering our strategy. These are aligned with those matters we deem to be most material to the Group and our stakeholders.

Our approach to reporting is informed by the guidance contained within a range of requirements, standards and frameworks, including, but not limited to, the:

» Companies Act, 71 of 2008 (as amended) (Companies Act);
» International Integrated Reporting Council (IIRC) 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, of which the JSE is a constituent;
» UN Global Compact (UNGC);
» UN SDGs;
» UN Principles for Responsible Investment (PRI);
» Sustainable Stock Exchanges (SSE) initiative; and
» Carbon Disclosure Project (CDP).

For an overview of how governance supports value creation, please refer to the governance section on pages 82 to 112 of the integrated annual report at https://web.jse.co.za/ar2020.

Material matters

The material matters for reporting were workshopped by JSE senior management and ultimately approved by the JSE Board of Directors (the Board). They comprise the following.

Further details on each matter and the materiality determination process can be found in our integrated annual report at https://web.jse.co.za/ar2020.

1 Quality of the market
2 Level of market activity and quality
3 Operational availability and stability
4 Enabling technology to provide innovative solutions
5 Calibre of oversight and regulation
6 Transformation and socio-economic advancement
7 Managing critical and essential skills and talent
8 Regulatory compliance and settlement assurance
9 Concentration and interdependency of the Capital Market ecosystem
10 Competition and disruptors

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

Assurance over this report
The information contained in this report has been prepared and provided by the JSE’s human resources (HR), finance, marketing and corporate affairs, and governance and assurance 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 was done with the oversight of the Group Sustainability Committee.

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. The financial information provided in this report has been drawn from the Group’s annual financial statements, which have been assured by the external auditors, Ernst & Young. Non-financial information is assured by Group internal audit on a periodic basis.

Our Broad-based Black Economic Empowerment (BBBEE) performance is assured by AQRate Verification Services (AQRate), an accredited Black Economic Empowerment (BEE) verification agency. It has confirmed a level 2 rating and the verification certificate is available at [https://web.jse.co.za/investor-relations/jse-bee](https://web.jse.co.za/investor-relations/jse-bee).

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 social value creation of the Group.

Value creation is the positive impact we make on society, the environment, and our stakeholders through our products and services, direct actions and influence. We pursue this through our strategy. This report demonstrates how, in alignment with our strategy, we deliver this value.

For an overview of our strategy, please refer to page 20 of the integrated annual report.

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**Partner to co-create for inclusive and sustainable growth and reduce Equity Market dependence**

Healthy markets are important for South Africa’s economic growth. We contribute to this by continuously reviewing our business model to find opportunities to grow sustainably across the value chain to support inclusive and sustainable growth.

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**Run trusted markets, products and services by ensuring market quality, settlement assurance, governance, operational availability and resilience**

We create value by providing a trusted and well-regulated financial market infrastructure to support the economy.

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**Enhance the stakeholder experience through collaborative value creation and the highest quality of service delivery**

By deepening our relationship with our clients, engaging and investing in our employees, suppliers and wider stakeholders, we are able to build collaborative stakeholder relationships that help us maintain a robust market infrastructure.

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**Attract and retain diverse top talent that allows an exchange of knowledge to support a transition from the markets of today to the markets of tomorrow**

We invest and develop the skills needed in our increasingly digital and interconnected markets to support the growth of our economy in a manner that embraces inclusion and diversity.

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**Lead by example on the national agenda and promote SA as a global investment destination by partnering with the public and private sectors**

As a responsible corporate citizen, we engage in activities that support the national agenda and contribute to transforming the social and environmental context in which we operate.

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Nonkululeko Nyembezi
Chairman: Board

Dr Suresh Kana
Chairman: Group Sustainability Committee
In a year of uncertainty and external volatility, our focus on culture, relationships and sustainability has remained firm, as these are key to our reputation, legitimacy and building organisational resilience.

The Group Sustainability Committee’s (GSC) key focus areas for 2020 were:
» driving customer experience;
» enhancing organisational culture; and
» progressing the JSE’s sustainability strategy.

2020 has been a year of change and adaption. Our operating environment has been characterised by global uncertainty, economic contraction, a sovereign credit rating downgrade and volatile financial markets.

The consequences of COVID-19 and the rapidly enacted lockdown in March 2020 had both positive and negative impacts on business and society. New ways of work, and a rapid uptake in online and virtual collaboration technologies have translated, somewhat surprisingly, into clear productivity and organisational efficiency gains for many firms around the world. But these gains are far outweighed by the widespread and devastating impact of the pandemic on many industries and business sectors, and on society at large – measured not only in the terrible death toll but in the social challenges inherent in lockdown conditions. Poverty and inequality are now even more starkly exposed. A dramatic increase in corporate failures has resulted in rising unemployment levels and shrinking economic opportunities. The shift to online learning in wealthier societies is in glaring contrast to the absence of those opportunities in many emerging countries.
Failing health systems, increasing cases of gender-based violence and abuse all contribute to the social challenges in South Africa and around the world.

Now more than ever, government, business and society need to work together to protect the most vulnerable in our country, while forging and implementing practical and workable solutions for economic recovery and South Africa’s long-term sustainable growth.

**Our role in society**

The JSE’s role as a trusted provider of financial market infrastructure and as a thought leader is more important than ever.

As a multi-asset class exchange, the JSE provides a trusted and secure platform for capital market transactions to take place, thereby enabling an efficient marketplace for South Africa to raise capital, manage risk and create wealth. We have placed great emphasis on maintaining operational resilience and offering uninterrupted trading throughout the ongoing crisis. Our agile support of our clients has also been important. Among other measures, we proactively addressed regulatory issues, temporarily adjusted certain JSE Listings Requirements in close collaboration with South African regulatory authorities, and supported distressed member firms with extended interest-free payment terms.

We are cognisant of our role as a leading provider of financial market infrastructure in South Africa, and the factors that impact our reputation and legitimacy as a frontline regulator. We are dedicated to our responsibility and promote our thought leadership in the areas of sustainability, governance and related standards and disclosures. Our commitment to sustainability recognises the interlinked nature of our business with the economy, the natural environment and our society. This is reflected in our sustainability strategy, and promoted this year through the introduction of the sustainability segment, which expands our current green bond offering to include social and sustainability bonds.

Our social obligation has been more important than ever this past year. In addition to our existing corporate social investment (CSI) initiatives, we extended support to those most impacted by the lockdown. We continued to pay our small and medium enterprise (SME) suppliers monthly retainers or average monthly payments based on billing history prior to lockdown. The JSE ran the #Trade4Solidarity initiative, which involved the donation of trading revenues earned over two days to support the Solidarity Fund. Another 38 market participants joined in this initiative and we collectively raised R34.4 million. Our contribution was further supported by the Board which pledged a portion of its director emoluments, and staff who donated a portion of their salaries. Furthermore, we partnered with Business Leadership South Africa (BLSA) and Afrika Tikkun to drive a community campaign to assist disadvantaged communities in Gauteng with food parcels and hygiene hampers to mitigate the spread of COVID-19.

Our COVID-19 response is detailed on page 25 of the integrated annual report.

**2020 focus areas**

The GSC is ultimately responsible for monitoring and reporting on the manner and extent to which the Group protects, enhances and invests in the economy and in society. As the JSE grows and diversifies to adapt and keep pace with a changing trading landscape, the GSC needs to ensure it does so sustainably. Among our other focus areas, listed on page 5, this has required the GSC to oversee external engagement and initiatives to enhance customer experience; oversee the JSE’s internal focus on enhancing organisational culture – a driver of productivity, innovation and customer experience; and approving actions to promote the sustainability strategy.

**Driving customer experience**

Capital raising, securities trading and post-trade services are all evolving rapidly, driven by advances such as distributed ledger technology (DLT). For the JSE to ensure its own long-term viability, it is imperative to create an environment where our customers and other stakeholder groups are satisfied with the range and quality of the JSE’s service offering. To achieve this, we must understand changing client needs and continuously work towards enhancements and solutions that address these requirements; along with innovating to stay ahead of current and future competitors.

A net promoter score (NPS) survey conducted in 2019 reflected areas of negative sentiment from customers towards the JSE. Therefore, as part of the 2020 strategic objectives, the JSE focused on enhancing its customer experience. This involved qualitative research to provide insights into customer needs, a leadership focus on clients, shifts in culture, driving process consistency and efficiencies, and delivering real client value. As a result, despite the volatility of the year, we managed to create significant improvements in our independently measured 2020 customer satisfaction and NPS ratings, which indicated a notable increase in customer loyalty and trust.

**Enhancing organisational culture**

Central to delivering exceptional customer experience and driving the JSE’s growth strategy, is a skilled, motivated and empowered workforce and an agile and ethical working culture. Based on the 2018 employment engagement survey results, JSE leadership implemented initiatives to adapt and improve organisational culture through high levels of employee engagement, enhancement of employee experience and employee wellbeing.

I am pleased that the initiatives implemented resulted in improved 2020 employment engagement survey results, which indicate that the JSE is an excellent place to work with a positive work culture, support, training opportunities and appropriate use of technology. However, to reach high performance levels, improvement opportunities lie in further increasing employee drive and purpose; empowering people and enabling them to be their best selves at work; and assisting employees to build their career paths and skill-sets for growth.
The JSE is dedicated to transformation and believes a diverse workforce enhances not only our organisational culture but the quality of our services. We continue to make great progress in transforming the senior and top management levels and overall representation of Black people at the JSE in line with the commitments made in our three-year employment equity (EE) plan. We will continue to drive transformational recruitment with a deeper focus on improving African, Coloured and Indian (ACI) representation in our staff complement.

**Progressing the JSE’s sustainability strategy**

Creating shareholder value that simultaneously drives us towards a more sustainable world is both complex and multi-dimensional.

The JSE’s sustainability approach is two pronged. Internally we consider and integrate sustainability matters into our business operations. Externally – as an exchange and frontline regulator – we promote access to capital and responsible investment. Our sustainability strategy reflects this with a focus on local and global leadership, both in thought and action, and creating opportunities to grow our product base with sustainable investment products.

We continued to integrate the six SDGs that we identified to be the most impactful on our operations and sphere of influence. We explicitly mapped our initiatives to each of these to enable the SDG view to permeate our actions and reporting more visibly.

To promote a more equal working environment, we have built on our existing efforts by updating our parental leave policy which now encompasses all employees, regardless of their gender or gender choice, for four months’ paid parental leave.

We continue supporting climate action and responsible consumption and production through internally investigating and implementing ways to improve energy and water efficiency; and, for the market, introducing the sustainability segment and, expanding our offering for the listing and trading of sustainable products.

**Compliance**

The JSE subscribes to a compliance philosophy that supports the organisation being an ethical and responsible corporate citizen, one that creates sustainable value for all stakeholders by striving for operational efficiency, growth and regulatory compliance.

The JSE has focused on embedding a culture of compliance within the organisation. During the year GSC re-examined the Group compliance framework and approved a Group compliance charter and updated the Group code of conduct and ethics. Conduct and ethics training was developed and rolled out by Group compliance to all employees to ensure that they are familiar with the requirements of the Group conduct and ethics policy, appreciate their responsibilities and are more risk and compliance aware.

To ensure effective monitoring of compliance, GSC monitored the implementation of the MyDisclosure system, introduced by the compliance team. This system is a conflict of interest management and attestation portal that records the declarations of employees in respect of external interests, gifts and entertainment, as well as attestations of adherence to and understanding of the compliance policies of the JSE.

**Future focus areas**

The COVID-19 pandemic is not yet behind us, requiring us to respond to and navigate its impact on our society and our people. We will continue to monitor our employee wellness and drive our culture initiatives as we respond to changing working patterns and support customer experience.

The GSC will continue to monitor efforts to build a transformed and diverse talent pool with particular focus on improving Black representation in senior and top management.

As an important and valued player in the market ecosystem, we are continuously called upon to support growing sustainable development and sustainable finance efforts locally and globally. To ensure that we maintain our position as a thought leader, both in action and in thought, we aim to review our sustainability strategy and ensure alignment to the Group strategy.

**Closing and appreciation**

On the back of a challenging year, I extend my thanks to my fellow Board and committee members, our Group chief executive officer (CEO), Leila Fourie, and her Exco for driving the JSE’s corporate response, and leading the Group with distinction through a time of unprecedented challenge. Their efforts ensured operational resilience in a time where the market required stability. I thank all employees for their continued dedication and resilience in a remote environment. Your commitment served the Group and our clients flawlessly.

Dr Suresh Kana
Chairman: Group Sustainability Committee
Who we are
We are a pioneering, globally connected exchange group enabling economic growth through trusted, world-class, socially responsible products and services for the investor of the future.

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

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.

Memberships
» World Federation of Exchanges (WFE)
» Committee of SADC Stock Exchanges (CoSSE)
» African Securities Exchanges Association (ASEA)
» Founding member of the SSE Initiative (SSEI)

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

Our ethical culture
We remain focused on adhering to applicable legislation and being an ethical, environmentally responsible business.

1 The JSE is a self-regulatory organisation, licensed in terms of section 8 of the Financial Markets Act, 19 of 2012 and responsible for regulating the financial markets that it operates.
What we do

The JSE connects buyers and sellers through a variety of financial products.

**Capital Markets**
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.

The **Primary Market** seeks new equity and debt listings on the JSE’s Equity and Interest Rate markets.

The **Secondary Market** provides trading, colocation and client support services in the Equity, Bonds, Financial Derivatives, and Commodity Derivatives markets.

**Value created**
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.

**Post-Trade Services**
Responsible for the risk management, clearing and settlement assurance of markets operated by the JSE.

Acting as the settlement authority for the exchange-traded Equity Market and as the clearing house for the exchange-traded Derivatives Market.

**Value created**
Post-Trade Services enable operational efficiency, risk and balance sheet management.

**Information Services**
Provides data, indices, valuations, business intelligence and statistics to market professionals and data distributors.

**Value created**
Data and analytics enable trading and investment decisions.

**Company Services**
Provides listed companies with market-specific services including – training, presentation venue, AGM facilitation and transfer secretarial and registry services, including registry maintenance and treasury services.

**Value created**
By providing comprehensive market-specific services, we provide a central hub that aims to improve accessibility to key services for our stakeholders.

**Technology**
We are a fully electronic, efficient and secure market with world-class regulation, trading and clearing systems, settlement assurance and risk management.

**Regulatory**
The JSE is 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.

Further information on how we contribute to economic growth can be found page 28 of this report.
Our sustainability approach

**Sustainability at the JSE means creating a positive lasting impact on society and ensuring long-term value for our stakeholders.**

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

» engage in activities that promote the wellbeing of the economy, our relationships with our stakeholders and the natural environment.

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**Sustainability trends**

The challenges experienced during 2020 and the hardships caused by the impact of the COVID-19 pandemic in 2020 accelerated certain sustainability trends aimed to achieve greater cooperation between social partners on sustainability issues:

» Increased focus on “build back better” underpinned by sustainability thinking as the leading post-COVID-19 narrative;

» Social and socio-economic themes rising in prominence as demonstrated by the Black Lives Matter movement and gender equality issues;

» Investors and social activists are increasingly asking more ESG-related questions of companies;

» Growing momentum for an alignment of standards, frameworks and definitions;

» Private sector is becoming more visible and active as demonstrated by Global Investors for Sustainable Development (GISD) Alliance and CEO roundtable commitments; and

» The increasing evidence that responsible investing has shown to deliver more resilient returns even in times of crisis.
Our sustainability approach continued

Operating philosophy
Our operating philosophy aims to balance the interests of all stakeholders particularly across three interrelated areas: (i) achieving efficiencies for clients, (ii) optimising shareholder value, and (iii) reinvesting internally in people and technology, within our regulatory framework.

We do this while remaining aware of our responsibility to our suppliers, communities and the role we play in South Africa as a financial market infrastructure.

Internal and external drivers
The Group’s approach to sustainability is guided by internal and external drivers:

» **Internal**: How the Group operates its business and addresses its own corporate sustainability concerns to deliver lasting value for our stakeholders and broader society.

» **External**: The Group’s circle of control and ability to influence the broader debate 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 own impact.

**External**
As an exchange, ensure:

» access to capital and a liquid and robust trading platform.

**Internal**
As a listed company:

» lead by example; and

» integrate ESG matters and SDGs into operations.

As a regulator ensure:

» market fairness and reliability by applying an appropriate regulatory function to everyday capital market activity.

Remaining responsible to our suppliers, communities and South Africa.

Refer to our stakeholder engagement on page 14 of this report.
Our sustainability approach continued

Enabling environment
As a connector between stakeholders 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.

We achieve this through the following levers:

JSE enabling environment

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<thead>
<tr>
<th>Regulatory framework</th>
<th>Advocacy</th>
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<tr>
<td>» Mandatory governance requirements regarding sustainability.</td>
<td>» Signatory of UNPRI; partner to the SSEI; member of the WFE Sustainability Working Group (SWG); member of ASEA SWG, and the Africa Integrated Reporting Committee (AIRC)</td>
</tr>
<tr>
<td>» King IV and market best practice</td>
<td>» Represented on Code for Responsible Investing in South Africa (CRISA); South African Institute of Chartered Accountants (SAICA) and Integrated Reporting Committee (IRC) of South Africa; and co-chair the UNGISD Alliance</td>
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<th>Investment tools</th>
<th>» Annual sustainability showcase</th>
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<tr>
<td>» Socially Responsible Investment Index (SRI Index) since 2004</td>
<td>» Advisor to the UN Secretary General on Climate Action</td>
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<tr>
<td>» FTSE/JSE Responsible Investment Index Series and FTSE ESG Ratings from 2015</td>
<td>» Chair of the Sustainable Finance Working Group of the Financial Sector Climate Risk Forum</td>
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<tr>
<td>» Other asset classes (such as green, social and sustainability bonds) and ESG futures contracts</td>
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<th>Engagement and facilitation</th>
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<tr>
<td>» Annual sustainability showcase</td>
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<tr>
<td>» Training (ESG and governance)</td>
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<tr>
<td>» Related events (including partnerships)</td>
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Our sustainability approach continued

Alignment with the SDGs

We recognise the need for business to embrace the SDGs and ensure that activities positively affect the achievement of the SDGs. In line with our strategic priorities, 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.

Key stakeholders
- Clients
- Shareholders
- Employees
- Regulators and policy makers
- Communities

Strategic priorities
- Partner to co-create for inclusive and sustainable growth
- Run trusted markets, products and services
- Enhance the stakeholder experience
- Attract and retain diverse top talent
- Lead by example on the national agenda

Response
- Promotion of greater economic inclusion
- Offer sustainability-focused products
- Investing in our systems and infrastructure
- Effective stakeholder engagement
- Investing and developing the skills needed for our digital and interconnected markets
- Transformation programme

Metrics
- CSI expenditure
- Transformation (BBBEE score)
- FTSE/JSE index rating
- NPS score

The SDGs we focus on:
- Reduced inequities
- Responsible consumption and production
- Climate action
- Partnerships for the goals

Our internal Sustainability Committee is currently reviewing how we can contribute to the remaining 11 SDGs.

Performance

- Company
- Exchange
- Regulator

Reduced inequalities

We focus on our business activities that promote greater economic inclusion through transformation and address inequality among our workforce and society. This year we achieved the following:
- Improved BBBEE status to level 2;
- Launched parental leave policy that permits all employees, regardless of gender, to qualify for four months’ parental leave;
- Successfully delivered a strong CSI programme and a virtual Investor Challenge;
- 76% of all employees are ACI; and
- All our external learners are 100% Black and 96% female.

The JSE provides a platform that allows access to capital markets in order to reduce inequalities through:
- JSE empowerment segment;
- our enterprise and supplier development programme; and
- education initiatives, which aim to increase participation of Black people in the financial services sector.

The Listings Requirements mandate the following from listed companies regarding race and gender:
- Policies regarding the promotion of race, gender, skill diversity at board level;
- The publishing of an annual BBBEE compliance report on the Stock Exchange News Service (SENS); and
- Requirement to put to vote annually the remuneration policy and to engage with dissenting voters should they exceed 25%.
### Responsible consumption and production

Contributed to the green economy by adopting a responsible approach to our environment:
- Managing and reporting on our carbon, water and waste footprint
- The JSE is on modular enabling us to adapt uninterrupted power supply (UPS) power to our servers
- We participate in the FTSE4Good rating process and are a constituent of the FTSE/JSE ESG Index Series. The JSE maintained its ESG rating of 5 out 5

Introduced sustainability-focused products in our product and service offering:
- Launched the Sustainability Segment, expanding the green segment to include social and sustainability bonds
- Over time we have eleven listed green bond instruments through five issuers, including banks, corporates, international development finance institutions (DFIs) and local municipalities, totaling R9.3 million.

### Climate action

We continued to evaluate options to enhance our efforts towards making the JSE a paperless environment

We are committed to continuously improving our responsible investment indices.

### Partnerships for the goals

Our work in this context is primarily on our role as an exchange and the relevant partnerships that follow. Our work is focused on:
- facilitating peer-to-peer (South African financial markets ecosystem) best practice sessions through various platforms such as our annual Investor Showcase; and
- partnering with the Shared Value Africa Initiative (SVAI) to promote business models that incorporate social and environmental responsibility as part of their value proposition and that aim to “do well by doing good”.

We conducted extensive engagements locally and internationally through the Financial Sector Climate Risk Forum (FSCRF), the UN GISP co-chair role and the SSE Climate Disclosure.
We believe that considering our stakeholders in key business decisions is not only the right thing to do, but is fundamental to our ability to drive value creation over the longer term.

By its nature, the local capital market creates interdependency with key stakeholders and a concentration in clients, products and service providers. It is therefore important that we maintain collaborative relationships with our stakeholders so that we can maintain an enhanced market infrastructure.

Underpinned by our response to the pandemic, our engagements in 2020 aimed to balance the needs and expectations of our stakeholders.

Examples of key engagements in 2020 include:

- hosting SA Tomorrow Investor Conference to promote South Africa as a global investment destination as well as extensive engagements locally and internationally through the UN GISD co-chair role and our own annual sustainability showcase. For more information refer to page 21 of this report;
- conducting a client engagement survey; and
- conducting an employee engagement survey.

For more details on the results of the client and employee engagement surveys refer to page 15 of this report.

In this chapter

Read about how we engaged with our stakeholders to build robust and impactful relationships that deliver mutual benefit.

Stakeholder engagement

Robust engagements with our clients enabled us to be transparent, earn their trust and loyalty and enhance their experience with us, as demonstrated by the improvement of our NPS results. Our engagements with investors contributed to fostering an environment where consideration of sustainability matters is part of the investment analysis.
Stakeholder engagement

We are part of a greater socio-economic ecosystem and recognise that we are dependent on robust relationships with all of our stakeholders.

The relationships we have throughout our value chain are critical, and deepening our relationships and earning the trust of our stakeholders will ensure that we build mutually beneficial relationships that enable us to co-create sustainable solutions.

Our approach

Central to our strategy is putting our stakeholders at the centre of what we do and aligning business initiatives to expedite those that provide the most value in enhancing stakeholder experience. We have adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders over time.

We place our stakeholders at the heart of our business decisions by:

- evolving, adapting and continuously improving in line with stakeholders’ expectations and changing needs;
- providing the right solutions for the right reasons, to empower our stakeholders to make informed decisions; and
- making promises we can keep and keeping the promises that we make.

Our approach to engaging stakeholders effectively includes:

1. Conducting perception surveys
2. Ensuring public participation is central to the engagement process
3. Communicating in a clear, honest and unambiguous manner
4. Advisory committees as a platform for stakeholders to discuss and influence JSE activity
   For more information on our advisory committees, see page 54 of this report.
5. Delivering on our social investment initiatives

Strengthening our engagement with stakeholders

Enhancing client and employee experience

During the year our focus has been to use the feedback received from the 2019 NPS results and the employee engagement survey conducted in 2018 to design and implement an integrated client and employee experience enhancement journey with the aim to improve our employees' and clients' experience with the JSE.

We conducted a number of listening exercises with our clients and employees to ensure that we are crafting and delivering solutions that are targeted and focused.
## Enhance the stakeholder experience

### 2020 NPS – client experience survey

We conducted a client survey to assess whether initiatives to enhance our client’s experience at the JSE have been effective in changing their perceptions and loyalty towards our brand. The overall results indicate we improved on our 2019 client engagement NPS score, with a notable increase in customer loyalty. Below is an overview of how customer perceptions have changed in the key areas of dissatisfaction identified in the 2019 NPS survey.

<table>
<thead>
<tr>
<th>2019 identified areas of improvement</th>
<th>2020 NPS survey feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients highlighted that the JSE needed to invest and focus on developing client support services and delivering value for money.</td>
<td>Clients have seen an improvement in our service delivery, noticing our professionalism and efficiency. They have, however, highlighted that we should improve how we cascade and deal with queries to enable them to identify who to contact to address certain issues.</td>
</tr>
<tr>
<td>Systems and technology challenges, especially the timing and implementation of the ITaC system, were raised by clients.</td>
<td>Our clients believe that our systems are in a good state and governed properly; however, they do highlight that important architectural decisions need to made and that an appropriate solution is needed to replace the BDA platform.</td>
</tr>
<tr>
<td>Concerns were raised regarding fees for specific products.</td>
<td>Fees continue to be an issue among our clients; however, we are continuously looking at ways to improve our service offerings to provide value for money.</td>
</tr>
</tbody>
</table>

### 2020 employee engagement survey

In addition to a number of short surveys throughout the year to assess our staff experience, we also conducted our biennial employee engagement survey during October 2020. Our employee engagement tracker shows that we have implemented and improved on most of the gaps raised in the 2018 employee engagement survey.

<table>
<thead>
<tr>
<th>2018 identified areas of improvement</th>
<th>2020 employee engagement survey feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees expressed a sense that a hierarchical structure inhibits development of decision-making skills of junior employees.</td>
<td>» Engagement survey results indicate that the JSE is an excellent place to work, with a strong and positive work culture.</td>
</tr>
<tr>
<td>Employees expressed a need for the JSE to promote a learning/training culture that is more aligned to the fast-changing environment we operate in.</td>
<td>» Employees have a clear understanding of the Company’s goals and objectives.</td>
</tr>
<tr>
<td>In order to better serve clients, the JSE must promote interdepartmental collaboration.</td>
<td>» Employees believe that they receive positive support and adequate recognition from managers.</td>
</tr>
<tr>
<td>The JSE needs to improve work structure and develop more streamlined, standardised processes that will create a platform to retain institutional knowledge.</td>
<td>» Training opportunities and use of technology were rated favourably by employees.</td>
</tr>
</tbody>
</table>

### Issuer and investor engagement and facilitation

Investors are engaging more frequently with corporates regarding sustainability issues. 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.

In 2020 we participated in a number of initiatives that aim to foster an environment where the investment industry integrates sustainability matters in investment decisions:

- Annual GISD meeting held in October 2020 where there was a push for asset managers and owners to derive SDG-linked targets to which to allocate investments
- Annual sustainability showcase held in November 2020

For more information on our efforts and engagements on sustainability leadership, see page 21 of this report.

**Our 2021 focus areas include:**

1. Continue to improve customer experience across the value chain
2. Maintain the integrity and trust of our regulatory relationships
Our products and services create value for...

Clients
Issuers, traders and clearing members, sponsors and designated advisors and the investor community.

Value created – We provide a trusted and well-regulated platform to raise finance and provide access to investment products as well as information and issuer services. We provide minimum entry and disclosure requirements for listed companies to assist investors to make informed decisions.

Stakeholder expectations – Our clients want a reliable, stable and secure trading and clearing platform that meets their requirements at a competitive price.

How we responded to stakeholder expectations – One of our key 2020 strategic priorities was to improve our operational resilience which entailed making significant investments towards upgrading our systems.

Refer to page 59 of the Technology and information section in the integrated annual report. During 2020 the JSE implemented the Customer First (C1) strategy. This strategy puts the focus on the customer and how everything we do should be from the customer’s perspective and is underpinned by our vision and values.

South Africa
Business leaders, government, academic institutions, industry bodies, civil society, political organisations and ratings agencies.

Value created – We enable engagement and create collaborative opportunities on matters of socio-economic significance by working with BLSA and other stakeholders.

Stakeholder expectations – Requires us to create or enable solutions that support the national transformation agenda.

How we responded to stakeholder expectations – One of our 2020 strategic objectives is to lead by example on the national agenda with the intention of using our influence to promote (in partnership with various stakeholders) South Africa as an attractive investment destination.

Refer to page 18 of the Group CEO’s review in our integrated annual report.

Regulators and policy makers

Value created – We are fully supportive of a robust regulatory environment, and we engage with international and local standard setting bodies, policy makers and regulators, providing our unique insights to policy or regulatory initiatives that may affect the efficiency and integrity of the South African financial markets.

Stakeholder expectations – Our regulators and various policy makers want a robust and effective regulatory environment that ensures the integrity of the financial market.

How we responded to stakeholder expectations – We have been active participants in a number of policy forums and have engaged with all relevant bodies.

Refer to page 35 of this report.

Communities

Value created – We provide financial literacy programmes and various training initiatives to enable advancement and development.

Stakeholder expectations – Expect our socio-economic development efforts to make a meaningful difference in their lives.

How we responded to stakeholder expectations – We have strategically aligned causes in areas that relate to the JSE’s business, where we can make a meaningful contribution, such as promoting financial literacy and the understanding of financial markets.

Refer to page 19 of this report.

Shareholders

Value created – We provide returns on investment through our dividend policy and protect shareholder interests by aligning employees’ long-term incentive schemes (LTIS) to the long-term sustainability of the JSE.

Stakeholder expectations – Our shareholders expect us to deliver profitable and sustainable growth over the longer term.

How we responded to stakeholder expectations – Our growth strategy is shaped with the JSE’s long-term success and sustainability in mind and for the benefit of our stakeholders as a whole. An example of long-term planning includes revising our strategic direction and aiming to focus more actively on driving revenue growth beyond equity market trading.

To ensure long-term sustainability our strategy is underpinned by the elements that drive sustainability, including economic, societal, environmental and organisational culture considerations.

Refer to page 45 of our integrated annual report for our growth strategy.
Value is created through our material inputs for...

**Employees**

**Value created** – We provide employment and development opportunities in a non-discriminatory environment. Our remuneration includes various benefits and incentive schemes to enhance value to employees.

**Stakeholder expectations** – Our employees want an inclusive and diverse place of work that remunerates fairly, empowers them and enables career grow and development.

**How we responded to stakeholder expectations** – One of our 2020 strategic priorities was to adapt and enhance our culture with the purpose of inculcating a more inclusive culture.

Refer to page 40 of the Employer of choice section of this report.

**Suppliers**

**Value created** – Payment for products and services leads to business growth and wealth creation for suppliers. The JSE’s SD initiative helps SMEs to expand their customer base, increase turnover and profitability, and scale their operations to be more sustainable.

**Stakeholder expectations** – When doing business with us our suppliers want the assurance that we will pay for products and services on time to foster business growth.

**How we responded to stakeholder expectations** – In line with government’s transformation agenda, the JSE continued with its SD programme that assists SMEs to expand their customer base, increase their turnover and profitability and scale their operations to be more sustainable.

Refer to page 23 of the Transformation section of this report.
We aim to enable an environment in which globally competitive companies can prosper. By so doing, we contribute to building strong communities underpinned by job creation through sustained economic growth.

We seek to lead by example on the national agenda and deliver impactful corporate social investment that contributes to long-term social change.

As a responsible corporate citizen and constructive role-player, we continued to engage extensively on the national agenda through BLSA, B4SA, SA Tomorrow, and engagements with key cabinet ministers and provincial premiers.

We showcase our efforts and commitment to supporting the national agenda by using our role as a connector and global thought leader in the field of sustainability and the related standards and disclosures, to advocate and promote sustainable, transparent business and responsible investment.

We aim to influence the sustainability practices of others by creating products and services that support wider sustainability initiatives.

In this chapter
Read about our approach to managing our social licence, our efforts in promoting transformation and how we minimise our own impact on the environment (pages 19 to 21).
Social licence
We are committed to making a difference in the lives of South Africans by investing time, effort and money in addressing inequality in our society.

The management of our social licence encompasses the JSE’s broader influence and responsibility, together with our client-centric strategy, our targets for transformation and the specific community projects we support.

Managing our social licence
In order 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. We wish to make a sustainable transformation in the lives of South Africans, and we want to ensure that individuals benefit directly through positive and meaningful contributions.

Our areas of focus are informed by:
- national priority issues, such as poverty alleviation, job creation and youth and community development, as indicated by the National Development Plan (NDP) and the amended Financial Sector Code (FSC), among other key policy and development papers or legislation; and
- strategically aligned causes in areas that relate to the JSE’s business, where we can make a meaningful contribution.

The challenges experienced during 2020 and the hardships caused by the impact of the COVID-19 pandemic in 2020 require us to achieve greater cooperation between social partners, because the challenges before us are too great for business, government or labour to deal with alone.

Focus area   Our objective   Investment

Education
The primary goal of our educational initiatives is to improve financial literacy and increase understanding of the financial markets in order to encourage investment among South Africans and to grow the pool of potential employees in the financial markets.
The JSE Investment Challenge is aimed at introducing South African high school learners and university students to the world of finance and investments in JSE-listed shares. It is a fun, interactive, online trading game that helps to demystify the stock exchange through focused and far-reaching activities.

R3.2 million (2019: R4.2 million)  
The number of high school participants decreased from 19 024 to 9 429 and the number of university participants decreased from 4 038 to 2 588.

We support educational initiatives which aim to equip and enable young people to become active economic participants in society.
The JSE Empowerment Fund (JEF) Trust provides academically deserving Black South African students with the finance and support to acquire appropriate qualifications from quality universities and the opportunity to enter the financial services sector on completion of their studies.
Since the inception of the trust in 2009, it has supported 645 students with total disbursements of R74 million.

R10.5 million (2019: R9.4 million)  
In 2020, 66 learners (2019: 64) were provided with funding.
### Corporate Social Investment

**Focus area**

To make a meaningful contribution to disadvantaged communities in the areas of health, education and skills and development. This is executed through the support we provide to registered not-for-profit organisations, which plays a key role in ensuring extensive reach in communities.

<table>
<thead>
<tr>
<th>Our objective</th>
<th>Investment</th>
</tr>
</thead>
</table>
| **Afrika Tikun**  
> Invests in the development of competencies in children from early infancy into young adulthood and into the world of work. | R0.95 million (2019: R1.3 million) |
| **Business Against Crime SA (BACSA)**  
> Invites the business community to join the fight against crime by mobilising business skills and resources in government-defined areas of need, and the strategic alignment and coordination of anti-crime strategies and priorities of business. | R0.3 million (2019: R0.3 million) |
| **National Education Collaboration Trust (NECT)**  
> Is dedicated to strengthening partnerships among business, civil society, government and labour in order to achieve the education goals of the NDP. | R0.3 million (2019: R0.3 million) |
| **Conservation Trust**  
> Contributes towards improving healthcare and education in the rural community of the Manyeleti villages. | R1 million (2019: R1.6 million) |

**Retail market development**

To grow the number of participants in investor education initiatives.

<table>
<thead>
<tr>
<th>Our objective</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor education initiatives include online modules, which have been integrated into the investment simulator. This creates a centralised place for learning and practising acquired skills.</td>
<td>We spent over R600 000 in retail market education initiatives such as She Invest and PowerHour. Reached 2,979 on webinars and 16,047 people on social media platforms in 2020 (2019: 3,883). We currently have 20,992 participants registered on the virtual trading game (2019: 13,466)</td>
</tr>
</tbody>
</table>

### Responding to the social crisis

As a responsible corporate citizen we played our part in supporting efforts that aim to alleviate the socio-economic impact of the pandemic. We partnered with 38 market participants to donate the trading revenues earned over two days across all asset classes to the Solidarity Fund. The #Trade4Solidarity initiative encouraged market participants to join the JSE by contributing a percentage of their trading revenues to the fund, and raised a total donation of R34.4 million, of which the JSE contributed R13 million.

The Board pledged a portion of its director emoluments, and was joined by staff in contributing a portion of their salaries in a united show of JSE support for the Solidarity Fund.

During 2020 we continued to pay monthly retainers to SME suppliers currently contracted and for those not currently contracted, an average monthly payment is made based on billing prior to lockdown. We partnered with BLSA to support the provision of social outreach hygiene hampers and food parcels to assist disadvantaged communities in Gauteng. A total of R2 million was made available by the JSE and BLSA which contributed to the distribution of 2,000 food parcels and 22,000 hygiene hampers consisting of hand sanitisers, antibacterial soap, pocket tissues and a user guide in English, Setswana and IsiZulu.
Promoting the national agenda

This year, the eighth SA Tomorrow Investor Conference took South Africa to the world in a virtual format. The JSE Chairman, Nonkululeko Nyembezi, was joined by Minister of Finance, Tito Mboweni. The virtual format of this year’s conference increased its reach to more investors from across the United States, Europe and South Africa. It addressed over 300 investors and saw a significant increase in the number of institutions (87, up from 57 in 2019). This event is unique in that it gives government and the private sector an opportunity to come together in an effort to boost international confidence and reassure investors that South Africa remains a compelling emerging market investment destination and the gateway to the rest of the African continent.

The conference focus remained on the importance of unlocking new and existing growth nodes and bringing the public and private sector together in order to solve the challenges South Africa faces. Investors continued to raise concerns around three areas: fiscal debt, SOEs and low growth prospects.

This outward promotion is only viable if there is a sense that the necessary policy clarity, political alignment and political will to address South Africa’s growth challenges are present. We will therefore continue to engage with government on the importance of these points and the need to address issues of fiscal debt, state-owned enterprises (SOEs) and low growth prospects.

Sustainability leadership

We continue to be recognised globally as a thought leader in sustainability matters and we are a founding member of the SSEI. We are part of the Financial Sector Climate Risk Forum (FSCRF), 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 Conference on Trade and Development (UNCTAD) and 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.

In 2020 we spent a significant amount of time speaking and participating at various new and existing fora (committees, advisory groups etc.) of which we are a member. Our efforts opened the door for engagement with the Presidency, on supporting the Sustainable Infrastructure Development Programme.

The sustainability initiatives we undertook in 2020 include:

» Launching our sustainability segment which aims to make it easier to list and trade sustainability-linked instruments and provides a platform for companies and other institutions to raise funds for sustainable projects. The segment went live in July 2020 and attracted significant interest across the market.

» Virtually hosting our annual Sustainability Showcase which is our flagship sustainability event that is focused on topics that drive the agenda in responsible investment.

» Membership and participation in the National Just Transition Pathways CEO forum and steering committee which seeks to:
  o advance a Green Stimulus strategy as part of South Africa’s COVID-19 response; and
  o develop an ambitious, fact-based and unified business view ahead of UN Climate Change Conference (COP26) on what a just transition could look like for South Africa.

» Expanding our input in the GISD Alliance by:
  o initiating and 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, thereby creating a direct link of short-term efforts to long-term benefits;
  o leading a work stream on governance as a key input into the GISD comments on the EU’s Renewed Finance Strategy; and
  o playing a lead role in guiding the GISD Alliance and coordinating input at the co-chair level.
Transformation

We contribute to transformation through our role as a regulator and an exchange, as well as by striving to ensure that the Group is transformed internally.

We recognise that, within the ambit of the JSE’s operations and our sphere of influence, we have a role to play in advancing transformation in our own business and ecosystem. We recognise and understand that transformation is a moral and strategic business imperative and we embrace the challenge of being a progressive and transformed organisation.

We create and enable solutions for transformation aligned to our business, and we explore ways to enhance the JSE’s transformation credentials and support the national transformation agenda. We use our regulatory powers in a fair, equitable and responsible manner to support changes (through the Listings Requirements). This guides our clients’ focus on their transformation responsibilities. We aim to broaden the listing market to enable SMEs to list and raise capital and thus build the economy, and allowing retail clients to invest in the market.

In 2020 our focus has been on:
- driving EE at top and senior management levels.

### Focus area	Our objectives	What we are doing and progress to date	Investment

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Our objectives</th>
<th>What we are doing and progress to date</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>Increase Black ownership of the JSE over time.</td>
<td>Black ownership statistics 2020</td>
<td>The JSE Board consists of 64% Black representation and 73% female members. Black representation at Exco level decreased from 50% to 43% in 2020. However the appointment of two new Black female executives in 2021 will improve representation.</td>
</tr>
<tr>
<td>Management control</td>
<td>Continue building a transformed Board and Exco over time.</td>
<td>We continue to focus on EE appointments at Exco level.</td>
<td></td>
</tr>
<tr>
<td>Ownership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management control</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Black ownership statistics

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting rights of Black people</td>
<td>18.76%</td>
<td>18.74%</td>
</tr>
<tr>
<td>Voting rights of Black women</td>
<td>7.30%</td>
<td>7.12%</td>
</tr>
<tr>
<td>Economic interest of Black people</td>
<td>12.49%</td>
<td>12.49%</td>
</tr>
<tr>
<td>Economic interest of Black women</td>
<td>4.60%</td>
<td>4.90%</td>
</tr>
<tr>
<td>Focus area</td>
<td>Our objectives</td>
<td>What we are doing and progress to date</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Employment equity</td>
<td>Drive progressive and integrated people plans.</td>
<td>Our compulsory diversity training workshops for all employees serve as a building block for an inclusive culture. The workshops support robust conversations and provide an opportunity to gain a shared understanding of key transformation priorities. Achieving EE at senior and middle management levels remains a challenge and continues to be a focus area.</td>
</tr>
<tr>
<td>Preferential</td>
<td>To empower local suppliers through embedding preferential procurement practices.</td>
<td>Our amended procurement policy promotes preferential procurement practices that consider the BBBEE levels of potential suppliers. Only suppliers that meet the BBBEE, Black and/or Black woman ownership, or exempt micro-enterprise (EME) and qualifying small enterprise (QSE) targets are placed on the preferred supplier list. Black-owned EMEs and QSEs are further supported by being placed on a 15-day payment period to minimise cash flow issues.</td>
</tr>
<tr>
<td>procurement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills development</td>
<td>To implement strategic talent management initiatives.</td>
<td>Our learnership programme for people with disabilities continued throughout 2020. We launched a 12-month learnership for 21 people living with disabilities in July 2019 with the aim to improve career opportunities for learnership beneficiaries. All the participants in the learnership are Black females with disabilities.</td>
</tr>
<tr>
<td>Supplier</td>
<td>Identify fit-for-purpose SD opportunities.</td>
<td>The JSE continued with its SD initiative and identified 21 organisations to assist. This programme helps SMEs to expand their customer base, increase their turnover and profitability, and scale their operations to be more sustainable. These SMEs should then be able to participate in the corporate supply chain.</td>
</tr>
</tbody>
</table>
## Transformation continued

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Our objectives</th>
<th>What we are doing and progress to date</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Development</td>
<td>Maintain current ED initiatives.</td>
<td>The JSE’s Black stockbroker ED programme provides financial assistance to emerging Black stockbroking firms to support them in the sustainable growth of their businesses. It continued in 2020. Qualifying participants receive 33% of their equity trading fees as well as 33% of their membership/new application programme interface (API) connectivity fees back in cash, quarterly in arrears. Participants are expected to use the funds for the purposes of developing their businesses, whether by employing more resources or by acquiring technological tools that will enable the firms to enhance their service offering and ultimately their business activity and growth.</td>
<td>R9.6 million spent, equating to 0.5% of NPAT (2019: R6.3 million; 0.5% of NPAT). 13 members out of 48 equity trading members (2019: 14 out of 54) receive financial support.</td>
</tr>
<tr>
<td>Socio-economic development</td>
<td>The JSE’s socio-economic development initiatives focus on education, healthcare and skills and development for disadvantaged communities and are executed through registered not-for-profit organisations. The JSE invests by providing time, effort and money and believes that individuals should benefit directly through positive and meaningful contributions that are sustainable.</td>
<td>The JSE enabled 25 CFA (level 1) students to attend extra classes through Novia One Group. Fundisa funding was provided to learners from low-income families to pay for quality accredited qualifications at a public college or university.</td>
<td>Spend: R4.1 million (2019: R5.4 million)</td>
</tr>
</tbody>
</table>

### Independent verification of the BBBEE status of the JSE

AQRate Proprietary Limited, an independent South African National Accreditation System (SANAS)-accredited verifier, conducted a review of the JSE scorecard and related supporting documents in accordance with the requirements of SANAS R47-02 and the gazetted verification manual. These standards require that AQRate plans and performs the verification process and procedures to obtain reasonable assurance about the BBBEE status of the JSE under the revised FSC.

We are measured under the amended FSC and have improved our BBBEE status and achieved a level 2 rating.

### BBBEE summary scorecard: Period from 1 January 2020 to 31 December 2020.

<table>
<thead>
<tr>
<th>Scorecard element</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ownership</td>
<td>15.38</td>
<td>15.41</td>
</tr>
<tr>
<td>Management control</td>
<td>17.02</td>
<td>17.32</td>
</tr>
<tr>
<td>Skills development</td>
<td>14.58</td>
<td>9.78</td>
</tr>
<tr>
<td>Preferential procurement</td>
<td>22.73</td>
<td>22.97</td>
</tr>
<tr>
<td>ED/SD</td>
<td>12.16</td>
<td>13.20</td>
</tr>
<tr>
<td>Socio-economic development and consumer education</td>
<td>8.00</td>
<td>8.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89.87</strong></td>
<td><strong>86.68</strong></td>
</tr>
</tbody>
</table>
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.

Despite not having a significant environmental footprint, we recognise the importance of responsible stewardship of natural resources and we strive to minimise our impact on the environment. Due to our positioning in the emerging world, we can have a great impact if we use our voice and platform to influence the sustainability practices of others. We recognise the challenges in climate change reporting and acknowledge the increasing acceptance of the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations as being the dominant framework. We are considering how best to align our own disclosures with the TCFD recommendations. By virtue of 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 environment

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

**Internally**

We embrace our responsibility to understand and manage our own carbon footprint. Our approach is to limit and minimise our direct carbon impact and create awareness to encourage positive sustainable behaviour.

**Externally**

We believe that the widest and most positive influence we can have is for our business to use its 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 director: governance and assurance.

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 the internal price of carbon to be R120 per tonne.

Performance

We continue to make an effort to understand the impact of our own carbon footprint and thus improve our practices.

Our contribution towards saving energy

Information technology (IT) related

» Virtualisation of our servers in 2018 have resulted in reduced infrastructure costs and continued decreases in associated cooling costs.

» Temperatures in the production environment are at 21°C, thus requiring less water and energy to cool the sites.

Building and maintenance

» The JSE employs a proactive energy management system which uses sensors to detect movement and automatically switch on the lighting necessary for the immediate area.

» Low-power lamps (36 watt) are used and external spotlights and floodlights located around the building are switched off after a certain time at night.

» Light fittings across the building are fitted with low-brightness louvre LEDs and are made from 100% recyclable materials that emit 40% less carbon dioxide (CO₂).

» The air-conditioning units are on a timer switch. They switch off at night and during weekends and public holidays. Regular and ongoing maintenance is carried out on these units.

» The JSE building is designed to allow natural light to filter through and illuminate the front portion of the building and the ground floor as well as offices elsewhere.
Our consumption
The JSE’s Scope 2 indirect emissions contribute approximately 95% towards our total carbon footprint.

Carbon footprint summary

<table>
<thead>
<tr>
<th>Measure</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1: Direct emissions (litres of petrol/diesel used)</td>
<td>18 111</td>
<td>52.0</td>
<td>31 828</td>
<td>91.0</td>
</tr>
<tr>
<td>Scope 2: Electricity used (kWh)</td>
<td>6 261 141</td>
<td>6 073</td>
<td>7 296 880</td>
<td>7 078</td>
</tr>
<tr>
<td>Scope 3: Air travel (kms travelled) + Other**</td>
<td>693 766</td>
<td>303</td>
<td>7 427 231</td>
<td>1 972</td>
</tr>
<tr>
<td>Total tCO₂e</td>
<td>**6 428</td>
<td>9 141</td>
<td>8 489</td>
<td>9 522</td>
</tr>
</tbody>
</table>

1 Scope 1, 2 and 3 emissions decreased in 2020 as a result of the pandemic and remote working.
* The 2018 figures were revised using a more goods expanded approach in effort to expand the scope and accuracy of what is measured.
** Other factors on scope 3 include purchased goods and services, fuel and energy related activities, waste generated in operations, and employee commuting, based on employee commuting patterns (we applied a pro-rata for the first 3 months of 2020 before lockdown).

Other factors

<table>
<thead>
<tr>
<th>Measure</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy spend (R)**</td>
<td>7 152 224</td>
<td>7 011 387</td>
<td>7 173 261</td>
<td>7 469 256</td>
</tr>
<tr>
<td>Energy consumed (kWh)</td>
<td>6 261 141</td>
<td>7 296 880</td>
<td>7 675 090</td>
<td>8 385 241</td>
</tr>
<tr>
<td>Number of employees</td>
<td>406</td>
<td>389</td>
<td>369</td>
<td>364</td>
</tr>
<tr>
<td>Floor space (m²)</td>
<td>16 603</td>
<td>16 603</td>
<td>16 603</td>
<td>16 603</td>
</tr>
<tr>
<td>Revenue (R million)</td>
<td>2 446</td>
<td>2 187</td>
<td>2 199</td>
<td>2 215</td>
</tr>
<tr>
<td>Energy spend as % of turnover</td>
<td>0.29</td>
<td>0.32</td>
<td>0.33</td>
<td>0.34</td>
</tr>
</tbody>
</table>

2 Despite a reduction in energy usage, expenditure on energy increased as a result of an increase in price during 2020.

Intensity factors (per unit tCO₂e)

<table>
<thead>
<tr>
<th>Measure</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per unit of total revenue</td>
<td>0.0000026</td>
<td>0.0000042</td>
<td>0.0000039</td>
<td>0.0000043</td>
</tr>
<tr>
<td>Per unit of full-time employee</td>
<td>16</td>
<td>23</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Per square metre of office space</td>
<td>0.4</td>
<td>0.6</td>
<td>0.5</td>
<td>0.6</td>
</tr>
</tbody>
</table>
At the JSE we value the integration of a long-term view into financial markets to progressively reduce risks from socio-economic and physical factors – and to contribute to a more integrated financial system and clean economy.

Healthy markets are important for South Africa’s economic growth. We contribute to this by continuously reviewing our business model to find opportunities to improve access to capital beyond our traditional stronghold in order to promote economic growth and inclusion.

We partner and collaborate with key stakeholders to further extend our offerings into new parts of the value chain and contribute to economic growth and job creation – as demonstrated by:

- growth in our products and service offerings – acquisition of Link Market Services South Africa Proprietary Limited (Link SA) and our agreement with Globacap Technology Limited (Globacap) to grow inorganic business lines.

In this chapter

Read about our approach to partnering to co-create for inclusive and sustainable growth:

Contributing to economic growth

This section focuses on how we apply our financial capital to further economic growth through our socio-economic development initiatives.

Page 28

Products and services

In this section we demonstrate how we partner and collaborate with key stakeholders to further extend our offerings into new parts of the value chain to promote economic growth and effect the change needed for better inclusion in our markets.

Page 31
Contributing to economic growth

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

This section focuses on the revenue elements of the business and how our financial resources are employed in a variety of ways to support economic growth, expansion and innovation to achieve our vision of growing shared prosperity.

How money is made

The JSE is a multi-asset class stock exchange and we generate our revenue from:

- listing companies and other instruments;
- trade and post-trade activity;
- the sale of information services to a global client base;
- the sale of company services; and
- dividends from Strate.

1 Strate is a South African central securities depository which provides electronic settlement for the JSE, money market securities for the South African market and equities for the Namibian Stock Exchange.
**Contributing to economic growth continued**

**Our economic contribution**

Delivery of sustainable financial results enables us to contribute to the growth of our economy and society at large as we:

- pay government taxes;
- invest in initiatives that have socio-economic development impact:
  - Enterprise Development
- reinvest internally in:
  - IT systems and infrastructure to ensure that we remain a trusted market infrastructure and continue to support the capital market ecosystem;
  - our people to develop the skills needed in our country to support the growth of the economy; and
  - long-term investments that enhance access to capital beyond our traditional stronghold, promoting inclusion in our markets (e.g. investment in GlobaCap to progress digital private placement platform).

<table>
<thead>
<tr>
<th>The Group’s reported financial performance is as follows:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> R2.5 billion</td>
</tr>
<tr>
<td>13% increase (2019: R2.19 billion)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong> R1.03 billion</td>
</tr>
<tr>
<td>14% increase (2019: R880 million)</td>
</tr>
<tr>
<td><strong>NPAT</strong> R778 million</td>
</tr>
<tr>
<td>12% increase (2019: R695 million)</td>
</tr>
</tbody>
</table>

**Delivering of sustainable financial results enables us to:**

- Pay government taxes.
- Enterprise Development
- Internal investments in:
  - Technology
  - Our people
  - Long-term investments

**Government taxes**

- Our tax contributions increased by 14% (2019: 248)

**Enterprise development**

- 34% increase in enterprise development (2019: R6.3 million)

**Technology**

- 12% increase (2019: R285 million)

**Personnel costs**

- 4% increase (2019: R580 million)

**Inorganic growth investment activities**

- 88% increase (2019: R6 million)
Sustainable returns to shareholders
One of our key objectives is to deliver sustainable attractive return on investment to shareholders. We are fully committed to generating competitive sustainable value. We acknowledge that our duty is to ensure the Group’s sustainability before short-term maximisation of profits.

Progressive ordinary dividends
In accordance with the JSE’s dividend policy, the practice has been to return distributable cash to shareholders after ring-fencing cash for regulatory capital requirements and investment (capital expenditure (CAPEX) and inorganic opportunities). The 2020 ordinary dividend per share of 725 cents represents a 5% nominal growth and translates into a 83% pay-out ratio, which falls within our current dividend policy (see below).

The graph shows our progressive ordinary dividend payments over the past five years.

» The Board resolved that the dividend pay-out ratio should be 40% to 95% of current profits. The previous pay-out range was 40% to 67% of current profits, and the widened range reflects the fact that cash generated exceeds NPAT, largely as a consequence of the technology investments in previous years. This trend is expected to continue for the next few years.

» The dividends have been declared from retained earnings, and the Group remains sufficiently capitalised.

Dividends: Guiding principles
The JSE’s existing dividend policy is articulated around the following principles:
» Aims to pay a single annual ordinary dividend;
» Seeks to grow the nominal value of the ordinary dividend progressively over time;
» Provides for an annual ordinary pay-out ratio of between 40% and 95% of net earnings; and
» Allows for the payment of a special dividend in years where there is surplus cash on hand.
Products and services

We are a critical product and service provider to South Africa's financial market.

We have developed market-specific systems and interfaces and are continually exploring new technologies to improve our service and offerings. Our products and services create value for:

- **JSE**
  - We generate a sustainable revenue stream to invest in technology and innovation, deliver on the Group’s strategy and provide returns to shareholders. A sustainable revenue stream is a key enabler of our value creation roles.

- **Our clients**
  - We provide a trusted and well-regulated platform to raise finance and provide access to investment products as well as information and issuer services. We provide minimum entry and disclosure requirements for listed companies to assist investors to make informed decisions.

- **South Africa**
  - We enable engagement and create collaborative opportunities on matters of economic significance by working with BLSA and other stakeholders. We seek to influence the sustainability practices of others and to create products, like the green bond segment, that support wider sustainability initiatives.

In 2020 our key product and services delivery include:

<table>
<thead>
<tr>
<th>Product and service</th>
<th>Value created</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Launched the sustainability segment</em></td>
<td>Expansion of our current green bond segment by introducing social and sustainability bonds. The new segment will make it easier to list and trade sustainability-linked instruments and provides a platform for companies and institutions to raise funds for sustainable projects.</td>
</tr>
<tr>
<td><em>Announcement of equity stake and commercial agreement with leading global fintech Globacap platform</em></td>
<td>In line with our inorganic growth, this is an initiative to extend the JSE's reach into private markets and digital registry services, and in time broaden our revenue base. The deal will help to stimulate investment into those markets and support job creation and economic growth.</td>
</tr>
<tr>
<td><em>Launched a digital AGM solution for issuers</em></td>
<td>The platform caters for virtual AGMs and electronic voting and also allows participants to connect from any location in the world using smart devices.</td>
</tr>
<tr>
<td><em>Successful completion of our acquisition of 74.85% of Link SA now JSE Investor Services</em></td>
<td>This enhances our product offering across the value chain, through a transaction that is profit accretive, improves the quality of our earnings through annuity revenue and offers the opportunity to exploit new revenue synergies in the medium term.</td>
</tr>
<tr>
<td><em>Launched the FTSE/JSE fixed income indices</em></td>
<td>New benchmark index that is an enhancement of the features and benefits of the previous JSE Fixed Income Indices which provided both local and international access to South African listed bonds.</td>
</tr>
<tr>
<td><em>Repositioned the listed Johannesburg Interbank Average Rate (JIBAR) futures product</em></td>
<td>The product has been made simple, standardised and can be used by all segments of the market, including institutional and retail market participants.</td>
</tr>
</tbody>
</table>
Run trusted markets, products and services

We create value for society by providing a trusted and well-regulated financial market infrastructure to support the economy.

As a financial market infrastructure provider, we operate in a high-availability environment – system downtime could have a significant knock-on effect on clients and the economy at large. The COVID-19 pandemic emphasised the importance of business continuity and represented a practical stress test on our systems, processes and controls. During this volatile period, with record trade volumes and most of our resources off site, the Exchange continued to operate and experienced zero downtime.

We ensure business continuity by investing in our operational capabilities namely our systems and infrastructure and our organisational knowledge. As an SRO, frontline regulator and commercial entity we are committed to conducting our business in a fair and transparent manner.

In this chapter
Read about the choices we make regarding our technology architecture and the reliability of our technology platforms to ensure we provide an operationally resilient environment:

- **Systems and infrastructure**
  Management of our systems and infrastructure has enabled us to deliver products and services in a secure and stable environment.
  
  Page 33

- **Organisational knowledge**
  We create value for our stakeholders through our intellectual capital, to provide services and facilitate an efficient and world-class market. Our intellectual capital encompasses our technologies, systems and processes, our tailored products and services, licences (as an exchange and a clearing house) and institutional knowledge.
  
  Page 34

- **Self-Regulatory Organisation (SRO)**
  The SRO Oversight Committee oversees the fulfilment by the JSE of its statutory obligations, as prescribed by the Financial Markets Act, 19 of 2012 (FMA) and applicable notices and directives as published by the FSCA. The committee ensures that as a financial market infrastructure, the JSE takes the steps necessary to avoid, eliminate, disclose and otherwise manage conflicts of interest which could arise between its regulatory functions and commercial services.
  
  Page 35
Systems and infrastructure

Our technology architecture philosophy aims to enable a flexible and open market integration platform, and a fit-for-purpose and cost-effective architecture.

As a licensed financial market infrastructure provider, the JSE operates in a high-availability environment, so the choices we make regarding our technology architecture; the reliability of our technology platforms, on which market participants depend; and the efficiency of our operating processes all have a direct impact on our earnings, reputation and ongoing sustainability.

Managing our systems and infrastructure

The Board, working through the Group Risk Management Committee (GRMC), has overall responsibility for the strategic governance of both technology and information across the Group. However, the JSE Exco exercises day-to-day oversight of the JSE’s technology and information services operations, which are delivered through the IT and Information Services divisions.

The IT Management Committee (Manco) is effective and efficient in coordinating operational activities and strategic initiatives. Processes and oversight were structured and standardised, and regular monitoring and guidance resulted in sustained operational stability and reliable performance during the exceptional volumes that were processed immediately after the sovereign debt downgrade and owing to the impact of COVID-19.

Risk oversight, management and mitigation have been structured and aligned with the enterprise risk management (ERM) framework. A focus on risk management resulted in an overall reduction in the IT risk profile. The IT management and risk frameworks will be further matured in future.

Future focus areas

» We will continue to roll out our rejuvenation plan, with a significant upgrade to the technical infrastructure of the clearing platform. The application suite is expected to remain unaffected and limited impact on the trading and clearing communities is foreseen.

» Cloud-based deployments will increase. A cloud-first approach is being actively driven.

» Support for the implementation of new products and services into the market will continue. This will include leveraging various deployment models, such as software as a service (SaaS), platform as a service (PaaS) and infrastructure as a service (IaaS).

» The focus on cybersecurity will continue.

Performance

Technology priorities delivered in 2020

<table>
<thead>
<tr>
<th>Performance overview</th>
<th>Value created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver MIT upgrade</td>
<td>This positions us to serve the market for the next five years.</td>
</tr>
<tr>
<td>Delivering the MillenniumIT (MIT) trading platform was successfully upgraded, including renewal of the hardware and the operating systems. The upgrade was completed remotely with no impact to trading and service levels, through the efforts of 170 employees, with only a few employees providing on-site support on the upgrade weekend. This proved that substantial changes can be effected successfully with the JSE in off-site mode.</td>
<td>Operations have remained stable. Operational performance levels have improved compared to 2019, with fewer market disruptions and higher trading and clearing availability.</td>
</tr>
<tr>
<td>Improve our operational resilience</td>
<td>Operations have remained stable. Operational performance levels have improved compared to 2019, with fewer market disruptions and higher trading and clearing availability.</td>
</tr>
<tr>
<td>Our operational resilience was improved through tighter collaboration across the JSE divisions and through the strengthening of our operational controls to counter the increased operational risk associated with remote working models.</td>
<td>Reduced the likelihood that the JSE landscape would be compromised. We responded effectively to a distributed denial-of-service (DDoS) attack with negligible impact.</td>
</tr>
<tr>
<td>Improve our cybersecurity readiness</td>
<td>Enable the JSE to keep pace with and leverage the advantages of new and changing technology, and provide the market with a reliable, well-performing platform.</td>
</tr>
<tr>
<td>We significantly improved our cybersecurity capability, through implementing new cybersecurity technologies. The security posture of the JSE continues to be strengthened and further improvements are planned.</td>
<td>Enable the JSE to keep pace with and leverage the advantages of new and changing technology, and provide the market with a reliable, well-performing platform.</td>
</tr>
<tr>
<td>Commence with IT refreshes and upgrades</td>
<td>Enable the JSE to keep pace with and leverage the advantages of new and changing technology, and provide the market with a reliable, well-performing platform.</td>
</tr>
<tr>
<td>During 2020, there was a renewed focus on rejuvenating aging infrastructure and applications. A rejuvenation plan was developed to guide renewal activities.</td>
<td>Enable the JSE to keep pace with and leverage the advantages of new and changing technology, and provide the market with a reliable, well-performing platform.</td>
</tr>
</tbody>
</table>
Organisational knowledge

We are a modern African marketplace that is driven to create value for our stakeholders and enabled, through our intellectual capital, to provide services and facilitate an efficient world-class market.

We categorise our organisational knowledge as follows:

- Technology, systems and processes;
- Licences (as an exchange and clearing house);
- Institutional knowledge; and
- Regulatory role.

Managing our organisational knowledge

Technology, systems and processes

As a technology-driven entity, our IT systems and infrastructure are critical to the efficacy of the market we serve. The reliability, effectiveness and efficiency of our technology, systems and processes have a direct impact on the JSE’s ability to provide clients with solutions that meet their needs, address regulatory requirements and support the capital market ecosystem. Our brand and reputation as a trusted infrastructure provider are closely dependent on our ability to ensure that our core platforms are stable and secure with high levels of availability.

The advent of the fourth industrial revolution (4IR) and the rapidly changing technology environment, with its increasingly challenging cybersecurity threats, demand that the JSE continuously rejuvenates the IT that provides its trading, clearing and information capabilities. It is to this end that we have made a substantial investment towards the upgrade of the core trading engine in order to sustain the maintainability of the trading platform and to make further functional and product enhancements available to our clients.

Providing a safe, secure and trusted marketplace is a fundamental feature of our business. It is with this in mind that we increased our focus on information security, access control and cybersecurity readiness. Progress has been made towards improving our cybersecurity posture, based on the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions (CPMI-IOSCO) Guidance on Cyber Resilience for Financial Market Infrastructures.

The cybersecurity strategy and architecture are well under way and have been effective in curtailing security threats, such as phishing and DDoS attacks. The mobile security capability has been enhanced and internal monitoring and controls have significantly improved.

Licences (as an exchange and clearing house)

The JSE is licensed as an exchange in terms of section 9 of the FMA. The licence specifies the categories of securities that may be listed on the Exchange and section 10 of the FMA sets out the functions of the Exchange and grants the Exchange the right to conduct its business in a fair and transparent manner, which takes into account the rights of its authorised users and clients.

The functions of the Exchange, as set out in section 10 of the FMA, include:

- provision of an infrastructure for the trading of listed securities;
- issuance of exchange rules and directives;
- supervision of compliance of its authorised users with its rules and directives;
- enforcement of the Exchange rules, directives and listings requirements; and
- provision making for the clearing and settlement of listed transactions effected through the Exchange by appointing a clearing house.

JSE Clear is a wholly owned subsidiary of JSE Limited and is licensed as a clearing house in terms of section 49 of the FMA and is the appointed clearing house of the JSE. JSE Clear manages and clears futures and options contracts that are traded in the Equity Derivatives, Commodity Derivatives, Currency Derivatives, Interest Rate Derivatives and spot Bond Markets of the JSE.

The FSCA, in terms of section 59 of the FMA, conducts an annual assessment of the JSE in terms of its exchange and clearing house licences, to ensure that the licensed entities comply with the FMA, their own rules and any other directives, requests, conditions or requirements of the FSCA.

Institutional knowledge

The JSE’s growth strategy is underpinned by understanding our client and stakeholder needs and delivering the highest quality service to them. This, along with our efforts to grow and diversify our business, is executed through a base of skilled, agile and future-fit employees. To this end we are steadily maturing our agile capability and entrenching new ways of work to align our culture, business and operating models in order to continue to deliver results and achieve our strategy.

Regulatory and governance role

As the JSE is both a regulator and a market operator, we recognise and engage on stakeholders’ perceptions of a conflict of interest. Over the past two years, the JSE’s regulatory and governance role has attracted more attention, notably in response to various scandals in corporate South Africa.

One of our primary responses was to re-examine our role, and particularly the quality and detail of the Listings Requirements. Various changes to the Listings Requirements are now in effect, following a market consultation process. Our investigations unit has also made significant progress this year with the release of findings (and the imposition of sanctions) on companies that have transgressed the Listings Requirements. This contributed to heightened awareness of the general need for improved corporate governance in corporate South Africa.

We will continue to engage proactively to identify possible enhancements to the Listings Requirements to increase the quality of our regulatory activities, and to address gaps in market perceptions of our regulatory role. The JSE is currently a constituent of FTSE/JSE Responsible Investing Top 30 Index and is the top rated exchange in the FTSE4Good Index.
**Self-Regulatory Organisation**

As an SRO, frontline regulator and commercial entity, we are committed to conducting our business in a fair and transparent manner.

The SRO Oversight Committee oversees the fulfilment by the JSE of its statutory obligations, as prescribed by the FMA and applicable notices and directives as published by the FSCA. The committee ensures that as a financial market infrastructure, the JSE takes the steps necessary to avoid, eliminate, disclose and otherwise manage conflicts of interest which could arise between its regulatory functions and commercial services.

The Issuer Regulation and Market Regulation divisions of the JSE identify possible conflicts of interest that could arise between their regulatory functions and the commercial services of the JSE and document these and the manner in which these potential conflicts are managed in policies, which are available on the JSE website.

The committee, in accordance with its terms of reference, conducted oversight of the self-regulatory functions of the JSE, and executed its statutory responsibilities. The following key areas were covered, with a particular focus on the steps taken to manage the possible conflicts of interest that could take place in respect of the JSE’s own listing and those that could arise between the commercial services the JSE provides and the regulatory functions it performs:

- The JSE’s regulatory and supervisory structure;
- The arrangements required of a licensed exchange;
- Monitoring of the JSE’s own listing; and
- Conflicts of interest.

Details of these activities can be found in our SRO report at https://web.jse.co.za/ar2020
We believe our people are our greatest asset and we invest in them to realise their full potential, in order to achieve our goals.

We invest and develop the skills needed in our increasingly digital and interconnected markets to support the growth of our economy in a manner that embraces inclusion and diversity.

In this chapter
Read about our approach to being the employer of choice on page 38.

Employer of choice
We develop, remunerate and engage our people to ensure we attract and retain a pool of skilled and motivated employees with exceptional skills.
We also focus on our culture and ethical conduct to support our strategic objectives.

Page 38
Our employees and learners in numbers

Permanent employees
- 406 total permanent employees (2019: 389)
- 53% female (2019: 52%)
- 47% male (2019: 48%)
- 76% ACI (2019: 74%)
- 23% White (2019: 25%)
- 6.16% employee turnover (2019: 13.72%)
- 1 employee with a disability (2019: 1)
- The average age of JSE employees is 40 (2019: 40)
- The average length of service across all categories is 8 years (2019: 7)
- No fines, accidents or other health and safety incidents reported (2019: nil)

Fixed-term contract employees
- 0 fixed-term contract employees (2019: 3)

Learners
- 21 people with disabilities (2019: 21)
- 96% female (2019: 96%)
- 4% male (2019: 4%)
- 100% external learners (2019: 100%)
- 100% Black (2019: 100%)
- 3 learners (2019: 4)
- Skills and development spend R8 million (2019: R11.8 million)
- 645.44 training days (2019: 1 805) at an average of 2 days per employee trained (2019: 1.2)

Employee turnover
- 6.16% employee turnover (2019: 13.72%)

Employee demographics:
- 53% female
- 47% male

Health and safety:
- No fines, accidents or other health and safety incidents reported (2019: nil)

Key figures:
- The average age of JSE employees is 40 (2019: 40)
- The average length of service across all categories is 8 years (2019: 7)

Other:
- 1 employee with a disability (2019: 1)
Attract and retain diverse top talent

Employer of choice
Our employee value proposition is designed to attract, develop and retain top talent to operate a trusted marketplace that strengthens the integrity of the market economy and fosters economic growth.

Our ability to maintain operational availability and stability, and to effectively and efficiently use technology to provide innovative solutions for clients, depends on our people. By investing and building a pool of skilled and motivated employees, we ensure that we have the talent required to serve our increasingly digital and interconnected markets. We understand that a quality and engaged workforce is critical to our success.

We attract, develop and retain top talent by:

- **Developing our people**: Developing our workforce to maintain pace with the rapidly changing technological and financial market environment.
- **Culture**: Enhance our culture and ensure that the JSE is a great place to work for our employees and ultimately improve the employee experience.
- **Work environment**: Creating an environment that is demographically representative in knowledge, skills and experience, race, gender and disability.
- **Remuneration**: Ensuring our remuneration is competitive, fair and equitable.

Supporting our employees during COVID-19
The JSE responded to the COVID-19 outbreak by offering employees compassion and support. By swiftly addressing employees’ fears and concerns, the JSE provided leadership in the following areas:

- **Capacitated to work remotely**
  - All employees were capacitated to work from home with office set-up support, office equipment and access to internet services, at the expense of the Exchange.
  - All employees (excluding the JSE Exco) were granted a one-off *ex-gratia* allowance of R2 500 for continued work expenses to mitigate the challenges of balancing their personal lives with working from home.
  - Leadership teams were offered insights into managing employees working remotely.
  - We implemented a No Meeting Wednesdays pilot programme to help employees cut down on meetings to allow them time to focus on projects and work.
  - Employees were able to continue training through online learning and development opportunities.

- **Financial support**
  - Employees also had access to financial planning support, including access to certified planners and credit monitoring.
  - Financial assistance was made available to employees whose spouses had been affected or had lost income owing to the COVID-19 pandemic.

- **Managing overall wellness**
  - Wellbeing sessions geared to mental health and wellbeing were offered.
  - We partnered with the Discovery Health Medical Scheme for COVID-19 case management.
  - All employees had telephonic or text access to mental health professionals through the Employee Assistance Programme.
  - All employees were provided with access to professionals who offered strategies and coping mechanisms for working from home when there are children at home.
  - Virtual workout sessions were offered to encourage employees to exercise regularly.
Employer of choice continued

Developing our people

Approach

The JSE needs to evolve its workforce to maintain pace with the rapidly changing technological and financial market environment. The critical skills we target include expertise in capital markets, risk, post-trade services, regulation, company services and information services. To this end, we conduct talent reviews twice a year with the objective of building a strong talent pipeline and ensuring leadership continuity.

Our focus is on:

» letting our business strategy guide our talent requirements;
» achieving the transition to new ways of work to sustain and embed an agile culture;
» building effective leadership by continuing with the coaching programme implemented in 2019 and rolling out a mentorship programme;
» using our culture programme to refine employee engagement action plans;
» continuing with the JSE Way awards programme to foster a culture of recognition; and
» developing employees by sharing knowledge and talent, enabling collaboration, and fostering internal growth. We aim to segment talent to better address pivotal roles, success profiles, and to find ways to attract the best talent.

Performance

We held a talent review during the year, which confirmed that our bench strength has improved and that we are creating the right platform to develop future talent. We tailor our succession planning to have the right number of quality people to meet our current and future needs. We mitigate our current risk through (i) robust succession plans for all critical roles, (ii) knowledge management and collaborative platforms, and (iii) mapping critical roles to the available talent in the market for proactive acquisition.

Our culture

Approach

We embarked on a culture journey to enhance our culture and, in so doing, to become a great place to work for our employees and ultimately improve the employee experience and employee engagement and to elevate the JSE culture to excellence in order to attract and retain the best talent in the market. A series of programmes and initiatives were implemented to improve employee engagement, the employee experience and employee wellbeing. These included:

» employee wellbeing and leadership enablement programmes;
» engaging our workforce;
» organisational alignment with the vision, mission, purpose and values; and
» reinforcing our ethics.

Performance

Employee wellbeing and leadership enablement

The JSE has a long-standing employee wellbeing programme. When the COVID-19 pandemic necessitated remote working in March 2020, a virtual employee wellbeing programme was implemented to support and enable employee wellness and effectiveness while employees were working remotely.

The employee wellbeing programme has been aligned to the culture and strategy campaign. It includes interventions such as fitness sessions, diet and nutrition education sessions, physical wellbeing sessions, mental wellbeing sessions and financial wellness sessions. Employee enablement initiatives to educate and support employees in overall life improvement, work effectiveness, and family and childcare support during the pandemic have also been included.

A leadership enablement programme was also implemented to enable the JSE leadership to be effective leaders and to empower them with key leadership skills necessary for remote working and for new ways of working beyond COVID-19. The leadership enablement programme included educational sessions on key topics such as servant leadership, diversity and inclusion, being a humane leader, transformational leadership and performance management.
Employer of choice continued

Engaging our workforce
The JSE conducts an employee engagement survey every second year to assess the level of employee engagement, the employee experience and employee wellbeing. Oversight of human capital and the staff engagement survey is the responsibility of the GSC. In addition to a number of short surveys throughout the year to assess our staff experience and determine how we could better support them, we also conducted our employee engagement survey during October 2020.

Organisational alignment with the vision, mission, purpose and values
In 2019 we embarked on a JSE culture enhancement journey and renewed our vision, mission, purpose and values. In February 2020 we implemented an employee engagement campaign to galvanise the organisation towards the new JSE vision, mission, purpose and values. The campaign landed positively across the organisation as various engagement and communication activities united the organisation in support of the new vision, mission, purpose and values.

All HR supporting processes and systems, such as performance management, reward and recognition, JSE Connect, the JSE intranet and the JSE website, were updated to include the culture and strategy components. All JSE internal communication, including staff imbizos, incorporated the culture and strategy components in order to enable their adoption.

Reinforcing our ethics
We hold ourselves to high ethical standards and, wherever possible, we insist that the external parties with whom we interact apply the same standards. We have zero tolerance for bribery, corruption, misconduct, fraud, theft and unethical behaviour. The JSE fosters a conducive and harassment free workplace, as outlined in our Code of Conduct and Ethics Policy, in which employees are expected to be respectful and courteous when dealing with fellow employees, clients and wider stakeholders. During 2020, training on the Code of Conduct and Ethics Policy was undertaken to ensure that all employees are aware of their specific obligations in respect of ethical conduct. Breaches of the code may result in disciplinary action or criminal prosecution. The Group has a whistle-blowing hotline that is available to all employees, stakeholders and the public and is managed in partnership with an external service provider to ensure the anonymity of all callers. A whistle-blower may report any breach or alleged breach of the JSE’s code of conduct and ethics or policies, as well as any illegal acts, bribery, corrupt practices, procurement failures, grievances or malfeasance. Five calls were received during 2020 (2019: nil).

A solid agile foundation
During the past 12 months, the JSE has created a solid agile foundation and shown notable improvements in both business agility and maturity metrics against a set baseline and global benchmark. The critical driving force behind the effective agile mechanisms is the lean agile centre of excellence (LACE). This group comprises the agile project management office (PMO), agile transformation, HR and key business representatives from across the JSE.

We are pleased with our measured 12-month agile transformation improvement increments but note that these gains came off a relatively low initial baseline (September 2019). The JSE’s current business agility remains slightly behind 2020 global benchmarks that we are aiming to achieve.

Improving our business agility will enable us to drive value-driven business prioritisation and encourage accountability, freedom, and new experiences and opportunities. Agile principles inform how leaders, teams and employees respond to change as demonstrated by the level of effectiveness of our response to the COVID-19 pandemic.

Strengthening diversity
Approach
The JSE supports the country’s transformation objectives and is committed to becoming demographically representative in knowledge, skills and experience, race, gender and disability, while redressing historical inequality. We are also committed to creating an environment that is inclusive and enables all employees to freely express their gender choice or sexual orientation without fear of victimisation or prejudice.

Our EE policy aims to eliminate unfair discrimination and we have compulsory diversity and inclusion workshops for all employees. These workshops facilitate discussions and a shared understanding of diversity and the JSE’s transformation priorities. We have successfully completed the third year of our three-year EE plan and made progress towards our objectives.

Performance
76% of our employees are ACI and we continue to improve this representation in senior and top management. Our learnership programme for unemployed Black youths contributes to a pipeline of skilled Black employees. Our focus is on disabled learners, which is critical to driving transformation. In addition, based on an internal review, the JSE does not have a gender or race pay disparity.

Race breakdown, 31 December 2020 (%)
Employer of choice continued

Rewarding our people

Approach

The JSE’s remuneration philosophy and policy govern the remuneration of all employees. We are committed to observing the concept of fair and equitable remuneration for executive management in the context of overall employee remuneration.

Remuneration philosophy objective

Inherent in this philosophy is the linkage between pay and short and long-term performance (both at an individual and corporate level).

Remuneration is structured in a fair and equitable manner, recognising individual contributions and collective results. There is a clear differentiation between executives and employees based on line-of-sight responsibility, accountability, competencies, work performance and scarcity of skills.

In order to drive a pay-for-performance approach, there is also an increasing element of variable pay at senior management levels.

Our remuneration philosophy creates sustainable value as it is:

- aligned with stakeholder interests;
- congruent with strategic priorities and values;
- linked to corporate and individual performance;
- competitive with market norms and benchmarks; and
- transparent and understandable.

Refer to our online remuneration report for detailed information.
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.

Committee overview

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 appropriately.

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

SP Kana (chairman) [3/3]  
S Cleary [2/3]  
VN Fakude [2/3]  
DM Lawrence [1/1]  
MA Matooane [3/3]

Invitees

N Nyembezi (Board chairman)  
L Fourie (Group CEO)  
Director: human resources  
Group company secretary

1 Stepped down from the committee effective 26 June 2020.
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:

- Monitor the Group’s activities in respect of the following areas:
  - Social and economic development;
  - Good corporate citizenship;
  - The environment, health and public safety;
  - Consumer relationship; and
  - Labour and employment.

Committee focus areas for 2020
During the year the committee revised its work plan and ensured alignment with the five key areas of responsibility, as prescribed by Regulation 43 of the Companies Act.

<table>
<thead>
<tr>
<th>Area of focus</th>
<th>2020 activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Social and economic development</td>
<td>» Reviewed efforts to promote transformation&lt;br&gt;» Monitored JSE compliance with gender and equity policies</td>
</tr>
<tr>
<td>2. Good corporate citizenship</td>
<td>» Monitored progress of the implementation of the JSE’s sustainability strategy&lt;br&gt;» Reviewed the status of the JSE’s community development and CSI&lt;br&gt;» Monitored JSE compliance with its code of conduct and ethics</td>
</tr>
<tr>
<td>3. Environment, health and safety</td>
<td>» Monitored the JSE’s response to COVID in relation to employee wellbeing and JSE building safety</td>
</tr>
<tr>
<td>4. Consumer relationships</td>
<td>» Monitored delivery on strategy and the efforts to drive and enhance client experience&lt;br&gt;» Oversaw the JSE’s reputation management</td>
</tr>
<tr>
<td>5. Labour and employment</td>
<td>» Monitored efforts to promote good employee relations through a detailed EE plan and employee engagements&lt;br&gt;» Oversaw initiatives to enhance organisational culture</td>
</tr>
</tbody>
</table>

In monitoring the JSE Group’s activities, the Companies Act requires that the committee has regard to 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).

Bring matters within its mandate to the attention of the Board, as required.

Report on matters within its mandate to shareholders during the Company’s AGM.

1 Reg. 43(5) of the Companies Act.
Compliance

The primary role of the Group compliance function is to safeguard the licences of the JSE to operate as an exchange and clearing house.

Regulatory oversight

The Financial Sector Regulation Act, 9 of 2017 (FSRA) established South Africa’s twin peaks regulatory regime. The JSE is regulated as a licensed exchange and licensed clearing house by the FSCA and on a prudential basis by the PA, a division of the SARB.

Protection of our licence as an exchange

The compliance function, in protecting the JSE licences, is responsible for effectively managing compliance risk, through the identification of regulatory compliance obligations, facilitating the implementation of internal controls with business to mitigate the possibility of non-compliance and the assessment of the adequacy and effectiveness of these internal controls.

The Group compliance function maintains the JSE’s relationships with the FSCA and PA and is responsible for the submission of the reports, returns and the communications of the JSE required in terms of its regulated functions and services.

Performance

In 2020 the main objective of the compliance function has been to embed a compliance culture within the organisation, with focus on the following areas:

Focus area

Governance

The following compliance documents were reviewed/approved by the Board:

- Group code of conduct and ethics – annual review
- Group conduct and ethics policy – annual review
- Group compliance charter – approved
- Group compliance framework – noted

Training

Employees were trained on their obligations in respect of the JSE Group conduct and ethics policy.

Effective monitoring

The MyDisclosure system was implemented, which is an employee compliance management and attestation portal that houses the compliance policies of the JSE and records the declarations of employees in respect of external interests, gifts and entertainment, and conflicts of interest, as well as their attestations of adherence to and understanding of the compliance policies of the JSE.

Group internal audit undertakes reviews of critical JSE functions including reviewing compliance with the:

- regulatory divisions’ conflicts of interest policies;
- JIBAR code of conduct issued by the SARB; and
- internal treasury mandates.

There were no regulatory penalties, sanctions or fines for contraventions of, or non-compliance with statutory obligations. No fraud, bribery or corrupt practices were reported during the period under review.

Protecting our employees during COVID-19

The JSE is an essential service provider in terms of the applicable regulations, but having assessed the health and safety of employees as paramount, opted to invoke its remote working policy. A documented plan is in place in respect of the procedures for access to, and the return to the JSE building by employees, and this plan is updated as necessary in accordance with the regulations, which are amended from time to time.

The standards of hygiene and the health protocols in respect of COVID-19 that are in place at the JSE building are in compliance with the requirements as set out in the regulations and must be adhered to by all employees and service providers who wish to access the JSE building.

The JSE recognises the importance of complying with applicable legislation and the standards set by its regulators. The Group’s compliance function is responsible for embedding a culture of compliance and providing the Board and senior management with the assurance of regulatory compliance.

While ultimate accountability for regulatory compliance oversight lies with the Board, the responsibility for putting compliance into effect for the JSE is delegated to the director: governance and assurance. The Group compliance function works closely with the ERM function and the Group internal audit function to ensure an aligned approach to monitoring and reporting.
Compliance continued

Conflicts of interest

As a financial market infrastructure, the JSE is required to avoid, eliminate, disclose and otherwise manage possible conflicts of interest that may arise between its functions as a regulator of its issuers and markets and its commercial services. This includes taking the steps necessary in the implementation and documentation of appropriate arrangements in accordance with Board Notice 1 of 2015, issued by the FSCA. The conflicts of interest policies, as prescribed by the Board Notice, were in effect during the year and are published on the JSE website.

Directors and employees

Directors are required, at all Board and committee meetings, to table their directorships, if updates are required, and to declare any conflicts of interest that they have encountered or may foresee for noting in the corporate register.

Insider trading

The JSE dealing policy prohibits directors and employees from trading in JSE shares during periods when they could be privy to price-sensitive information. Trading in JSE shares is permitted during two limited open periods, these being immediately following the release of the annual financial statements and again after the interim financial statements are released. A director may not trade in JSE shares without obtaining the prior written approval of the Board Chairman and in the event that the Board Chairman wishes to trade, they must obtain the approval of the lead independent director.

The dealing policy also governs the trading by directors and employees in JSE-listed securities, other than those of the JSE, and it is mandatory that the prior approval of the relevant executive head and the director: market regulation is obtained for these transactions. Employees in specific divisions, such as Market Regulation and Issuer Regulation, are prohibited from trading in any JSE-listed securities, as a result of their ongoing exposure to non-public Company information.

Refer to the directors’ report in the annual financial statements for dealings by directors and prescribed officers.

Anti-bribery and corruption

The JSE has a strict zero-tolerance approach to ethical conduct and we do not engage in, accept or condone any illegal acts. This includes, among others, any form of bribery, facilitation payments, political donations or any corrupt practices in the conduct of our business. The Board’s policy is to actively pursue and encourage the prosecution of the perpetrators of fraudulent and other illegal activities, should it become aware of such acts. No fraud, bribery or corrupt practices were reported during the period under review.

Tax compliance

Where complex tax treatment is required as a result of tax law amendments, tax opinions are sought from external experts to ensure correct treatment and compliance.

Ombudsman for JSE complaints and disputes

The JSE Ombud Scheme is recognised in terms of section 194 of the FSRA, as an industry ombud scheme. The rules of the JSE Ombud Scheme, as set out in the rules of the JSE, regulate the resolution of complaints and disputes between authorised users, and between authorised users and their clients. The governing body of the scheme is the JSE Exco.

The scheme allows the JSE to facilitate the resolution of complaints that are made by or against clients and authorised users in a timely and cost-effective way and reduces the need for either party to resort to formal legal proceedings.
## Compliance continued

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

**UNGC**

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.

<table>
<thead>
<tr>
<th>UNGC principle</th>
<th>JSE’s support of the principle</th>
<th>Relevant policies and/or frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human rights</strong></td>
<td><strong>Principle 1:</strong> Businesses should support and respect the protection of internationally proclaimed human rights</td>
<td>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. 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. 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.</td>
</tr>
<tr>
<td><strong>Principle 2:</strong> Ensure that the Group is not complicit in human rights abuses</td>
<td>All employees and contractors are bound by the Company’s conduct and ethics policy and are guided in their behaviour in terms of integrity, loyalty, equity, tolerance, impartiality and discretion.</td>
<td></td>
</tr>
<tr>
<td><strong>Labour</strong></td>
<td><strong>Principle 3:</strong> Uphold freedom of association and the effective recognition of the right to collective bargaining</td>
<td></td>
</tr>
<tr>
<td><strong>Principle 4:</strong> The elimination of all forms of forced and compulsory labour</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Principle 5:</strong> The effective abolition of child labour</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Principle 6:</strong> The elimination of discrimination in respect of employment and occupation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNGC principle</td>
<td>JSE’s support of the principle</td>
<td>Relevant policies and/or frameworks</td>
</tr>
<tr>
<td>----------------</td>
<td>--------------------------------</td>
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</tr>
<tr>
<td><strong>Environment</strong></td>
<td><strong>Principle 7:</strong> Businesses should support a precautionary approach to environmental challenges</td>
<td><strong>Sustainability strategy</strong>&lt;br&gt;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.</td>
</tr>
<tr>
<td></td>
<td><strong>Principle 8:</strong> Undertake initiatives to promote greater environmental responsibility</td>
<td><strong>Code of conduct and ethics policy</strong>&lt;br&gt;Dealings in shares policy&lt;br&gt;Whistle-blowing policy&lt;br&gt;Anti-bribery and corruption policy</td>
</tr>
<tr>
<td></td>
<td><strong>Principle 9:</strong> Encourage the development and diffusion of environmentally friendly technologies</td>
<td><strong>Deals in shares policy</strong>&lt;br&gt;Whistle-blowing policy&lt;br&gt;Anti-bribery and corruption policy</td>
</tr>
</tbody>
</table>

**Environment**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges

**Principle 8:** Undertake initiatives to promote greater environmental responsibility

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies

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 social and business practices, and of the need to play a role in nurturing its ecosystem.

Environmental management and sustainability are founded in the Group's sustainability strategy.

The JSE is involved in a number of 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.

The JSE is qualified for inclusion in the FTSE/JSE Responsible Investment indices.

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.

The Group has a zero-tolerance approach towards fraud and corruption and management is committed to combating fraud and corruption in all its forms that may be inherent in the Company’s operations.

A whistle-blowing hotline is provided where employees may report any transgression confidentially and anonymously. The toll-free hotline is independently managed and administered.

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.
## Regulation 43 legislation
The Companies Act makes reference to various pieces of legislation and areas that fall within the committee’s mandate and oversight role.

<table>
<thead>
<tr>
<th>Legislation</th>
<th>JSE’S compliance with legislation</th>
<th>Relevant policies and/or frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EE Act, 55 of 1998</td>
<td>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.</td>
<td>EE policy in place</td>
</tr>
<tr>
<td>The BBBEE Act, 53 of 2003</td>
<td>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.</td>
<td>We are measured under the revised FSC and have maintained our level 2 rating, thus reaching our 2020 target</td>
</tr>
<tr>
<td>The Consumer Protection Act, 68 of 2008  (the CPA)</td>
<td>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.</td>
<td>2020 CSI spend</td>
</tr>
<tr>
<td>The ILO protocol</td>
<td>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.</td>
<td>Employee engagement initiatives</td>
</tr>
<tr>
<td>Good corporate citizenship</td>
<td>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.</td>
<td>2020 CSI spend</td>
</tr>
</tbody>
</table>
Application of King IV

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 in ensuring these governance outcomes:

» An ethical culture
» Good performance
» Effective control
» Legitimacy

In our drive to ensure the achievement of these outcomes, we have applied all the principles outlined in King IV adequately during 2020 and on the following page we set out a brief description of the principles and their application within the JSE environment.
## King IV principles continued

<table>
<thead>
<tr>
<th>Desired outcomes</th>
<th>Activities in the year</th>
<th>Key governance policies and procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principle 1</strong></td>
<td>» Satisfactory attendance by directors at Board meetings</td>
<td></td>
</tr>
<tr>
<td>Lead ethically and effectively</td>
<td>» Declaration of interest at each Board and Board committee meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Director development – information and cybersecurity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Oversaw and monitored implementation and execution of policies by management</td>
<td></td>
</tr>
<tr>
<td><strong>Principle 2</strong></td>
<td>» Embed a culture of putting people first and taking care of employees by focusing on employee safety and wellness programmes</td>
<td></td>
</tr>
<tr>
<td>Govern the ethics of the organisation to support an ethical culture</td>
<td>» Employees trained on their obligations in respect of the JSE Group code of conduct and ethics policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Whistle-blowing hotline</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Group Dealing in Shares policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Code of conduct and ethics policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Protected disclosure/whistle-blowing procedures</td>
<td></td>
</tr>
<tr>
<td><strong>Principle 3</strong></td>
<td>Oversaw and monitored the Group's following activities:</td>
<td></td>
</tr>
<tr>
<td>Ensure that the organisation is seen to be a responsible corporate citizen</td>
<td>» Implementation of EE plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Transformation efforts – achievement of level 3 on BBBEE scorecard</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Sustainability strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» EE plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» BBBEE scorecard</td>
<td></td>
</tr>
<tr>
<td><strong>Principle 4</strong></td>
<td>» Approved the Group’s growth strategy for 2021 which focuses more actively on pursuing inorganic opportunities and creating new lines of business beyond equity trading</td>
<td></td>
</tr>
<tr>
<td>The organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are inseparable elements of the value creation process</td>
<td>» Announced an agreement with Globacap to progress a digital private placements platform and registry services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Integration of JSE Investor Services Proprietary Limited into the Group</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» 2020 Group strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» 2020 CEO and corporate scorecard</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» 2020 annual budget</td>
<td></td>
</tr>
</tbody>
</table>
### King IV principles continued

<table>
<thead>
<tr>
<th>Desired outcomes</th>
<th>Activities in the year</th>
<th>Key governance policies and procedures</th>
</tr>
</thead>
</table>
| **Principle 5**  | » Timely submissions to the Board and Board committees to better monitor strategic objectives  
» Reviewed and approved the 2020 integrated annual report, Group consolidated annual financial statements, financial results and results announcements | » Shareholder/investor roadshows  
» Integrated annual report  
» Trading statements  
» Remuneration report  
» Social value report |
| **Principle 6**  | » Newly appointed Board member serves on the GRMC for a period of one year  
» Reviewed Board charter, Board work plan and Board committees’ terms of reference | » Board charter  
» Board protocol on access to independent, professional advice |
| **Principle 7**  | » Achieved voluntary diversity targets at Board level  
» Reviewed Board succession plan | » 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 |
| **Principle 8**  | » Reviewed and updated the committee terms of reference to ensure alignment between the committees  
» Meetings without management | » Board charter  
» Board committees’ terms of reference |
| **Principle 9**  | » Considered the 2019 independent Board evaluation report and implemented action plans  
» Performed 2020 independent evaluation of directors, chairs and committees | » Board and committee evaluations |

**Notes:**
- Principle 5: 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.
- Principle 6: The Board is the focal point and custodian of corporate governance in the organisation.
- Principle 7: Appropriate balance of knowledge, skills, experience, diversity and independence to discharge governance role and responsibilities objectively and effectively.
- Principle 8: 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.
- Principle 9: Ensure that the evaluation of the Board and its committees supports continued improvement.
<table>
<thead>
<tr>
<th>Desired outcomes</th>
<th>Activities in the year</th>
<th>Key governance policies and procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principle 10</strong></td>
<td>Implement the Board delegation of authority as a base for the divisional delegations of authority</td>
<td>Delegation of authority</td>
</tr>
<tr>
<td><strong>Principle 11</strong></td>
<td>Embed a risk-aware culture by integrating risk and resilience activities into business processes and decision making</td>
<td>ERM policy</td>
</tr>
<tr>
<td><strong>Principle 12</strong></td>
<td>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</td>
<td>IT and associated security policies</td>
</tr>
<tr>
<td><strong>Principle 13</strong></td>
<td>Entrenched legal compliance processes to mitigate the risk of non-compliance</td>
<td></td>
</tr>
<tr>
<td><strong>Principle 14</strong></td>
<td>Implemented remuneration policy which is aligned with the Group strategy and the principles of King IV</td>
<td>Remuneration policy</td>
</tr>
</tbody>
</table>
### Desired outcomes

**Principle 15**
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.

**Principle 16**
Adopt a **stakeholder-inclusive approach** that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation.

**Principle 17**
As an institutional investor organisation, ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.

### Activities in the year

- Applied a three levels of combined assurance model that is aligned to King IV and designed to effectively address significant risks and material matters.
- GAC received regular reports from GIA on any identified weaknesses in controls.
- Focused on enhancing customer experience and improving the quality of our engagements.
- Embarked on a customer experience change management programme with the aim to embed a culture of customer awareness.

### Key governance policies and procedures

- Non-audit services policy
- GIA charter
- Annual internal audit plan
- Control management framework
- Stakeholder engagement framework
- Crisis communication standard

This principle relates to institutional investors and has no bearing on the JSE.
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

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

The committee achieved/focused on the following:
- Resolution of Valuation system delays and plan of scheduled mitigations and system changes;
- Intraday margin call simulation testing across all derivatives markets and implementation planning;
- Intraday instrument creation process definition;
- Trading and deal management extension request process definition; and
- JSE Clear system outage scenarios and associated clearing member facing business continuity process definition.

JSEC Risk Advisory

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

Focus in 2020:
- margin management and other risk mitigations in the face of COVID-19-related market volatility;
- new stress testing scenarios proposal;
- Eskom extended blackout scenario planning;
- default simulation 2020 scope and planning; and
- review of all market impacting JSEC policies up for annual review.

Commodity Derivatives Advisory Committee

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

Focus in 2020:
- commissioned a study to investigate volatility in the market and delays at loading facilities during old-to-new season transition for white maize;
- commissioned a feasibility study on possibility of reintroducing volatility skews in the Commodities market;
- resolved to introduce soya differentials in the coming season;
- engaged the FSCA on commitment of traders (COT) report and the way forward;
- started publishing the annual submissions from storage operators on website; and
- started publishing audited reports of silo inspections on website.

AltX Advisory Committee

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

Focus in 2020:
- engaged to establish a more seamless process of the presentation of AltX Business Plans;
- undertook active engagement sessions on proposed amendments to the Listings Requirements; and
- provided comments on a position paper to consider more flexibility in the application of the Listings Requirements.

Bonds and Interest Rate Derivatives Committee

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

Focus in 2020:
- provided input into the development of the JIBAR markets and valuations of the Bond Options market; and
- a standard methodology for Bond Options valuations was workshopped and distributed to market.

Currency Derivatives Advisory Committee

Purpose
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.

Focus in 2020:
- market growth specifically around HFT trading and a market strategy to reinvigorate the currency markets; and
- simplification of the pricing model and products.

All clearing members and a number of trading members were consulted on a new simpler pricing model. Initial feedback from the clearing members was positive; however, internal systems constraints may delay implementation.
Advisory committees continued

**Equity Trading Advisory Committee**

**Purpose**
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.

**Focus in 2020:**
- shortening trading hours and/or closing the market during COVID-19 heightened volatility in markets;
- adjustment of Pre-Trade Risk Parameters (Circuit Breakers) to better manage the impact of COVID-19 induced volatility; and
- exploring various solutions to address the challenge observed with intraday liquidity migrating more and more to Market Close.

**The Financial Derivatives Advisory Committee**

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

**Focus in 2020:**
- strengthening pre-trade risk controls by adjusting circuit breakers in the wake of March 2020 COVID-19 global sell-off;
- appropriate handling of stop order and stop limit orders on inverse calendar spreads;
- reviving liquidity in the main JSE indices through a trial market-making scheme to commence in February 2021; and
- new products and associated client demand with a view to expand the universe of derivatives hedging solutions arising from regulatory changes in the over-the-counter (OTC) markets.

**FTSE/JSE Advisory Committee**

**Purpose**
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.

**Focus in 2020:**
- all corporate actions with major impact on the Index Series were discussed in the context of their conformance to the Ground Rules;
- all technical outages impacting the Index Series were discussed in terms of their impact on the Index Series;
- amendments and improvements were made to the FTSE/JSE Ground Rules document;
- the Index Series impact of the Industry Classification Benchmark (ICB) enhancements was discussed in depth;
- implementation of temporary/dummy lines in the Index Series to accommodate complex corporate actions; and
- introduction of a liquidity and market capitalisation hurdle in the Preference Share index, in order to improve the index composition.

**Issuer Regulation Advisory Committee**

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

**Focus in 2020:**
- committee reconstituted to allow for more diversity; and
- participated in active engagement sessions on proposed amendments to the Listings Requirements and to comment on a position paper to consider more flexibility in the application of the Listings Requirements.

**Solid Mineral and Oil and Gas Advisory Committee**

**Purpose**
Advises the JSE on Competent Person’s Report (CPR) compliance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC), the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL) and the South African Code for the Reporting of Oil and Gas Resources (SAMOG), prior to publication.

**Focus in 2020:**
- in 2020 the committee advised on a number of CPRs and annual reports.
Glossary

4IR: fourth industrial revolution
ACI: African, Coloured and Indian
AGM: annual general meeting
AIRC: Africa Integrated Reporting Committee
API: application programme interface
ASEA: African Security Exchanges Association
B4SA: Business 4 South Africa
BACSA: Business Against Crime SA
BBBEE: Broad-based Black Economic Empowerment
BEE: Black Economic Empowerment
BLSA: Business Leadership South Africa
CAPEX: capital expenditure
CCP: central counterparty
CDP: Carbon Disclosure Project
CEO: chief executive officer
CFA: chartered financial analyst
Companies Act: Companies Act, 71 of 2008 (as amended)
CoSSE: Committee of SADC Stock Exchanges
COT: Commitment of traders
CPMI-IOSCO: Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions
CPR: Competent Person’s Report
CRISA: Code for Responsible Investing in South Africa
CSI: corporate social investment
DDoS: distributed denial-of-service
DFIs: development finance institutions
DLT: distributed ledger technology
ED: enterprise development
EE: employment equity
EME: exempt micro-enterprise
ERM: enterprise risk management
ESG: environmental, social and governance
Exco: Executive Committee
FSC: Financial Sector Code
FSCRF: National Treasury’s Financial Sector Climate Risk Forum
FSCA: Financial Sector Conduct Authority
FSRA: Financial Sector Regulation Act, 9 of 2017
FTSE: Global provider of benchmarks, analytics, and data solutions with multi-asset capabilities. FTSE Russell provides a comprehensive range of indexes
GISD: Global Investors for Sustainable Development Alliance
Globacap: Globacap Technology Limited
GRMC: Group Risk Management Committee
GSC: Group Sustainability Committee
HR: human resources
ICB: Industry Classification Benchmark
IFRS: International Financial Reporting Standards
IIRCF: International Integrated Reporting Council Framework
ILO: International Labour Organization
IOSCO: International Organization of Securities Commissions
IRC: Integrated Reporting Committee of South Africa
IT: information technology
ITaC: Integrated Trading and Clearing
JEF: JSE Empowerment Fund
JIBAR: Johannesburg Interbank Average Rate
JLX: our digital learning platform
Glossary continued

**JSEC:** JSE Clear Proprietary Limited

**JSE/the Group:** JSE Limited

**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)

**LACE:** lean agile centre of excellence

**Link SA:** Link Market Services South Africa Proprietary Limited (now called JSE Investor Services Limited)

**Listings Requirements:** JSE Listings Requirements

**LTIS:** long-term incentive scheme

**Manco:** Management Committee

**MIT:** MillenniumIT

**NDP:** National Development Plan

**NECT:** National Education Collaboration Trust

**NPAT:** net profit after tax

**NPS:** Net Promoter Score

**OECD:** Organisation for Economic Co-operation and Development

**OTC:** over-the-counter

**PA:** Prudential Authority

**PMO:** project management office

**QSE:** qualifying small enterprise

**SAFe®:** Scaled Agile Framework®. Empowers complex organisations to achieve the benefits of lean agile software and systems development at scale.

**SAICA:** South African Institute of Chartered Accountants

**SAIFM:** South African Institute of Financial Markets

**SAMOG:** South African Code for the Reporting of Oil and Gas Resources

**SAMREC:** South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves

**SAMVAL:** South African Code for Reporting on Mineral Asset Valuation

**SANAS:** South African National Accreditation System

**SARB:** South African Reserve Bank

**SD:** supplier development

**SDGs:** Sustainable Development Goals

**SENS:** Stock Exchange News Service

**SME:** small and medium enterprise

**SOE:** state-owned enterprise

**SRI Index:** Socially Responsible Investment Index

**SRO:** self-regulatory organisation

**SSEI:** Sustainable Stock Exchanges Initiative

**SVAI:** Shared Value Africa Initiative

**SWG:** Sustainability Working Group

**TMPS:** total measured procurement spend

**UN:** United Nations

**UNCTAD:** United Nations Conference on Trade and Development

**UNGC:** United Nations Global Compact

**UNGISD:** United Nations Global Investors for Sustainable Development

**UNPRI:** United Nations Principles for Responsible Investment

**UPS:** uninterrupted power supply

**WFE:** World Federation of Exchanges
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

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Group company secretary: GroupCompanySecretary@jse.co.za

**Directors as at 31 December 2020**
N Nyembezi¹ (Chairman)
Z Bassa²
MS Cleary¹
VN Fakude¹
Dr SP Kana¹ (Lead Independent Director)
FN Khanyile¹
IM Kirk²
BJ Kruger²
Dr MA Matooane¹
Dr L Fourie (Group CEO)³
A Takoordeen (Group CFO)³

**Changes to the Board in 2020**
MS Cleary⁴
IM Kirk⁵
F Daniels⁶
¹ Independent non-executive director.
² Non-executive director.
³ Executive director.
⁴ Appointed effective 1 February 2020.
⁵ Appointed effective 1 October 2020.
⁶ Resigned effective 8 July 2020.

**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