

A complex network diagram on a dark grey background. It consists of numerous nodes of varying sizes, some solid and some hollow, connected by thin white lines. The nodes are arranged in a non-uniform, interconnected pattern, suggesting a global or organizational network. Some nodes are highlighted in a vibrant green color, while others are white or light grey. The overall effect is a sense of connectivity and digital infrastructure.

JSE

**JSE LIMITED**  
**GOVERNANCE REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2017



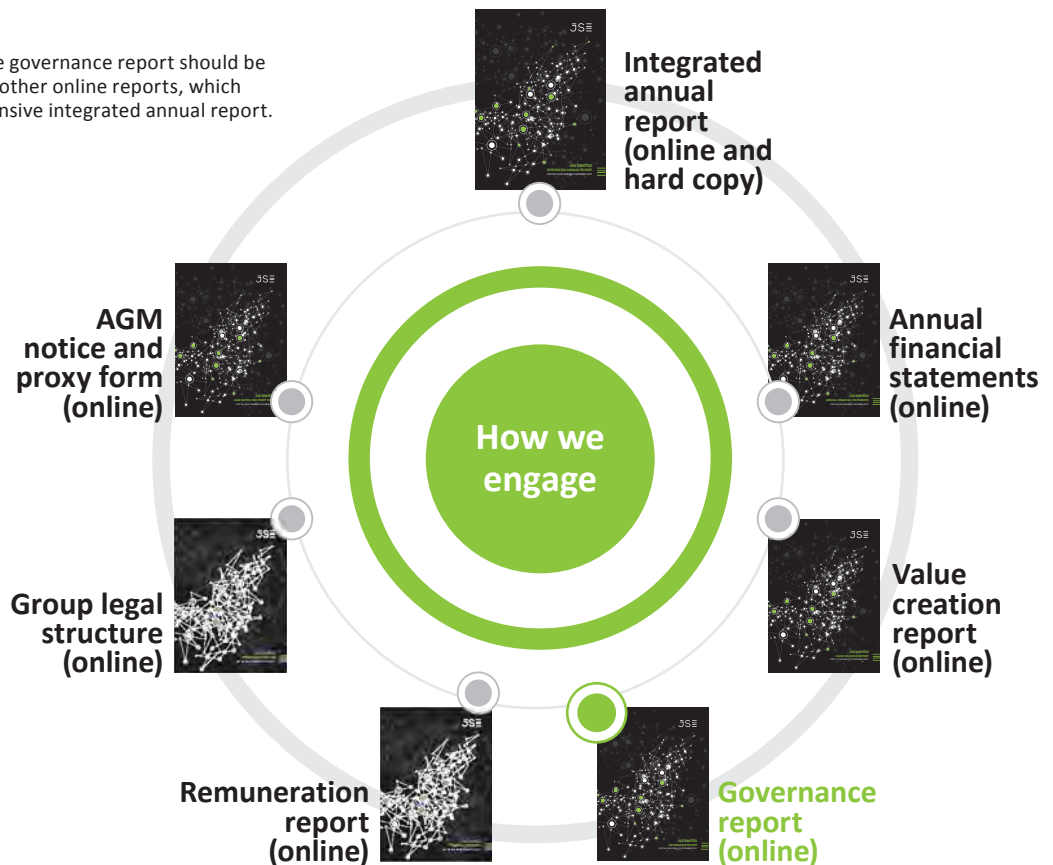
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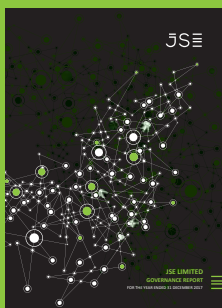
## ABOUT THIS REPORT

Additional information for our stakeholders

The information in this online governance report should be read in conjunction with our other online reports, which together form the comprehensive integrated annual report. The information includes:



# How to read this report



This online governance report forms part of our integrated annual reporting suite. This specific report aims to tell the story of how the JSE's governance arrangements actively contribute to creating an ethical culture and effective control environment within the Group, and how these arrangements translate into good performance and legitimate outcomes.

This report has been compiled with information that the Board and management believe is relevant to stakeholders and will provide a comprehensive view of how corporate governance was executed within the JSE during the financial year.

The JSE's governance processes and the reporting thereon continue to evolve and we remain committed to enhancing our practices in the pursuit of creating value for all our stakeholders.

## Scope and boundary

The information presented in this online governance report describes the governance arrangements in place within JSE Limited ("the Company", "the Exchange", "the Group" or "the JSE"), and how these arrangements support and protect both the value creation process and the actual value created by the JSE Group.

The directors of the JSE acknowledge responsibility for the integrity of the information set out in this governance report and are of the view that it covers all material issues including those matters required to be disclosed by statute or by relevant regulation.

Our governance practices and reporting are informed by the following:

- Companies Act of South Africa, 71 of 2008, as amended (Companies Act)
- JSE Listings Requirements
- King Code on Corporate Governance for South Africa, 2016 (King IV)
- Reporting frameworks such as the International Integrated Reporting Council Integrated Reporting Framework (IIRC <IR> Framework) and guideline papers issued by the Integrated Reporting Committee of South Africa

### NAVIGATION



References to online data [www.jse.co.za](http://www.jse.co.za)



Page referencing for additional reading in this report



Material matters

We welcome feedback from stakeholders on this report and invite you to contact [IR@jse.co.za](mailto:IR@jse.co.za) should you have any questions.

# LETTER TO STAKEHOLDERS



## Dear stakeholder

The JSE Board regards corporate governance as fundamentally important to the achievement of the JSE's mission, its financial and non-financial objectives, the fulfilment of its corporate responsibilities, meeting stakeholder expectations and sustainable value creation. This report serves to inform and update our stakeholders on corporate governance developments during the year under review.

The JSE's governing authority vests in a unitary Board. As the highest governing authority of the Group, the Board's charter directs its conduct, performance and responsibilities. The Board is ultimately responsible for the Company's adherence to sound corporate governance standards, transparency and the highest standards of ethics. It further ensures that clear strategic direction and appropriate management structures are in place to ensure the long-term sustainability of the business.


The Board is supported in its work by six standing committees, established by the Board. These Board committees have specific mandates for overseeing the following broad strategic areas within the JSE: (1) audit and finance, (2) risk, (3) remuneration, (4) sustainability and ethics, (5) execution of the JSE's regulatory mandate, and (6) Board renewal and related matters. Each Board committee operates in accordance with its written terms of reference, which are reviewed annually by each committee and by the Board. Although the Board delegates relevant responsibilities to each committee, the Board remains ultimately accountable for work and decisions of the committees.

We are confident that the Board and its respective committees discharged their fiduciary duties, acting in good faith, with due diligence and care, and in the best interests of the JSE and all its stakeholders during the year under review. This was done within the context of the Companies Act of South Africa, 71 of 2008, the JSE's memorandum of incorporation, the Board charter, the JSE Listings Requirements and the principles set out in the King Code on Corporate Governance, 2016 (King IV).

As a leading Exchange in Africa the JSE plays a major role in educating South Africans about the role of an exchange and how it can assist with their own wealth creation while supporting good governance practices. We further appreciate that stakeholders play a critical role in the Company and its operations, and ongoing engagement with them is mutually beneficial for sustainable value creation.

## Application of the King Code

The Board is committed to applying the core governance principles set out in the King Code on Corporate Governance. These principles of accountability, integrity, fairness and transparency are embedded in the Board's charter, and reflect in all the JSE's business dealings with its stakeholders. This governance report sets out the key governance principles adopted by the directors in governing the Company.

For the year under review, the directors confirm that the Company applied the principles as set out in the King IV Code. A table with the King IV principles and the JSE's relevant responses, appears on pages 29 to 31 of this report. 

### Matters addressed during 2017

<b>Strategic matters</b>	<ul style="list-style-type: none"> <li>Evaluating and confirming JSE strategy and focus areas as part of the 2020 strategy</li> <li>Overseeing management's structural cost reduction initiatives including the headcount rightsizing</li> <li>Directing the JSE's technology model to be more agile</li> <li>Engaging on a black ownership transaction</li> <li>Promoting wider society initiatives in support of SA Inc.</li> </ul>
<b>Oversight of key functions</b>	<ul style="list-style-type: none"> <li>Financial reporting and audit oversight</li> <li>Remuneration, governance and pay-for-performance outcomes</li> <li>Actively driving Board renewal to ensure sustainable succession</li> <li>Ensuring robust execution of the JSE's regulatory mandate</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Formal briefings with JSE sponsor on Listings Requirements and King IV Code</li> <li>Formal confirmation of any conflicts of interest and other directorships at each meeting of the Board and Board committees</li> </ul>

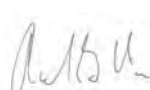
### Matters to address during 2018

<b>Strategy and implementation</b>	<ul style="list-style-type: none"> <li>Our response to the uncertainty about future disruptions and trends</li> <li>Pressure on operating margins</li> <li>Rapid changes in technology</li> <li>Strengthening operational resilience</li> </ul>
<b>Board and executive talent pipeline</b>	<ul style="list-style-type: none"> <li>Board renewal planning to ensure a good balance of skills, experience and diversity (a critical area of focus for the Board) as well as on the Board committees</li> <li>Talent management processes to improve the talent pipeline of future leaders</li> </ul>
<b>Sustainability as a strategy</b>	<ul style="list-style-type: none"> <li>Enhanced focus on sustainability initiatives as well as measures of performance</li> </ul>

We believe the JSE Board is well diversified and highly competent consisting of a mix of skilled and experienced individuals, and will continue to contribute to the enhancement of long-term value creation, ensuring that stakeholders benefit from ongoing success.



**Nonkululeko Nyembezi**  
Independent non-executive Chairman



**Anton Botha**  
Lead independent director

# JSE LEADERSHIP

## Board of directors



### Non-executive directors

#### Nonkululeko Nyembezi (57)

*Independent non-executive chairman*

**BSc (EE); MSc (EE); MBA**

*Tenure as director: 8 years*

Non-executive director of Old Mutual plc, Old Mutual Group Holdings (Pty) Ltd, Macsteel International Holdings BV, Macsteel Services Centres SA (Pty) Ltd, CEO of IchorCoal N.V.

*Appointed to the Board in 2009*

#### Anton Botha (64)

*Lead independent non-executive director*

**BCom (Hons); BProc; Stanford Executive Programme**

*Tenure as director: 12 years*

Director and co-owner of Imalivest; non-executive director of Sanlam Ltd and African Rainbow Minerals Ltd; chairman of Vukile Property Fund Ltd; member of University of Pretoria Council.

*Appointed to the Board in 2005*

#### Dr Suresh Kana (62)

*Independent non-executive director*

**CA(SA); CD(SA); MCom; PhD (Honorary)**

*Tenure as director: 2 years*

Retired CEO and territory partner of PwC Africa. Chairman of Murray & Roberts Holdings Ltd and Imperial Group Holdings Ltd. Chairman of the Audit Committee of the United Nations World Food Programme based in Rome.

*Appointed to the Board in 2015*

#### Dr Mantsika Matookane (42)

*Independent non-executive director*

**BSc (Maths); PhD (Comp Sc); MBA**

*Tenure as director: 5 years*

Experience as IT executive and director. Non-executive director of Nedbank Ltd, NMG Consultants and Actuaries (Pty) Ltd; director of Truesport Investments (Pty) Ltd.

*Appointed to the Board in 2012*

#### David Lawrence (66)

*Non-executive director*

**BA; MCom**

*Tenure as director: 10 years*

Deputy chairman of Investec Bank Ltd. Director of various companies.

*Appointed to the Board in 2008*

#### Andile Mazwai (46)

*Independent non-executive director*

**BCom (Hons)**

*Tenure as director: 12 years*

Chief executive officer of Rebosis Property Fund Ltd and National Stokvel Association of South Africa (NASASA).

*Appointed to the Board in 2005*

#### Nolitha Fakude (53)

*Independent non-executive director*

**BA (Hons)**

*Tenure as director: 6 months*

Non-executive director of Anglo-American plc and Afrox Ltd. Deputy chairman of SAA SOC Ltd. Council member of the Human Development Council of South Africa.

*Appointed to the Board in 2017*

#### Dr Michael Jordaan (49)

*Independent non-executive director*

**MCom (Economics); PhD (Banking Supervision)**

*Tenure as director: 4 years*

CEO of Montegrays Capital (Pty) Ltd; chairman of Consumer Data Bureau, Compuscan Holdings.

*Appointed to the Board in 2014*



**Nomavuso Mnxasana (61)**

*Independent non-executive director*

**BCompt (Hons); CA(SA)**

*Tenure as director: 5 years*

Director of AWCA Investment Holdings, Noma Namuhla Trading and Projects, Pareto Ltd; Non-executive director of ArcelorMittal and Nedbank Ltd.

*Appointed to the Board in 2012*

**Nigel Payne (57)**

*Independent non-executive director*

**BCom (Hons); HDip (Acc); CA(SA); Certified Internal Auditor; MBL**

*Tenure as director: 12 years*

Independent non-executive chairman of Mr Price Group Ltd. Independent non-executive director of Bidvest Group Ltd, Bidcorp Limited, Vukile Property Fund Ltd and Strate (Pty) Ltd.

*Appointed to the Board in 2005*

**Executive directors**

**Nicky Newton-King (51)**

*Chief executive officer*

**BA LLB; LLM**

*Tenure as director: 12 years*

Director of JSE-related companies. World Economic Forum Young Global Leader; Yale World Fellow 2006.

*Appointed to the Board in 2005*

*Appointed CEO in January 2012*

**Aarti Takoordeen (37)**

*Chief financial officer*

**BCompt (Hons); CTA; CA(SA)**

*Tenure as director: 5 years*

*Appointed CFO in March 2013*

**Alternate directors and Group Company Secretary**

**Leanne Parsons (52)**

*Director of Information Services*

**BCom**

*Tenure as director: 12 years*

Director of JSE-related companies.

*Appointed to the Board in 2005*

*Resigned from the Board in December 2017*

**John Burke (51)**

*Director of Issuer Regulation*

**BCom (Hons); HDip (Corporate Law)**

*Tenure as director: 12 years*

Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; director of the Institute of Directors.

*Appointed to the Board in 2005*

**Graeme Brookes (50)**

*Group Company Secretary*

**BCom**

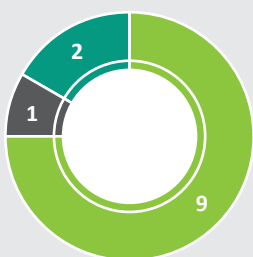
*Number of years served as Group Company Secretary: 3 years, 5 months*

Director of JSE-related companies.

*Appointed Group Company Secretary in 2014*

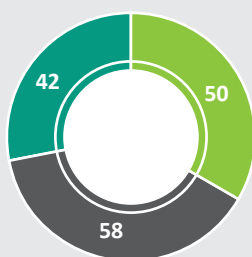
**BOARD COMPOSITION**

**BY INDEPENDENCE**



■ Independent non-executive  
■ Non-executive  
■ Executive

**BY DIVERSITY**



■ % Female  
■ % Black  
■ % Black female

**Note:** Biographical details are correct as at 31 December 2017. Tenure as director is calculated from the date that an appointment is first ratified by shareholders to the date of the AGM to be held on 17 May 2018.

# BOARD OF DIRECTORS

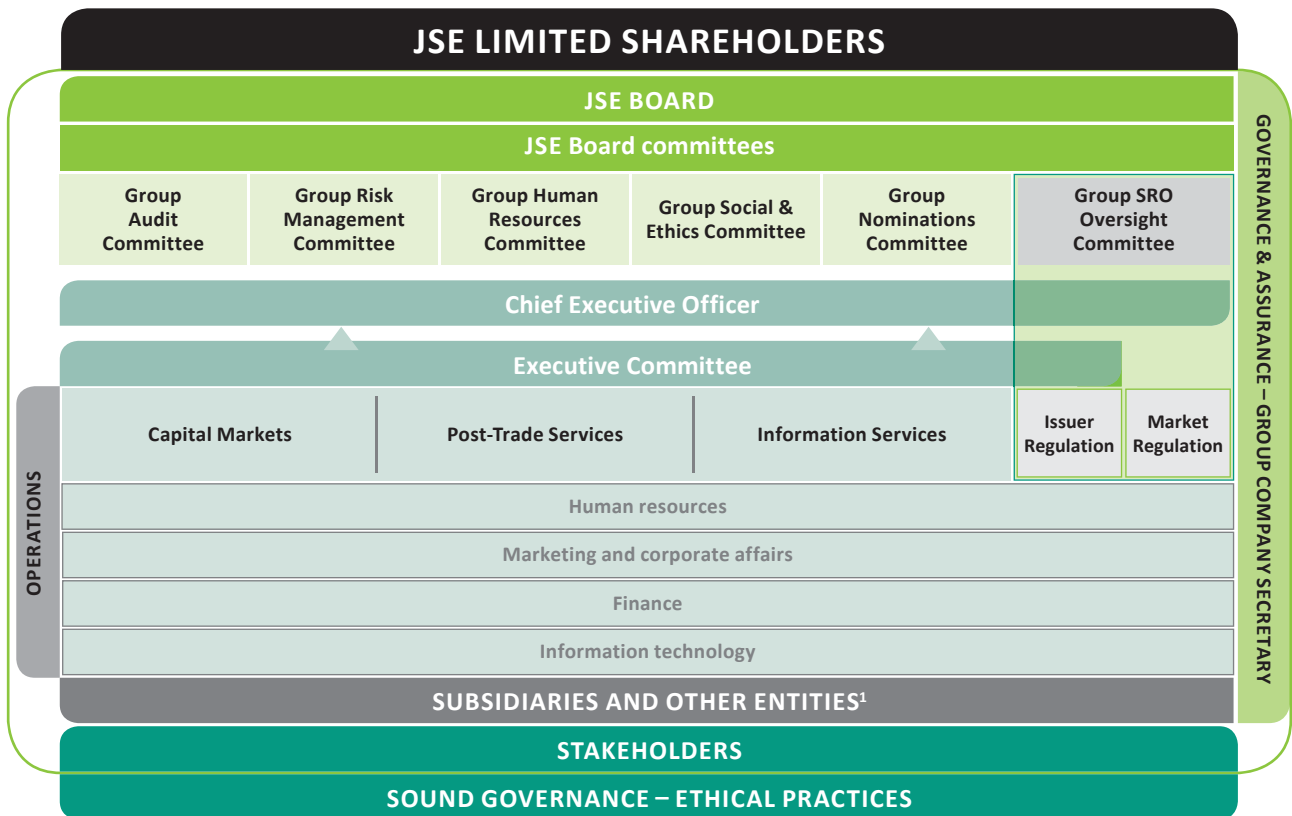
The Board of directors is ultimately responsible for the future sustainability of the Company and for enhancing long-term value creation for stakeholders. It therefore provides leadership to the Group by directing its strategy in the interests of long-term sustainability and engages responsibly with investors and other key stakeholders.

The Board retains full and effective control over all the companies and entities in the Group and assumes overall responsibility for the JSE's compliance with applicable legislation and governance provisions.

The JSE's philosophy of Board leadership is premised on the principle that the running of the Board and the executive responsibility for the running of the Exchange's business are two separate and distinct tasks. Consistent with this approach, the roles of chairman and chief executive officer (CEO) are separate, with specific responsibilities divided between them to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, nor can dominate the Board's decisions. Only decisions of the Board acting as a unitary body are binding on the CEO.

The Board is satisfied that it has met its responsibilities in accordance with the Board charter for the year under review.

## GOVERNANCE STRUCTURE



<sup>1</sup> Refer to the legal Group structure at [http://www.jsereporting.co.za/ar2017/download\\_pdf/iar\\_2017.pdf](http://www.jsereporting.co.za/ar2017/download_pdf/iar_2017.pdf) 



## COMPOSITION AND TENURE OF THE BOARD

Composition		Tenure			Diversity		
		0-5 years	6-9 years	>9 years	% Female	% Black	% Black female
Non-executive directors	9 independent	VN Fakude Dr SP Kana Dr M Jordaan Dr MA Matooane NP Mnxasana	N Nyembezi	AD Botha AM Mazwai NG Payne	40%	60%	40%
	1 non-executive			DM Lawrence			
Executive directors	2 executives	A Takoordeen (CFO)		NF Newton-King (CEO)	100%	50%	50%
<b>Total</b>	<b>12</b>	<b>6</b>	<b>1</b>	<b>5</b>	<b>50%</b>	<b>58%</b>	<b>42%</b>
Average non-executive director tenure	7.4 years	4.2 years	8 years	11.6 years			
Average age (all directors)	52.8 years	49.2 years	60.5 years	53.5 years			

### Board tenure

In terms of article 12.6.1 of the JSE's memorandum of incorporation, at least one third of all directors (including executive directors) is required to retire by rotation each year. Retiring directors, if eligible, may be re-elected by shareholders.

In line with good governance practices, the Board has adopted a formal policy on non-executive director tenure, which policy was effective from 1 January 2017. This tenure policy provides, *inter alia*, that:

- non-executive directors of the Company who have served for nine consecutive years shall thereafter stand for annual re-election by shareholders at each subsequent AGM; and
- non-executive directors of the Company shall serve for no more than 12 consecutive years unless, in the opinion of the Board, exceptional circumstances exist for motivating an extended term in office beyond 12 years.

As the JSE operates in a specialised niche within the financial services sector, the policy aims to balance the need to retain knowledge, skills and experience on the Board over an appropriate timeframe, while adhering to the recommendations of the King Code on Corporate Governance regarding independence and diversity.

In motivating the annual re-election of those directors who have served for nine consecutive years, the Board undertakes an assessment of the directors' interests, independence and contribution before recommending such directors for annual re-election.

### Board succession, skills and diversity

In order to function effectively, remain relevant and maintain continuity, the Board has arrangements in place for the periodic, staggered rotation of the non-executive directors so as to introduce over time directors with new skills, insights and perspectives as well as to ensure appropriate diversity of gender and race on the Board, while retaining valuable knowledge, skills and experience.

Building a board relevant to the challenges faced by the Company requires a mix of technical and behavioural competencies across a range of disciplines (knowledge, skills, experience and attributes) together with diversity in the age, race and gender profile of Board members. This approach is intended to mitigate the potential for cultural biases and dynamics and "group thinking".

Board diversity, in particular, is a critical component for sustaining the competitive advantage of the Company. The Board embraces diversity – in the composition of the Board, the executive team, and throughout the Company – as a cornerstone of a progressive organisation and as a moral and strategic business imperative.

At a policy level the objective is to maintain, where feasible, broad parity in the gender balance of the Board, and to maintain and improve the current race diversity of the Board. The Group Nominations Committee is guided by these policy guidelines when preparing recommendations for new appointees to the Board. This approach also extends to the search process and the specific talent pools and networks that are utilised to identify candidates from diverse backgrounds.

The Board has maintained a 50/50 gender representation since 2014 and comprises 12 members, six of whom (50%) are female, including the chairman of the Board, the chairman of the Group Risk Management Committee, the CEO and the CFO. The current programme of work underway by the Group Nominations Committee to identify new candidates for appointment to the Board explicitly takes into account our policy to address and retain parity in the gender balance of the Board.

The Board understands that the need to further broaden diversity is a fundamental element in the succession process. Currently seven members of the Board (58%) are African, coloured and Indian (ACI). Further appointments that address both gender and diversity requirements are expected to be made during the course of 2018, to ensure the orderly succession of directors.

## BOARD OF DIRECTORS (CONTINUED)

### CEO service contract

The CEO is the only member of staff with a specific service contract, which ran for an initial three-year term from 1 January 2012 and now continues on an indefinite basis. The contract contains a four-month notice period and a one-year restraint of trade (post-termination of employment). The agreed restraint of trade precludes the CEO from being engaged by any stock exchange, bond or futures market, or any clearing house, depository or stock-broking business carried on in South Africa for a period of one year from the date of termination of her employment.

### BOARD MEETINGS AND ATTENDANCE

The Board is required to meet a minimum of four times a year and more frequently, should circumstances require. The Board also participates in an annual Board strategy session. Meetings are conducted according to a formal agenda, with supporting documentation delivered to directors one week prior to the scheduled meetings.

A summary of attendance at Board meetings during 2017 is shown below.

Director	Role	Classification	Board meeting attendance	Strategy session <sup>2</sup> attendance
<b>Number of scheduled meetings held during the year<sup>1</sup></b>			<b>4</b>	<b>1</b>
N Nyembezi	<i>Chairman of Board and Group Nominations Committee</i>	Independent non-executive director	4/4	1/1
AD Botha	<i>Lead independent non-executive and chairman of Group Human Resources Committee</i>	Independent non-executive director	4/4	1/1
VN Fakude		Independent non-executive director	1/1	–
M Jordaan		Independent non-executive director	3/4 <sup>3</sup>	1/1
SP Kana	<i>Chairman of Group Social and Ethics Committee</i>	Independent non-executive director	4/4	1/1
DM Lawrence		Non-executive director	4/4	1/1
MA Matookane	<i>Chairman of Group Risk Management Committee</i>	Independent non-executive director	4/4	1/1
AM Mazwai	<i>Chairman of Group SRO Oversight Committee</i>	Independent non-executive director	3/4 <sup>3</sup>	1/1
NP Mnxasana		Independent non-executive director	4/4	1/1
NG Payne	<i>Chairman of Group Audit Committee</i>	Independent non-executive director	4/4	1/1
NF Newton-King	<i>CEO</i>	Executive director	4/4	1/1
A Takoordeen	<i>CFO</i>	Executive director	3/4 <sup>3</sup>	1/1
JH Burke	<i>Alternate</i>	Executive director	4/4	1/1
LV Parsons	<i>Alternate</i>	Executive director	4/4	1/1
GA Brookes		Group Company Secretary	4/4	1/1

<sup>1</sup> Representatives of the Financial Services Board (FSB) are invited to attend meetings of the Board, and in 2017 attended two of the four scheduled Board meetings. The FSB does not have a vote on any matter at Board meetings.

<sup>2</sup> A Board strategy session was held on 19 May 2017 in addition to the four scheduled Board meetings.

<sup>3</sup> Apologies received for not being able to attend.

## APPOINTMENT OF DIRECTORS

The Company has a formal and transparent policy regarding the appointment of directors to the Board.

- The Group Nominations Committee will first consider a proposed director's curriculum vitae (CV) and undertake the necessary interviews to establish the integrity and skills of the prospective appointee and ensure that the individual has not been disqualified from being a director. In most instances, a service provider is contracted to perform the required reference checks.
- The Group Nominations Committee ensures that all statutory requirements for the appointment are complied with and that the new director is properly briefed on his/her role. The Group Company Secretary assists the committee in discharging these duties.
- Non-executive directors are required to sign a letter of appointment, setting out all salient terms of their engagement, including but not limited to key responsibilities, time commitment, committee service, outside interests, director evaluation and emoluments.

### NOMINATIONS

The nomination of directors is delegated to the Group Nominations Committee, which makes recommendations to the Board. The Group Nominations Committee proposes directors to the Board on the basis of their skills, knowledge and experience, and taking into account gender and race diversity appropriate to the strategic direction of the JSE. Knowledge of JSE business, gained over time, ensures continuity and enhances the direction that the Board provides to the JSE executives.

### BOARD

The Board considers all recommendations put forward by the Group Nominations Committee before making an appointment. Members of the Board meet with prospective appointees prior to making a decision.

### SHAREHOLDERS

In accordance with article 12.3.4 of the JSE's memorandum of incorporation (MOI), all newly appointed directors are subject to confirmation at the next annual general meeting of shareholders following their appointment.

## INDEPENDENCE OF DIRECTORS

### DEFINITION


The independence of the JSE's non-executive directors is measured according to the following definition:

"An independent director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect, this independence. Independence is the absence of undue influence and bias, which can be affected by the intensity of the relationship between the director and the Company rather than any particular fact such as length of service or age."

### ASSESSMENT

An assessment of the independence of the directors (and a more rigorous assessment for those directors who have served for longer than nine years) was conducted in 2017. During the period under review, the Board was once again satisfied that there are no relationships or circumstances likely to affect, or appear to affect, the directors' judgements and that their independence is not impaired by their length of service.

### OUTCOME

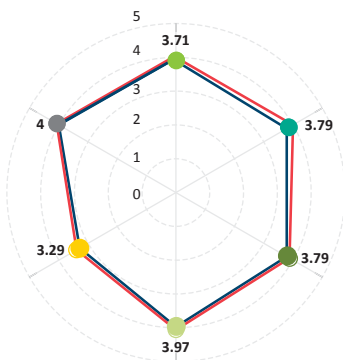
With the exception of one non-executive director, the Board considers all of its non-executive directors to be independent. Refer to the directors' report in the online annual financial statements for non-executive directors' interests in JSE Limited. 

### LEAD INDEPENDENT DIRECTOR

The chairman of the Board is supported by the lead independent director (LID), specifically in scenarios where the chairman is conflicted. All directors are encouraged to raise any matters of concern with the chairman, or with the LID, where the matter directly involves the chairman. The LID also leads the annual evaluation of the effectiveness of the JSE chairman. At the AGM in May 2018, Mr AD Botha will retire from the Board, and Dr SP Kana will assume the role of LID.

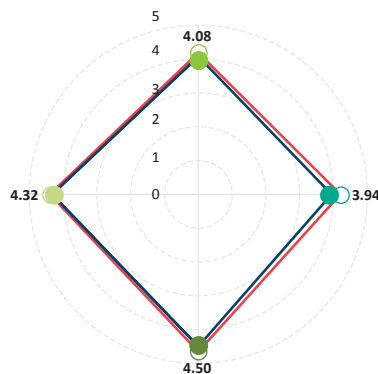
### EVALUATION OF BOARD EFFECTIVENESS

#### BOARD IMPACT ON CRITICAL ISSUES



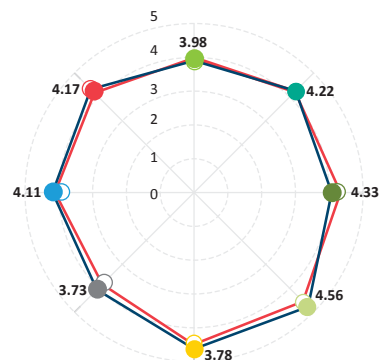
- Strategy (2016: 4)
  - Executive performance and succession planning (2016: 4)
  - Risk management (2016: 4)
  - Sustainability (the JSE's footprint) (2016: 3.4)
  - Managing Company performance (2016: 3.8)
  - Stakeholder communication (2016: 4)
- 2017 Impact on critical issues    — 2016 Impact on critical issues

#### DRIVERS OF BOARD EFFECTIVENESS



- Board dynamics and culture (2016: 4.2)
  - Board chair effectiveness (2016: 4.6)
  - Efficiency of core Board processes (2016: 4.2)
  - Partnership with the executive team (2016: 4.4)
- 2017 Drivers of Board effectiveness    — 2016 Drivers of Board effectiveness

#### COMPLIANCE



- Board composition and structure (2016: 3.9)
  - Audit Committee (2016: 4.25)
  - Risk Committee (2016: 4)
  - Nominations Committee (2016: 4.3)
  - HRSE Committee (2016: 4.6)
  - SRO Committee (2016: 4)
  - Evaluation of the JSE Group company secretary (2016: 4.2)
  - Evaluation of the JSE chief financial officer (2016: 4.3)
- 2017 Compliance    — 2016 Compliance

In 2015, the Board appointed an independent service provider – The Board Practice – to undertake an assessment of the Board’s effectiveness as well as that of the Board committees, the individual directors, including the chairman, the CFO and the Group Company Secretary, and to provide insights and recommendations to the Board. This same process was extended for the 2016 and 2017 years.

The chairman and the Group Company Secretary are responsible for designing and managing the annual effectiveness review in conjunction with the service provider. Individual interviews are then held with each Board member and with the Group Company Secretary.

The chairman discusses findings from the effectiveness review in one-on-one meetings with the directors, where required. The full report is presented to the Group Nominations Committee for discussion, and is tabled for consideration by the Board.

In overall terms, the feedback is very positive with respect to the work of the Board, especially in the following areas:

- Professional and positive
  - In general the work and the dynamics of the Board are at a high level with an ongoing upward trend in effectiveness and

professionalism. The work at the Board is relevant, focused and professional.

- Good atmosphere and positive chemistry during Board meetings and members show good respect for each other and the work of the Board.
- Board meetings are considered to be efficiently managed and time is spent adequately addressing the critical issues.
- Board leadership is well regarded
- Cooperation with management is excellent
- The structure of Board interaction is well regarded
  - All are in agreement that no subject is off limits, debates are robust and members are able to voice different opinions in a collegial environment facilitated by the chairman.
  - The Board is satisfied that management provides clear and unvarnished information and the information flow is very positive.



## DIRECTOR INDUCTION

The objective of the induction programme is to provide all new directors with the information they require in order to be effective in their role as a director of the Company.

In line with the King Code, the induction programme is a formal one-year process and is supplemented with ongoing education. The programme equips new directors with the requisite knowledge of Company strategy, risks, operations and industry perspectives, thus enabling them to participate and be fully effective from their first Board meeting.

Existing members of the Board are encouraged to attend relevant elements of the programme from time to time in order to stay abreast of new developments.

The JSE's formal induction for new non-executive directors requires attendance at Group Risk Management Committee meetings for the first year. VN Fakude has therefore joined this committee as an invitee for 2017/18.

### THEMES AND KEY LEARNINGS OBJECTIVES

On appointment, directors undergo a formal induction programme and are provided with electronic access to all relevant reading material aimed at facilitating their understanding of the JSE, the business environment and the markets in which it operates.

New directors are expected to make additional days available during the first year of appointment to undergo the induction programme.

The programme is delivered via a series of meetings and presentations with executives and other members of management.

Directors are expected to attend all mandatory modules and are required to familiarise themselves with the supporting mandatory content.

As part of the programme, representatives of the JSE's sponsor meet with each new director to provide an introduction to key elements of the JSE Listings Requirements, specifically as these pertain to the duties of directors.

### TIMING AND LOCATION

The programme is tailored to cater for individual directors' knowledge, taking into account each director's background, knowledge, experience and skills.

The programme is delivered over a number of days or half days, depending on directors' availability. Mandatory modules are scheduled to be completed prior to directors attending their first Board meeting.

All meetings and presentations, site visits and events that are part of the programme take place at the JSE offices in Sandton.

**NEXT AGM 2018**

**History of retirement of directors by rotation**


2018	2017	2016	2015	2014
A Takoordeen NP Mnxasana MA Matookane	N Nyembezi M Jordaan NF Newton-King	SP Kana DM Lawrence AM Mazwai AD Botha	L Fourie A Takoordeen NP Mnxasana MA Matookane	NF Newton-King AM Mazwai NG Payne N Nyembezi
NG Payne	AD Botha AM Mazwai NG Payne			
VN Fakude				
<i>Triennial rotation</i>				
<i>Annual re-election</i>				
<i>New election</i>				

Three non-executive directors will be retiring at the AGM to be held on 17 May 2018 and will not be available for re-election:

- Messrs AD Botha and AM Mazwai, having both served for 12 years on the Board, and who are now retiring in accordance with the JSE’s policy on non-executive tenure; and
- Ms NP Mnxasana, who has served for five years on the Board, and who has indicated that she will not be making herself available for a further term.

At the AGM to be held on 17 May 2018 shareholders are being asked to:

- re-elect two directors retiring in accordance with the usual triennial rotation requirement set out in article 12.6.1 of the MOI, for a further three-year term;
- re-elect the one non-executive director retiring in accordance with the Company’s tenure policy, for an additional one-year term;
- elect for the first time VN Fakude who was appointed by the Board in November 2017 and who is standing for election in accordance with article 12.3.4 of the MOI for a three-year term.

Shareholders are referred to the online version of the AGM Notice at [http://www.jsereporting.co.za/ar2017/download\\_pdf/notice-agm-2017.pdf](http://www.jsereporting.co.za/ar2017/download_pdf/notice-agm-2017.pdf) for biographical details of all retiring directors. 

The appointment of Mr NG Payne as a non-executive director was first ratified by shareholders at the 2006 AGM, and accordingly, as at the date of the 2018 AGM, will have served for 12 years which is the maximum permitted in terms of the JSE’s tenure policy. The Group Nominations Committee has assessed the interests, independence and contributions of Mr NG Payne and the guiding role played by him as the chairman of Group Audit Committee. The Group Nominations Committee has recommended to the Board that Mr NG Payne be proposed for re-election for a further year. It is also proposed that Mr NG Payne remain a member of the Group Audit committee but relinquish the chairmanship to Dr SP Kana.

The Board has considered this proposal and the important role filled by Mr NG Payne. The Board is satisfied that he continues to make valuable contribution to the Board as well as exercising independent and objective judgement, and that there is no interest, position, association or relationship which would unduly influence or cause bias in decision-making. Mr NG Payne will provide important continuity on the Group SRO Oversight Committee in the year ahead in view of the retirement of Mr AM Mazwai as Group SRO Oversight Committee chairman in May 2018. The Board is therefore recommending the re-election of Mr NG Payne, by way of a separate resolution, for a further one-year term. Mr NG Payne is eligible for such re-election in terms of the Company’s MOI.

**ENGAGEMENT WITH STAKEHOLDERS**

The Board understands the role and influence of the JSE’s stakeholders in the ongoing success of the JSE, and that continuous engagement with these stakeholders is critical.

The chairman, CEO, CFO and investor relations manager engage shareholders and other stakeholders through regular communication sessions, meetings and roadshows. They also regularly meet investors and analysts to foster dialogue and communicate the JSE’s strategy and performance.

The Company has a proactive reputation management strategy and over the years has established close media relationships to address audience perceptions about the Exchange. Major issues receive particular attention.

The Board understands that constant and direct engagement with stakeholders is mutually beneficial in creating sustainable value for the JSE and its stakeholders.

# PROFILE OF BOARD COMMITTEES

The Board has established a number of standing committees to facilitate efficient decision-making and to assist it in the execution of its duties, powers and authority. The Board may establish, and delegate authority to, committees and may delegate authority to one or more designated members of the committees.

The chairman and members of each standing committee are nominated by the Board with each committee comprising at least three non-executive directors. The committee as a whole must have sufficient qualifications and experience to fulfil the duties of the committee. The duties and responsibilities of the members of each committee are in addition to those assigned to them as members of the Board. Each committee of the Board acts in terms of its mandate and has access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

For the year under review, each committee has confirmed that it has executed its responsibilities in accordance with its terms of reference.

Six standing committees, established by the Board, provide assistance and expert insight to the Board as a whole on key areas of the Company's business, and serve to strengthen the governance and oversight of key functions within the Company.

	Independence %	Chairman <sup>1</sup>	Members <sup>2</sup>	Classification of members <sup>3</sup>	Number of meetings held in 2017	<75% attendance in 2017
<b>Group Audit Committee</b>	100%	NG Payne	AD Botha Dr SP Kana NP Mnxasana	4 INEDs	3	NP Mnxasane (2/3 meetings)

## MANDATE

- Constituted as a statutory committee of the Company under section 94(7) of the Companies Act with responsibility for the duties set out in the Companies Act
- Key responsibilities include:
  - oversight and assessment of the Company's finance function;
  - nomination of the independent auditor of the Company, and evaluating the independence, effectiveness and performance of the independent auditor, the fees to be paid and the allowable non-audit services;
  - reviewing the accounting policies, procedures and financial reports of the Company; and
  - reviewing, evaluating and reporting on the effectiveness of the Company's system of internal controls and the combined assurance model and overseeing the Company's internal audit function.

## PROFILE OF BOARD COMMITTEES (CONTINUED)

	Independence %	Chairman <sup>1</sup>	Members <sup>2</sup>	Classification of members <sup>3</sup>	Number of meetings held in 2017	<75% attendance in 2017
<b>Group Risk Management Committee</b>	71%	Dr MA Matookane	Dr M Jordaan Dr SP Kana DM Lawrence <sup>4</sup> AM Mazwai NG Payne NF Newton-King <sup>5</sup>	5 INEDs 1 NED 1 ED	3	Dr M Jordaan (2/3 meetings) Dr SP Kana (2/3 meetings) AM Mazwai (2/3 meetings)

### MANDATE

- Provides independent oversight of all enterprise-wide risk management policies, procedures and activities of the JSE Group
- Specifically ensures that the Company has implemented an effective policy and plan for risk management that will enhance the JSE's ability to achieve its strategic objectives; and that disclosure of all enterprise and business risks is comprehensive, timely and relevant

	Independence %	Chairman <sup>1</sup>	Members <sup>2</sup>	Classification of members <sup>3</sup>	Number of meetings held in 2017	<75% attendance in 2017
<b>Group Human Resources Committee</b>	80%	AD Botha	DM Lawrence <sup>4</sup> AM Mazwai NP Mnexasana N Nyembezi	4 INEDs 1 NED	3	NP Mnexasana (2/3 meetings)

### MANDATE

- Provides an independent oversight role with responsibility for all strategic human resource issues facing the JSE and, in particular, the governance of remuneration for directors, executives and staff, and for ensuring accurate, complete and transparent disclosure of remuneration paid by the JSE.

	Independence %	Chairman <sup>1</sup>	Members <sup>2</sup>	Classification of members <sup>3</sup>	Number of meetings held in 2017	<75% attendance in 2017
<b>Group Nominations Committee</b>	67%	N Nyembezi	AD Botha DM Lawrence <sup>4</sup>	2 INEDs 1 NED	3	–

### MANDATE

- Provides expert input to and oversight of Board governance policies, and specifically the process for ensuring the appropriate composition of the Board and Board committees, including succession planning for the Board
- Undertakes the annual review of the effectiveness of the Board



	Independence %	Chairman <sup>1</sup>	Members <sup>2</sup>	Classification of members <sup>3</sup>	Number of meetings held in 2017	<75% attendance in 2017
<b>Group Social &amp; Ethics Committee</b>	75%	Dr SP Kana	VN Fakude DM Lawrence <sup>4</sup> Dr MA Matooane	3 INEDs 1 NED	2	–

## MANDATE

- Provides independent oversight of all social, ethics and sustainability matters for the Group.

	Independence %	Chairman <sup>1</sup>	Members <sup>2</sup>	Classification of members <sup>3</sup>	Number of meetings held in 2017	<75% attendance in 2017
<b>Group SRO Oversight Committee</b>	100%	AM Mazwai	Dr SP Kana NP Mnxasana NG Payne	4 INEDs	2	–

## MANDATE

- Provides independent oversight of all regulatory matters, policies and related activities of the JSE Group.

<sup>1</sup> The chairpersons of the Board committees are all independent non-executive directors.

<sup>2</sup> Unless otherwise indicated, all committee members are independent non-executive directors.

<sup>3</sup> INED = Independent non-executive director; NED = Non-executive director; ED = Executive director.

<sup>4</sup> Non-executive director.

<sup>5</sup> Executive director.

## PROFILE OF BOARD COMMITTEES (CONTINUED)

### MEETINGS AND ATTENDANCE

A summary of attendance at Board committee meetings during 2017 is shown below.

		Board committees					
Director attendance	Status*	Group Audit	Group Risk	Group HR	Group SRO	Group Nominations	Group Social and ethics
<b>Number of scheduled meetings held during the year</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>
N Nyembezi (chairman of the Board; Nominations)	INED	3 <sup>1</sup>	3 <sup>1</sup>	3	2 <sup>1</sup>	3	2 <sup>1</sup>
NF Newton-King (CEO)	ED	3 <sup>1</sup>	3	3 <sup>1</sup>		3 <sup>1</sup>	2 <sup>1</sup>
A Takoordeen (CFO)	ED	3 <sup>1</sup>					
VN Fakude	INED		1 <sup>1</sup>	1			
AD Botha (chairman of GHRC)	INED	3		3		3	
NG Payne (chairman of Group Audit)	INED	3	3		2		
AM Mazwai (chairman of Group SRO)	INED		2 <sup>2</sup>	3	2		
DM Lawrence	NED		3	3		3	2
MA Matooane (chairman of Group Risk Management)	INED		3				1
NP Mnxasana	INED	2 <sup>2</sup>		2 <sup>2</sup>	2		
M Jordaan	INED		2 <sup>2</sup>				
SP Kana	INED	3	2 <sup>2</sup>		2		2
LV Parsons (alternate)	ED		3 <sup>1</sup>				
JH Burke (alternate)					2 <sup>1</sup>		
GA Brookes	GCS	3 <sup>1</sup>	3 <sup>1</sup>	3 <sup>1</sup>	2 <sup>1</sup>	3 <sup>1</sup>	2 <sup>1</sup>

\* ED = executive director, GCS = Group company secretary, INED = independent non-executive director and NED = non-executive director.

<sup>1</sup> Attendance is by invitation only.

<sup>2</sup> Apologies received for not being able to attend.

		Board committees					
Invitee attendance		Group Audit	Group Risk	Group HR	Group SRO	Group Nominations	Group Social and ethics
<b>(These persons are not entitled to vote on any matter at the meeting)<sup>1</sup></b>							
Financial Services Board representative		3	3		2		
Investment advisors		2					
Chief Information Officer			3				
Internal Audit		3	3				
External Auditors		3					
Director of Issuer Regulation					2		
Director of Market Regulation					2		
Director of Post Trade Services			3				
Director of Capital Markets			3				
Director of Human Resources				3			2
Director of Marketing and Corporate Affairs							2

<sup>1</sup> Attendance is by invitation only for all attendees listed in this table.

# COMPANY SECRETARY

The JSE's Group Company Secretary is responsible for the duties set out in section 88 of the Companies Act and for ensuring compliance with the JSE Listings Requirements, and providing guidance and assistance in line with the King Code on Corporate Governance.

The Group Company Secretary plays a pivotal role in the effective functioning of the Board, ensuring that all directors have full and timely access to the information that helps them to perform their duties and obligations properly. All directors have unlimited access to the Group Company Secretary.

The Group Company Secretary, Graeme Brookes, is accountable to the chairman of the Board, and is not an executive director of the JSE, nor is he related to or connected to any of the directors. In addition to his role as Group Company Secretary he also serves as the executive responsible for governance and assurance, and reports to the chief executive officer. Refer to page 5 for his biography. 📄

In compliance with paragraphs 3.84(i) and (j) of the JSE Listings Requirements, the performance of the Group Company Secretary is monitored by the CEO and formally assessed by the Board on an annual basis. The appointment and removal of the Group Company Secretary are matters for the Board as a whole.

The Board and the CEO are satisfied that the Group Company Secretary:

- is competent, suitably qualified and experienced;
- has the requisite skills, knowledge and experience to advise the Board on good governance;
- maintains an arm's length relationship with the Board and the directors; and
- has discharged his responsibilities for the period under review.

In reaching their assessment, the Board and the CEO have considered and concluded:

- explicit independence: There is no direct or indirect relationship between the directors and the Group Company Secretary; and
- implicit independence: The company secretariat is properly resourced, and the Group Company Secretary has provided advice and guidance to the Board during the period under review in an independent and objective manner in accordance with the principles of the King Code, the JSE's Board charter and the Company's code of ethics.

The Group Company Secretary's specific responsibilities include:

<b>Provide</b>	counsel and guidance to the Board, Board committees and the Executive Committee on their individual and collective powers and duties, as well as in matters relating to governance, sustainability, legal compliance, transformation and ethics.
<b>Induct</b>	new directors. This includes a briefing on their fiduciary and statutory duties and responsibilities (including those arising from the JSE Listings Requirements), as well as induction sessions held at the JSE's offices.
<b>Collate and distribute</b>	relevant information such as Board meeting agenda items, corporate announcements, investor communications and information relating to any other developments affecting the JSE or its operations.
<b>Render</b>	ongoing support and resources to enable directors to extend and refresh their skills, knowledge and understanding of the JSE Group, and of proposed changes to laws and regulations affecting the Group.
<b>Assist</b>	the chairman with the annual evaluation of the effectiveness of the Board.
<b>Facilitate</b>	professional and skills training where required and access to all information and independent advisors as required by the Board.

# COMPLIANCE, ETHICS AND REGULATION

The JSE is committed to complying with both the spirit and the letter of the applicable requirements and to always act with due skill, care and diligence.

The Board is ultimately accountable to its stakeholders for overseeing compliance requirements, and is aware that compliance risks include the loss of reputation, fines, civil claims, and/or the loss of authorisation by regulators, which could jeopardise the business of the JSE.

The responsibility to facilitate compliance throughout the JSE has been delegated to the director of governance and assurance. The JSE compliance programme will be updated and refocused in 2018 to ensure that the JSE remains value-adding, effective and resilient.

## INTERNAL AUDIT


JSE business units and all employees remain primarily responsible for compliance with the applicable laws, rules, codes and standards.

Internal audit plays a critical role in highlighting any areas of potential non-compliance.

## DEALING IN COMPANY SECURITIES AND INSIDER TRADING

A dealing policy is in place for employees and directors dealing in JSE shares. These rules prohibit directors and employees from dealing in JSE shares when they possess price-sensitive information. Dealing is permitted only during two limited open periods of the year, immediately following the release of the annual and interim financial statements. Directors and employees may not deal during other periods.

A director may not deal in JSE shares without obtaining prior written approval from the chairman of the Board or, failing her, the CEO. In the case of the chairman of the Board, approval must be obtained from the lead non-executive director or, failing the chairman, the CEO.

A dealing policy is also in place for employees and directors dealing in all listed securities other than JSE shares. Prior approval for these transactions is mandatory. Employees in excluded divisions are prohibited from dealing in any listed securities as a result of their ongoing exposure to Company information. Refer to the directors' report for a listing of dealings by directors and prescribed officers. 

## CONFLICTS OF INTERESTS AND INTERESTS IN CONTRACTS

As a market infrastructure, the JSE is required to take necessary steps to avoid, eliminate, disclose and otherwise manage possible conflicts of interest between its regulatory functions and commercial services. These steps include the implementation and documentation of appropriate arrangements in accordance with the provisions set out in Board Notice 1 of 2015 (Board Notice) on conflicts of interest, issued by the Registrar.

The conflicts of interest policies prescribed in the Board Notice were in effect for the year under review and the operation and effectiveness of these policies has been assessed by PwC on behalf of JSE internal audit. The SRO Oversight Committee has reviewed the reports prepared by PwC and is satisfied with the conclusions that the JSE's regulatory functions are sufficiently separated from its commercial activities, and that access to confidential information and potential conflicts is correctly managed. The report of the Group SRO Oversight Committee is reflected on page 20.

During the year under review, none of the directors, executives or employees had any significant interest in any material contract or arrangement entered into by the Company or its subsidiaries and associates.

### POLICY

Controls the disclosure of:

- interests in contracts to avoid any potential conflicts of interest; or
- other appointments.

Where appropriate, persons who disclose the above potential conflicts of interest are required to recuse themselves from the affected discussions and decisions.

### MITIGATION

This disclosure is critical to assess and mitigate any potential conflict in fiduciary duties.

### WHO IS AFFECTED

All directors, executives, senior managers and all employees

## ANTI-CORRUPTION APPROACH

Approach	During the year under review
<p>The JSE does not engage in, accept or condone engaging in any illegal acts, including but not limited to any form of bribery, facilitation payments, political donations or any corruptive practice in the conduct of its business.</p> <p>The Board's policy is to actively pursue and encourage the prosecution of perpetrators of fraudulent and other illegal activities, should it become aware of such acts.</p> <p>A strict zero-tolerance approach is adopted.</p>	<p>No cases of fraud misdemeanours, bribery or corruption were reported during the period under review.</p>

## APPROACH TO PRIVACY LEGISLATION

In 2018, the compliance team will embark on a protection of private information (PoPI) programme to further enhance the JSE's capabilities and to address gaps in compliance with PoPI Act provisions, as well as to boost employee awareness.

## OMBUDSMAN FOR JSE COMPLAINTS AND DISPUTES

Creation of Ombudsman	During the year under review
<p>On 21 February 2007, the JSE was authorised in terms of section 14(a) of the Financial Services Ombud Scheme Act, 37 of 2004, (Ombud Act) to operate a financial services Ombud scheme in terms of the Ombud Act.</p>	<p>The monitoring body of the scheme confirms that it complied with its constitution and provisions of the Ombud Act.</p>
<p>The rules applicable to the scheme are set out in the Rules of the JSE. The rules regulate the resolution of complaints and disputes between authorised users and clients, and among authorised users.</p>	<p>Two matters involving clients and member firms were referred to the Ombud for resolution and the decisions of the Ombud were relayed to the parties of these two disputes.</p>
<p>The Ombud Act requires that a monitoring body be appointed by the scheme to monitor the ongoing compliance with the scheme. The monitoring body of the scheme is the JSE Executive Committee.</p>	
<p>Through the scheme, the JSE is able to facilitate the resolution of complaints that are made by or against clients and authorised users in a timely and cost-effective way that eliminates the need for either party to resort to legal proceedings.</p>	
<p>Section 16(1)(b) of the Ombud Act requires the monitoring body of the scheme to confirm that, insofar as it is required to, the scheme has, during the period under review, complied with its constitution and provisions and with the Ombud Act.</p>	

## TAX REPORTING AND COMPLIANCE

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

### GOVERNANCE OF ETHICS

The JSE recognises its accountability to all its stakeholders and is committed to high standards of integrity and fair dealing in the conduct of its business. The Company continuously promotes responsible business and good governance through its Listings Requirements, market regulation, the FTSE/JSE Responsible Investment Index Series and support for a variety of good governance initiatives in South Africa and beyond.

The Board is responsible for ethics in the Company and is committed to the King IV principles of accountability, integrity, fairness and transparency, which are reflected in the Board's charter.

JSE considers ethics as a part of the corporate culture, embedded through employees' behaviour in the workplace, day-to-day operations and values demonstrated through actions and decision-making. Ethical behaviour and anti-corruption measures are instilled formally through policies, procedures and compliance to the relevant laws and regulations, and are based on a strong foundation of ethical leadership and a commitment to "doing what is right" across all levels of the organisation.

The Board is mindful that the ethics and performance of the JSE's management and employees must meet high standards. It is also aware that the JSE's reputation is built on management and employee interactions with all stakeholders. When management and employees display the expected behaviour and values, the JSE's reputation is strengthened and a healthy workplace is promoted, where original and innovative thinking occurs. This embeds a robust culture of ethics and integrity at the JSE.

A review of the JSE's code of ethics is carried out from time to time and has been mandated to the Group Social & Ethics Committee of the Board.

### WHISTLE-BLOWING

The JSE has a zero-tolerance approach to unethical conduct in the business environment and a whistle-blowing mechanism is in place that promotes the anonymous reporting of any unethical behaviour as described in the code of ethics.

The whistle-blowing hotline is available to all staff, stakeholders and the public at large via an independent service provider. This service ensures the anonymity of all the callers to the hotline. A whistle-blower may report any breach or alleged breach of the Company's governance and ethics code or policies as well as any illegal acts, bribery, corrupt practices, procurement failures, grievances or malfeasance.

No calls to the hotline were received during 2017.

### REGULATORY OVERSIGHT

The JSE is a market infrastructure as defined in the Financial Markets Act, No 19 of 2012 (FMA) that operates as a self-regulatory organisation (SRO).

As a market infrastructure, the JSE must, where applicable, take necessary steps to avoid, eliminate, disclose and otherwise manage possible conflicts of interest between its regulatory functions and

commercial services, which steps include the implementation and documentation of appropriate arrangements; and an annual assessment of these arrangements, both to be publicly available.

Accordingly, this Conflicts Assessment Report is submitted to the Registrar and is included in the JSE's integrated annual report and on its website.

### SRO OVERSIGHT COMMITTEE

To reinforce regulation in the JSE and to specifically address perceptions of conflict of interest between the JSE's regulatory functions and its commercial services, the JSE has established this committee as an additional, independent layer of oversight and reporting.

This committee fulfils the requirements of section 2(c) of Board Notice 1 of 2015 for such oversight.

The committee comprises four independent non-executive directors who are suitably skilled and experienced directors appointed by the JSE Board. The chairman of the Group Audit Committee is a member of the SRO Oversight Committee. The Chairman of the Board is invited to attend meetings of the committee. No members of JSE management or staff are members of the Committee.

A representative of the FSB has a standing invitation to attend the meetings of the Committee to observe and participate where she or he deems fit.

The committee is required to assess its effectiveness. In this regard, it relied on the JSE Board Effectiveness Review, which found that the committee was indeed effective and had discharged its mandate for the 2017 year. Details of the Board Effectiveness Review are set out elsewhere in this governance report.

The members of the SRO Oversight Committee affirm that they independently applied themselves without a conflicting duty to the company.

### CONFLICTS POLICY

The SRO Oversight Committee confirms that, in its assessment, the Conflicts Policy of the Company meets the requirements of the Board Notice. The regulatory functions of the Company are sufficiently separated from its commercial activities, and access to confidential information is correctly managed.

The committee commissioned an internal audit by PwC to evaluate the JSE's adherence to this policy. The findings from this audit were satisfactory and no concerns were noted in the internal audit report.

### DISCLOSURE OF INTERESTS

Committee members, at each meeting, declared any interests that they may have in relation to being a director of a listed company or having a material interest in any entity regulated by the JSE.

### FSB ON-SITE REVIEW

During the period the FSB performed an on-site inspection at the JSE for its compliance with its obligations in terms of the Act and the Listings Requirements, resulting in a satisfactory report.

# RISK MANAGEMENT

The JSE recognises that effective risk management is fundamental to the achievement of its objectives.

The JSE regards risk management as a strategic management tool that is critical to our ability to provide a trusted and well-regulated financial market infrastructure. The JSE's robust enterprise risk management (ERM) programme and an embedded risk management culture, enables the Company to respond to a dynamic business environment with significant regulatory change, drive business performance, innovation and growth, and protect and enhance value for our stakeholders.

A risk-based approach is key to sustainable strategy execution, acknowledging the relationship between strategy management, performance management and risk management.

## KEY PRINCIPLES



### RELEVANCY

The risk profile must be compiled and applied in the context of achieving business goals and objectives and the risk appetite. Risk processes focus on hazards (possibilities of negative events) and recognise that opportunities arise from the relationship between risk and return through opportunities.

### AGILITY

The dynamic nature of the business environment requires the JSE to address risk management collaboratively and continuously. Risk processes must be incorporated in strategic decision-making processes and embedded into day-to-day business operations.

### CONSISTENCY

The risk management process must be structured and consistently and systematically applied across the JSE. Risk processes must incorporate perspectives of management, risk management and independent assurance (audit) views.

### ACCOUNTABILITY

A system of clear accountability must exist to ensure adequate and appropriate action is taken on governance, risk management, and compliance risks, issues, events, incidents, and unresolved findings, with individuals accountable for their resolution.

### RISK-TAKING ACTIVITIES

Two of JSE Limited's wholly owned subsidiaries involve risk-taking activities; namely Nautilus Managed Account Platform Proprietary Limited. (Nautilus) and JSE Clear Proprietary Limited (JSE Clear). Nautilus is a licensed manager in terms of the Collective Investment Schemes Control Act and operates a managed account platform for a number of clients who are hedge funds. JSE Clear is a licensed clearing house in terms of the Financial Markets Act and is a central counterparty (CCP) for trades executed on the JSE's derivative markets.

### GOVERNANCE OF RISK

The JSE's approach to risk management is driven through the ERM framework and our risk culture.

The ERM framework, which is aligned with the ISO 31000 international risk management standard, defines the structure and methodology within which the JSE manages its risks.

The ERM policy governs the management of the full spectrum of risks faced by the JSE Group: strategic, people, information technology, operational, financial and compliance and regulatory risks.

In 2017 the ERM programme was refocused, and the ERM policy and supporting policies and frameworks were updated to ensure that the JSE remains value-adding, effective and resilient in the dynamic business environment in which it operates.

#### Risk reporting and oversight

Risk disclosure and oversight are fundamental components of risk management:

Risk reports for the JSE and its various subsidiaries are submitted to the JSE Executive Committee prior to being tabled at the Group Risk Management Committee (GRMC), and provide an overview of the risk exposure and management of those risks across the business. This reporting is consolidated and issued to the JSE Board (including minutes of the JSE GRMC meetings), effectively giving the board full visibility of the overall risk profile of the organisation and the actions being taken to manage this.

The reporting structure supports the independent oversight function of ERM by allowing, should this be required, for independent escalation to the JSE GRMC on items where agreement on reporting could not be reached through the management reporting structures.

The ERC team has increased its oversight activities in order to bolster the JSE's risk lines of defence. Close cooperation with internal audit further facilitates this. ERC provides oversight on specialised risk management areas to ensure a standardised and consistent approach to risk management. These areas include:

- strategic projects;
- IT governance;
- information security;
- business continuity; and
- information governance.

#### Risk culture

The JSE seeks to embed a risk culture, where strategy, performance management and risk management are linked. This is promoted through various risk initiatives and awareness programmes, and risk management is incorporated into performance measurements, with clear risk accountability.

The JSE's risk principles promote a participative and "risk challenge" culture, which encourages openness and frankness in risk discussions. This is driven by the Board and throughout the organisation, where the principle that "every JSE employee is a risk manager" is promoted.



## Risk appetite

Risk appetite is a measure and allocation of the amount of risk that the JSE is willing to accept in pursuit of its strategy. The JSE’s risk appetite approach reflects its position that risk management is as much about enabling conscientious risk taking as it is about constraining unwanted risk.

The JSE will only tolerate risks that permit it to:

- achieve its stated strategic business objectives;
- comply with all applicable laws and regulations;
- conduct its business in a safe and sound manner; and
- protect and/or enhance its value.

In 2017, the JSE defined specific risk appetite statements with corresponding measurements and have commenced with a process of tracking and monitoring against these statements across the organisation.

During 2018 the JSE will establish lower-level management triggers and limits. These will be used to measure and guide risk-taking activity within each business unit and in each business activity.

	Risk appetite statement
Capital positions	We will have sufficient eligible capital to cover <b>regulatory and economic capital</b> requirements, including a buffer to accommodate stress events
Financial	<p><b>EBIT</b> will not be less than the threshold</p> <p><b>Liquidity</b> will be sufficient to cover a market participant default in cash equities and derivatives</p>
Operational	Our <b>operational losses</b> will be minimised to be within an expected target range
Compliance and Ethics	<p>We comply will all regulatory requirements and operate in a responsible and ethical manner. We do this through:</p> <ul style="list-style-type: none"> <li>• <b>Compliance:</b> our zero-tolerance approach for non-compliance to significant regulatory requirements and constantly enhance our control environment to mitigate against possible breaches</li> </ul>

The JSE is committed to the principles of good risk governance and strives to apply the principles contained in the King IV Code.

The JSE Board retains the ultimate responsibility for the oversight of risk.

To ensure that the appropriate rigor is applied to risk matters, the Board constituted the GRMC to assist with discharging its duties and responsibilities with regard to risk management. The GRMC:

- provides risk management oversight by monitoring the implementation of the JSE enterprise risk management (ERM) framework;
- drives corrective actions in instances where risks manifest as incidents; and
- is responsible for the annual review of all risk related policies, frameworks and roadmaps, to ensure alignment to the Board’s stance on the management of risk.

The JSE Exco is accountable to the Board for implementing the agreed risk management principles and monitoring the process of ongoing risk management. The executive head of each business unit is accountable to ensure adherence to these principles and for integrating effective risk management practices into day-to-day operations in line with the Group’s risk management framework and policies.



## RISK MANAGEMENT (CONTINUED)

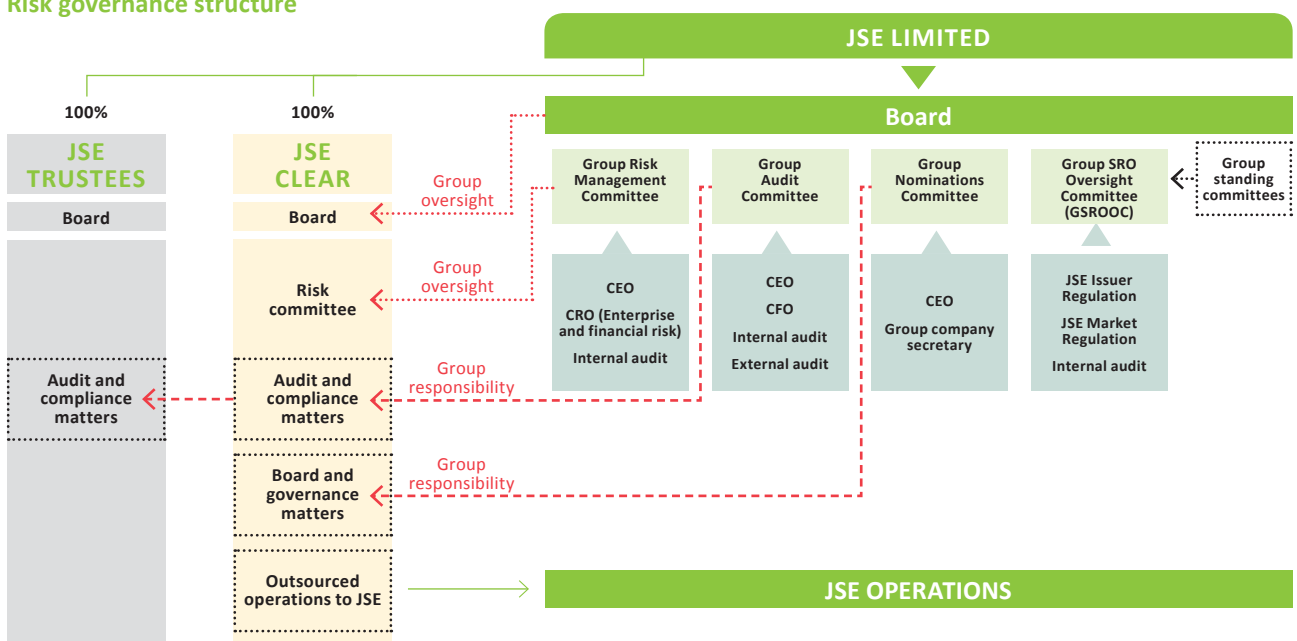
The governance structures for its two main subsidiaries – JSE Clear and Nautilus – are similar to that of JSE Limited: ultimate responsibility for the management of risk lies with the boards of each organisation; and each has a risk committee that has been established to assist their respective boards with this function. The risk committees of JSE Clear and Nautilus are mandated to:

- annually review and assess the quality, integrity and effectiveness of risk management plans and systems and ensure that the risk policies and strategies are effectively managed and that risks taken are within the agreed tolerance and appetite levels; and
- define their organisation’s appetite or tolerance for risk, oversee the implementation of an effective ongoing process to identify and measure risks, and then to ensure that these risks are proactively managed. A framework and process to anticipate risks must also be maintained via their respective risk management frameworks.

Both subsidiaries have established reporting obligations to both the JSE Board and the GRMC, allowing for appropriate Group oversight.

As at 31 December 2017, the JSE Board is satisfied that the Group’s risk management processes are generally operating effectively and that management across each of the subsidiaries have contributed to adequately manage the Company’s overall risk profile.

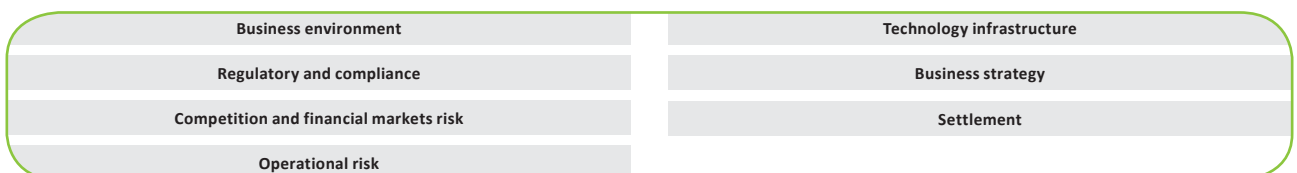
### Risk governance structure



### Risk management







### Risk themes

















# RISKS AND OPPORTUNITIES

The key risks and opportunities are defined as those which are able to impact the JSE's ability to sustainably execute our strategy and optimise value. These risks and opportunities are formally identified, managed and reported on.


Risk theme	Description and mitigation strategies	Material matter
<b>Business environment</b>	<p>Looking specifically at the local context, the end of November 2017 saw Standard &amp; Poor's (S&amp;P) Global downgrading South African debt to sub-investment grade, becoming the second rating agency to do so (Fitch downgraded South Africa in April). Moody's has chosen to maintain South Africa's rating at one notch above "junk", with a negative outlook that may translate to an eventual downgrade in the next review period.</p> <p>The impact of a further downgrade will be that SA will fall out of CitiBank's World Government Bond Index (WGBI), diminishing potential for foreign investment due to the fact that some investors' mandates prohibit international funds from investing in debt products not featured in the index. In all likelihood this will have a negative impact on the amount of trading activity on the JSE's interest rate market and the open interest in the bond derivative market. We also expect to see volatility in bond yields and the foreign exchange market.</p> <p>A low-growth economic environment in South Africa is a risk (particularly for inclusive growth) as globally and locally income and wealth disparity increases. South Africa's failure to achieve broad-based growth, however small, will impede the growth of the size of the JSE's future client base and hence is a risk to the exchange.</p>	 <p>Long-term viability in a low-growth economy</p>
<b>Regulatory and compliance</b>	<p>The Bank for International Settlement (BIS) Committee for Payments and Market Infrastructures (CPMI) along with the International Organisation for Securities Commission (IOSCO) continue their work to establish standards for the implementation of the G20's reform agenda (first established in Pittsburgh in 2009). During 2018 these bodies will focus their attention to supervisory stress tests, key attributes of financial market infrastructure (FMI) resolution and the adequacy of FMI resources in resolution. The Financial Stability Board will also be assessing the post-2008 reforms including the incentives to clear and established rules in various jurisdictions.</p> <p>During 2017 the local Financial Sector Regulation (FSR) Act was signed by the president after a lengthy consultation period. The provision of the FSR Act and consequential changes to the Financial Markets Act (FMA) will come in into effect in a phased approach. The implication of this is that the manner in which the JSE and JSE Clear are regulated will change. The FMA regulations impose detailed requirements on JSE Clear and on the JSE. In particular, by the end of 2018 the JSE and JSE Clear will be subject to minimum regulatory capital requirements. The JSE has been measuring this requirement since the publication of the first draft regulations in 2015. The capital required by these regulations has been budgeted for and the requirement is well covered by existing capital resources.</p> <p>The introduction of a new regulatory framework will increase operating costs and therefore potentially negatively impact earnings.</p> <p>The impact of international regulations, notably the Markets in Financial Instruments Directive (MiFID) and European Markets Infrastructure Regulation (EMIR), is a focus for the Exchange as many of the JSE's clients are obligated to only use infrastructures that comply with those regulations.</p>	 <p>Increasing and changing regulatory demands</p>  <p>Scarcity of skills and expertise</p>  <p>Transformation in an unequal society</p>

## RISKS AND OPPORTUNITIES (CONTINUED)

Risk theme	Description and mitigation strategies	Material matter
<b>Competition and financial market risk</b>	<p>With the recent licensing of new exchanges in South Africa, the JSE is facing increased competition in the primary and secondary trading environment. While the JSE has taken a number of steps to maintain its ongoing competitiveness, the JSE continues to be conscientious regarding its offerings and looking for opportunities to ensure that the services it provides are of the highest quality possible.</p> <p>Over the last 12 months the JSE has brought to the equity market a number of changes to order types which will make its offering more competitive and continues to engage with market participants to highlight the value that the Exchange is able to bring to their business. The JSE is also implementing a Company-wide programme which will enable it to implement changes in its environment quickly in response to its changing environment.</p> <p>The JSE also faces competition from OTC markets and markets abroad for its derivative products. While the JSE operates a robust and well-regulated derivatives market, the cost/benefit thereof may become unattractive to clients in an environment characterised by severe cost pressures and a perception that counterparties will not default.</p> <p>Both the JSE and its clients are under significant cost pressures. As a result of this, there is an expectation for the JSE to reduce its cost base through infrastructure initiatives and the introduction of further operational efficiencies. To the extent the JSE cannot adequately respond to this pressure, it faces the risk of participants executing their trading activity through alternative means.</p> <p>While competition in the exchange space provides choice of execution to the client, there is a risk to market players that fragmentation of an already small market will not lead to the best prices available to all participants and that the cost of efficient execution will increase. How trades are cleared has an impact on the choice of trading venue; a disruption in the clearing capability will have an impact on the JSE.</p>	 <p>Operational resilience</p>  <p>Potential disruptive impact of new competition</p>  <p>Concentration and interdependency of the local financial market</p>
<b>Operational risk</b>	<p>The JSE faces the risk of business disruption which can have a negative impact on earnings. A business disruption can be as a result of a failure of process, systems or internal controls. The success of the JSE's business is intimately dependent on its ability to continuously provide a reliable and safe trading and clearing environment that meets its clients' requirements.</p> <p>Operational failures could have a number of potential impacts on our clients and on our ability to earn revenue. Over 2017 the JSE underwent an initiative to identify weaknesses in its operating environment and to strengthen and supplement the controls in place. While much progress has been made, there are still areas in which the JSE is driving enhancements and a move towards automation for existing processes. The project to integrate trading and clearing across the derivative markets (ITaC) will considerably reduce the probability and impact of this risk materialising.</p> <p>A systems disruption will have a direct impact on the JSE's ability to earn revenue as it could result in the market not being able to adhere to its normal operating schedule. The JSE has instituted a number of controls to ensure that its technology infrastructure is robust and continues to function, day in and day out, as intended. The JSE continues to invest in its technology environment to ensure that its capability meets its clients' needs.</p> <p>There were a few operational failures in September 2017 at the JSE which had a significant impact on the JSE's clients in different markets. The JSE takes these incidents very seriously and instituted independent investigations into the causes after which resolute measures to prevent the repeat of such events were implemented. Furthermore, budget has been set aside to assess potential failures in other processes and systems to improve controls across the JSE.</p>	 <p>Operational resilience</p>  <p>Technology in an agile world</p>  <p>Transformation in an unequal society</p>  <p>Evolving business models for financial risks in clearing and settlement</p>

Risk theme	Description and mitigation strategies	Material matter
<p><b>Technology infrastructure</b></p>	<p>In 2018 the JSE plans to implement a new trading and clearing system for its equity and forex derivative markets which will significantly improve the reliability and strength of the trading, clearing and data services in those markets. In the equity market the JSE's ability to implement enhancements and an improved usability of its back-office system will reduce the risk of equity market disruptions.</p> <p>The reliance on ageing technology remains a challenge for the JSE which is planned to be addressed through various initiatives during 2018 and beyond. These initiatives will impact the JSE's clients and are being managed appropriately. The JSE's success in achieving favourable outcomes in these initiatives will have an impact on the ease of doing business for the JSE's clients in the medium and long term.</p> <p>Cyber risk and information security remains a key focus area for the JSE in an era of increasing technology innovation. The JSE continues to invest in tools and safeguards to decrease the likelihood of a security breach and to limit the impact of a potential breach. Financial technology developments and block-chain applications are being closely monitored for appropriate inclusion into the JSE's stable.</p>	<p> Technology in an agile world</p> <p> Operational resilience</p>
<p><b>Business strategy</b></p>	<p>The financial sector in South Africa is unique compared to that of its peers. In terms of sophistication, South Africa is ahead of most other emerging markets of similar size. Liquidity of South African financial instruments relative to the size of the economy is also disproportionately larger than comparable countries. The size of market participants relative to the market is also larger, with the number of participants being fewer. This leads to concentration in the JSE's client base.</p> <p>Many of the JSE's clients are exposed to the health of the financial sector. In particular, the JSE's clients are exposed to fiscal and monetary policy and financial sector (including banking) regulation. A small number of the JSE's clients make up a large proportion of the JSE's revenue across all markets and services offered. Should an event affect a client significantly the JSE's business will be impacted. The JSE's relationships with its clients and service providers are key to achieving stable growth and understanding its impact on its clients.</p> <p>The rate of change of technology and regulation is particularly quick for financial market infrastructures. This requires the JSE to seek and retain uniquely skilled individuals to ensure the effective execution of its business strategy.</p> <p>Furthermore, should the JSE not adequately deal with numerous, simultaneous changes to its technology and regulatory environment, it will be negatively affected.</p>	<p> Long-term viability in a low-growth economy</p> <p> Increasing and changing regulatory demands</p> <p> Scarcity of skills and expertise</p> <p> Concentration and interdependency of the local financial market</p> <p> Potential disruptive impact of new competition</p>

## RISKS AND OPPORTUNITIES (CONTINUED)

Risk theme	Description and mitigation strategies	Material matter
Settlement	<p>The JSE makes arrangements for the settlement of transactions on its equity market through consideration of a number of factors: assessment of member’s capital adequacy, prefunded margin and a reliance on central securities depository (CSD) participant commitments to settle. The JSE provides settlement assurance for trades that are executed on the central order book. In this capacity the JSE is exposed to the default of one of its member firms. To mitigate this risk the JSE monitors daily the risk taken by each member, the adequacy of each member’s capital and ensures that the member’s main business activity is that of securities broking. Further to that, the JSE maintains capital on its own balance sheet to protect against the event of a member failing and a simultaneous move in equity prices.</p> <p>During 2017 the JSE engaged the market on alternative forms of clearing in the cash equity market. These discussions have progressed well and will continue during 2018.</p> <p>JSE Clear is the CCP which clears all trades executed on the JSE’s derivative markets. Upon clearing the trade, JSE Clear becomes the counterparty to each traded position, allowing participants to face only one counterparty while trading with many counterparties.</p> <p>During 2017 JSE Clear engaged the market on tools to employ when managing a default of a clearing member and the tools required in the unlikely event of a recovery.</p>	 <p>Evolving business models for financial risks in clearing and settlement</p>

# KING IV COMPLIANCE

King IV principle	Status	Comments
<b>Principle 1</b>		
The governing body should lead ethically and effectively.	Applied	The Board is responsible for ethics in the Company and is committed to the King Code of Corporate Governance principles of accountability, integrity, fairness and transparency, which are reflected in the Board's charter.
<b>Principle 2</b>		
The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Applied	<p>The Board is mindful that the ethics and performance of the JSE's management and employees must meet high standards. Ethics is therefore a part of the corporate culture of the JSE, embedded through employees' behaviour in the workplace, day-to-day operations and values demonstrated through actions and decision-making.</p> <p>Ethical behaviour and anticorruption measures are instilled formally through policies, procedures and compliance to the relevant laws and regulations, and are based on a strong foundation of ethical leadership and a commitment to "doing what is right" across all levels of the organisation.</p>
<b>Principle 3</b>		
The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Applied	The JSE complies with all applicable legislation and continuously promotes responsible business and good governance through its Listings Requirements, market regulation, the FTSE/JSE Responsible Investment Index Series and support for a variety of good governance initiatives in South Africa and beyond.
<b>Principle 4</b>		
The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Applied	The Board directs the JSE's strategy in the interests of long-term sustainability and engages responsibly with investors and other key stakeholders to meet the financial and non-financial objectives of the Company and to enhance long-term value creation.
<b>Principle 5</b>		
The governing body should 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.	Applied	<p>The integrated annual report serves to inform and update stakeholders on the performance, material matters, and prospects of the Company.</p> <p>The report is compiled by an internal team, approved by management with oversight by the Group Audit Committee and finally approved by the Board.</p> <p>The Group Audit Committee recommends the final version of the integrated annual report to the Board for approval.</p>
<b>Principle 6</b>		
The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Applied	<p>The Board is the highest governing authority of the Group and is ultimately responsible for sound corporate governance standards, transparency and the highest standards of ethics. It operates in terms of a Board charter and code of ethics that encapsulate the principles of corporate governance.</p> <p>The Board meets four times a year, in addition to a mid-year Board strategy session.</p>

## KING IV COMPLIANCE (CONTINUED)

King IV Principle	Status	Comments
<b>Principle 7</b>		
The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Applied	<p>The JSE Board is well diversified consisting of skilled, knowledgeable and experienced members.</p> <p>The Board, as at 31 December 2017, comprised nine independent non-executive directors, one non-executive director and two executive directors. Any potential impact that the length of service of a non-executive director has on their independence is reviewed by the Board when required.</p> <p>The Chairman satisfies the King IV definition of independent non-executive director. A lead independent non-executive director has also been appointed. The Chairman is not the CEO of the Company. The Chairman was at no stage appointed as CEO of the Company. Separate roles are set out in the Board charter.</p>
<b>Principle 8</b>		
The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	Applied	<p>The Board has established six standing committees to assist the Board in the execution of its duties, powers and authority. Each standing Board committee acts in terms of the delegated authority of the Board as recorded in the formal terms of reference that provide them with their scope of authority, roles and responsibilities.</p> <p>Board committees have been formed in accordance with King recommendations and, where applicable, the Companies Act. The Board approved for immediate implementation a revised delegation of authority (DoA) framework at its August 2015 meeting.</p>
<b>Principle 9</b>		
The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Applied	<p>The Board undertakes an annual effectiveness review of its performance as a Board and of the various Board Committees.</p> <p>This assessment is performed by an independent service provider who assists the chairman and Group company secretary.</p>
<b>Principle 10</b>		
The governing body should ensure that the appointment of and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.	Applied	<p>The running of the Board and the executive responsibility for the running of the Exchange's business are two separate and distinct tasks.</p> <p>The roles of chairman and CEO are separate, with specific responsibilities divided between them to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, nor can dominate the Board's decisions. Only decisions of the Board acting as a unitary body are binding on the CEO.</p> <p>The Board is assisted by a competent, suitably qualified and experienced company secretary who complies with the requirements set out in the Companies Act.</p>
<b>Principle 11</b>		
The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Applied	<p>The Board retains overall responsibility for the governance of risk within the Company and regards risk management as a strategic management tool that is critical to the JSE's ability to provide a trusted and well-regulated financial market infrastructure.</p> <p>A risk-based approach is key to sustainable strategy execution, acknowledging the relationship between strategy management, performance management and risk management.</p>



King IV Principle	Status	Comments
<b>Principle 12</b>		
The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Applied	<p>Technology delivery forms an integral part of the JSE's strategic objectives and is measured as such. This responsibility is delegated by the Board to the Group Risk Management Committee and execution is assessed by the Board.</p> <p>The responsibility for developing an appropriate and holistic framework to manage the JSE's significant IT risks has been delegated to management, in particular the chief information officer, with oversight from the enterprise risk team.</p>
<b>Principle 13</b>		
The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Applied	<p>The Board assumes overall responsibility for the JSE's compliance with the applicable legislation and governance provisions, with appropriate delegation to management, the Group Risk Management Committee and the enterprise risk team.</p> <p>The JSE follows an enterprise-wide risk-based approach to compliance reporting. The Board ensures, through its Group Risk Management Committee, legal and regulatory compliance as part of its risk management.</p>
<b>Principle 14</b>		
The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Applied	<p>Remuneration levels are set with reference to appropriate industry benchmarks.</p> <p>Shareholders vote annually on the JSE's remuneration policies by way of a non-binding resolution. Non-executive directors' fees are put forward to shareholders for approval by special resolution at the AGM every two years.</p>
<b>Principle 15</b>		
The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Applied	<p>Management, enterprise-wide risk management, internal audit and the Group Risk Management Committee provide assurance regarding effectiveness.</p> <p>The Board is satisfied with the level of assurance provided by internal audit and with the Group Audit Committee's general oversight and provision of assurance on the integrated annual report and supporting disclosures.</p> <p>While the integrated annual report and disclosures are not currently externally assured, the Board is nevertheless satisfied with the JSE's overall sustainability disclosure and with the quality of the integrated annual reporting.</p>
<b>Principle 16</b>		
In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Applied	<p>The JSE's stakeholders play a critical role in the Company and ongoing engagement with key stakeholders is mutually beneficial for sustainable value creation.</p> <p>The chairman, the CEO, the CFO and the investor relations manager engage shareholders and other stakeholders through regular communication sessions, meetings, roadshows and key stakeholder visits, providing for direct shareholder engagement.</p>

# SHAREHOLDER INFORMATION

## SHAREHOLDER SPREAD AS AT 31 DECEMBER 2017

	Indirect holdings					Total	% of total issued shares
	Number	Direct holdings	LTIS	Other	Associates		
<b>Total: Public shareholders</b>	5 534					85 287 160	98.17
<b>Total: Non-public shareholders</b>	369	316 365	1058 345	155 530	60 200	1 590 440	1.83
Directors	9	106 896	349 408	7 174	60 200	523 678	0.60
Prescribed officers	6	16 108	240 399	1 318	–	257 825	0.30
Other employees	354	193 361	468 538	147 038	–	808 937	0.93
<b>Overall totals</b>	5 903					86 877 600	100.00

The following registered shareholders also indirectly hold shares on behalf of non-public shareholders:

### MAJOR SHAREHOLDERS

Pursuant to section 56(7) of the Companies Act of South Africa, 71 of 2008, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2017 were disclosed or established from enquiries:

Indirect holdings	Total	% of total issued shares
Public Investment Corporation Limited	9 243 245	10.6
Investec Asset Management (Pty) Ltd	5 635 871	6.5
Abax Investments (Pty) Ltd	5 254 532	6.0
Somerset Capital Management, LLP	4 993 800	5.7
Neuberger Berman LLC	4 452 229	5.1

*No individual shareholder's beneficial shareholding in any JSE employee incentive scheme is equal to or exceeds 5%.*

*Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 31 December 2017, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of JSE limited.*

### FUND MANAGERS

Names	Number of shares held	% of total issued ordinary shares
Government Employees Pension Fund	9 597 206	11
Investec Asset Management (Pty) Ltd	5 635 871	6.5
Abax Investments (Pty) Ltd	5 254 532	6.0
Somerset Capital Management, LLP	4 993 800	5.7
Neuberger Berman LLC	4 452 229	5.1
Skagen AS	3 514 971	4.0
The Vanguard Group, Inc.	2 986 382	3.4
Dimensional Fund Advisors, L.P.	2 372 298	2.7
Oldfields Partners LLP	2 338 331	2.7
Capital International, Inc.	2 109 183	2.4



