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To position the JSE to deliver sustainable value over the long term, we apply our competencies to achieve sustainable commercial growth and contribute to a sustainable society – all within the context of sound governance and responsible environmental footprint management.

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FEEDBACK

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

REPORT OVERVIEW

REPORT OBJECTIVES

The JSE Limited (the Group or the JSE) considers the impact of its business and operations in all its dealings. The Group believes that the disclosure of socio-economic and environmental performance is as relevant as the reporting of financial performance. This allows our shareholders and other stakeholders to have a holistic view of our performance and future prospects.

This social value report is produced for all our stakeholders and sets out how the JSE manages the business and executes its strategy in a manner that delivers sustainable growth and accelerated shareholder returns. It provides a transparent account of the JSE's most material environmental, social and governance matters and outlines how the Group addressed these in 2019 and aims to balance them in the short, medium and long term.

SCOPE AND BOUNDARY

This report focuses on the financial year from 1 January 2019 to 31 December 2019 and includes both historical information and forward-looking statements, which provide context to the Group's strategy and operations. The report describes the JSE, the five financial markets it operates and the investor protection funds associated with its markets. The JSE holds 44.55% in Strate Proprietary Limited; however, this report does not provide details on Strate as it has an independent board and management team.


The report is structured according to our six areas of value creation, namely: our financial capital, our systems and infrastructure, our organisational knowledge, our people, our social licence and relationships, and our natural environment. These are aligned with those matters we deem to be most material to the Group and our stakeholders.

To ensure an authentic and integrated approach to incorporating the United Nation (UN) Sustainable Development Goals (SDGs) into our strategic thinking, we mapped the SDGs to our strategic priorities, with a focus on determining which goals provide the greatest potential for impact and where the greatest opportunity for our business in pursuing these goals lies.

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


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

For an overview of how governance supports value creation, please refer to the governance section on pages 70 to 103 of the 2019 *integrated annual report* at <https://web.jse.co.za/ar2019>. 

Material matters

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

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

Further details on each matter and the materiality determination process can be found in our *integrated annual report* at <https://web.jse.co.za/ar2019>. 

ASSURANCE OVER THIS REPORT

The information contained in this report has been prepared and provided by the JSE's human resources (HR), market and corporate affairs, finance and governance and assurance departments, based on the Group's internal reporting and information systems.

Management decides and applies significant judgement in deciding what to report, based on principles of materiality and stakeholder inclusiveness. This process was done with the oversight of the Group Social and Ethics Committee (GSEC).

Assurance on financial and non-financial information has been obtained in line with our combined assurance model, with feedback provided to the Executive Committee (Exco) and Board committees. The financial information provided in this report has been drawn from the Group's annual financial statements, which have been assured by the external auditors, Ernst & Young. Non-financial information is assured by Group internal audit on a periodic basis.

Our Broad-based Black Economic Empowerment (BBBEE) performance is assured by AQRate Verification Services, an accredited Black Economic Empowerment (BEE) verification agency. It has confirmed a Level 3 rating and the verification certificate is available at <https://web.jse.co.za/investor-relations/jse-bee>.

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

BOARD APPROVAL

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

Nonkululeko Nyembezi
Chairman: Board

Dr Suresh Kana
Chairman: Group Social and Ethics Committee

REPORTING SUITE

The JSE is committed to reporting transparently to its vast range of stakeholders. To view our full reporting suite, please visit <https://web.jse.co.za/ar2019> for the following reports:



Page reference for additional reading in this report



Reference to online data at www.jse.co.za

CHAIRMAN'S LETTER – GROUP SOCIAL AND ETHICS COMMITTEE

OUR ROLE IN SOCIETY

Our vision – growing shared prosperity – cannot be achieved without acknowledging the role we play and the responsibility we have towards the world around us. Our commitment to creating a more sustainable world recognises the level at which our business, the economy, the natural environment and our society are all interlinked.

The South African macro-economic environment presents certain challenges to our business. 2019 has seen a persistent decline in economic growth, growing unemployment, widening inequality and the increasing possibility of a sovereign rating downgrade, which unfortunately became a reality in Q1 2020. Governance failures in both the private and public sectors have intensified mistrust of leadership and corporate governance within South African organisations. The spotlight on gender-based violence increased, resulting in protests by civil society groups marching to the JSE to implore corporate South Africa to take a stand.

The Group is aware that the challenge of creating shareholder value that simultaneously drives us towards a more sustainable world is complex and multidimensional. The Group engaged in extensive interaction and dialogue with stakeholders, regarding both our current offerings as well as how we might develop economically sound solutions to social and environmental problems. Taken together, these strategies and practices can potentially enhance our reputation and legitimacy as the market regulator; accelerate innovation and repositioning; and crystallise our growth path and trajectory – all of which are crucial to creating shareholder value.

OUR COMMITMENT TO SUSTAINABILITY

Unlike the early days where investors were not overly concerned with ESG issues, ESG matters play an increasingly significant role in an investor's investment considerations. Our sustainability obligations encompass both our own footprint and the promotion of responsible investment. At the JSE we remain committed to integrating ESG considerations into our daily operations to ensure

sustainable management with a long-term vision. Our commitment to transparency and reporting on ESG matters is evident by our participation in sustainability index reporting and reporting on UNGC Principles.

As an interface between those who provide capital and those who need capital, the JSE actively promotes sustainable, transparent business and responsible investment as well as being a global thought leader in the field of governance and sustainability and the related standards and disclosures. We served as co-chair of the UN Global Investors for Sustainable Development (UNGISD) alliance, a new alliance of CEOs coordinated by the UN Conference on Trade and Development (UNCTAD) and the UN's Department of Economic and Social Affairs, which is aimed at scaling up and speeding up investment in the SDGs.

We continued to refine our sustainability strategy, seeking to further integrate the SDGs that the JSE sees to be most impactful on our operations and our sphere of influence. This includes focusing on ways to address inequalities, supporting and promoting climate change action, ways to improve energy and water efficiency, while also increasing the level of active engagement with our listed companies on social issues in the public arenas that affect them. As part of this commitment the JSE offers a suite of green bonds and is developing a social impact bonds programme, which will be a new and innovative financial instrument to facilitate capital formation to fund high-impact social programmes.

At the JSE we are dedicated to transforming internally and finding opportunities within our businesses that can contribute towards the objectives of the BBBEE Act, 46 of 2013 (BBBEE Act). We maintain our focus on meaningfully contributing towards all the key elements of the BBBEE scorecard. During the year, we continued to address employment equity matters across the business and enhance skills development both internally and externally, and undertook further impactful socio-economic development initiatives.

OUR COMMITMENT TO AN ETHICAL CULTURE

As the GSEC we are committed to building an ethical culture that promotes ethical behaviour among all our stakeholders. We understand that the ethical climate of our organisation is determined by the content and strength of our corporate culture.

We are mindful that creating and sustaining a strong ethical culture is the key to creating an organisation that supports people making principled decisions and behaving ethically every day. It is with this understanding that the code of conduct and ethics policy was reviewed and approved by the GSEC and that Company-wide training on ethics was undertaken. In the upcoming year the GSEC will focus on safeguarding effective ethical culture by seeking alignment between what Exco and senior management say and the Group's core values, as well as between what the organisation says and what it does.

CLOSING AND APPRECIATION

In closing, I extend my thanks to my fellow Board and committee members, Leila Fourie – the Group chief executive officer – and her management team, and all employees for their work towards delivering on the JSE's sustainability commitments. I believe that the Group is well positioned to safely and efficiently deliver solutions and to deliver sustainable value to all stakeholders.



Dr Suresh Kana

Chairman: GSEC

HOW THE JSE CREATES VALUE

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We are a pioneering, globally connected exchange group enabling inclusive economic growth through trusted, world-class, socially responsible products and services for the investor of the future.

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

The JSE is based in South Africa and is the largest stock exchange by market capitalisation in Africa and the 16th largest stock exchange in the world. It has been operating as a marketplace for the trading of financial products for 133 years.

Financial supervision of the JSE is shared between two regulators, the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA), which were established on 1 April 2018. The PA is a department of the South African Reserve Bank (SARB) and is responsible for the prudential supervision of banks, insurance companies and market infrastructures (such as exchanges and clearing houses). The FSCA is responsible for the supervision of the conduct of financial institutions, including market infrastructures, and replaced the Financial Services Board.

The JSE is a member of the World Federation of Exchanges (WFE), the Committee of SADC Stock Exchanges (CoSSE) and the African Securities Exchanges Association (ASEA). We are also a founding member of the Sustainable Stock Exchanges Initiative (SSEI).

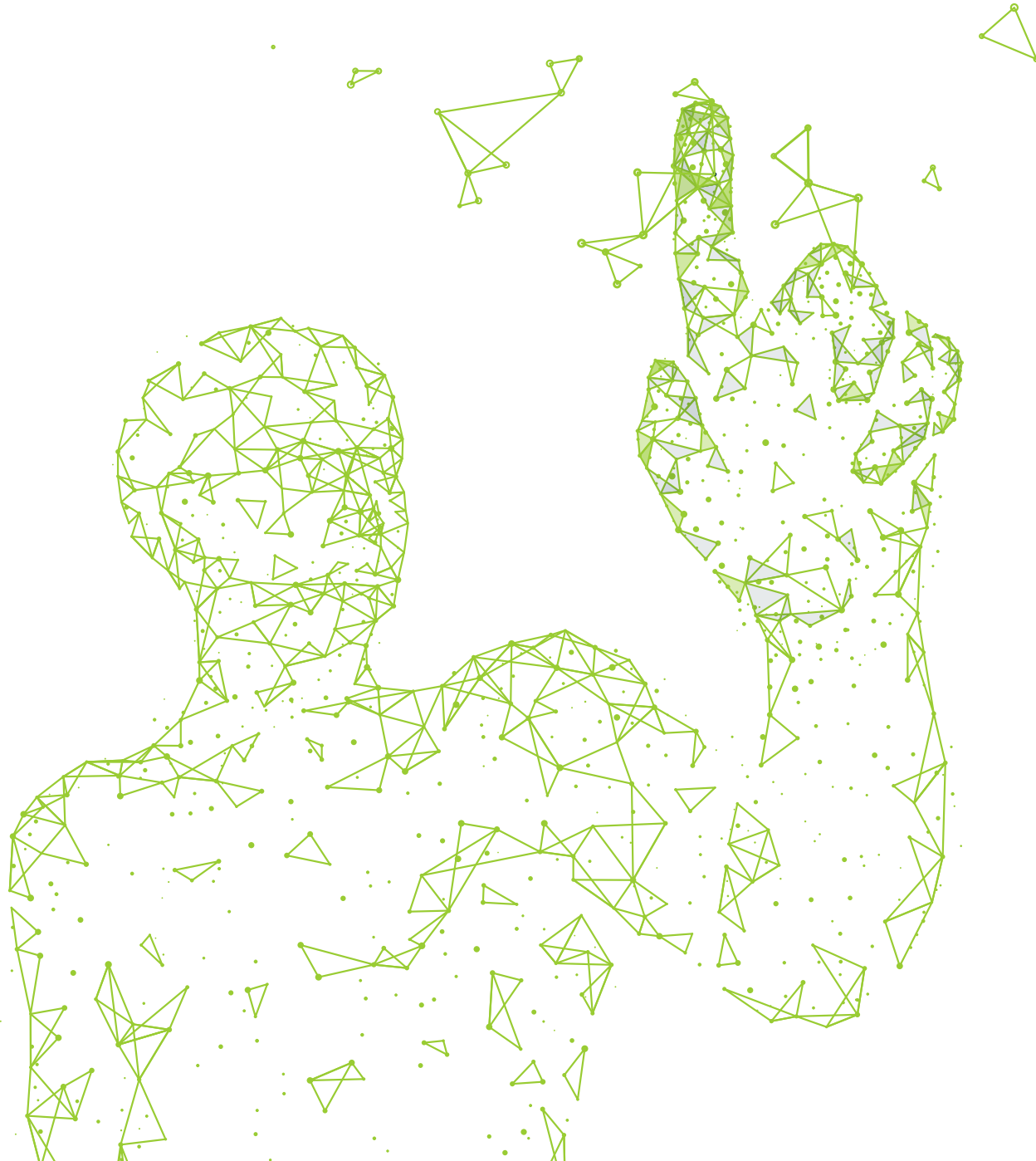


The JSE is uniquely positioned as a

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

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

² Liquidity is the ratio between total value traded and market capitalisation annualised.



AN OVERVIEW OF VALUE CREATION AT THE JSE

The JSE enables value creation by providing a trusted and well-regulated financial market infrastructure to support the economy. Our value creation process is embedded in our vision.

The need for financial markets

Exchanges and clearing houses are critical role-players in a market economy, fostering economic growth and strengthening market integrity. As market infrastructures, they enable the efficient allocation of capital by providing marketplaces for raising capital and connecting buyers and sellers.

The South African context

South Africa is a developing country with a number of social and economic challenges:

- » Low growth, high unemployment and high levels of inequality
- » High and increasing dependence on social welfare payments for income
- » Increasing government debt and a growing current account deficit
- » Low levels of domestic savings

The solution to all of these challenges lies directly or indirectly in financing.

The JSE's role

As a critical service provider to South Africa's financial markets, the JSE provides a cost-effective, efficient, well-regulated, transparent and trusted platform for financial transactions to take place. These contributions are among the tools needed to spur growth and deal with the challenges South Africa faces, as well as to enable value creation.

As a multi-asset class exchange, the JSE enables investors, companies and governments to transact in equities, bonds and derivatives. Our products and services are set out in *our integrated report* at <https://web.jse.co.za/ar2019>.



Vision: Growing shared prosperity

The JSE's role

As an interface between those who provide capital and those who need capital, the JSE actively promotes sustainable, transparent business and responsible investment, including:

- » being a global thought leader in the field of governance and sustainability and the related standards and disclosure;
- » evolving and expanding our responsible investment product offering through indices, bonds and other initiatives; and
- » our continued enhancement of regulatory regimes and disclosure to ensure that investors are equipped with transparent information to make informed investment decisions.

The JSE's key differentiating factors

- » Largest stock exchange by market capitalisation in Africa
- » Robust regulation
- » Market quality (liquidity, price and speed)
- » Highly cash generative
- » Growing diversified revenue stream
- » Thought leader in the economic, social and governance space

Value created

The JSE's role helps South Africa to do three things


1. Raise capital efficiently: Raise finance for companies and government from both domestic and international pools of capital
2. Manage risk
3. Create wealth: Gain access to a mechanism for sustainable wealth creation

Potential outcomes and impacts

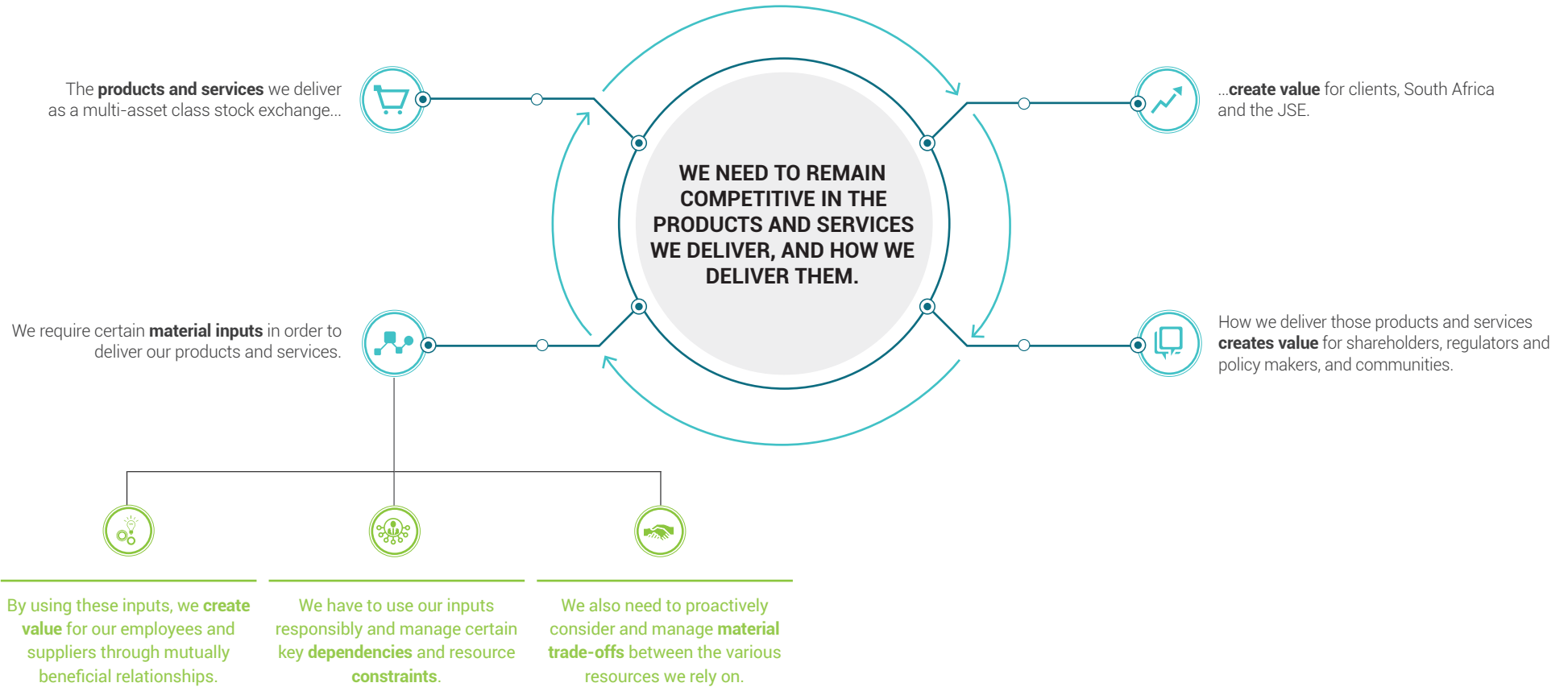
- » Economy: Finance to help balance the current account deficit and less reliance on public debt to balance national accounts
- » Government: Finance for development
- » Companies: Finance for growth and risk management
- » Investors: Opportunities for wealth creation
- » More stable economy and sustainable economic growth
- » More public spending on South Africans


Value created for ordinary South Africans


Many South Africans invest directly on the JSE. Millions also invest indirectly through their pension funds, insurance policies and unit trusts. This provides South Africans with savings and security in retirement.

See  pages 35 to 37 for the value created for each of our stakeholders.

BUSINESS MODEL



 The **foundation** for how we do business is built on our vision, values and ethical culture, and on how we approach governance.

 We **measure** ourselves through our corporate scorecard.



- 2020 strategic priorities (see our integrated report at <https://web.jse.co.za/ar2019>)**
1. Partner to co-create for inclusive and sustainable growth
 2. Run trusted markets, products and services
 3. Enhance the stakeholder experience
 4. Attract and retain diverse top talent
 5. Lead by example on the national agenda

How we govern ourselves

The Board regards corporate governance as more than mere structures and processes. Good governance underpins how we live our corporate values and deliver on our vision. The effectiveness of our governance, risk and compliance frameworks, policies and controls is judged according to how well they support the Group in achieving its strategic priorities and ensuring that sustainable value is created for stakeholders.

Our governance process is proactive in identifying and acting on legislative changes, facilitating compliance and identifying opportunities to diversify our products and services. Regulations also impact how clients interact with the JSE, and require regular and transparent engagement.

- Connected to material matters (at <https://web.jse.co.za/ar2019>):**
- ④ Calibre of governance and regulation
 - ⑦ Regulatory compliance and settlement assurance

Our vision

Growing shared prosperity.

Our mission

To be the best globally connected platform for inclusive and sustainable value creation that enriches lives and enables a positive future.

Our purpose

People with passion, powering a trusted marketplace for an inclusive and prosperous future.

Our values

We deliver on our purpose through our core values of servant leadership, connecting for co-creation and growing together.

Our ethical culture

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



The key performance indicator deliverables in the corporate scorecard (set out in our *integrated report* at <https://web.jse.co.za/ar2019>) are intended to ensure that we achieve our vision. They have been translated into the key elements underpinning our 2022 strategy.



Capital Markets is responsible for operating the markets under the JSE's exchange licence.

Primary Market

Seeks new equity and debt listings on the JSE's Equity and Interest Rate markets.

Secondary Market

Provides trading, colocation and client support services in the Equity, Bonds, Financial Derivatives and Commodity Derivatives markets.

- » *The Equity Market* provides trading in equities. Products include primary and dual-listed ordinary shares, preference shares, depository receipts, property entities like real estate investment trusts (REITs), special-purpose acquisition companies (SPACs), warrants, structured products and exchange-traded products (exchange-traded funds (ETFs) and exchange-traded notes (ETNs)).
- » *The Equity Derivatives Market* includes index and single-stock futures and options, can-do futures and options, exchange-traded contracts for difference (CFDs) and other sophisticated derivative instruments.
- » *The Commodity Derivatives Market* offers a range of cash-settled and denominated derivatives on various local and international benchmark commodities, including softs, energy and various metals, as well as beef carcass, Mexican white maize, lamb carcass and wool futures contracts.
- » *The Currency Derivatives Market* offers derivative instruments on a range of currencies.
- » *The Interest Rate Market* provides cash bonds, floating rate notes, commercial paper and hybrid instruments, interest rate derivatives and a green bond segment.



Post-Trade Services is responsible for the risk management, clearing and settlement assurance of markets operated by the JSE. The JSE acts as the settlement authority for the exchange-traded Equity Market and as the clearing house for the exchange-traded Derivatives Market (via the central counterparty (CCP), JSE Clear Proprietary Limited (JSE Clear)).

Post-Trade Services is responsible for managing key risks – particularly counterparty credit risk, credit contingent market risk and liquidity risk. It does so through a comprehensive risk management framework, and by providing accurate measurement, control, and appropriate protection from all identifiable risks arising in the markets cleared.

Post-Trade Services is also responsible for managing the broker dealer accounting (BDA) Back-Office Services for the Equity Market. BDA provides the JSE with world-class surveillance capabilities, allowing the JSE to see certain transactions to client level in real time. Equity members are mandated to use the system, which keeps the securities records and books of individual broking firms and their clients. The system also enables the JSE to provide settlement assurance for central order book equity transactions.



Information Services provides market data, reference data, corporate actions, client data, indices, valuations, business intelligence and statistics. Information Services is responsible for the promotion, licensing and sale of all JSE information products and services across all JSE markets, currently weighted towards the Equity Market.

Company Services

Company Services provides the following services for our listed companies:

- » Venue hire for results presentations and investor engagements;
- » The JSE Training Academy to assist stakeholders on their JSE journey, including corporate governance training; and
- » Annual general meeting (AGM) facilitation, which includes proxy solicitation, electronic voting and minute taking services.

Technology

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

Regulation

The JSE is a self-regulatory organisation (SRO) and acts as the frontline regulator of our issuers and of our trading and clearing members through the Issuer Regulation and Market Regulation divisions.

WHAT WE REQUIRE TO DELIVER OUR PRODUCTS AND SERVICES (MATERIAL INPUTS)

Skilled employees who can deliver on the JSE's strategy

The JSE is a specialised organisation requiring competent, motivated and diverse employees with specialist skills in financial markets technology, governance, risk and financial products trading.

Financial resources to operate the business and support growth, expansion and innovation

Our financial resources are deployed in a variety of ways, including paying the required operational and capital expenses to operate the business effectively and efficiently. This includes, for example, the required investment in our technology platforms, appropriately remunerating employees and attracting and retaining the skills we need, as well as adequately capitalising our derivatives clearing house (JSE Clear) and our Equity Market.

Clients who view the JSE and South Africa as an investment destination of choice

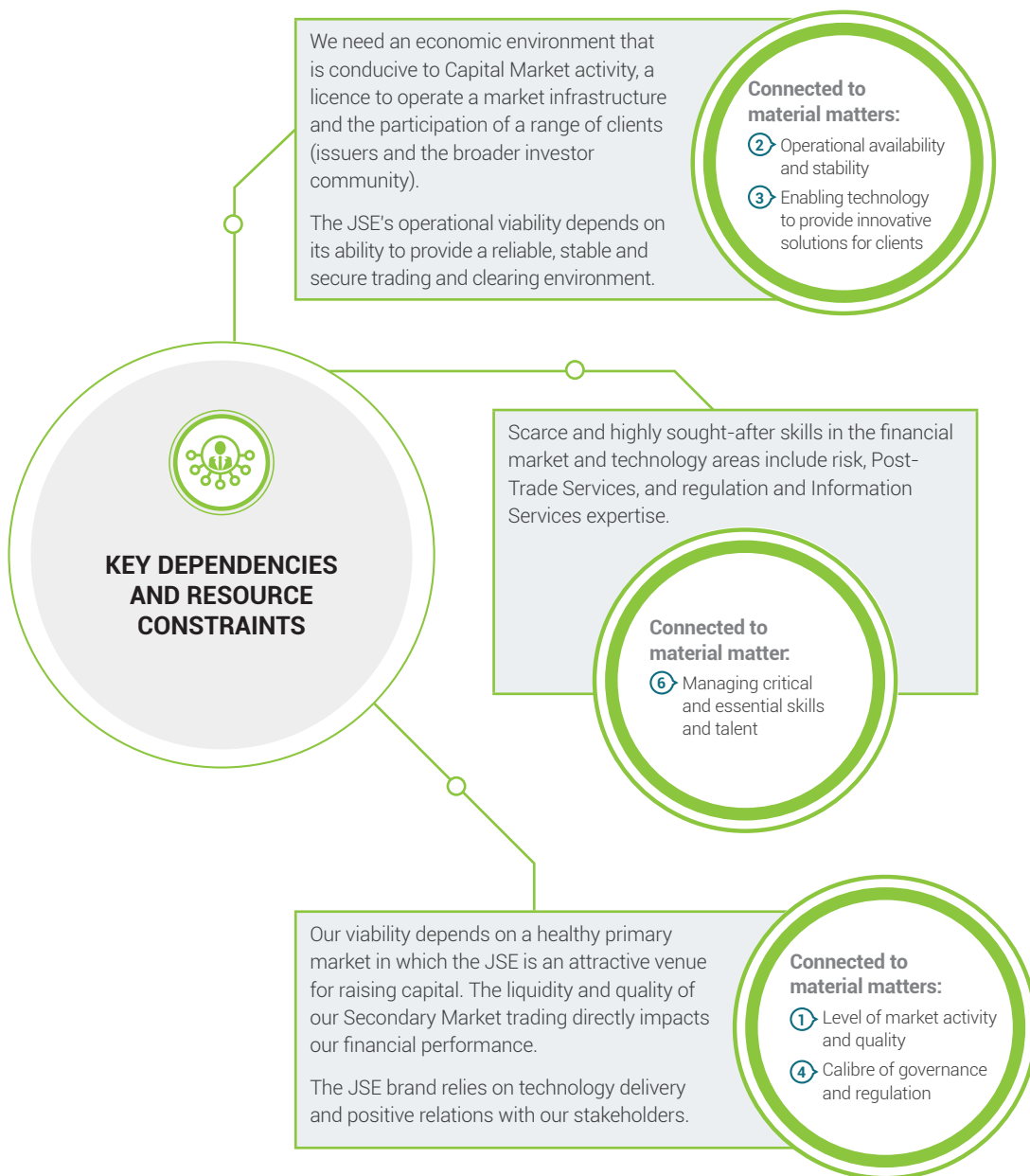
We need foreign and local clients to raise capital through the Exchange, invest in our products and use our services.

Connected to material matter:

- 8 Concentration and interdependency of the Capital Market ecosystem

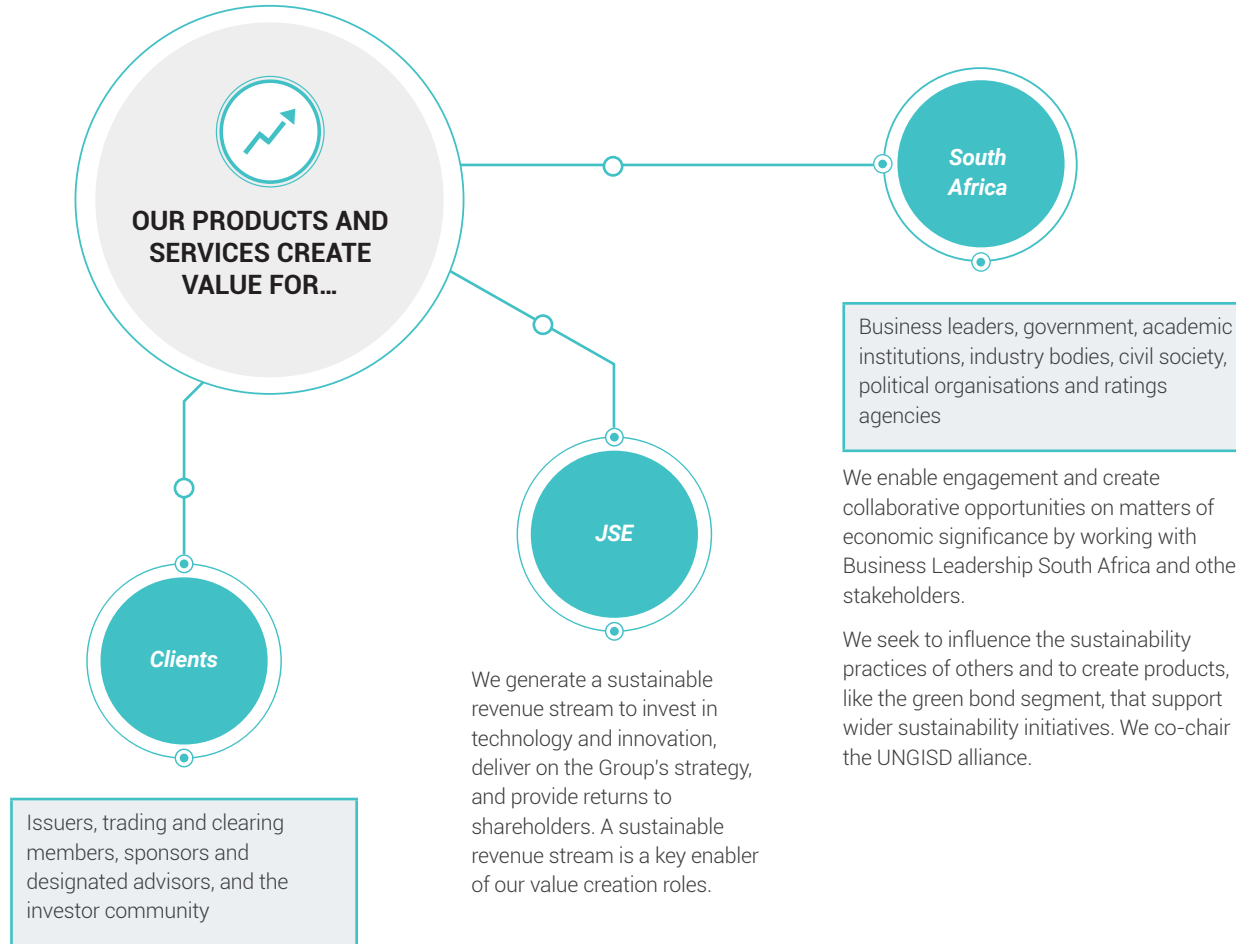
Technology that enables the delivery of products and services in a secure, stable environment

We need the necessary information technology systems and infrastructure to securely process transactions between buyers and sellers, and process analytical data to support our Information Services, as well as to regulate our Primary and Secondary markets.





VALUE CREATED FOR OUR STAKEHOLDERS



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

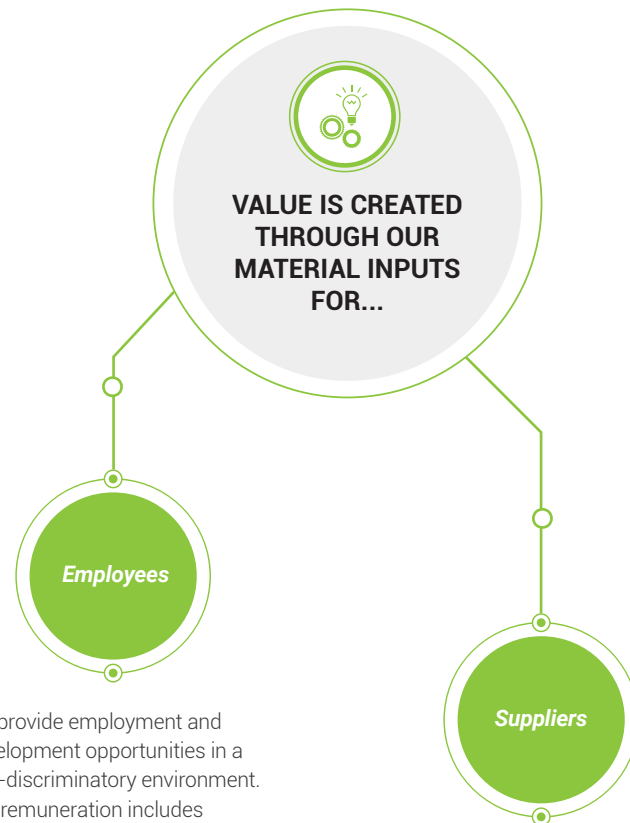




We are fully supportive of a robust regulatory environment, and we engage with international and local standard setting bodies, policy makers and regulators, providing our unique insights to policy or regulatory initiatives that may affect the efficiency and integrity of the South African financial markets.

We provide financial literacy programmes and various training initiatives in disadvantaged communities to enable upliftment and development.

We provide returns on investment through our dividend policy and protect shareholder interests by aligning employees' long-term incentive schemes to the long-term sustainability of the JSE.



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

Payment for products and services leads to business growth and wealth creation for suppliers. The JSE's supplier development initiative helps small and medium enterprises (SMEs) to expand their customer base, increase turnover and profitability, and scale their operations to be more sustainable. These SMEs should then be able to participate in the corporate supply chain.

SUSTAINABLE VALUE CREATION

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Environment	43

The JSE's sustainability approach is fully aligned with the Group's vision and overall business strategy, and forms an integral part of how we conduct our day-to-day business.

In 2018, we updated our sustainability purpose statement to integrate the WFE Sustainability Principles for exchanges.

The JSE, as a leader in emerging markets, recognises the importance of integrating a long-term perspective into financial markets to reduce socio-economic and physical risks and to contribute to enhanced financial stability and a low-carbon economy.

A growing body of research has made it clear that the issues addressed by the 17 SDGs are of critical importance to sustainable growth, at present and in future. A greater focus on sustainability from civil society, investors and institutions, like the UN, is exerting pressure on the private sector to do its part in driving achievement of the SDGs. The private sector is becoming more visible and more active, as illustrated by the UNGISD alliance and the likes of the chief executive officer (CEO) Roundtable commitments.

We undertake to:

- » guide our markets on the importance of incorporating ESG matters into investment considerations;
- » provide the tools and services that facilitate responsible investing and the reorientation of capital flows to more sustainable development;
- » use our central role as connector to facilitate engagement and advocacy in relation to sustainability; and
- » behave in a manner that explicitly considers sustainability across our value chain as an exchange and as a central player in the South African economy.

OUR APPROACH TO SUSTAINABILITY

Our operating philosophy aims to balance the interests of all stakeholders, particularly across the following three interrelated areas:



Our view of sustainability is influenced by:

- » the national agenda;
- » King IV;
- » FTSE Russell's ESG rating;
- » UNGC Principles;
- » the IIRC Framework;
- » the SDGs;
- » WFE Sustainability Principles; and
- » the SSE initiative.



The Group's approach to sustainable value creation is guided by internal and external drivers:

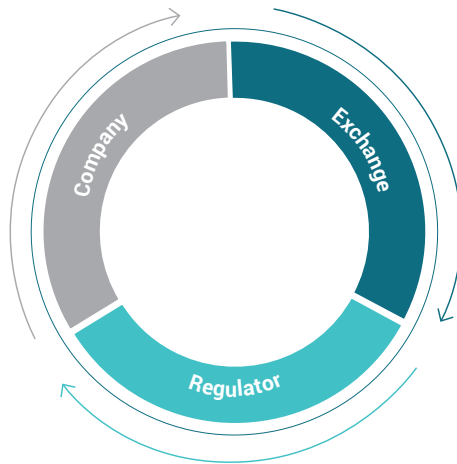
- » **Internal:** How the Group operates its business and addresses corporate sustainability concerns to ensure sustainable value creation for shareholders and broader stakeholders.
- » **External:** The Group's circle of control and ability to influence the broader debate with connected entities (issuers, investors and the intermediaries that facilitate interaction between them).

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

INTERNAL

As a listed company.

- » lead by example; and
- » integrate ESG matters and SDGs into operations.



EXTERNAL

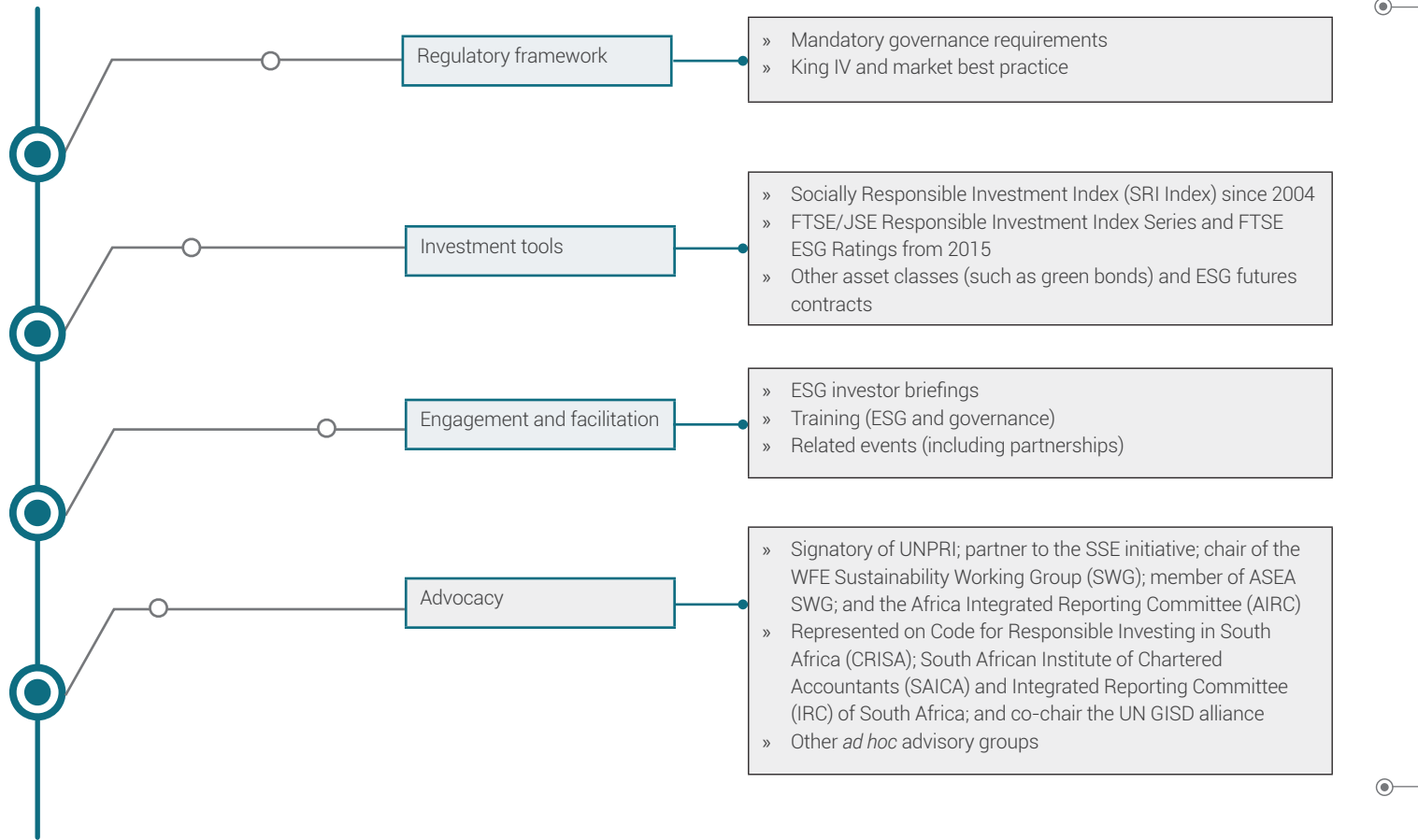
As an exchange, ensure:

- » sustainable access to capital; and
- » fair access to a deep, liquid and robust trading platform.

As a regulator:

- » apply regulatory tools to influence stakeholder behaviour.

The JSE is uniquely positioned as a critical product and service provider to South Africa's financial market; a connector between those who provide capital, those who need capital to fund their businesses and those who rely on returns for short, medium or long-term purposes; and as a frontline regulator of the financial markets that it operates. A key element of our role as a connector is the opportunity **to create an environment for better ESG disclosure and awareness** for issuers and investors. Our main activities in this regard are depicted in the diagram on the following page, which shows how we apply different levers to maximise our impact and promote sustainability more widely.





OUR APPROACH TO THE SDGS

We recognise the need for business to embrace the SDGs and orientate activities towards positively impacting the achievement of the SDGs. Aligning with the SSE initiative and our global peers, we have identified the four SDGs to which we can contribute the most, and on which we have the most impact, and used these to consider what more we can do to help achieve the SDGs. The JSE has decided to prioritise these four SDGs, which, given the interconnected nature of all the SDGs, will help maximise our contribution to all 17 goals. These are depicted below. In the context of our operating environment, we consider goals 4, 5 and 10 (quality education, gender equality and reduced inequalities) to have interrelated objectives and fall within the general context of goal 10.



Reduced inequalities



Responsible consumption and production



Climate action



Partnerships for the goals

Our business model is best positioned to contribute to the SDGs by partnering with our clients and stakeholders (goal 17) in facilitating responsible consumption and production (goal 12) and supporting and promoting climate action (goal 13). We also undertake to address inequality (goal 10) by improving financial literacy through education, and providing a platform to allow access to capital markets. Using the lens of the JSE as having three faces, i.e. that of a listed company, an exchange and a regulator, we have considered how best we can contribute to the

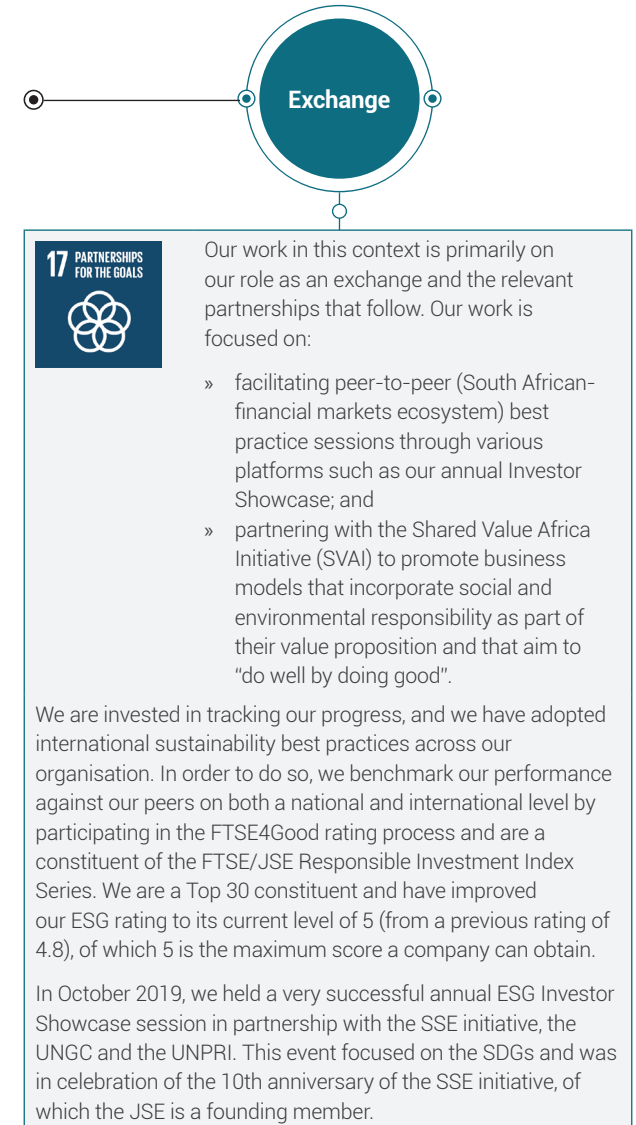
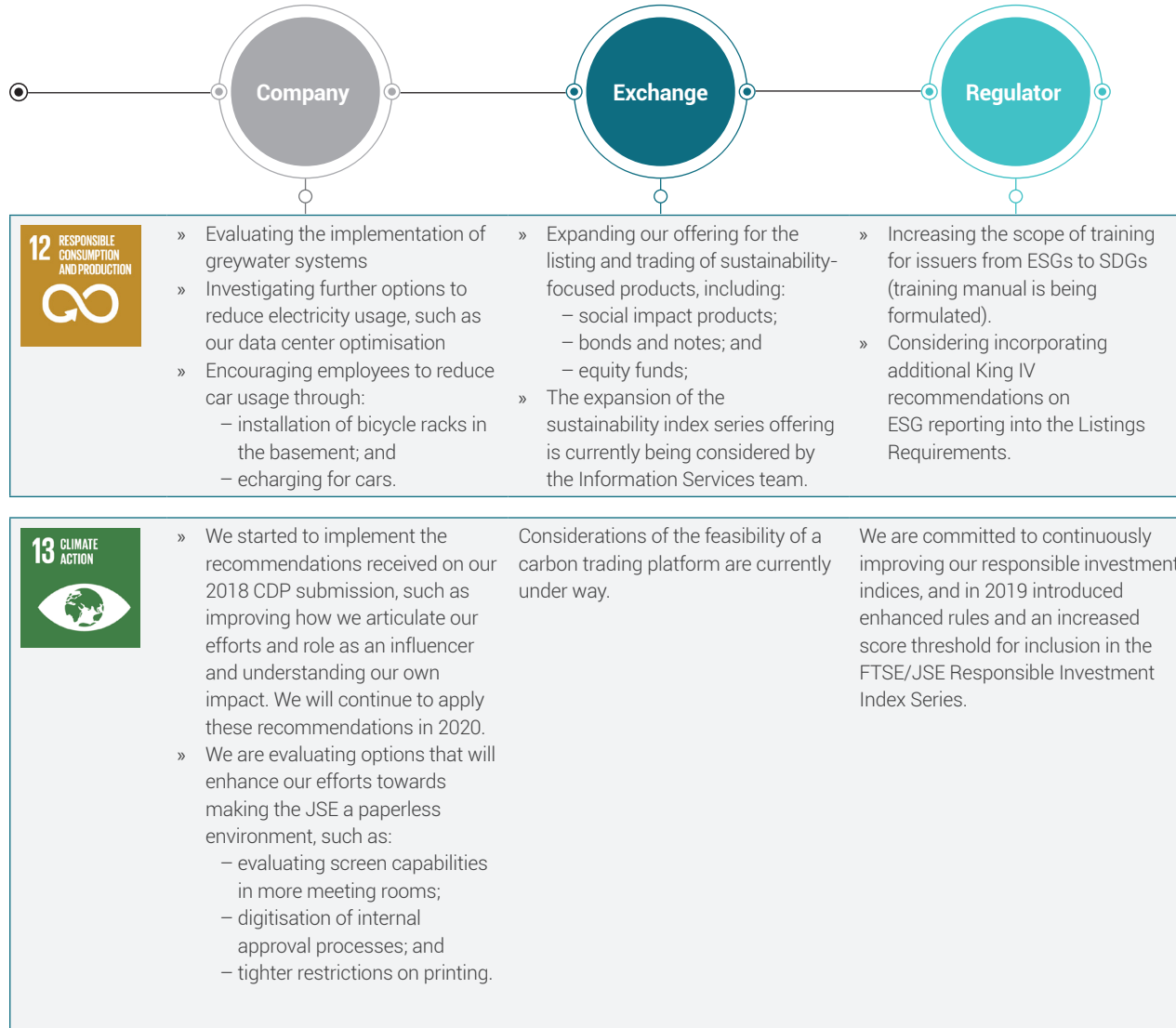
four SDGs and set out our activities, and those we are considering, in the following section. We consider the work we do to create an environment that enables better ESG disclosure, practices and awareness (as set out previously) as being completely aligned to the achievement of the SDGs. The actions identified below are in addition to what we already do in creating an enabling environment for the market and are the product of staff engagement internally.

PERFORMANCE



<p>4 QUALITY EDUCATION</p>	<p>We focus our business activities on areas that we believe will have the greatest impact in addressing inequality, such as:</p> <ul style="list-style-type: none"> » development of employment equity plans and skills development plans to drive internal transformation; » implementation of a preferential procurement policy to drive enterprise development; and » application of procedures that aim to reduce payment terms for SMEs. 	<p>The JSE provides a platform that allows access to capital markets in order to reduce inequalities through:</p> <ul style="list-style-type: none"> » JSE empowerment segment; » our Enterprise Development programme, which aims to drive growth for Black stockbroking businesses; » education initiatives, which aim to increase participation of Black people in financial services sector; and » the JSE Academy, which provides sustainability training for clients and market participants. 	<p>The JSE Listings Requirements mandate the following from listed companies regarding race and gender:</p> <ul style="list-style-type: none"> » Policies regarding the promotion of race and gender diversity at board level; and » The publishing of an annual BBBEE compliance report on the Stock Exchange News Service (SENS).
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Our efforts towards goal 12 (facilitating responsible consumption and production) and goal 13 (supporting and promoting climate action) are still at a development stage, and in the upcoming year we are looking at the following initiatives:



FINANCIAL CAPITAL

Our financial resources are employed in a variety of ways to operate the business and support growth, expansion and innovation to achieve our vision of growing shared prosperity.

As a financial market infrastructure, we operate in a high availability environment which requires the right hardware, software and operating processes. The reliability, effectiveness and efficiency of systems, processes, controls and employees have a direct impact (positive or negative) on the JSE's reputation and earnings. This means we need to continuously invest in our operational capabilities (including information security and cybersecurity), technical skills (people), backup systems (for example, power generators), and technology. We aim to find a balance of investing for growth and rewarding our providers of financial capital.

MANAGING OUR FINANCIAL CAPITAL

Our business is operated according to a philosophy that aims to balance the interests of all stakeholders, particularly in relation to the following:

- » Achieving efficiencies for clients;
- » Optimising shareholder value; and
- » Reinvesting internally in people and technology.

In addition to making the required investment in our technology platforms and appropriately remunerating employees, we also have to ensure that our derivatives clearing house (JSE Clear) and our Equity Market are adequately capitalised. We aim to continue:

- » making substantial long-term investments in technology to ensure that our globally competitive trading and clearing platforms continue serving local and global clients at the levels

they experience in internationally advanced markets, as well as maintaining the pace set by financial markets' evolution and technological changes;

- » optimising personnel expenditure while ensuring remuneration is kept sufficiently competitive to attract and retain appropriately qualified and experienced employees; and
- » making long-term investments when markets appear to be volatile or slow to allow the JSE to meet clients' needs across the business cycle.

PERFORMANCE

Despite the constrained operating environment in 2019, the Group continues to be strongly cash generative, with net cash from operations of R880 million (2018: R913 million). Cash generated decreased by 4% compared with a decline in earnings of 23%. The decline in earnings is largely attributable to a planned increase in staff costs off an abnormally low base, the costs associated with the implementation of the new Integrated Trading and Clearing (ITaC) system, and once-off costs.

The strong cash balance as well as the cash generated from operations has enabled the JSE to grow the ordinary dividend.

The diversification of the JSE's revenue streams ensured that operating revenue declines were limited. Operating revenue ended the year down 1%, at R2.19 billion (2018: R2.20 billion) owing to a mixed performance across asset classes.

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

- » listing companies and other instruments;
- » trade and post-trade activity;
- » the sale of information services to a global client base;
- » the sale of company services; and
- » dividends from Strate¹.

Expenses increased off a low base, by 14% to R1.54 billion (2018: R1.35 billion), largely in four areas:

- » technology costs and related depreciation increased following the implementation of the ITaC system in April 2019;
- » the JSE recruited additional personnel to reach planned headcount levels (compared with the low base headcount throughout 2018) to ensure the JSE is appropriately resourced to deliver on its key business initiatives;
- » the cost base includes once-off expenditures of R37 million relating to the JSE's executive leadership transition; and
- » the transaction expenses of R6 million related to the proposed acquisition of Link Market Services South Africa Proprietary Limited (Link SA).

As a result of the increase in operating costs, Group earnings before interest and tax (EBIT) decreased by 26% to R687 million (2018: R932 million) and net profit after tax (NPAT) declined by 23% to R695 million (2018: R904 million).

Similarly, basic earnings per share (earnings per share (EPS) for continuing operations) decreased by 22%, to 820.5 cents (2018: 1 056.5 cents) and headline earnings per share (HEPS) decreased by 23% to 814.6 cents (2018: 1 055.4) respectively.

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

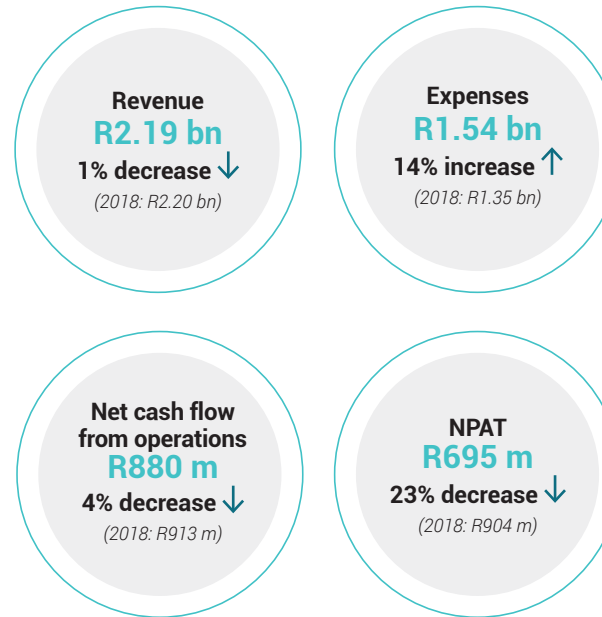
The Board has declared an ordinary and a special cash dividend for the year ended 31 December 2019, as follows:

Dividend	Annual gross amount
Ordinary	690 cents
Special	150 cents

In accordance with this policy the JSE's practice has been to return distributable cash to shareholders after ring-fencing cash for regulatory capital requirements and investment (capital expenditure and inorganic opportunities). During 2019, the JSE concluded an exercise to determine the optimal regulatory capital and has been reporting to the PA as per the FMA since April 2019.

The ordinary dividend of 690 cents per share for 2019 represents growth of 5% in nominal terms and a pay-out ratio of 87%. The Board notes this exception to the current dividend policy pay-out range (which is 40% – 67% of earnings) and will determine in the year ahead whether a formal change to the dividend policy is required.

The Group's reported financial performance is as follows:



Further reading

- » *Integrated annual report*
- » *Consolidated annual financial statements*





SYSTEMS AND INFRASTRUCTURE

As a technology-driven entity, our information technology (IT) systems and infrastructure enable the delivery of products and services in a secure and stable environment.

Technology is at the centre of the JSE's business. We have made significant investment in our trading, clearing and information platforms on which our market participants depend. Our technology needs to be functional, efficient, reliable and cost effective in order to provide clients with solutions that meet their specific needs, address regulatory requirements and support the capital market ecosystem. Ensuring that our IT strategy aligns with our business strategy, is fit for purpose and cost effective, is a fundamental driver of our technology cost structure.

MANAGING OUR SYSTEMS AND INFRASTRUCTURE

The Board, working through the Group Risk Management Committee (GRMC), has overall responsibility for the strategic governance of both technology and information across the Group.

However, the JSE Exco exercises day-to-day oversight of the JSE's technology and information services operations, which are delivered through the IT and Information Services divisions. Our new technology vision and strategy take into account our members, global participants, partners and suppliers, and provide a framework for strategic IT decision making for the foreseeable future with the aim of ensuring the JSE remains relevant in the emerging fourth industrial revolution (4IR) world.

The IT division was restructured during the course of the year to align with the IT4IT™ operating model framework. The objective of this reorganisation was to create a fit-for-purpose IT division that can operate in an agile fashion, according to agile principles, is aligned with the JSE business strategy, and can address the critical risks facing the JSE. The JSE has also adopted a scaled agile framework (SAFe®) to embed agile and new ways of work

across the broader business and foster enterprise agility and visibility of the completion of work.

Our technology teams are partnering with the change management teams to drive this new way of working throughout the business.

OpenGroup IT4IT™ operating model framework

IT4IT™ describes how to manage the IT function in the enterprise in such a way that IT is a service provider to the other functions. The main purpose of IT4IT™ is to assure the efficiency and agility of the IT function.

PERFORMANCE

The key focus areas for the year were:

Implementing ITaC

The ITaC programme was an initiative to migrate trading and clearing in our derivatives markets to the same technology used for our Equity Market. This complex, multi-year programme successfully went live on 29 April 2019. In addition to the core trading platform and clearing system implementations, we updated or redeveloped a number of other downstream systems. This required significant JSE integration effort.

The ITaC spill-over items not addressed in the initial implementation have been absorbed into normal business priorities through the new ways of work and are being prioritised.

Commencing with IT refreshes and upgrades

The upgrade of the core trading engine to current software levels was initiated during 2019. This ensures our core platform remains current and allows us to make functional and product enhancements available to our clients.

This is a significant project, requiring substantial market coordination and participation. This upgrade will also enable more flexible upgrades in future. The introduction of versioned APIs will reduce the need for synchronisation across all market participants for trading platform changes, thereby reducing the overall risk to the capital markets of large-scale trading platform changes. The upgrade is planned to go live in 2020.

Focusing on information security, access control and cybersecurity readiness

Providing a safe, secure and trusted marketplace is a fundamental feature of our business.

We are therefore using the CPMI-IOSCO Guidance on Cyber Resilience for Financial Market Infrastructures as a basic framework, supplemented by the National Institute of Standards and Technology (NIST), International Organization for Standardization (ISO) and Center for Internet Security (CIS) standards and practices.

Chief information security officer (CISO)-as-a-service has been secured from a reputable global provider, and the security function streamlined to ensure appropriate focus and integration between security and technology operations. Various assessments were conducted to calibrate the maturity and strength of the JSE's security capability, immediate corrective actions were taken on critical findings, and a three-year journey was defined to ensure continuous improvement of our security posture.

Implementing cash bonds on the new reference data system

In 2018, we initiated a project to consolidate several of our existing reference data systems into a centralised platform for reference data. We selected a global enterprise data management (EDM) vendor to provide the software. This technology refresh is intended to enhance the management of reference data across the JSE.

Bonds reference data was chosen as the first asset class to be ported to the new technology, using agile and new ways of work based on SAFe®. The first implementation into production took place in the fourth quarter of 2019. Incremental deliveries will follow in the first and second quarters of 2020.

Implementing automation for smarter regulation

Issuer and Market Regulation continue to evolve, requiring new solutions that provide enhanced insights for our regulatory teams.

A prototype market insight tool has been developed, based on new-generation technologies, which enables our Issuer Regulation team to more easily gain an automated perspective on the market relationships between entities and individuals. This improves issuer oversight and expedites assessments when new requests for listings are received.

Issuers have raised concerns regarding the need to submit SENS announcements in more than one format, given the time and cost involved in converting PDF files into TXT files that our SENS system requires. A solution was implemented in July 2019. Only the short-form announcement is now published on SENS. The long-form announcement is published to a JSE hosted cloud address. This provides time and cost savings for issuers while maintaining full disclosure of information to the market.

Supporting the BaNCS project with Strate

For the past five years, Strate has executed a strategic initiative to replace and consolidate its core custody and settlement systems on a single platform. The migration of cash equities from Strate's old SAFIRES platform to the new TCS BaNCS solution was the final phase. The JSE was a critical component of this transition, given its overall impact on the capital markets. TCS BaNCS successfully went live in October 2019, without any disruption to the market.

Driving compliance with PoPIA

Our Enterprise Information Governance team has updated the JSE's data privacy framework, reviewed and updated existing policies and implemented new policies to support data protection across the Group. The team has also focused on improving our business process remediation and data management capabilities to ensure compliance with PoPIA.

ORGANISATIONAL KNOWLEDGE

The JSE brand, which has endured for over 132 years, represents our position as a leading African exchange that connects investors to growth opportunities globally. We are a modern African marketplace that is driven to create value for our stakeholders and enabled, through our intellectual capital, to provide services and facilitate an efficient and world-class market. Our intellectual capital encompasses our technologies, systems and processes, our tailored products and services, licences (as an exchange and a clearing house) and business and industry knowledge.

We categorise our organisational knowledge as follows:

- » Technology, systems and processes;
- » Licences (as an exchange and clearing house);
- » Products and services;
- » Institutional knowledge; and
- » Brand.

MANAGING OUR ORGANISATIONAL KNOWLEDGE

Technology, systems and processes

As a financial market infrastructure provider, we operate in a high-availability environment which requires the right hardware, software and operating processes. The reliability, effectiveness and efficiency of our technology, systems and processes have a direct impact on the JSE's ability to provide clients with solutions that meet their needs, address regulatory requirements and support the capital market ecosystem. Our brand and reputation as a trusted infrastructure provider are closely dependent on our ability to ensure that our core platforms are stable and secure with high levels of availability.

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

Without reliable and adequately secured information assets, the JSE would not comply with its legal and contractual obligations, be able to deliver services to clients, or be in a position to compete successfully as the largest exchange on the African continent. It is with this in mind that we increased our focus on information security, access control and cybersecurity readiness and embarked on a number of initiatives aimed at achieving a robust and credible cyberstandard. Various assessments were conducted to calibrate the maturity and strength of the JSE's security capability, immediate corrective actions were taken on critical findings, and a three-year journey was defined to ensure continuous improvement of our security posture.

Application of sound management and IT governance practices continues to evolve as we strive to ensure that we have minimum priority 1 incidents related to people or process failure. For the year under review the number of business and IT priority 1 incidents were higher than in 2018 (2019: 21 and 2018: 8). This can be attributed to the post go live issues which we experienced with the implementation of ITaC as well as employees becoming more risk aware and logging and reporting more incidents.

Licences (as an exchange and clearing house)

The JSE is licensed as an exchange in terms of section 9 of the Financial Markets Act, 19 of 2012 (FMA). The licence specifies the categories of securities that may be listed on the Exchange and section 10 of the FMA sets out the functions of the Exchange and grants the Exchange the right to conduct its business in a fair and transparent manner, which takes into account the rights of its authorised users and clients.

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

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



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

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

Products and services

We have developed market-specific systems and interfaces and are continually exploring new technologies to improve our service and offerings. We focus on developing products that meet growing client needs and demands for innovation and diversification as well as to meet our mission to be the best globally connected platform for inclusive and sustainable value creation that enriches lives and enables a positive future.

For example, we:

- » completed and implemented the ITaC programme for the Currency and Equity Derivatives Market in April 2019;
- » delivered our enhanced and new functionality which includes cross-trade (XT) and iceberg orders, which allow an alternative execution with limited or minimal price impact;
- » introduced monthly expiries. This introduced trade in the most liquid JSE Top 40 stocks and the All Share Index (ALSI), DTOP and DCAP FTSE/JSE indices as standard future and options contracts every third Thursday of the month;
- » announced our intention to acquire 74.85% of Link SA. Completion of the deal is subject to a review of the Competition Commission's decision by the Competition Tribunal in 2020;
- » launched a new tick-data-in-the-cloud solution; and
- » launched the FTSE/JSE fixed income indices in March 2020.

Institutional knowledge

We aim to align the business and talent strategy to focus the correct skills on the initiatives that drive our strategy and accelerate our business outcomes. The JSE needs to evolve its workforce to keep pace with rapidly changing dynamics in technology and financial markets and to evolve our business. The critical skills we target include risk, post-trade services, regulation and information services expertise. To this end, we conduct talent reviews and aim to attract technologically proficient individuals who are at various career stages.

The JSE benchmarked itself against a global business agility framework. This confirmed that we are steadily maturing our agile capability, but that we have room to improve. We need to entrench agile new ways of work to align our culture, business agility and operating models in order to continue delivering results and achieve our strategy.

Brand

Over the past two years, attention to our regulatory and governance role has increased markedly, notably in response to the various scandals in corporate South Africa. Maintaining our trusted reputation is essential to effectively serving the South African market, and failure by stakeholders to clearly understand our role can lead to reputational risk.

The focus on the JSE Listings Requirements to establish enhancements and to clarify the JSE's regulatory role constantly grows in importance. In September 2018 the JSE released a consultation paper for public comment. It was aimed at addressing the concerns of the South African investment community and challenging all role-players in the broader financial market ecosystem to consider their roles. In particular, these role-players were challenged to consider roles that fall outside of the JSE's regulatory ambit, including the disclosure of short sales; the disclosure of progress on market abuse investigations and the responsibilities of other guardians of governance such as boards of directors, audit firms, analysts, large asset managers and shareholders. We made changes to the JSE Listings Requirements resulting from this JSE consultation paper, and these were published on 1 November 2019.

We strengthen our reputation and ensure our growth and sustainability by providing a healthy, inspiring and fulfilling work environment for employees in which innovative thinking flourishes, and by demonstrating to stakeholders that our skilled and capable employees respect and safeguard their interests.

We continue to enjoy global recognition as an ESG thought leader and are a founding member of the SSE initiative. We actively promote ESG matters by:

- » being a global thought leader in the field of governance and sustainability and the related standards and disclosures;
- » evolving and expanding our responsible investment product offering through indices, bonds and other initiatives; and
- » our continued enhancement of regulatory regimes and disclosure to ensure that investors are equipped with transparent information to make informed investment decisions.

The JSE is currently a constituent of FTSE/JSE Responsible Investing Top 30 Index and is the top rated exchange in the FTSE4Good Index.

OUR PEOPLE

The JSE depends on expertise in capital markets, technology, governance and risk. Our employee value proposition is designed to attract, develop and retain top talent to drive our sustainability.

Our ability to maintain operational availability and stability, and to effectively and efficiently use technology to provide innovative solutions for clients, depends on our people. The JSE needs to attract, retain and develop a motivated, skilled and diverse workforce that is suited for our current and future needs.

MANAGING OUR PEOPLE

The JSE needs to have the correct skills and technological expertise for our increasingly digital and interconnected markets. Scarce and highly sought-after skills in the financial market and technology areas include risk, post-trade services, regulation and information services expertise.

The leadership transition during the year was also a priority, in addition to the emphasis on succession planning and the personal development plans of high-potential talent, critical employees and senior leaders.

Leadership transition

The Board handled leadership changes with maturity, in the proper sequence, to maintain strategic and operational focus and adjust our culture during the transition.

Nicky Newton-King retired on 30 September 2019 after 23 years at the JSE, including eight years as CEO. Under the Board's guidance, her responsibilities were smoothly transferred to Leila Fourie. The Board's immediate focus was reviewing the JSE's strategic direction, setting the 2020 budget, and engaging employees, clients and regulators.

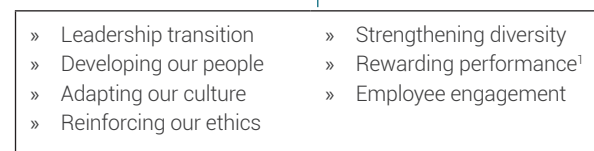
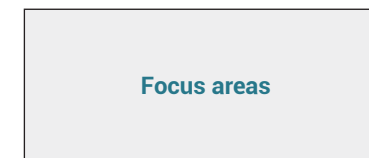
Developing our people

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

Our focus is on:

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

We have enhanced our skills development programmes,



which include:

- » leadership development programmes (senior, middle and new managers programmes);
- » a JSE-specific programme leveraging JLX (our digital learning platform);
- » South African Institute of Financial Markets (SAIFM) programmes, which we offer in partnership with the SAIFM; and
- » sponsorship of 30 employees to study towards bachelor's degrees.

¹ Further information is available online in the integrated annual report.

The JSE spent R11.8 million on learning and development in 2019 (2018: R9.3 million), with 80% of beneficiaries being previously disadvantaged. We offer a blended training approach, which allows employees to address individual skills needs and team development imperatives.

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

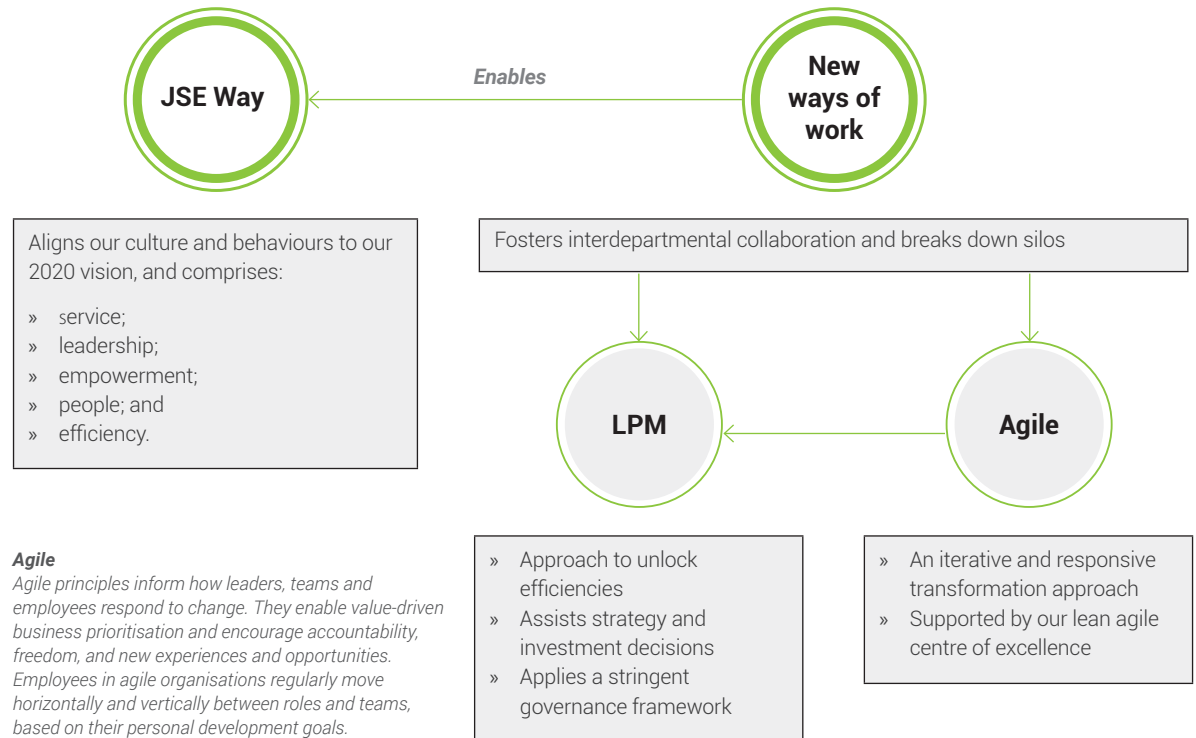


Adapting our culture

The JSE benchmarked itself against a global business agility framework. This confirmed that we are steadily maturing our agility, but that we have room to improve. We acknowledge that we need to entrench agile new ways of work to align our culture, business agility and operating models to continue delivering results and achieve our strategy.

We launched the JSE Way in 2018 to align our culture and behaviours to our 2020 vision, and incorporated it into performance management and our leaders' capability enhancement programmes.

Our new ways of work enable the JSE Way to foster an interdepartmentally collaborative culture to better serve clients and break down internal silos. As part of our new ways of work, we use lean portfolio management (LPM) to unlock efficiencies. It assists in our strategy and investment decisions, ensuring that they can be backed by agile portfolio operations within an appropriate governance framework, while properly managing the workforce. To date, each of our divisions has enabled the new ways of work through departmental coaching, tools, and training.



We follow an iterative agile transformation approach, where each phase – analysis, execution and measurement – impacts on our success and agenda to improve our strategic and business value. The initiative is being driven at various levels across the business, starting with leadership. Exco has set the foundational guidelines for the JSE agile initiative, including the strategy, structures, processes, people and technology.

We have established a lean agile centre of excellence (LACE) to guide, support and enable the initiative. Each division has established a sustainable network of employees to lead the agile changes across the business. J LX has six mandatory agile fundamental modules that employees have to complete. Agile subject matter experts have been identified across the business and have access to the global learning platform.

Going forward we will:

- » enable and lead the practical LPM process at the JSE;
- » ensure that additional initiatives are exposed to our proposed LPM governance process; and
- » ensure that the LPM forum is correctly mandated and staffed with the right people.

Reinforcing our ethics

The reputation of the JSE is built on the actions and decisions taken by all employees in our interactions, whether internal or external, and ethical conduct is an integral part of our corporate culture. Our behaviour in the performance of our day-to-day duties and interactions with stakeholders is underpinned by our values and indicative of how we think and feel about doing business and interacting in the broader economic and social environment.

The JSE updated its code of conduct and ethics and the associated employee policies during the year. The code of conduct and ethics sets out our individual responsibilities as colleagues, stakeholders and business partners. It guides our behaviour when making decisions and governs how we navigate difficult situations. It is based on a strong foundation of ethical leadership and a commitment to doing the right thing across all levels of the Group.

We hold ourselves to high ethical standards and, wherever possible, we insist that the external parties with whom we interact apply the same standards. We have zero tolerance for bribery, corruption, misconduct, fraud, theft and unethical behaviour. Breaches of the code may result in disciplinary action or criminal prosecution. The Group has a whistle-blowing hotline that is available to all employees, stakeholders and the public and is managed in partnership with an external service provider to ensure the anonymity of all callers. A whistle-blower may report any breach or alleged breach of the JSE's code of conduct and ethics or policies, as well as any illegal acts, bribery, corrupt practices, procurement failures, grievances or malfeasance. No calls were received during 2019 (2018: nil).

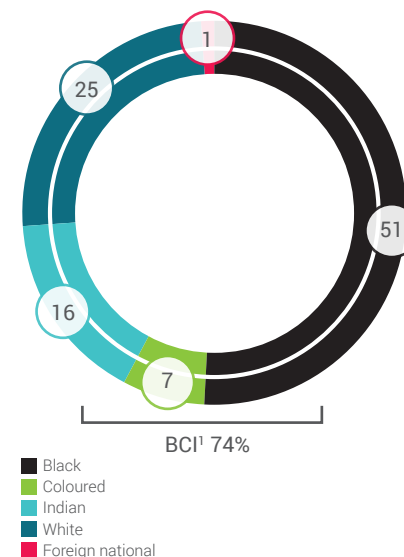
Strengthening diversity

The JSE supports the country's transformation objectives and is committed to becoming demographically representative in knowledge, skills and experience, race, gender and disability, while redressing historical inequality. We have an employment equity (EE) policy that aims to eliminate unfair discrimination, and compulsory diversity and inclusion workshops for all employees. These workshops facilitate discussion and a shared understanding of diversity and the JSE's transformation priorities. We have successfully completed the second year of our three-year EE plan and are making progress towards our objectives.

74% of our employees are Black, and we continue to improve Black representation in senior and top management. Our learnership programme for unemployed Black youth contributes to a pipeline of skilled Black employees and our focus is on disabled learners – a critical part of driving transformation. A significant percentage of our 2019 training spend was allocated to Black employees. In addition, based on an internal review, the JSE does not have a gender or race pay disparity.

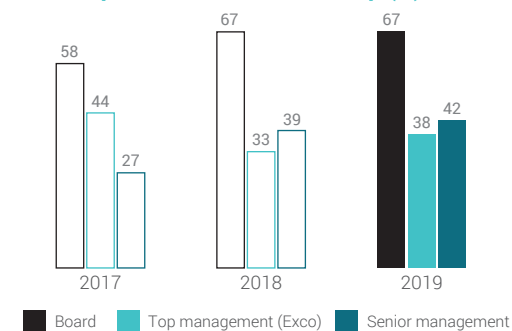
In the upcoming year we will start a mentorship and talent rotation programme and launch the JSE knowledge enhancement programme to institutionalise specialised knowledge and address key-person dependencies. We will continue with our direct coaching and development programme to develop successors at all levels, as well as with our quarterly diversity and inclusion training.

Race breakdown 31 December 2019 (%)

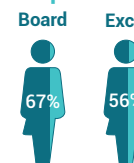


¹ Black, Coloured and Indian (BCI).

Black representation in leadership (%)



Female representation at:





PERFORMANCE

In line with our strategic intent to nurture a world-class staff complement that is inspired, motivated and supported to deliver, we have taken the following actions:

- » We have reached our goal of having approximately 90% of employees complete agile training courses on the online JLX platform. These courses assist the employees in applying our new ways of work approach by formalising their understanding of the agile business approach and how to nimbly deliver value for clients;
- » We implemented coaching and mentoring programmes for high-potential leaders across the JSE. This included a detailed plan that paired coaches with high-potential senior management and Exco members. The benefits are already evident in the rising confidence and engagement among the senior team; and
- » We have implemented action plans to address the concerns raised in the 2018 employee satisfaction survey.

HIGHLIGHTS AND STATISTICS

Permanent employees	<p>389 total permanent employees (2018: 369)</p> <p>3 fixed-term contract employees (2018: 3)</p>	<p>52% female (2018: 51%)</p> <p>48% male (2018: 49%)</p>	<p>74% Black, Coloured and Indian (2018: 70%)</p> <p>25% White (2018: 30%)</p> <p>1% foreign national</p>	<p>1 employee with a disability (2018: 1)</p>
	<p>13.72% employee turnover (2018: 29.56%)</p>	<p>The average age of JSE employees is 40 (2018: 39)</p>	<p>0 fines, accidents or other health and safety incidents reported (2018: nil)</p> <p>The average length of service across all categories is 7 years (2018: 8)</p>	
Learners	<p>4 learners (2018: 17) and 21 people with disabilities (2018: 21)</p>	<p>96% female (2018: 71%)</p> <p>4% male (2018: 4%)</p>	<p>100% Black (2018: 100%)</p>	<p>100% external learners (2018: 100%)</p>
	<p>Skills and development spend R11.8 million (2018: R5.4 million)</p>	<p>1 805 training days (2018: 1 711) at an average of 1.2 days per employee trained (2018: 1.2)</p>		

SOCIAL LICENCE AND RELATIONSHIPS

We invest in our country’s future by focusing on sustainable health, education and social development initiatives that impact the communities we support.

Our socio-economic operating context is characterised by rising unemployment, weak economic growth and increasing social instability, all of which are challenges for sustainable business. Understanding this context, the JSE is committed to making a difference in the lives of South Africans by investing time, effort and money in addressing inequality and transformation in our society.

MANAGING OUR SOCIAL LICENCE

In order to maximise our contribution towards the SDGs, we need to contemplate how our business relates to the needs of society and understand that the market needs to respond constructively to South Africa’s socio-economic pressures. We wish to make sustainable transformation in the lives of South Africans, and we want to ensure that individuals benefit directly through positive and meaningful contributions.

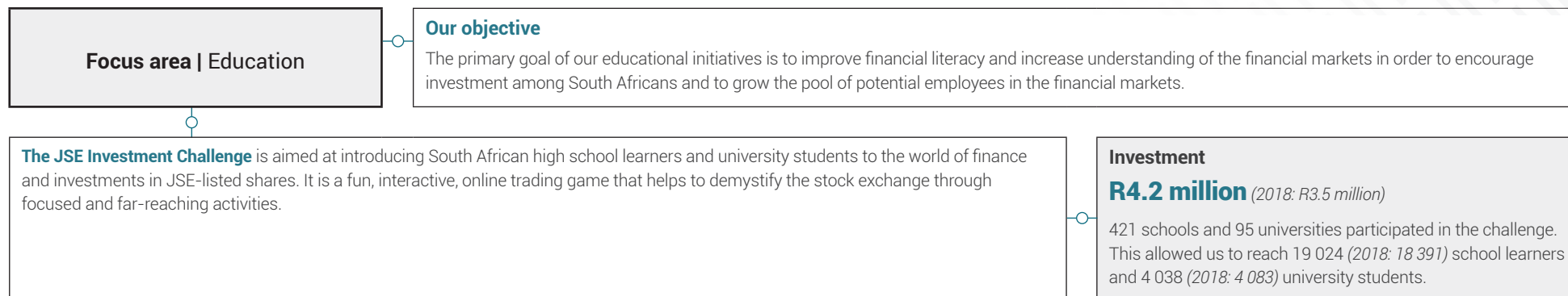
Our areas of focus are informed by:

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

The management of our social licence encompasses the JSE’s broader influence and responsibility, together with our client-centric strategy, our targets for transformation and the specific community projects we support. We believe that we can contribute meaningfully to transformation and the objectives of SDGs 4, 5 and 10 through our role and influence as a regulator and an exchange, as well as by striving to ensure that the Group is transformed internally.

PERFORMANCE

During 2019, the Group invested significant human and financial capital into social investment initiatives.



Focus area | Education**Our objective**

We support other educational initiatives which aim, through education, to equip and enable young people within our communities to become active economic participants in society.

The **JEF Trust** provides academically deserving Black South African students with the finance and support to acquire appropriate qualifications and the opportunity to enter the financial services sector on completion of their university training.

Since the inception of the trust in 2009, it supported 579 students with total disbursements of R63 million.

Investment

R9.4 million (2018: R12.1 million)

In 2019, 64 learners (2018: 60) from three tertiary institutions were provided with funding.

Focus area | Socio-economic development**Our objective**

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

We supported the following not-for-profit organisations:

- » **Afrika Tikkun**
Invests in the development of competencies in children from early infancy into young adulthood and into the world of work.
- » **Business Against Crime SA (BACSA)**
Invites the business community to join the fight against crime by mobilising business skills and resources in government-defined areas of need, and the strategic alignment and coordination of anti-crime strategies and priorities of business.
- » **National Education Collaboration Trust (NECT)**
Is dedicated to strengthening partnerships among business, civil society, the government and labour in order to achieve the education goals of the NDP.
- » **Buffelshoek Trust**
Contributes towards improving healthcare and education in the rural community of the Manyeleti villages.

We also contributed to the following JSE stockbrokers and member firms' initiative:

- » **Benevolent Fund**
Assists individuals formerly employed by the broking community and the JSE, before November 1995, who find themselves in dire financial circumstances because of their inability to gain new employment.

The JSE also undertook the following:

- » Fundisa funding was provided to learners from low-income families to pay for quality accredited qualifications at a public college or university;
- » we enabled 25 chartered financial analyst (CFA level 1) students to attend extra classes through Novia One Group; and
- » our employees also give of their time and skills through Project Hope and are designated leave days to undertake volunteer work.

Contribution

R1.3 million (2018: R1.2 million)

R0.3 million (2018: R0.3 million)

R0.3 million (2018: R0.3 million)

R1.6 million (2018: R1.5 million)

R12.7 million (2018: R16 million)

R5.4 million (2018: R5.3 million)

Focus area | Enterprise development

Our objective

To support the sustainable growth of emerging Black stockbroking firms.

The **JSE's Black stockbroker ED programme** provides financial assistance to emerging Black stockbroking firms to support them in the sustainable growth of their businesses. It continued in 2019. Qualifying participants receive 33% of their equity trading fees as well as 33% of their membership/new application programme interface connectivity fees back in cash, quarterly in arrears. Participants are expected to use the funds for the purposes of developing their businesses, whether by employing more resources or by acquiring technological tools that will enable the firms to enhance their service offering and ultimately their business activity and growth.

The JSE continued with its SD initiative and identified two organisations to assist. This programme helps SMEs to expand their customer base, increase their turnover and profitability, and scale their operations to be more sustainable. These SMEs should then be able to participate in the corporate supply chain.

Investment

R6.3 million spent, equating to **0.5%** of NPAT
(2018: R7.6 million; 0.5% of NPAT)

14 members out of **54** equity trading members
(2018: 15 out of 60) receive financial support, which equates to **R7.2 million** in financial support provided
(2018: R7.6 million)

Focus area | Supplier development

Our objective

The supplier development initiative aims to identify fit-for-purpose opportunities that can assist SMEs to expand their client base, increase their turnover and profitability and scale their operations to be more sustainable.

The **JSE Supplier Development Programme** provides financial and non-financial support to selected beneficiaries within its supplier base.

In 2018, there were a total of 14 Black-owned small suppliers that joined the 24-month long incubation programme. The programme will run until the end of 2020.

In 2019, the JSE provided financial support to two organisations, Maharishi Financial Markets Institute and Primestars, which promote financial literacy among youth from previously disadvantaged families.

Investment

Incubation programme: **R6.6 million** (40% of 2% of FY2017¹ NPAT).

Financial support to two organisations: **R7.2 million** (40% of 2% of FY2018 NPAT).

Focus area | Preferential procurement

Our objective

To empower local suppliers through embedding preferential procurement practices.

Our amended **procurement policy** promotes preferential procurement practices that consider the BBBEE levels of potential suppliers. Only suppliers that meet the BBBEE, Black and/or Black woman ownership, or exempt micro-enterprise (EME) and qualifying small enterprise (QSE) targets are placed on the preferred supplier list. Black-owned EMEs and QSEs are further supported by being placed on a 15-day payment period to minimise cash flow issues.

Investment

Procurement spend in the supply chain is **75%** of total measured procurement spend (TMPS), **R620 million**
(2018: R614 million; 75% of TMPS)

¹ Two-year incubation programme which had a single initial investment in 2018.



Focus area | Skills development

Our objective

To implement strategic talent management initiatives.

In July 2019, we launched a 12-month learnership for 21 people living with disabilities, with the aim to improve career opportunities for learnership beneficiaries. All the participants in the learnership are Black females with disabilities.

To enable an increase in the skills and productivity of employees for the JSE, 25 Black employees participated in leadership programmes, of which 96% were female and 4% were male.

Investment

Total skills development: **R11.8 million** (2018: R9.3 million), of which **R630 000** is attributed to disabled learner salaries and 80% of our 2019 training expenditure was allocated to Black employees.

Focus area | Retail market development

Our objective

To grow the number of participants in investor education initiatives.

Investor education initiatives include online modules, which have been integrated into the investment simulator. This creates a centralised place for learning and practising acquired skills.

Investment

We spent over **R1.2 million** in retail market education initiatives such as SHE Invest, Power Hour and Leader Ex.

3 883 new people in 2019 (2018: 4 429) increasing participation by **27.8%** to **R17 833**.



Commitment to transformation

At the JSE we start from within, becoming demographically representative in terms of knowledge, skills, experience, race, gender and disabilities, thereby creating a diverse workforce from different cultures, backgrounds, skills and communities.

The Board, executive management and senior employees of the JSE:

- » recognise and understand that transformation is a moral and strategic business imperative;
- » embrace the challenge of being a progressive and transformed organisation;
- » value equity, fairness and diversity; and
- » are active in driving the appropriate mindset and behaviour.

The Board believes that this mindset will ensure that the JSE's transformation efforts are focused on areas that will broaden the talent pool, develop people, improve stakeholder relationships, improve enterprise and supplier development, and support procurement initiatives.

Independent verification of the BBBEE status of the JSE

AQRate Verification Services, an independent South African National Accreditation System (SANAS)-accredited verifier, conducted a review of the JSE scorecard and related supporting documents in accordance with the requirements of SANAS R47-02 and the gazetted verification manual. These standards require that AQRate plans and performs the verification process and procedures to obtain reasonable assurance about the BBBEE status of the JSE under the revised FSC. We are measured under the amended FSC and have maintained our level 3 rating, thus reaching our 2019 target.

BBBEE summary scorecard: Period from 1 January 2019 to 31 December 2019. Valid until end 2020

Scorecard element	2019	2018
Equity ownership	15.41	15.37
Management control	17.32	15.77
Skills development	9.78	15.52
Preferential procurement	22.97	20.95
Enterprise/supplier development	13.20	13.01
Socio-economic development and consumer education	8.00	7.99
Total	86.68	88.60

Result: Level 3



STAKEHOLDER RELATIONSHIPS

The reputation of our business and the value of the JSE brand are built on an established commitment to doing business ethically and responsibly. Internal and external stakeholder relations and communications are central to our present and future success – a core ethical value of trust is at the heart of our day-to-day engagement.

The JSE plays a critical role in the local economy. We influence, regulate and interact with a broad range of stakeholder groups to ensure that we remain a trusted infrastructure that enables value creation for all our stakeholders. A wide range of stakeholders is influenced or impacted by our regulatory, commercial and other activities. The JSE operates largely in the services industry and forms part of a complex ecosystem engaging with a number of stakeholders. Our social licence rests upon the Group meeting the needs of our stakeholders.

In execution of its governance role and responsibilities, the Board has adopted a stakeholder-inclusive approach that balances the

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

Effective communication is integral in building stakeholder value, and the JSE is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to our stakeholders. We understand that by constructively engaging with stakeholders, we can increase confidence in our objectives and activities. As such, the JSE engages regularly with stakeholders to

understand their perceptions of the Group and pinpoint future trends, possible risks, material issues and areas for strategic development.

The Group has undergone a process of analysing its stakeholders, assessing the level of impact they have on the Company, and determined the level of influence they have on business decisions.

This enabled the Company to identify the key stakeholders, set stakeholder goals for each of these and develop tailor-made engagements and strategies for all key stakeholders.

The table below provides an overview of the JSE's key stakeholders, highlighting how we create value for them and how we responded to their concerns.

Stakeholder group	How we responded to stakeholder needs and expectations
<p>Clients (member firms, issuers, buy-side firms, clearing members, market data clients, advisors, and sponsors)</p>	<p>Clients raised concerns regarding service fees, lack of flexibility and the difficulties with the implementation of ITaC.</p> <p>We have prepared a focused six-month quick wins plan to address critical pain points raised by our clients and will engage the broader JSE leadership group in driving these client-focused initiatives.</p>
<p>Shareholders</p>	<p>Concern has been expressed regarding the reliance on transactional revenues, especially in a low-growth economic environment.</p> <p>We revised our strategic direction and aim to focus more actively on diversifying revenues, particularly from new lines of business beyond Equity Market trading.</p>

Stakeholder group	How we responded to stakeholder needs and expectations
<p>Employees</p>	<p>In addition to the matters that were raised in the employee engagement survey (discussed in detail on page 38) employees requested increased and improved internal communication, particularly from management.</p> <p>We have responded by implementing:</p> <ul style="list-style-type: none"> » regular staff communications; » enhanced training for new employees; » a dedicated comprehensive intranet; and » senior management engagement breakfasts.
<p>Government and regulators</p>	<p>A significant number of draft legislative/regulatory instruments and consultation papers are expected to be published in final form or for comment in 2020.</p> <p>We have been active participants in a number of policy forums and have engaged with all relevant bodies. We expressed our concern that if these instruments are published at the same time or in quick succession it may constrain the ability of market participants to digest and respond effectively. The PA has undertaken to liaise with National Treasury and FSCA to provide a draft timeline for the expected regulatory instruments.</p>
<p>#SAInc. (business leaders, government, academic institutions, industry bodies, civil society, political organisations, ratings agencies)</p>	<p>The major areas of concern have centred around three areas: fiscal debt, SOEs and low growth prospects and how the JSE plans to respond.</p> <p>We co-hosted SA Tomorrow in partnership with UBS, Standard Bank and Old Mutual in November 2019 in New York City. The conference showcases South African government and institutions as well as listed companies to investors in the USA, with the aim of retaining and attracting investors to South Africa to grow the economy.</p>
<p>Communities</p>	<p>We are active on the national agenda and focus our efforts on national priority issues, such as poverty alleviation, job creation and youth and community development, as indicated by the National Development Plan.</p> <p>We have strategically aligned causes in areas that relate to the JSE's business, where we can make a meaningful contribution, such as continuous education of civil society on the role of the JSE investor education through power hours and online investor education modules.</p>
<p>Suppliers</p>	<p>In line with government's transformation agenda, the JSE continued with its SD programme and identified two organisations to assist. This programme helps SMEs to expand their customer base, increase their turnover and profitability and scale their operations to be more sustainable.</p>

Strengthening our engagement with stakeholders

Without clients and all the other participants in the value chain, we do not have a sustainable business. Therefore, it is important to understand their concerns and meet their needs.

We undertook the Net Promoter Score (NPS) survey, which measures client satisfaction, to identify our clients' needs and the matters they deem most important. The results showed a decline in client satisfaction in comparison to the previous survey. The results highlighted that, while there is significant support for the JSE and our strategic agenda, there are important areas that need attention.

Key themes from the NPS survey

Areas of satisfaction

- » **Service and support:** Clients expressed satisfaction with the level of support received from the JSE and the availability of employees to assist when needed.
- » **Client engagement:** Clients felt that the JSE's cleverly thought-out engagement methods and regular communication creates comfort and confidence.
- » **Professionalism:** Clients highlighted that the professionalism of employees attests to the overall experience and strong expertise of the JSE as a whole.

Areas of improvement

- » **Fees:** Some clients highlighted concerns regarding fees for specific products.
- » **Systems and technology:** Challenges with the timing and implementation of the ITaC system were raised by some clients.
- » **Service and support¹:** A number of clients highlighted that the JSE needs to invest further in a client-centric approach, with particular focus on developing client support services.

Our employees' levels of engagement are key to improving our clients' experience. To ensure that our business aligns with our client-centric brand, we undertook an employment engagement survey in August 2018 to understand their concerns and meet their needs. In total, 91% of employees completed the survey.

Key themes from employee engagement survey

Areas of satisfaction

- » **Understanding of strategic direction:** Employees were satisfied that management articulated the strategic direction clearly.
- » **Service and support:** Employees support the JSE's current client-centric approach and feel that the Group provides quality service.
- » Employees feel that they are adequately resourced and enabled to discharge their duties.
- » Employees confirm that they are respected and recognised.

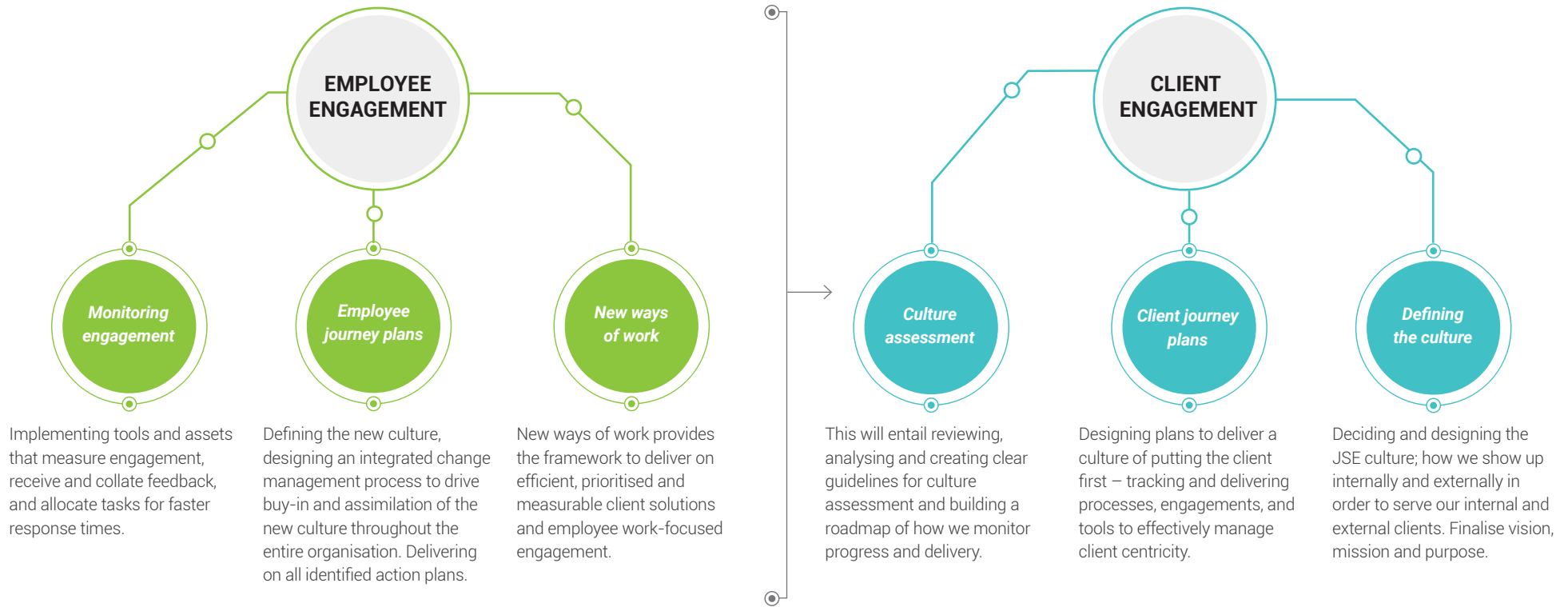
Areas of improvement

- » **Top-down perception:** Employees expressed a sense that a hierarchical structure inhibits development of decision-making skills of junior employees.
- » **Employee wellbeing:** Employees expressed a need for the JSE to promote a learning/training culture that is more aligned to the fast-changing environment we operate in.
- » **Business silos:** The JSE needs to promote interdepartmental collaboration to better serve clients.
- » **Standardised processes:** The JSE needs to improve work structure and develop more streamlined, standardised processes that will create a platform to retain institutional knowledge.

¹ The results from the survey showed that service and support rated highly in both areas of satisfaction and areas of improvement.

Our focus in the upcoming year is to use the feedback from both surveys to design an integrated employee and client mapping journey to identify and align the key elements required to improve the employee and client experience.

The 2020 focus areas include:





Advisory committees

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

Advisory committee	Purpose	2019 focus areas/outcomes
<p>JSE Clear Advisory Committee</p>	<p>The committee – which features representation from all JSE Clear's clearing members – advises JSE Clear's management on matters pertaining to the CCP and the derivatives markets it serves.</p>	<p>During 2019, the JSE Clear Advisory Committee was split into two committees: JSE Clear Operations Advisory Committee and JSE Clear Risk Advisory Committee. This was to ensure that appropriate focus is given to each aspect of the CCP.</p> <p>JSE Clear Operations Advisory Committee provided input on the proposed treatment of a significant corporate action. The committee also provided input on processes related to daily margin payments.</p> <p>JSE Clear Risk Advisory Committee provided input on a number of the risk policies tabled for approval during 2019.</p>
<p>Commodity Derivatives Advisory Committee</p>	<p>Provides advice on matters related to agricultural products traded on the Commodity Derivatives Market.</p>	<p>During 2019, the committee:</p> <ul style="list-style-type: none"> » introduced position limits for wheat and soybeans; » commissioned an industry-wide study on the impact of location differentials; » approved new margining methodology for spread margins; » introduced new outloading procedures at grain storage facilities; and » approved the publication of grain stock levels on the JSE website for JSE-registered silos.
<p>AltX Advisory Committee</p>	<p>Engages prospective AltX companies to assess their business plans and make recommendations to the Issuer Regulation division on the suitability to list on AltX.</p>	<p>No AltX Advisory Committee meetings were held during the year.</p>
<p>Bonds and Interest Rate Derivatives Committee</p>	<p>The committee is responsible for the secondary market trading of a diverse set of products, across the cash, repo/carry and derivatives markets.</p>	<p>The committee focused on matters arising in relation to the valuations of debt instruments as well as the published non-resident statistics.</p> <p>The committee spent time considering the changes in the regulatory landscape and the possible impact on the fixed income market.</p> <p>The committee provided input into the repo migration initiative, providing the JSE team with insight to the preferred delivery method.</p> <p>The committee was consulted in relation to the development of the Interest Rate Derivatives Market.</p>

Advisory committee	Purpose	2019 focus areas/outcomes
<p>Currency Derivatives Advisory Committee</p>	<p>The committee is responsible for reviewing the rules, directives and treatment of currency-related instruments trading on Nuron and may make recommendations to the JSE.</p>	<p>The committee's focus area was market growth and the simplification of the pricing model and products.</p> <p>Outcomes: extension of admin period from 8:00 to 18:00; reduction of manual zero fee benefits; guidance on new products and functionality to focus on what is in line with market demand; and guidance on regulation and contribution to policy which the JSE was responding to.</p>
<p>Equity Trading Advisory Committee</p>	<p>Engages with key stakeholders in the equity trading environment, from senior trading members and buy-side firms to industry associations such as the Association for Savings and Investment South Africa. The committee's main objective is to provide insights and guidance to promote and build deeper and stronger equity markets.</p>	<p>During 2019 the committee focused on the following matters:</p> <ul style="list-style-type: none"> » Monitored the status of various projects such as ITaC Go-Live and the BaNCS projects; » Provided regular updates on regulatory developments, in particular on the Conduct of Financial Institutions Bill and the Financial Markets Review; » Enhancement of the Closing Auction Call to improve uncrossing closing price mechanisms; and » Reviewed the block trade (BT) methodology, reduction of BT sizes, enhancement of XT and the introduction of iceberg orders to improve quality.
<p>The Financial Derivatives Advisory Committee</p>	<p>Engages with Equity Derivatives Market participants to build and promote efficient, innovative and robust equity derivatives markets.</p>	<p>The committee considered the following matters:</p> <ul style="list-style-type: none"> » Obtaining Commodity Futures Trading Commission approval » Offsetting the margins between the ALSI and MSCI South Africa Index. » Provision of more points for index at-the-money skews. » Launch of the variance future.
<p>FTSE/JSE Advisory Committee</p>	<p>Provides a forum for the index partners to interact with index users and other stakeholders to enhance the underlying methodologies of the FTSE/JSE indices.</p>	<p>During the year under review the committee:</p> <ul style="list-style-type: none"> » considered all changes to the Index Series in line with the published index methodology and principles; » refined the All Share eligibility criteria for companies with relatively low free floats to ensure that benchmark indices remain representative of the available opportunity set; and » monitored and reviewed the index treatment of significant Naspers spinoff events including Multichoice and Prosus.



Advisory committee	Purpose	2019 focus areas/outcomes
<p>Issuer Regulation Advisory Committee</p>	<p>Considers and advises on proposed amendments to the JSE Listings Requirements.</p> <p>The committee also considers objections and appeals in relation to the JSE Listings Requirements.</p>	<p>The committee considered the proposed amendments to the JSE Listings Requirements before they were published for public consultation.</p>
<p>Solid Mineral and Oil and Gas Advisory Committee</p>	<p>Advises the JSE on Competent Person's Report (CPR) compliance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC), the South African Code for Reporting on Mineral Asset Valuation (SAMVAL) and the South African Oil and Gas Code (SAMOG), prior to publication.</p>	<p>The committee advised the JSE on the compliance of a couple of CPRs during 2019 and also assisted the JSE on the compliance of mineral reporting in the annual reports.</p>
<p>Issuer Regulation Debt Advisory Committee</p>	<p>Considers and advises on proposed amendments to the JSE debt listings requirements.</p> <p>The committee also considers objections and appeals in relation to the JSE debt listings requirements.</p>	<p>The JSE consulted various members of the committee during the year on the proposed amendments to the JSE debt listings requirements. The JSE also approached the committee on one technical issue for its advice.</p>



ENVIRONMENT

At the JSE we understand that our contribution towards a cleaner low-carbon world extends far beyond our own footprint, as we are cognisant that we can be a catalyst for change within our sphere of influence.

As a stock exchange, our direct environmental footprint is not as large as companies in other spheres, but we understand that even a small footprint is significant, and so take our responsibility to improve energy and water efficiencies across all our buildings and systems seriously. Due to our positioning in the emerging world, we can have a great impact if we use our voice and platform to influence the sustainability practices of others.

MANAGING OUR ENVIRONMENT

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



While ultimate accountability of the Group's overall environmental impact oversight resides with the GSEC, the responsibility for the management of the JSE's carbon footprint is delegated to the director: governance and assurance.

We calculate our carbon footprint through self-assessment of our business operations. However, during the year, an external service provider reassessed our carbon footprint and this resulted in the restatement of our 2018 figures. The assessment enabled us to understand to what extent we can reasonably reduce our footprint without compromising operational stability.

Considering our business activities and heavy reliance on electricity, Scope 2 emissions contribute the most towards the JSE's carbon footprint, while only business air travel continues to be reported for Scope 3 emissions. We are cognisant of the carbon tax, and even though we are not directly affected due to our low carbon footprint, we consider the internal price of carbon to be R120 per tonne.

PERFORMANCE

We are invested in tracking our progress and this year we can report an improvement in our CDP score from a rating of D to its current rating of B. The improvement is a consequence of deliberate effort taken to understand our own carbon footprint impact and improving our practices.

The JSE's consumption

The JSE's Scope 2 indirect emissions contribute approximately 83% towards our total carbon footprint.

Carbon footprint summary	2019	tCO ₂ e	2018	tCO ₂ e ¹	2017	tCO ₂ e	2016	tCO ₂ e
Scope 1: Direct emissions (litres of petrol/diesel used)	31 828²	89.8	8 671	26	8 973	23.5	9 367	24.3
Scope 2: Electricity used (kWh)	7 296 880	7 078	7 675 090	7 675	8 385 241	8 385	8 621 024	8 621
Scope 3: Air travel (kms travelled)	7 427 237³	1 355	2 488 050	1 457	1 608 888	1 113	3 081 891	1 033
Total CO ₂ e		8 523		8 489		9 522		9 678

¹ Restated 2018 figures.

² The noticeable increase of Scope 1 emissions in 2019 is due to an increase in the use of our generators in response to higher incidents of loadshedding power cuts.

³ The JSE's Scope 3 business air travel contributes approximately 15.7% to our carbon footprint, which is an increase from the 10% reported in 2018. This can be attributed to higher international travel (6.3 million km) compared to last year.

Other factors	2019	2018	2017	2016
Energy spend (R)	7 011 387	7 173 261	7 469 256	7 233 844
Energy consumed (kWh)	7 296 880	7 675 090	8 385 241	8 621 024
Number of employees	389	372	364	483
Floor space (m ²)	16 603	16 603	16 603	16 603
Revenue (R billion)	2 187	2 198	2 215	2 385
Energy spend as % of turnover	0.32	0.33	0.34	0.30

Intensity factors (per unit tCO ₂ e)	2019	2018	2017	2016
Per unit of total revenue	0.0000039	0.0000042	0.0000043	0.0000041
Per unit of full-time employee	22	25	25	20
Per square metre of office space	0.6	0.6	0.6	0.6



GROUP SOCIAL AND ETHICS COMMITTEE REPORT

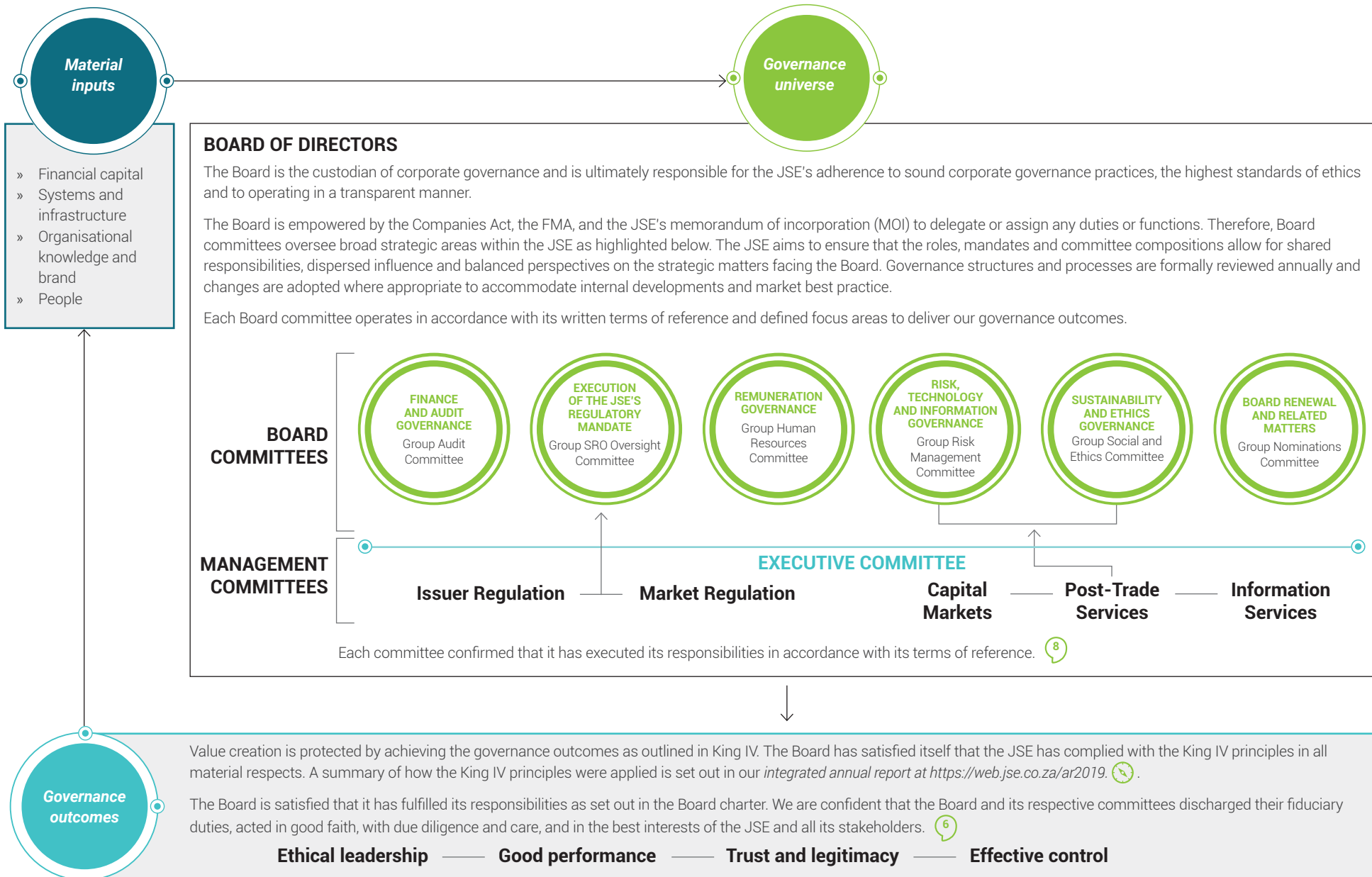
Compliance

49

The JSE is committed to doing business the right way. Consideration of ESG matters is firmly embedded into the JSE's governance structures. The Group continues to promote and integrate sustainability best practice into value creation processes.

The JSE Board is ultimately responsible for the oversight and monitoring of the organisation's status as a good corporate citizen in such areas as the workplace, societal and environmental impacts. The Board has delegated to the GSEC (the committee) its responsibility for monitoring and managing the Group's social and economic development, good corporate citizenship, and sound business ethics. The committee assists the Board by monitoring these areas, with the aim of promoting high standards and ensuring good business conduct across both its financial and ESG performance.

Our value creation protection model (on the following page) illustrates how the six areas of value creation (as per this report) are governed through four key governance areas, in support of our strategy and purpose and to ensure we achieve the desired governance outcomes.



Committee composition and mandate

Group Social and Ethics Committee

Objective

Statutory committee constituted in terms of section 94(7) of the Companies Act to monitor and report on the manner and extent to which the Group protects, enhances and invests in the economy and in society

Independence of committee: 75%

Members (number of meetings)

The members of the committee as at 31 December 2019 were:

Dr Suresh Kana (Chairman) (3/3)

Nolitha Fakude (3/3)

David Lawrence (3/3)

Dr Mantsika Matookane (3/3)

Invitees

Nonkululeko Nyembezi

CEO

Director: Human Resources

Director: Marketing and Corporate Affairs

Group company secretary

Annual confirmations by the committee

The committee confirms that it:

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

Committee mandate

The committee's primary goals are to provide direction and to promote social and economic development and good corporate citizenship practices in the organisation. The mandate of the committee, as stipulated in the Companies Act¹, is to:

Monitor the Group's activities with regard to the following areas:

1. Social and economic development
2. Good corporate citizenship
3. Environment, health and public safety
4. Consumer relationships
5. Labour and employment

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

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

The Companies Act makes reference to various pieces of legislation, the 10 principles of the UNGC, the recommendations of the Organisation for Economic Cooperation and Development (OECD) regarding corruption and the International Labour Organisation (ILO) which all fall within the committee's mandate and oversight role.

¹ Reg. 43(5) of the Companies Act.

Committee areas of focus for 2019

During the financial year, the committee focused on the following objectives:

Focus as per mandate	2019 priorities	2020 priorities
<p>Social and economic development Monitoring the Company's contribution towards the development of communities as well as internal transformation</p>	<ul style="list-style-type: none"> » Monitored the JSE's corporate social responsibility (CSR) initiatives and approach to community development by overseeing: <ul style="list-style-type: none"> – programmes that aim to improve financial literacy; and – initiatives that provide financial contribution in the areas of education, health, environment and society; » Monitored the Company's performance in terms of transformation » Reviewed the outcome of transformation initiatives 	<ul style="list-style-type: none"> » Maintain our BBBEE Level 3 score and improve our BBBEE internal transformation
<p>Good corporate citizenship Establishing and driving an ethical culture within the Company</p>	<p>Oversaw improvements in the JSE's compliance and ethic programme by:</p> <ul style="list-style-type: none"> » approving the code of conduct and ethics policy and procedures; and » ensuring employee compliance and ethics training was undertaken. 	<ul style="list-style-type: none"> » Monitor compliance with conduct and ethics code
<p>Environment, health and public safety Overseeing and monitoring the Company's contribution towards combatting climate change</p>	<ul style="list-style-type: none"> » Reviewed and monitored the implementation of the sustainability strategy with particular focus on the JSE's progress with responsible investment products » Reviewed the JSE's mapping of its sustainability strategy to the SDGs 	<ul style="list-style-type: none"> » Review feasibility of setting targets for CO₂ emissions » 2020 GISD alliance agenda
<p>Consumer relationships Establishing and maintaining mutually beneficial relationships with all our stakeholders</p>	<ul style="list-style-type: none"> » Reviewed the Company's stakeholder approach » Actively monitored the development of action plans in response to the feedback received from the extensive stakeholder engagements that were undertaken 	<ul style="list-style-type: none"> » Build trust with our clients » Improve client experience
<p>Labour and employment Ensuring fair and equitable labour practices</p>	<ul style="list-style-type: none"> » Reviewed and monitored the progress of the three-year employment equity plan » Ensured the development and implementation of an action plan to address feedback from the employee engagement survey taken in 2018. 	<ul style="list-style-type: none"> » Ensure all targets of the employment equity plan are in their final year

COMPLIANCE

The JSE complies with both the spirit and the letter of applicable statutory and regulatory requirements and is committed to performing its functions with due skill, care and diligence.

While ultimate accountability for compliance oversight resides with the Board, the responsibility for putting compliance into effect for the Group is delegated to the director: governance and assurance.

Key focus areas for 2019 included the completion of the annual FSCA self-assessments for JSE Limited and JSE Clear; managing the on-site reviews of both the PA of SARB and FSCA; conducting an assessment of the regulatory universe of the Group and a review of JSE compliance policies. The code of conduct and ethics of the Group was updated, as was the associated employee policy and employees received training in respect of ethical conduct and behaviour required of them.

The JSE's plan for compliance with PoPIA has been advanced and employees have received training in respect of the safeguarding of personal information.

Group Internal Audit undertakes reviews of critical JSE functions including compliance with the conflicts of interest policies of the regulatory divisions, the JIBAR code of conduct issued by SARB, and compliance with internal treasury mandates.

There were no regulatory penalties, sanctions or fines for contraventions of, or non-compliance with statutory obligations.

CONFLICTS OF INTEREST

Financial market infrastructure

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

Directors and employees

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

INSIDER TRADING

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

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

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

ANTI-BRIBERY AND CORRUPTION

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

TAX COMPLIANCE

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

OMBUDSMAN FOR JSE COMPLAINTS AND DISPUTES

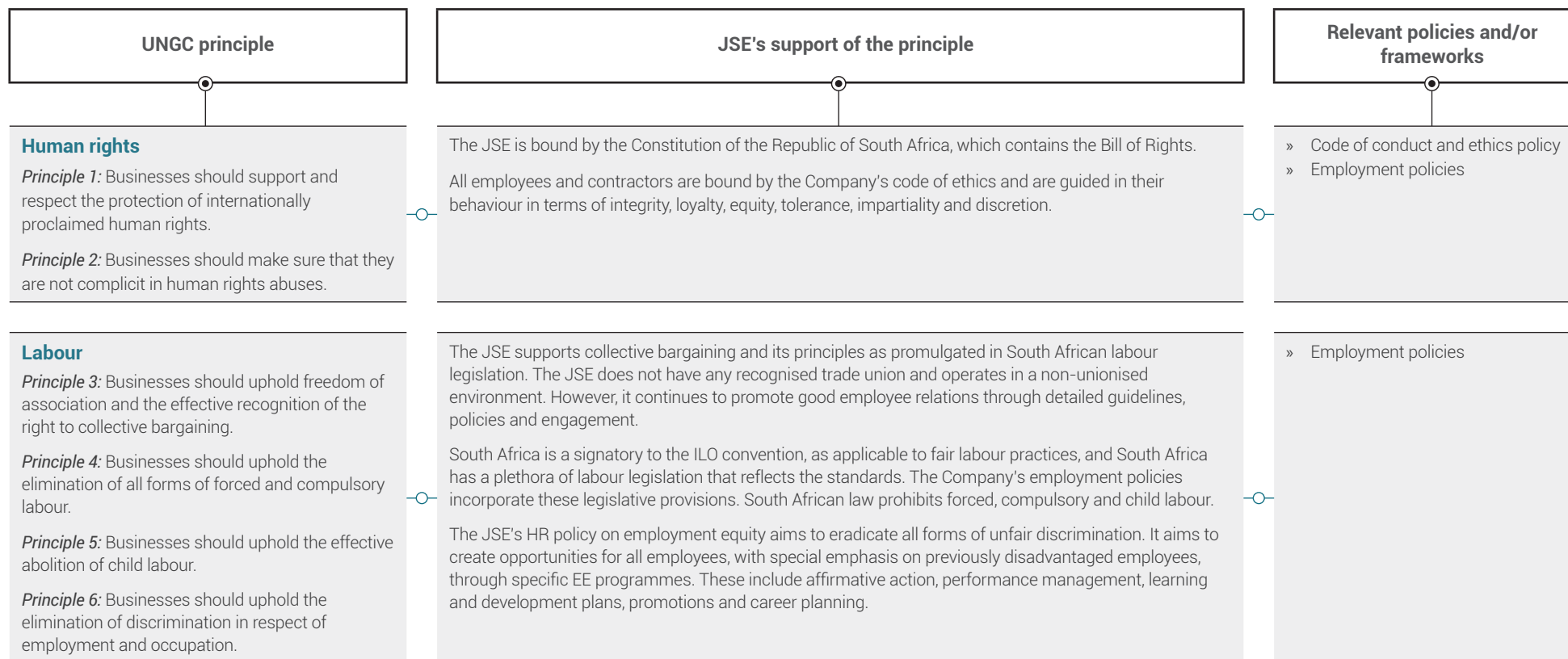
The JSE Ombud Scheme is recognised in terms of section 194 of the FSRA, as an industry ombud scheme. The rules of the JSE Ombud Scheme, as set out in the rules of the JSE, regulate the resolution of complaints and disputes between authorised users and between authorised users and their clients. The governing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

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

REPORT ON STATUTORY REQUIREMENTS (AS PER REGULATION 43 OF THE COMPANIES ACT)

UNGC

Although the JSE is not a signatory to the UNGC, the Group subscribes to the 10 principles contained therein. The JSE is committed to upholding fundamental human rights, ensuring fair labour practices, working against corruption in all its forms, and protecting the natural environment within which the Group operates.





UNGC principle	JSE's support of the principle	Relevant policies and/or frameworks
<p>Environment</p> <p><i>Principle 7:</i> Businesses should support a precautionary approach to environmental challenges.</p> <p><i>Principle 8:</i> Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p><i>Principle 9:</i> Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>The JSE remains aware of its interdependence with the natural environment and, particularly at a time of growing concern about the environmental impact of unsustainable social and business practices, of the need to play a role in nurturing its ecosystem.</p> <p>Environmental management and sustainability are founded in the Group's sustainability strategy.</p> <p>The JSE is involved in a number of significant initiatives and developments. Through adoption of FTSE Russell's ESG rating process, eligible listed companies are assessed against a range of environmental themes, including climate change, water use, pollution and resources. The ratings are applied to determine the constituents of the FTSE/JSE Responsible Investment Index Series.</p> <p>The JSE qualified for inclusion in the FTSE/JSE Responsible Investment Index Series.</p>	<ul style="list-style-type: none"> » Sustainability strategy » Creation of products that are environmentally friendly, for example green bonds
<p>Anti-corruption</p> <p><i>Principle 10:</i> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The JSE has adopted a code of conduct and ethics that articulates the values and acceptable ethical standards to which all persons associated with the Company are required to adhere.</p> <p>The Group has a zero-tolerance approach towards fraud and corruption and thus management is committed to combatting all forms of fraud in the Company's operations.</p> <p>A whistle-blowing hotline is provided on which employees may report any transgression confidentially and anonymously. The toll-free hotline is independently managed and administered.</p> <p>The JSE's Market Regulation division reports suspicious trade activity in the market to the FSCA for follow up and further action.</p>	<ul style="list-style-type: none"> » Code of conduct and ethics policy » Dealings in shares policy » Whistle-blowing policy » Anti-bribery and corruption policy

Regulation 43 legislation

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

Legislation	JSE's compliance with the legislation	Relevant policies and/or frameworks
<p>The Employment Equity Act, 55 of 1998</p>	<p>The JSE supports the promotion of equal opportunity and fair treatment, prevention of unfair discrimination and the implementation of affirmative action measures to redress disadvantages in employment.</p>	<p>Employment Equity Policy in place</p>
<p>The BBBEE Act</p>	<p>The JSE strives to ensure that there is increased and fair participation of Black people in the economy of South Africa, supported by the Group HR department, which provides ongoing monitoring and quarterly compliance reports to the Board.</p>	<p>We are measured under the RFSC and have maintained our level 3 rating, thus reaching our 2019 target</p>
<p>The Consumer Protection Act, 68 of 2008 (the CPA)</p>	<p>With regard to the CPA, the JSE understands our risk areas. The JSE aims to treat our clients fairly and engages with them through various stakeholder mechanisms and forums.</p>	<p>Client-centric strategy update</p>
<p>The ILO protocol</p>	<p>The JSE upholds the ILO protocol on decent work and working conditions by encouraging an environment where people are valued. This is achieved through people policies and team practices that continuously strive to enhance diversity in the interest of building a capable, respected workforce.</p>	<p>Employment policies</p>
<p>Good corporate citizenship</p>	<p>The JSE is committed to making a difference in the lives of South Africans by investing time, effort and money into various initiatives. We also believe that this difference should be sustainable and should ensure that individuals benefit directly through positive and meaningful contributions.</p>	<p>2019 corporate social investment spend</p>

GROUP SELF-REGULATORY ORGANISATION OVERSIGHT COMMITTEE REPORT

The SRO Oversight Committee (the committee) oversees the fulfillment by the JSE of its statutory obligations, as prescribed by the FMA and applicable notices and directives as published by the FSCA. The committee ensures that as a financial market infrastructure, the JSE takes the steps necessary to avoid, eliminate, disclose and otherwise manage conflicts of interest which could arise between its regulatory functions and commercial services. The Issuer Regulation and Market Regulation divisions of the JSE have identified the possible conflicts of interest that could arise between their regulatory functions and the commercial services of the JSE and have documented these and the manner in which these potential conflicts are managed in policies, which are available on the JSE website.

OVERSIGHT CONDUCTED IN 2019

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

Regulatory and supervisory structure

The committee confirmed that the JSE:

- » conducted its business in a fair and transparent manner, with due regard to the rights of authorised users and clients;
- » supervised compliance of its issuers and authorised users in accordance with its listings requirements and market rules and directives;
- » supervised compliance with the FMA by its authorised users and issuers and reported any matters of non-compliance to the FSCA;
- » proposed amendments to the equity and debt listings requirements with a focus on elevating general disclosure requirements and enhancing corporate governance; and
- » applied and enforced its rules and listings requirements fairly and consistently in respect of its authorised users and issuers and where applicable, imposed appropriate sanctions for non-compliance.

Arrangements required of a licensed exchange

The committee confirmed that the JSE:

- » has the necessary assets and resources to perform its functions in terms of the FMA and applicable notices and directives;
- » has the necessary arrangements in place to supervise all transactions effected through the Exchange; and
- » supports the stability of the broader financial system, in the public interest and in accordance with the objectives of its stakeholders.

Monitoring of its own listing

The committee confirmed that the JSE:

- » has adequate procedures and controls to ensure that conflicts of interest do not arise in respect of its own listing;
- » has, where applicable, reported all complaints in respect of conflicts of interest that relate to the shares of the JSE to the FSCA; and
- » has complied with its Equity Market rules and directives and listings requirements in a manner that warrants the continued listing of its shares.

Conflicts of interest

The committee confirmed that the JSE:

- » has an effective internal governance process to identify potential, perceived or actual conflicts of interest between its commercial services and regulatory functions;
- » has documented and implemented policies and measures to avoid, manage and disclose conflicts of interest should they arise; and
- » has assessed the efficacy of the conflicts of interest measures, policies and procedures that it has adopted.



GLOSSARY

4IR: fourth industrial revolution

ACI: African, Coloured and Indian

AGM: annual general meeting

API: application programme interface

ASEA: African Security Exchanges Association

BaNCS: TCS BaNCS Market Infrastructure. In February, Strate launched a new system for the settlement of money markets securities. The new system was selected for being a world-class CSD solution for the electronic settlement of securities.

CCP: central counterparty

CE: consumer education

CEO: chief executive officer

CFA: chartered financial analyst

CFD: contract for difference

CIS: Center for Internet Security

CISO: chief information security officer

CoFI: Conduct of Financial Institutions

CoSSE: Committee of SADC Stock Exchanges

CPMI-IOSCO: Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions

EBIT: earnings before interest and tax

ED: enterprise development

EDM: enterprise data management

EE: employment equity

EME: exempt micro-enterprise

EPS: earnings per share

ESG: environmental, social and governance

ETF: exchange-traded fund

ETN: exchange-traded note

Exco: Executive Committee

FMA: Financial Markets Act

FSB: Financial Services Board

FSCA: Financial Sector Conduct Authority

FSRA: Financial Sector Regulation Act, 9 of 2017

FTSE: Global provider of benchmarks, analytics, and data solutions with multi-asset capabilities. FTSE Russell provides a comprehensive range of indexes

GIA: Group internal audit

GRMC: Group Risk Management Committee

GSEC: Group Social and Ethics Committee

HEPS: headline earnings per share

IOSCO: International Organization of Securities Commissions

IRC: Integrated Reporting Committee

ISO: International Organization for Standardization

IT: information technology

ITaC: Integrated Trading and Clearing

JEF: JSE Empowerment Fund

King IV: King Report on Corporate Governance™ for South Africa, 2016 (copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved)

LACE: lean agile centre of excellence

LPM: lean portfolio management

LTIS: long-term incentive scheme

MOI: memorandum of incorporation

MSCI: MSCI provides index construction and index solutions. They also license indexes for exchange traded funds and exchange-listed futures and options

NIST: National Institute of Standards and Technology

NPAT: net profit after tax

NPS: Net Promoter Score

PA: Prudential Authority

PoPIA: Protection of Personal Information Act

PRI: Principles for Responsible Investment

QSE: qualifying small enterprise

REIT: real estate investment trust

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

SAIFM: South African Institute of Financial Markets

SANAS: South African National Accreditation System

SARB: South African Reserve Bank

SD: supplier development

SDGs: Sustainable Development Goals

SENS: Stock Exchange News Service

SOE: state-owned enterprise

SPAC: special-purpose acquisition company

SRO: self-regulatory organisation

SSEI: Sustainable Stock Exchanges Initiative

SVAI: Shared Value Africa Initiative

TMPS: total measured procurement spend

UN: United Nations

UNCTAD: United Nations Conference on Trade and Development

UNGC: United Nations Global Compact

UNGISD: United Nations Global Investors for Sustainable Development

WFE: World Federation of Exchanges

XT: cross-trade



CORPORATE INFORMATION AND DIRECTORATE

JSE Limited

(Incorporated in the Republic of South Africa)
 Registration number: 2005/022939/06
 Share code: JSE
 ISIN: ZAE000079711
 LEI: 213800MZ1VUQEBWRF039

Registered office

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Postal address

Private Bag X991174 Sandton, 2146

Contacts

Telephone: +27 (0) 11 520 7000
 Web: www.jse.co.za
 Investor relations: ir@jse.co.za
 Group company secretary: GroupCompanySecretary@jse.co.za

Directors as at 31 December 2019

N Nyembezi¹ (Chairman)
 Z Bassa¹
 F Daniels¹
 VN Fakude¹
 Dr M Jordaan¹
 Dr SP Kana¹
 FN Khanyile¹
 BJ Kruger²
 DM Lawrence²
 Dr MA Matookane¹
 Dr L Fourie (Group CEO)^{3,4}
 A Takoordeen (CFO)³

Alternate director

JH Burke⁵

Changes to the Board

NF Newton-King (former CEO)^{3,6}
 S Cleary^{1,7}

¹ Independent non-executive director.

² Non-executive director.

³ Executive director.

⁴ Appointed effective 1 October 2019.

⁵ Resigned effective 1 February 2020.

⁶ Resigned effective 30 September 2019.

⁷ Appointed effective 1 February 2020.

Group company secretary

GA Brookes

Transfer secretary

Computershare Investor Services Proprietary Limited
 Rosebank Towers
 15 Biermann Avenue
 Rosebank, 2196

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
 1 Merchant Place
 Corner Fredman and Rivonia Road
 Sandton, 2196

Auditors

Ernst & Young Inc.
 102 Rivonia Road
 Sandton, 2196

Bankers

First National Bank of SA Limited Corporate Account Services
 4 First Place
 Bank City
 Simmonds Street
 Johannesburg, 2001

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

Governance and secretarial queries should be directed to GroupCompanySecretary@jse.co.za.

