

**JSE LIMITED**  
**VALUE CREATION REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2017

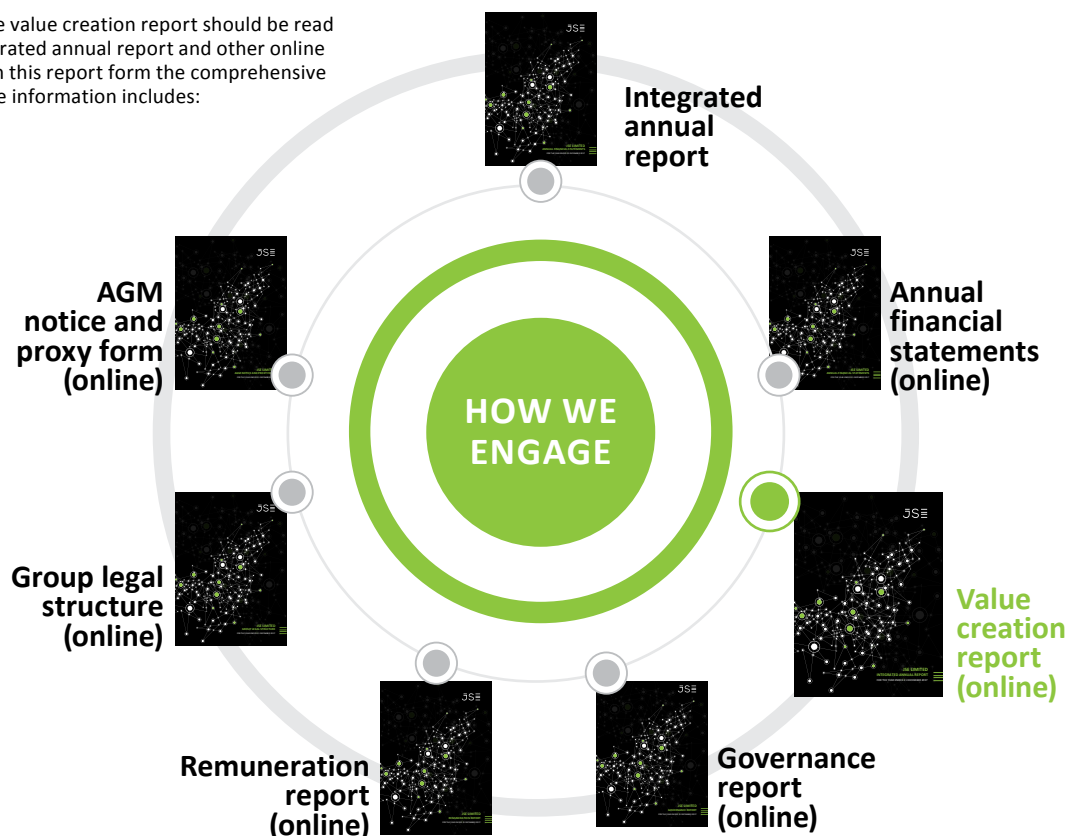
# CONTENTS

 ABOUT THIS REPORT	IFC	 OUR SYSTEMS AND INFRASTRUCTURE	14	 OUR ENVIRONMENT	29
 LETTER TO STAKEHOLDERS	2	 OUR ORGANISATIONAL KNOWLEDGE	15	 GOVERNANCE SUPPORTING VALUE CREATION	30
 THE JSE'S SUSTAINABILITY CONTEXT	4	 OUR PEOPLE	16	 APPENDICES	31
 OUR FINANCIAL CAPITAL	11	 OUR SOCIAL LICENCE AND RELATIONSHIPS	18		

## ABOUT THIS REPORT

Additional information for our stakeholders

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



# How to read this report



Our value creation report aims to communicate holistically to our greater stakeholder audience about how the JSE Limited creates value for our stakeholders and the economy in which we operate. The report is structured according to six areas of value creation: our financial capital; our systems and infrastructure; our organisational knowledge; our people; our social licence and relationships; and our environment.

This report has evolved from our 2016 #invested report, a publication that supported our integrated annual report (IAR) and annual financial statements (AFS) by consolidating regulatory and other supporting information.

We have structured the six areas of value creation to encompass our environmental, social and governance reporting initiatives; while providing a more holistic view of our value creation and performance.

## Scope and boundary

The information in this online report covers the period from 1 January 2017 to 31 December 2017 and describes the Exchange, its five financial markets and the investor protection funds associated with its markets. Unless otherwise stated, qualitative and quantitative indicators are reported primarily for the Group as a whole.

In compliance with section 72 of the Companies Act, 71 of 2008 (Companies Act), read with Regulation 43, this report serves as the report-back to shareholders at the AGM on the execution of the statutory social and ethics mandate, which has been discharged by the Group Social & Ethics Committee ("GSEC" or "Committee") during 2017.

### NAVIGATION



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



Page referencing for additional reading in this report



Material matters

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

# LETTER TO STAKEHOLDERS



## Dear Stakeholder

The JSE recognises that creating value for the benefit of stakeholders on a sustainable basis requires an explicit commitment to ethical business practices, responsible corporate citizenship and the sustainable use of capital inputs

This value creation report is intended for all our stakeholders, and sets out the JSE's journey towards delivering on our sustainability mandate. As we strive to remain relevant as a generator of economic value over time, we are acutely aware of how we consume inputs in the value-creation process and of our impact on the financial ecosystem of South Africa and wider society. The JSE is a Financial Market Infrastructure (FMI) and a Self-Regulatory Organisation (SRO) and as such we carry particular responsibility for delivering services to the South African capital markets that meet global standards and that are compliant with local statutes and regulations, whilst generating a fair return to the providers of capital to our business. Executing this mandate on a sustainable basis is the story we aim to tell in this report.

The macro environment in which we operate – the SA economy and socio-political background, pose particular challenges to our business. Over the past year our country's downward trajectory has unfortunately gathered pace with further declines in economic growth, increasing unemployment and widening inequality, pervasive corruption, attacks on the institutions of good governance, political turmoil and a sovereign rating downgrade into junk status. These macro factors have had a severely negative impact on society and on business confidence in general. In our business these dynamics have translated into declining value and volume traded in most of our key markets, notwithstanding the relatively small uptick late in the fourth quarter. In order to remain a resilient, multi-product and world-class exchange that is well positioned for the future, the JSE continues to seek ways to ameliorate the negative effects of these external forces.

As the home of some of South Africa's largest companies, the JSE plays a significant role in promoting the South African investment case, along with the government and other stakeholders. Our measure of success is therefore far more broadly defined than just financial value. It includes remaining relevant to our stakeholders, achieving operational efficiencies and integration while sustaining growth and facilitating innovation, driving responsible investment and using our voice to support a robust and informed discourse on key events facing South Africa.

The JSE's vision – to be the best global platform in emerging markets – is informed by this view of our central role and hence of the need to build a strategy and a business that is sustainable. This conceptualisation of sustainability underlies the balance struck in our vision

We have structured this report by using the framework of the *six capitals of value creation*, namely our financial capital, our systems and infrastructure, our organisational knowledge, our people, our social licence and relationships and our environment.

## GOVERNANCE OF VALUE CREATION

Since 2011 the statutory social and ethics mandate has been discharged by the JSE's Group Human Resources Committee ("GHRC"). Given the increasing focus on sustainability and the JSE's commitment to sustainable business practices, the mandate for social and ethics matters has been transferred from GHRC to a separate Group Social & Ethics Committee of the Board to monitor and provide renewed impetus to our sustainability commitment.

Ensuring that the Group is and remains a good and responsible corporate citizen and that the Group's reputation is safeguarded by monitoring the Group's actions and impacts on clients, employees, communities, other stakeholders and the environment.

Key focus areas for the Committee included:

- Considering a possible black ownership transaction for the JSE limited
- Reviewing the JSE Transformation Scorecard for 2017
- Ongoing monitoring and responsiveness and compliance with the revised Financial Sector Code (RFSC)
- Providing oversight of stakeholder engagement and reputation management
- Assessing the quality of stakeholder engagement/communication surrounding five serious client facing incidents that occurred, and the reputational impact of these incidents
- Reviewing stakeholder feedback regarding the JSE

## LOOKING AHEAD AND APPRECIATION

As we look ahead to 2018, we aim to pursue with even greater vigour our social and ethics mandate. This includes, amongst others to:

- Examine and endorse a comprehensive sustainability strategy for the JSE including our ESG performance indicators
- Review the JSE's reputation management approach
- Re-examine the feasibility of a black ownership transaction for the JSE Limited
- Oversee the compliance and ethics programme for the JSE

The Committee has set a sound foundation for the challenges ahead. For this, I express my appreciation to my fellow Committee members and the executive team.



**Dr Suresh P. Kana**

*Chairman: Group Social and Ethics Committee*

# THE JSE'S SUSTAINABILITY CONTEXT

## Who we are and what we offer

### We build better markets and co-create for growth

The JSE is a self-regulating, multi-asset class stock exchange offering deep liquidity across a wide range of tradable products, as well as post-trade, technology and information services.

#### Largest stock exchange in Africa

The Johannesburg Stock Exchange is the largest stock exchange by market capitalisation in Africa and is based in South Africa, where it has operated as a market place for the trading of financial products for 130 years

#### Fully electronic

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

#### Connecting buyers and sellers

We connect buyers and sellers in a variety of financial markets: equities and equity derivatives, commodity derivatives, currency derivatives and interest rate instruments

#### Membership

We are a member of the World Federation of Exchanges (WFE), the Committee of SADC Stock Exchanges (CoSSE) and the African Stock Exchanges Association (ASEA). We hold the chairmanship of the Association of Futures Markets (AFM). We are supervised by the Financial Services Board (FSB). We are a founding member of the Sustainable Stock Exchanges Initiative (SSEI)

#### Information services

The JSE produces, publishes and sells live, statistical, historical and end-of-day data from all its markets as well as reference data, corporate actions, client data, indices, valuations, business intelligence and statistics

#### Regulation

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

As of December 2017, the JSE is the 17th largest stock exchange in the world by market capitalisation.



# Our vision, mission and values



## MISSION

We build better markets and co-create for growth

## OUR VALUES

### Resilience

We can always be counted on to be there for our clients

### Energy

We are enthusiastic and proactive

### Authenticity

We always do what we say we will do

### Diversity

We value the strength in our differences

### Insight

We gain understanding before we provide solutions

The JSE is uniquely positioned:

- as a critical product and service provider to South Africa's financial market (which is globally recognised as a centre of excellence); and
- as an interface 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; whether that interface is of a regulatory, service provision or influencing nature.

The JSE's efforts to sustain a resilient, multi-product and world-class exchange that is well positioned for the future reflect an awareness of this positioning.

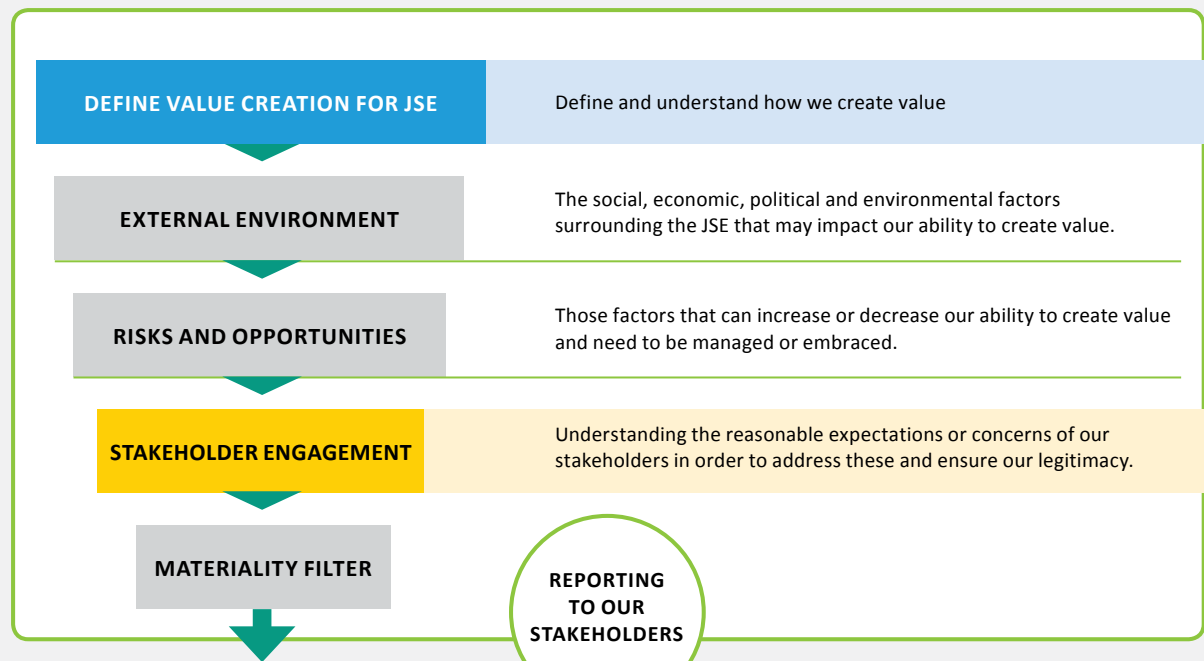
# Delivering value

## APPROACH TO VALUE CREATION

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

- How the Group operates its business and addresses internal corporate sustainability concerns to ensure sustainable value creation for shareholders and broader stakeholders; in comparison with
- The Group's external circle of control and ability to influence the broader debate with regard to the entities connected to it (issuers, investors and the intermediaries that facilitate interaction between them).

These two dimensions are symbiotic and mutually value adding. For example, our efforts to achieve internal efficiencies not only support the JSE's own business prospects but also have a positive outcome for our stakeholders.



### MATERIAL MATTERS

Those matters determined to be most material for reporting in our 2017 IAR are listed below. The focus chapters that follow indicate which of these matters impact value creation.

- Increasing and changing regulatory demands**
- Concentration and interdependency of the local financial market**
- Operational resilience**
- Scarcity of skills and expertise**
- Long-term viability in a low-growth economy**
- Transformation in an unequal society**
- Technology in an agile world**
- Evolving business models for financial risks in clearing and settlement**
- Potential disruptors**

### SIX VALUE CREATION REPORTING AREAS

This value creation report provides insight, and feedback on the performance of key stakeholder concerns and the material matters that impact our six areas of value creation.

- Our financial capital** *page 12*
- Our systems and infrastructure** *page 16*
- Our organisational knowledge** *page 17*
- Our people** *page 18*
- Our social licence and relationships** *page 20*
- Our environment** *page 30*

For more information, please refer to the <http://www.jsereporting.co.za/ar2017>.



### A sustainable business

The JSE's vision – to be the best global platform in emerging markets – is informed by this view of our central role and hence of the need to build a strategy and a business that is sustainable. This conceptualisation of sustainability underlies the balance struck in our 2022 vision, which is discussed in the integrated annual report.

## VALUE

**THE JSE ENABLES VALUE CREATION BY PROVIDING A TRUSTED AND WELL-REGULATED FINANCIAL MARKET INFRASTRUCTURE**

### Understanding stakeholder needs

Considerable time is spent with stakeholders, keeping current clients engaged with the JSE and its products and services, and demystifying the role of a well-functioning exchange in an emerging economy to try to build an understanding of the JSE as a partner in the success of this country. To achieve this:

- various channels are employed to ensure the creation of an enabling environment within which constructive dialogue can take place, for instance, through advisory Committees, focused client engagements and the like; and
- the JSE participates in and initiates a wide range of forums and initiatives such as SA Tomorrow and business-government interaction.

### Delivering value

In order to balance external and internal drivers, it is critical for the JSE to achieve operational efficiencies and integration while sustaining growth and facilitating innovation. In its efforts to do so, the Group strives to ensure that it remains a centre of excellence on which its clients and stakeholders can rely, whether:

- as a trusted place to raise capital;
- as a trusted place to buy or sell investments; or
- as a trusted bridge between SA Inc. and the investor community.

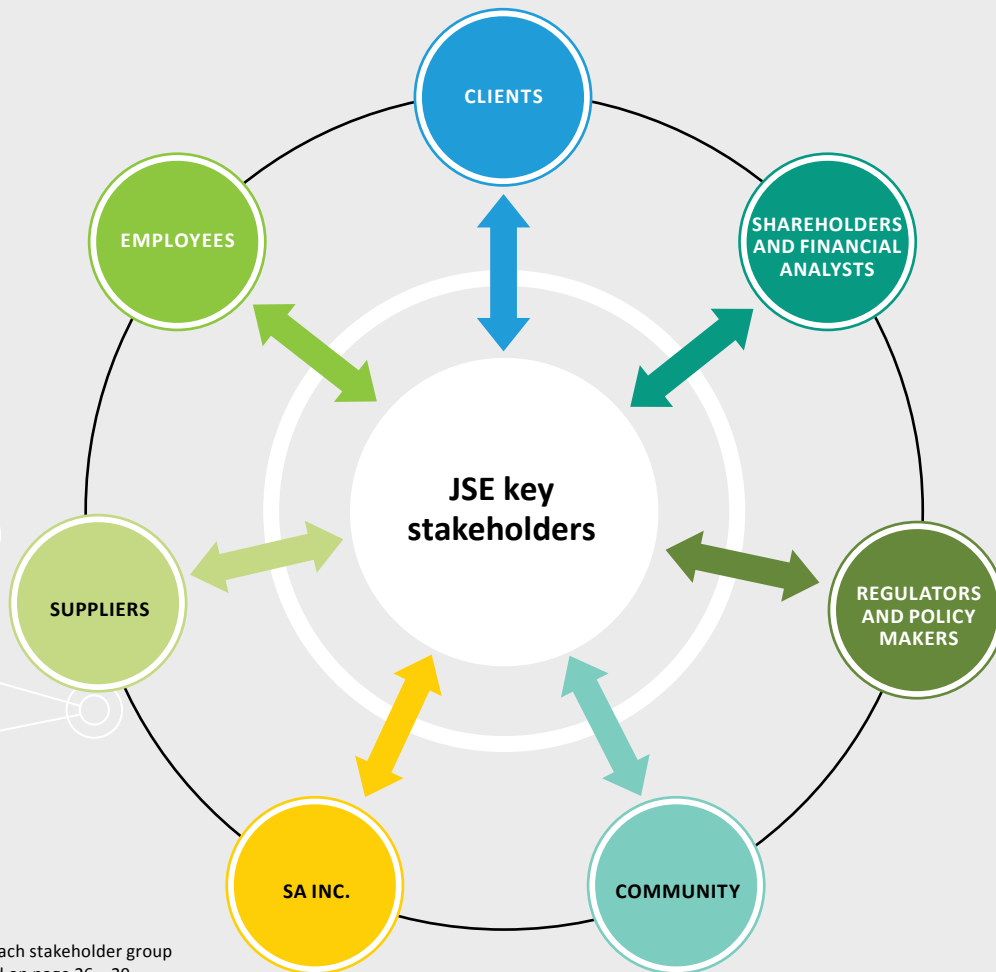
How our business activities impact this value creation is reported under the six value creation reporting areas.

## STAKEHOLDER ENGAGEMENT

We need to remain aware of our interdependencies with key stakeholders and to understand their expectations and interests

Efficient engagement enables us to identify the issues and opportunities that affect our stakeholders and our business, while strengthening the transparency and accountability necessary to sustain valued relationships.

We actively manage engagement with seven interconnected stakeholder groups at various levels, all of whom play an important role in enabling us to create value, and share in the value that is created. Beyond these there are also other stakeholders such as the media, who enable transparency and information sharing, and who influence the flow of debate with other stakeholders in the public domain.



Detail of each stakeholder group is provided on page 26 – 29.

### Stakeholder engagement objectives

Efficient engagement enables us to identify the issues and opportunities that affect our stakeholders and our business, while strengthening the transparency and accountability necessary to sustain valued relationships.

### Engagement methods

- AGMs
- Integrated annual report and interim report
- Direct interaction or one-on-one meetings
- Notices distributed through SENS
- JSE website
- Roadshows, conferences
- Radio, TV and newspaper articles
- Client relationship officers
- Client forums
- Advisory Committees
- Market notices
- Service hotline
- Press releases and social media
- Whistle-blowers' hotline
- Employee Committees
- Intranet for employees

# Our broader responsibility and goals

As far as possible, the JSE business is operated and positioned not only to provide thought leadership impacting or influencing stakeholders, but also to set an example in achieving excellence. The JSE actively promotes sustainable, transparent business and responsible investment across a range of areas, including the following:

- By being a global thought leader in the field of governance and sustainability and the related standards and disclosures;
- By evolving and expanding its responsible investment product offering through indices, bonds and other initiatives. In October 2017, the JSE launched its green bond segment, which provides a platform for companies and other institutions to raise funds ring-fenced for low-carbon initiatives and for investors to invest socially responsible investment (SRI) funds in securities that are truly green. The introduction of the segment provides companies with an effective tool to raise capital for investments into sustainable projects that previously would have had to be funded internally. Issuing a green bond can help a company to strengthen its credentials as a sustainable and responsible organisation; and
- Through its FTSE/JSE Responsible Investment indices. The JSE aims to achieve excellence in operational environmental, social and governance (ESG) areas by ensuring that the organisation and its leadership consider the ESG risks, impacts and opportunities of its activities, manage them appropriately and make the necessary disclosures. Progress in this regard earned the JSE inclusion in the FTSE/JSE Responsible Investment benchmark index and the FTSE/JSE Responsible Investment Top 30 index.

## SHOWCASING SOUTH AFRICA

The JSE has a central and crucial role to play in corporate South Africa, both in operating a world-class securities trading environment that stakeholders can trust and in using its voice to enable and support a robust and informed discourse at critical moments in our country.

As the home of some of South Africa's largest companies, the JSE plays a significant role in promoting the South African investment case, along with the government and other stakeholders. We therefore co-hosted the 5th annual SA Tomorrow conference in New York on 9 and 10 November 2017. This year's event had a more sombre tone than 2016's, given the gloomy medium-term budget statement that had been delivered a week earlier. Nonetheless, investors appreciated the event and the personal stories some South African attendees were able to provide.

The conference was addressed by the Minister of Finance, the Governor of the South African Reserve Bank, Top40 CEOs and labour representatives. We used it to discuss the country's positioning, including the current economic outlook, challenges and developmental programmes, with major US investors. This is a unique opportunity for investors to see South African business and government representatives in the same venue and to have one-on-one time with the South African delegates.

## ROLE IN THE ECONOMY

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 faced by South Africa as well as to enable value creation.

This helps South Africa to do three things:

- Raise finance for companies and the government from domestic and international pools of capital;
- Manage risk; and
- Gain access to a mechanism for sustainable wealth creation.

## LOOKING AHEAD – A STRATEGY FOR 2022

The changing environment and operating context have prompted the JSE to develop the next phase of its strategy, looking beyond 2017 to 2022. The 2022 strategy will focus on realising our vision, **to be the best global platform in emerging markets.**

The key elements underpinning the 2022 strategy are as follows:

- Put our clients at the centre of what we do
- Operate, to global standards, South Africa's most trusted, stable, robust and competitive market infrastructure
- Invest in and retain world-class talent
- Lead by example on the national agenda
- Grow sustainably across the value chain

# The JSE's transformation journey

## COMMITMENT STATEMENT BY JSE LEADERSHIP

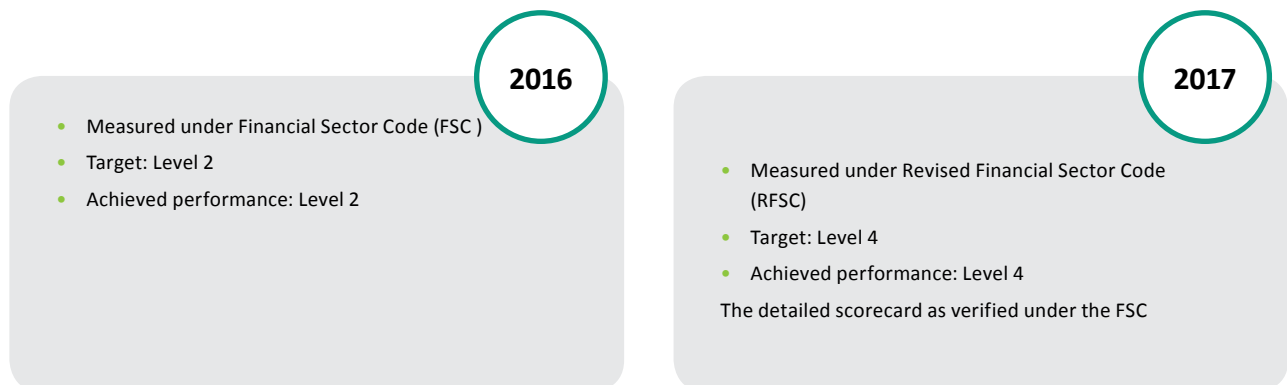


The Board believes that this mindset will ensure that the JSE's transformation efforts are focused on areas that will broaden the talent pool; develop people; improve stakeholder relationships, enterprise and supplier development; and support procurement initiatives.

## TRANSFORMATION STRATEGY



## OUTCOMES



# OUR FINANCIAL CAPITAL



## Financial resources are required to operate the business and support growth, expansion and innovation.

By investing in our systems and people, we may put pressure on available financial capital and reduce outcomes for our finances and community in the short term. However, this is done to serve longer-term strategic objectives and aims to enhance outcomes for our brand and skills as well as our stakeholder community.

In the exchange industry, the JSE is considered horizontally and vertically integrated. In other words, it offers a wide range of products (horizontal axis) and an end-to-end service from listing to clearing/settlement (vertical axis).

The JSE generates revenue from:

- Listing companies and other instruments.
- Trade and post-trade activity on a per trade basis (with fees related to a combination of the value and/or number of instruments or contracts traded for a trade or post-trade activity).
- The sale of information services, including market data related to various markets or indices, to a global client base. The JSE sells live, statistical, historical and end-of-day data from all JSE markets.
- The JSE also receives dividends from Strate, which is licensed as South Africa's central securities depository. Strate provides electronic settlement for the JSE, money market securities for the South African market and equities for the Namibian Stock Exchange. The JSE owns 44.5% of Strate.

## MANAGING OUR FINANCIAL CAPITAL

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

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

Strategic and operational decision-making is therefore guided by continuous endeavours to apply returns in a way that either balances these elements or enhances the way that they may contribute to each other. The interlinked nature of these elements and efforts to balance them are evident in the investments in people and technology that are made to drive innovation and sustain a stable platform, and to ensure that more can be offered to clients over time while sustaining the robustness and trustworthiness of fairly priced products and services. As a result:

- the JSE does not try to maximise prices to clients, dividends to shareholders or rewards to staff, but strives to find a fair balance between all of these;
- substantial long-term investments may be incurred at a time when markets appear to be volatile or slow, given the JSE's conviction that, without such investments, clients will not be able to use products and services as they need to, which is detrimental to long-term business growth and sustainability;

- prices may remain stable or trend down in order to remain competitive; and
- salaries are kept sufficiently competitive and incentivising to ensure that the organisation can attract and retain appropriately qualified and motivated people to drive the JSE business with the single-mindedness necessary for the long term.

The JSE needs to manage the impact of the local and international economies on the trade environment to ensure long-term viability in a low-growth economy. This has an impact on the JSE's cost base and is impacted by investor sentiment, market behaviour, the socio-political environment, global economic uncertainty and the low South African gross domestic product (GDP).

**MM** Refer to Material matters on page 6.

### Performance objectives

- Deliver financial performance in line with the annual Group budget approved by the Board (revenues and expenditures under control of management carry a higher weight than those not under management control).

## OUTCOMES

2017 was a challenging year with a particularly turbulent socio-economic background and declining values and volumes traded in most of our key markets. This negatively impacted operating revenue, which was down 5% to R2.2 billion (2016: R2.3 billion). In this environment, management took pro-active steps to sustainably reduce our cost base, which was down 1% to R1.40 billion (2016: R1.41 billion). As a result, we reported Group earnings of R836 million (2016: R920 million), reflecting a decline limited to only 9%.

## FUTURE FOCUS

Retain our strong cost controls and deliver the relevant portion of the R170 million cost savings.



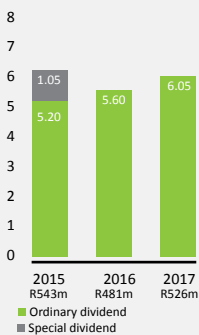
### DIVIDENDS TO SHAREHOLDERS

JSE shareholders received



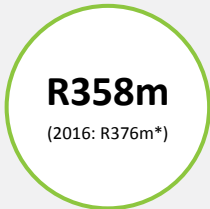
in the form of ordinary dividends

#### SHAREHOLDERS (Rm)



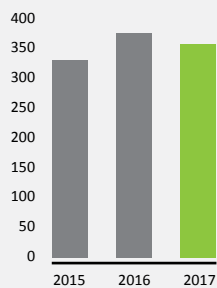
### INVESTING IN EMPLOYEES\*

The JSE paid



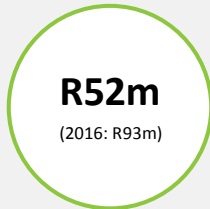
to employees in salaries, short- and long-term incentives and employee benefits  
\*post-PAYE of R182m (2016: R181m)

#### EMPLOYEES (Rm)



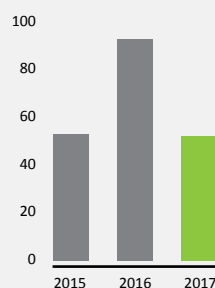
### INCREMENTAL PRICING BENEFITS TO MEMBERS

The JSE paid



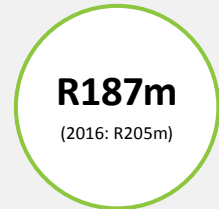
to equity members in price reductions and rebates

#### PRICING BENEFITS TO MEMBERS (Rm)



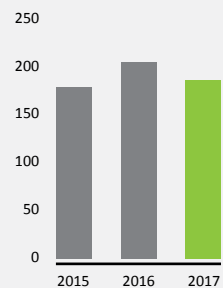
### CAPITAL INVESTED

The JSE retained



for the future growth and sustainability of its business

#### CAPITAL INVESTED (Rm)



### ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT

The JSE invested

**R14.0**

(2016: R6.0m)

in financial support provided to qualifying black stockbroking firms and supplier development

#### ENTERPRISE DEVELOPMENT AND SUPPLIER DEVELOPMENT (Rm)



### COMMUNITY INVESTMENT

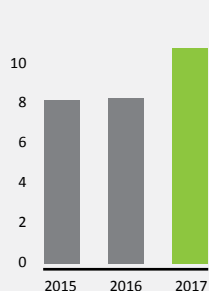
The JSE invested

**R10.8m**

(2016: R8.3m)

in the growth and sustainability of communities

#### COMMUNITY INVESTMENT (Rm)



### OTHER CASH EXPENSES

The JSE spent

**R682m**

(2016: R721m)

on operations and technology services

#### OPERATING EXPENSES (Rm)



### CONTRIBUTING TO SOUTH AFRICA

The JSE contributed

**R595m**

(2016: R590m)

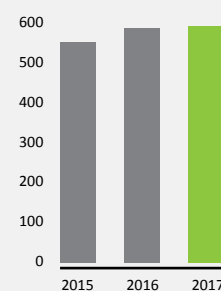
to the South African government in the form of taxes.

This amount was made up as follows:

Type of tax	2017	2016
Corporate taxes	<b>R316m</b>	R328m
PAYE taxes	<b>R182m</b>	R181m
Dividend taxes	<b>R97m</b>	R81m
<b>Total</b>	<b>R595m</b>	<b>R590m</b>

Income tax includes the effect of the deferred tax movement. Movement does not take into account VAT of R210m (2016: R227m)

#### GOVERNMENT TAXES (Rm)



Refer to the integrated annual report and annual financial statements for further information on our financial performance [http://www.jsereporting.co.za/ar2017/download\\_pdf/afs\\_2017.pdf](http://www.jsereporting.co.za/ar2017/download_pdf/afs_2017.pdf).

# OUR SYSTEMS AND INFRASTRUCTURE



## Nearly all of the JSE's business areas and outputs are technology dependent.

Implementing world-class technology and remaining at the cutting edge of advances in the industry are core to our business model.

### MANAGING OUR SYSTEMS AND INFRASTRUCTURE

Reliable technology and operational resilience is imperative. Leveraging the opportunity to enhance the JSE's services and processes through the innovative use of technology is a critical enabler to the JSE's sustainability. This is particularly important with the potential impact of competition from offshore exchanges, settlement and clearing venues, new local market entrants and non-traditional trading venues which may be technologically advanced and able to disrupt the way the market currently operates.

**MM** Refer to Material matters on page 6.

Ensuring these risks are managed and opportunities are leveraged requires financial investment into projects that address the reliability and complexity of legacy IT infrastructure, advance technology, enhance efficiency and ensure the integrity of information in an era of cybersecurity concerns. To meet client expectations, projects need to be managed in an agile way to be cost effective.

#### Performance objectives


- Progress Integrated Trading and Clearing Project (ITaC 1b and c) against project timelines and budget.
- Deliver electronic trading platform for government bonds (bond ETP) in line with project timelines and budget.
- Progress implementation of JSE-related changes to enable Strate's debt instrument solution (DIS).

### OUTCOMES

We need to provide all our markets with robust technology that can provide our clients with the functionality they need and can handle the growth we expect.

Key projects we have under way to meet our technology objectives include:

<b>Integrated Trading and Clearing (ITaC) Project</b>	<ul style="list-style-type: none"><li>• We continue with our multi-year ITaC Project initiative to migrate all trading and clearing on our derivatives markets to the technology used for our Equity Market. The ITaC Project is the most significant programme of work the JSE has undertaken in recent years.</li><li>• Our target is to go live with the equity and currencies derivatives products in the first half of 2018, subject to market readiness.</li><li>• In order to assist clients with implementation costs, we have allocated R11 million for member go-live cost assistance: R8 million for 2018 and R3 million for 2019.</li></ul>
<b>Electronic trading platform (ETP) for government bonds</b>	<ul style="list-style-type: none"><li>• The development of the ETP for government bonds in conjunction with the National Treasury continued to make good progress during 2017, with go-live planned for the first half of 2018.</li><li>• The ETP for government bonds will use Strate's debt instrument solution (DIS) to settle bond trades. Following the issues experienced with the DIS go-live, a number of business process issues will need to be resolved prior to adding another market. Plans are being made to resolve these.</li></ul>
<b>Strate's debt instrument solution (DIS)</b>	<ul style="list-style-type: none"><li>• Strate updated its debt instrument system and the project went live on 26 September 2017. The project introduced not only a new platform, but also a new settlement model. After the project went live, the market experienced some challenges. For further details go to the integrated annual report, the CEO's review available online at <a href="http://www.jsereporting.co.za/ar2017/download_pdf/ceo-review.pdf">http://www.jsereporting.co.za/ar2017/download_pdf/ceo-review.pdf</a>.</li></ul>

 For more information on our projects please refer to our integrated annual report available online at <http://www.jsereporting.co.za/ar2017>.

### FUTURE FOCUS

- Complete our recent large technology investments (particularly ITaC and our government bond ETP) to position our business for growth.
- Stabilise and properly address the operational weaknesses to raise the standard of our operating environment before adding further large innovations beyond those already on track.



# OUR ORGANISATIONAL KNOWLEDGE



**The JSE brand has stood the test of time and remains key to attracting and retaining clients, remaining competitive and growing the business. It relies on technology delivery and positive relations with our stakeholder community.**

We are technology-driven and operate in a highly specialised environment, so we place a premium on developing and retaining the right skills. Protecting the JSE's systems and intellectual property rights both in terms of know-how and in terms of products is essential.

## MANAGING OUR ORGANISATIONAL KNOWLEDGE

Intellectual resources include knowledge-based intangible assets such as our systems and processes, uniquely tailored IT systems, licenses (as an exchange and a clearing house), and including business and industry knowledge. Our operating procedures and protocols are in line with exchange rules and directives. We have developed market-specific systems and interfaces and are continually exploring new technologies to improve our service and offerings.

### Performance objectives

- Halve priority 1 incidents related to people and process failures.

## OUTCOMES

We have made progress in tracking critical client-facing vulnerabilities. However the occurrence of certain incidents indicates the need to address more fundamental issues. All organisations that operate complete IT systems experience significant operational challenges from time to time, and in that respect, we are no different.

With this in mind, we have taken the following steps:

- We have completed our internal incident review as well as an independent third party review of each of these incidents and are taking immediate action based on the insights we gained; and
- We have engaged with each of our clients one-on-one regarding the incident.



For further details please go to the integrated annual report, the CEO review online at [http://www.jsereporting.co.za/ar2017/download\\_pdf/ceo-review.pdf](http://www.jsereporting.co.za/ar2017/download_pdf/ceo-review.pdf).

## FUTURE FOCUS

- Complete ITaC project 1b and c
- Implement bond ETP
- Address ITaC critical project 1 spillover and progress planning of transition of at least interest rate spot and derivative products to ITaC
- IT infrastructure refresh and business-as-usual upgrades (including RTC and MIT)

# OUR PEOPLE



## The JSE operates in a highly specialised environment. We therefore need skills and expertise to enable us to operate, grow and innovate sustainably.

Connected and committed employees that embody the JSE values make the JSE a world-class, client-led, competitive organisation. Building and retaining world-class talent is part of the JSE’s strategy.

We value a workforce that is motivated and empowered. We engage with our employees to understand their needs and provide learning and development opportunities to set us apart in our evolving industry. This spans the spectrum from compulsory ongoing training such as EQ, introduction to financial markets, effective performance training and the like, to individualised learning opportunities that align with the individuals needs and personal development plans.

The JSE promotes a high-performance culture and this permeates throughout the Group. It supports professional growth and development and values diversity. The JSE treats every employee as an individual and creates a working environment that promotes openness and trust, respect and dignity for all.

### MANAGING OUR PEOPLE

The JSE is a highly specialised organisation requiring competent employees with specialist skills in technology, governance, risk and the trading of financial products. We work to attract, develop and retain top calibre human capital who are instrumental in the execution of our strategy and deliver a world-class market.

**MM** Refer to Material matters on page 6.

Engagement with our permanent employees, contractors and potential employees provides insights into their concerns and into what motivates them, from remuneration and benefits, to performance management, career advancement and skills enhancement, as well as equity and diversity, our wellness

programmes and an empowering culture. The tools in the integrated human resources framework optimise the JSEs ability to effectively attract, engage, develop and reward talent to create a high-performance culture.

Transformation remains a moral and strategic business imperative and is managed through employment equity and black economic empowerment. Transformation efforts are focused on areas that will broaden the talent pool and develop our employees.

#### Performance objectives

- Implement strategies to improve staff transformation and to drive culture and behaviour that improves clients’ experience.

### OUTCOMES

The JSE’s financial position made it necessary to take the difficult step of reducing staff members in 2017. We embarked on a retrenchment process in July 2017 and completed the process in five weeks.

We have subsequently launched an organisational renewal programme, helping the remaining staff to move beyond the s189A process and focus on the JSE’s 2022 strategy and the necessary culture to deliver our strategy.

We unveiled the JSE 2022 strategy where putting the clients at the centre of our strategy is the first of five foundational elements. The JSE has started hosting staff workshops to define the JSE way (culture) it wishes to embrace as it tackles the 2022 strategy.

<b>Staff complement and turnover</b>	The JSE reduced its headcount from 494 to 407, which is a headcount reduction of 17%. This incurred a one-off cost but enabled the JSE to achieve structural cost savings to set up the business for long-term sustainability.	<b>364</b> staff complement <b>24</b> staff learners <b>29.56%</b> staff turnover
<b>Building world-class talent</b>	The JSE spent approximately R5.3 million on the training and development of employees; this includes employees receiving JSE-sponsored education assistance towards various qualifications.	Skills and development spend <b>R5.3m</b>
<b>Employee wellness</b>	The JSE’s wellness initiatives seek to provide employees with the necessary psycho-social support in a variety of areas. These include wellness programmes focusing on financial wellness, legal advice, and HIV support. Programmes support employees in balanced work-life effectiveness, which supports high performance.	
<b>Health and safety</b>	The JSE has several services in place to enhance employee health and safety and to provide early warning signals in accordance with international standards for building infrastructure and safety.	No fines, accidents or other health and safety incidents reported

## TRANSFORMATION

When considering the JSE Group BEE Scheme for approval, the Board considered a number of factors such as the weak macro-economic climate in SA, coupled with an uncertain near-term economic outlook, the JSE's own financial performance and the significant degree of uncertainty regarding the ownership targets in the revised Financial Sector Code (RFSC) or any other such code. The Board therefore decided not to proceed with a possible transaction in the short to medium term. The need to broaden the JSE's own ownership remains an imperative and will be reconsidered now that the gazetting of the RFSC has been confirmed.

<b>Employment Equity Act</b>	Promotion of equal opportunity and fair treatment; prevention of unfair discrimination, and the implementation of affirmative action measures to redress disadvantages in employment.	<p><b>358</b> permanent and <b>6</b> fixed-term contract employees:  <b>67%</b> are African, Coloured or Indian (ACI) employees, of which 41.21% are African  <b>49.7%</b> are male and <b>50.3%</b> are female</p> <p>The average length of service across all categories is <b>eight years</b></p> <p>The average age of staff at the JSE is <b>39</b></p>
<b>Broad-based Black Economic Empowerment (BBBEE) Act</b>	Ensure that there is increased and fair participation of black people in the economy of South Africa.	
– <b>Management control</b>	The JSE promotes direct empowerment through the effective control of the Group by black people. This is achieved through the representation of black people at executive board level, executive level, and in core positions.	Scorecard <b>7.22</b>
– <b>Employment equity</b>	The JSE supports local employment and commits itself to becoming demographically representative in terms of race, gender and disability and redressing the inequities and imbalances of the past in keeping with the process of transformation in South Africa. In addition, the JSE sustains an employment equity policy that aims to eliminate and mitigate all forms of unfair discrimination including that based on religion and sexual orientation.	Scorecard <b>7.51</b>
– <b>Skills development</b>	<p>The JSE promotes a culture of learning among its employees and is committed to supporting the development of its employees to ensure that they have the requisite knowledge and skills to deliver against the business strategy.</p> <p>Training and development includes employees receiving JSE-sponsored education assistance towards various qualifications.</p>	<p>Scorecard <b>8.33</b></p> <p>Skills development spend <b>R5.3m.</b></p> <p><b>1 034</b> training days at an average of <b>1.2</b> days per employee trained</p>

## FUTURE FOCUS

- Staff engagement survey results to show:
  - improvement over 2015 survey; and
  - understanding of and commitment to JSE Way
- Launch the JSE Way, our values refresh and our leadership brand
- Retention plan for entire JSE accepted by GHRC; and all key knowledge insights in certain divisions documented and tested within the JSE

# OUR SOCIAL LICENCE AND RELATIONSHIPS



**As an integral part of the national economy, the JSE is committed to enabling meaningful change.**

We influence, regulate and interact with a broad range of stakeholder groups to contribute to our positioning as a South African organisation that, beyond its commercial focus, is making a meaningful contribution to South Africa and the growth of African capital markets.

## MANAGING OUR SOCIAL LICENCE AND RELATIONSHIPS

Our social licence reporting encompasses the Exchange's broader influence and responsibly, as well as our Group's stakeholder engagement, targets for transformation, and specific community projects.

### Performance objectives

Improve JSE relationships with key regulators; strengthen the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.

## OUTCOMES

Markets need to operate in a manner that responds constructively to our country's socio-economic pressures. We therefore need to use our core business strengths to influence and to contribute positively to the inclusive growth and transformation of our economy.

The JSE is committed to contributing meaningfully to transformation by ensuring that it transforms itself and also, where possible, contributes to this imperative through its role as a regulator of its listed companies.

In its quest to influence transformation in South Africa, the JSE has recently included a requirement for all companies listed on the Exchange to ensure racial and other (including gender) diversity at board level in its Listings Requirements. This means that companies must have a policy for the promotion of diversity at board level and they are further required to report annually to their shareholders on how they have applied that policy. They are required to:

- publish a gender representivity policy at board level;
- annually disclose their progress against their policy on BEE transformation, starting in 2018; and
- annually publish their BEE scorecard.

## OUR BROADER RESPONSIBILITY

**Participation in transformation is also driven in a number of other ways**

- The empowerment segment of the Main Board was launched in 2015. It enables issuers to monitor and retain BEE ownership status. It also enables black individual investors to trade their BEE shares;
- The National Treasury introduced a tax-free savings account in 2015. It attracts lower fees and taxes and was implemented to promote a savings culture in South Africa. The JSE currently has 78 437 of these accounts with R448 million in assets under management;
- The JSE Investment Challenge has been in existence for over 40 years. Its aim is to expose young people to capital markets. A pilot in collaboration with the Department of Basic Education (DBE) is currently under way, with a view to including it in the DBE's school curriculum; and
- The JSE Black Stockbroker Enterprise Development Programme continued to provide financial assistance to emerging black stockbroking firms to support them in the sustainable growth of their businesses. Through the programme, the JSE pays cash disbursements to black brokers quarterly. The disbursements equal 33% of the equity trading and membership fees the brokers pay to the JSE during each quarter. In 2017, 15 members participated in this programme out of a total of 62 equity trading members.

## COMMUNITY DEVELOPMENT

The JSE is committed to making a difference in the lives of South Africans by investing time, effort and money into various initiatives. The JSE also believes that this difference should be sustainable and should ensure that individuals benefit directly through positive and meaningful contributions.

### FOCUS AREAS

- National priority issues, such as poverty alleviation, job creation and youth and community development, as indicated by the National Development Plan and the revised Financial Sector Code, among other key policy and development papers or legislation.
- Strategically aligned causes (areas that relate to the JSE's business) to which the JSE is hence better suited to make meaningful contributions (such as enterprise development and financial literacy).

<b>Financial education</b>	<p><b>Schools and universities</b></p> <p>The JSE's educational initiatives are aimed at increasing understanding of the financial markets (particularly among high school learners and university students), encouraging investment among South Africans and growing the pool of potential employees in the financial markets. The JSE believes that this assists in growing the number of people who might become investors or businesses that might list.</p> <p>The JSE Investment Challenge is a focused and far-reaching educational programme aimed at introducing South African high school learners and university students to the world of finance. The challenge coaches learners in the fundamentals of investment strategy and encourages them to research and strategise around the trading of JSE-listed shares by managing a virtual portfolio of R1 million.</p>	<p>Spend: <b>R5.5m</b> (2016: R3.0m)</p> <table border="1"> <thead> <tr> <th>Beneficiaries</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Number of schools</td> <td>483 (100)*</td> <td>408 (120)*</td> </tr> <tr> <td>Number of learners</td> <td>15 381</td> <td>12 618</td> </tr> <tr> <td>Number of teams</td> <td>4 134</td> <td>3 363</td> </tr> <tr> <td>Number of universities</td> <td>57</td> <td>50</td> </tr> <tr> <td>Number of students</td> <td>3 198</td> <td>3 105</td> </tr> <tr> <td>Number of teams</td> <td>1 192</td> <td>1 110</td> </tr> </tbody> </table> <p>*Adopted schools</p>	Beneficiaries	2017	2016	Number of schools	483 (100)*	408 (120)*	Number of learners	15 381	12 618	Number of teams	4 134	3 363	Number of universities	57	50	Number of students	3 198	3 105	Number of teams	1 192	1 110
Beneficiaries	2017	2016																					
Number of schools	483 (100)*	408 (120)*																					
Number of learners	15 381	12 618																					
Number of teams	4 134	3 363																					
Number of universities	57	50																					
Number of students	3 198	3 105																					
Number of teams	1 192	1 110																					
<b>JSE Empowerment Fund (JEF) Trust</b>	<p><b>Education for students in the field of finance</b></p> <p>The JEF Trust provides academically deserving African students with the finance and support to acquire the appropriate qualifications and the opportunity to enter the financial services sector on completion of their university training.</p>	<p>Spend: <b>R14.1m</b> (2016: R3.2m)*</p> <p>Number of beneficiaries: <b>62</b> (2016: <b>61</b>)</p>																					
<b>Socio-economic development</b>	<p>The JSE is committed to making a difference in the lives of South Africans by investing time, effort and money in various initiatives to registered not-for-profit organisations. These focus on disadvantaged communities through education, healthcare and skills and development. The JSE also believes that this difference should be sustainable and should ensure that individuals benefit directly through positive and meaningful contributions.</p>	<p>Spend: <b>R5.2m</b> (2016: R5.1m)</p>																					
<b>Benevolent Fund</b>	<p>The Benevolent Fund, managed by the JSE, was set up by JSE stockbrokers and member firms to assist unemployed persons employed by the broking community and the JSE before November 1995 and who find themselves in dire financial circumstances because of their inability to find new employment.</p>	<p>Spend: <b>R14.9m</b> (2016: R9.3m)*</p>																					

\* Does not affect cash flow



## RETAIL MARKET DEVELOPMENT

The main objective for the retail development in 2017 was to grow the number of participants in investor education initiatives such as the online modules and the investment simulator, as well as the number of tax-free savings accounts.

<b>Online learning modules</b>	The online learning modules have added 4 901 more participants to the 3 000 participants we had in 2016. The participants on the investment simulator increased from 2 500 in 2016 to 8 861 participants in 2017. This has been achieved with minimal marketing spend to attract potential investors to these platforms.
<b>Tax-free savings accounts</b>	The number of tax-free savings accounts opened in the 2016/17 period increased by 14 928 with assets under management totalling R614m (source: Intellidex survey July 2017). The JSE's share on the total tax-free savings accounts is 11.9%, a significant share in a competitive category.
<b>Investor sessions</b>	The attendance of the investor sessions in Durban, Cape Town and Johannesburg remained stable, with an increase number of people joining the sessions online. We partnered with the brokers at various events and exhibitions, with more than 5 000 interactions recorded. The JSE also featured on TV, radio and print, making general information about investing on the JSE available to ordinary South Africans.


## TRANSFORMATION

Markets need to operate in a manner that responds constructively to our country's socio-economic pressures. We therefore need to use our core business strengths to influence and to contribute positively to the inclusive growth and transformation of our economy.

<b>Broad-based Black Economic Empowerment (BBBEE) Act</b>	Ensure that there is increased and fair participation of black people in the economy of South Africa.									
<b>Ownership</b>	<p>The JSE Board and management agreed to progress the discussion around the design and implementation of a broad-based ownership transaction that enhances the profile of the JSE's Empowerment, Board, meets the core RFSC ownership requirements and is affordable to the JSE and existing shareholders.</p> <p>We continue to work with key stakeholders to understand and develop the ownership make-up of the JSE Top 100 listed companies (Top 100). Central to the debate is the question of how much value (economic interest) the Top 100 have in the hands of black men and women.</p>	<p>Scorecard: <b>15.00</b></p>								
<b>Preferential procurement</b>	We have developed our procurement policy to take into account the current business dynamics. We continue to channel a portion of our total discretionary expenditure towards organisations that embrace the objectives of black economic empowerment.	<p>Scorecard: <b>19.92</b></p> <p>Spend: <b>R504m</b></p>								
<b>Enterprise development</b>	The JSE Black Stockbroker Enterprise Development Programme continued to provide financial assistance to emerging black stockbroking firms to support them in the sustainable growth of their businesses. Through the programme, the JSE pays cash grants to black brokers quarterly. The grants equal 33% of the equity trading and membership fees the brokers paid to the JSE during each quarter. In 2017, 15 members participated in this programme out of a total of 62 equity trading members.	<p>Scorecard: <b>7</b></p> <p>Spend: <b>R6.6m</b></p>								
<b>Socio-economic development</b>	<p>The JSE's corporate social investment (CSI) strategy focuses the JSE's activities into areas believed to be relevant to the country in which it operates as well as the business activities of the JSE. These activities are of broader benefit to society in a way in which the Group believes it is best able to make a meaningful contribution.</p> <table border="0"> <tr> <td>Afrika Tikkun</td> <td>R1 650 000</td> </tr> <tr> <td>BASA (Business Against Crime SA)</td> <td>R300 000</td> </tr> <tr> <td>NECT (National Education Collaboration Trust)</td> <td>R300 000</td> </tr> <tr> <td>Buffelshoek Trust this year</td> <td>R1 500 000</td> </tr> </table>	Afrika Tikkun	R1 650 000	BASA (Business Against Crime SA)	R300 000	NECT (National Education Collaboration Trust)	R300 000	Buffelshoek Trust this year	R1 500 000	<p>Scorecard: <b>3</b></p> <p>Spend: <b>R5.2m</b></p>
Afrika Tikkun	R1 650 000									
BASA (Business Against Crime SA)	R300 000									
NECT (National Education Collaboration Trust)	R300 000									
Buffelshoek Trust this year	R1 500 000									
<b>Consumer education</b>	<p>The JSE Investment Challenge is the JSE's flagship CSI initiative. It teaches high school learners and university students the fundamentals of investing on the stock exchange via a simulated platform that simultaneously provides financial education.</p> <p>A pilot collaboration with the Department of Basic Education (DBE) is currently under way with a view of including it in the DBE's school curriculum.</p>	<p>Scorecard: <b>5</b></p> <p>Spend: <b>R5.5m</b></p>								

## ENGAGING WITH OUR STAKEHOLDERS

The JSE operates in an environment in which a wide range of stakeholders is influenced or impacted by its regulatory, commercial and other activities. A number of stakeholders also impact on the Group's ability to meet its strategic objectives and operational priorities in a way that will create value for the organisation and its stakeholders. The JSE recognises that, to sustain the organisation, it is critical to understand and be responsive to the circumstances and needs of its stakeholders.

 An overview of our stakeholder engagement objectives, stakeholder groups and key concerns is provided on page 26 – 29.

## ADVISORY COMMITTEES

Through the JSE's advisory Committees, stakeholders are able to discuss and influence JSE activity, including trading on all markets, clearing and settlement, indices and Listings Requirements. The Committees consider and advise on principle and operational matters and, where appropriate, propose amendments to the JSE Rules, directives and Listings Requirements.

		Areas of engagement
<b>JSE Clear Advisory Committee</b>	<ul style="list-style-type: none"> <li>The JSE Clear Advisory Committee is an independent advisory forum featuring representation from the CCP's Clearing Members. It advises JSE Clear management on matters pertaining to the CCP and the derivatives markets it serves, typically of an operational nature.</li> </ul>	<ul style="list-style-type: none"> <li>Testing the viability of changes being proposed to the operations of the JSE's derivative markets, and to gauge market appetite for these.</li> </ul>
<b>The Africa Advisory Committee</b>	<ul style="list-style-type: none"> <li>Facilitates JSE access to other African market stakeholders and advises the JSE on new listing opportunities for the Main Board, AltX and the Interest Rate Market.</li> </ul>	<ul style="list-style-type: none"> <li>Provides opportunities for new listings for the JSE from the rest of the Africa. The JSE is committed to providing capital markets solutions for African companies and will continue to identify appropriate new opportunities for African companies to list on the JSE.</li> </ul>
<b>Agricultural Derivatives Advisory Committee</b>	<ul style="list-style-type: none"> <li>Advises on issues pertinent to the agricultural products traded on the commodity derivatives market.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged on increasing speculative position limits for maize and soybeans.</li> <li>Requested the FSB to consider mandatory publication of Commitment of Trader Report similar to that of the US Commodity Futures Trading Commission (CFTC), where market participants are classified as hedgers or speculators.</li> <li>Requested that the JSE revisit financial requirements for JSE-approved grain storage operators to mitigate risk of default.</li> </ul>



		Areas of engagement
<b>Bonds and Interest Rate Derivatives Committee</b>	<ul style="list-style-type: none"> <li>- Create and be responsible for the secondary market trading of a diverse set of products, across the Cash, Repo/Carry and Derivatives markets.</li> <li>- Canvass and converse with the members of the market about:               <ul style="list-style-type: none"> <li>• Amendments to trading and settlement rules</li> <li>• The development of new products</li> <li>• Fees and changes to the billing model</li> <li>• Subjects appropriate to the general evolution of the market.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Bond Index Futures: Change the settlement type on the Bond Index Futures from cash settlement to physically settlement. The Fixed Income Standing Committee of ASISA advised that they are opposed to this change.</li> <li>- Bond MTM: The formation of the new valuation Committee and the agreement on the principle of new MTM process for Primary Dealers bonds where the call down is to be replaced with an automated feed from Thomson Reuters and Bloomberg for contributions.</li> <li>- Proposed shortening of Equal and Opposite reporting window: JSE proposed to shorten the window for Equal and Opposites and that Equal and Opposites only be permitted on the day of trade to align with other JSE markets.</li> <li>- MIFID II – Equivalence: JSE called a special ad hoc advisory meeting to provide feedback from the JSE perspective relating to the next steps to take as well as getting a better understanding of any requirements that members might have.</li> <li>- ETP and DIS update: The Committee stressed that the progress of ETP should not be held up by any delays in DIS.</li> </ul>
<b>The Equity Derivatives Advisory Committee</b>	<ul style="list-style-type: none"> <li>- Engagement with Equity Derivative Market participants for an efficient, transparent Equity Derivative Market with true price discovery and best execution.</li> </ul>	<ul style="list-style-type: none"> <li>- SABOR rate added as a funding rate for CFD product.</li> <li>- Improved the process for Marked-to-Market (MTM) and Volatility to remove extremely stale pricing inputs.</li> <li>- Introduction of new JSE factor indices and property index suite.</li> <li>- General updates on the ongoing projects: ITaC, JSE Monthly Expiries and Market Making Scheme.</li> </ul>
<b>Equity Trading Advisory Committee</b>	<ul style="list-style-type: none"> <li>- Engage and advise on principle and operational matters relating to equity trading and market quality.</li> </ul>	<ul style="list-style-type: none"> <li>- Treatment and improvement of reporting on Non-Resident Statistics.</li> <li>- Proposal of the new Equity Risk Model.</li> <li>- Introduction of new JSE factor indices and property index suite.</li> <li>- Changes to Trade Types: Block Trade, Off-Order Book Principal Trade, Central Order Book Trade, Pegged Hidden Orders.</li> <li>- General updates on the ongoing projects: ITaC, Equity Risk Model, Market Quality and MIFID II.</li> <li>- Operational incidents that affected the Equities Market.</li> </ul>
<b>FTSE/JSE Advisory Committee</b>	<ul style="list-style-type: none"> <li>- Provide a forum for the index partners to interact with index users and other stakeholders with a view to enhancing the underlying methodologies of FTSE/JSE indices.</li> <li>- Discuss proposed changes to the Ground Rules for the FTSE/JSE Africa Index Series and make recommendations for changes</li> <li>- Provide guidance on the development and construction of new equity indices.</li> </ul>	<ul style="list-style-type: none"> <li>- Development and launch of new suite of property indices to replace the existing SAPY offering. New indices include a benchmark and a tradeable version, as well as an SA REIT index.</li> <li>- Development and launch of factor indices, providing a range of benchmarks for the local investor looking to measure specific risk premia in the equity market.</li> </ul>



		Areas of engagement
<b>JSE Fixed Income Index Series Committee</b>	<ul style="list-style-type: none"> <li>– Provide a forum for the JSE to interact with index users and other stakeholders with a view to enhancing the underlying methodologies of the JSE Fixed Income indices.</li> <li>– Discuss changes to the index rules for JSE Fixed Income Index Series and make recommendations for changes.</li> <li>– Provide guidance on the development and construction of new bond indices.</li> </ul>	<ul style="list-style-type: none"> <li>– Working toward the expansion of a JFTSE/JSE partnership to include bonds.</li> </ul>
<b>Issuer Regulation Advisory Committee</b>	<ul style="list-style-type: none"> <li>– Consider and advise on proposed amendments to the JSE Listings Requirements, and consider objections and appeals in relation to the Listings Requirements.</li> </ul>	<ul style="list-style-type: none"> <li>– Engaged on the amendments to the Debt Listings Requirements and amendments to the JSE Listings Requirements for equities.</li> </ul>
<b>Solid Mineral and Oil and Gas Advisory Committee</b>	<ul style="list-style-type: none"> <li>– Advise the JSE on CPR compliance with SAMREC, SAMVAL and SAMOG codes prior to publication.</li> </ul>	<ul style="list-style-type: none"> <li>– Annual proactive monitoring of CPRs: 12 Mineral Reserves and Resources Reports reviewed.</li> <li>– CPR compliance reviewed prior to inclusion in circulars: 8 CPRs.</li> </ul>
<b>AltX Advisory Committee</b>	<ul style="list-style-type: none"> <li>– Engage with prospective AltX companies to consider their business plans and to recommend to the Issuer Regulation division the suitability for such a listing on AltX.</li> </ul>	<ul style="list-style-type: none"> <li>– Submitted business plans for purposes of suitability for listing on AltX.</li> </ul>

# Stakeholder engagement



AT THE CENTRE OF  
WHAT WE DO

## STRATEGIC IMPORTANCE

### Why do we engage

- Raising awareness about and understanding of JSE markets and products, regulatory requirements and general market conditions
- Ensuring that we understand their needs and can respond
- To address critical client-facing vulnerabilities in the core services offered by the JSE

### Our interdependency

Who are they	ISSUERS	TRADING MEMBERS AND CLEARING MEMBERS	SPONSORS AND DESIGNATED ADVISORS	INVESTOR COMMUNITY
What we provide	A trusted platform to raise finance for growth, risk management and value creation	A trusted platform for financial transactions that can spur economic growth and wealth creation	An efficient and well-regulated listing facility	A trusted and well-regulated financial market infrastructure with access to investment products, greater financial literacy and opportunities for wealth creation
What they provide	Bringing companies and products to market for listing, providing disclosure to enhance transparency	Trading activity that supports market liquidity, risk management, clearing and settlement	Helping listed companies comply with Listings Requirements; enabling constructive interface with issuers	Finance to enable investment into/trading of issued products, supporting market activity and liquidity

### What is most material?

- Client service
- Cost efficiency
- Robust and reliable systems and infrastructure
- Enabling regulation that is clear, balanced and effective and supports flexibility in transaction structures and disclosure requirements
- Quality product range suitable to client needs
- Understanding how the market works and what companies do
- Benchmarking

See material matters:



### What did we engage about in 2017?

- The occurrence and root causes of major incidents, as well as plans to improve operational resilience
- Tiered billing model, pricing and functionality to ensure compelling proposition
- Implementation of a new range of products and services in relation to indices, trading business and company services
- New trade types to meet client needs on reported trades
- The green bond segment
- iTaC and ETP projects – progress, client readiness, costs and business models
- Building trust in bond ecosystem and JSE itself
- Equity CCP

For more see:

Corporate scorecard, CEO's review, CFO's review and Value creation report

### Looking forward to 2018

See Corporate scorecard objectives for 2018 and CEO's review



**BUILD AND RETAIN WORLD-CLASS TALENT**

- Driving strategy towards competitiveness and client centricity
- Establishing a culture and behaviours that embody the JSE values
- To enable transformation and skills development that will ensure retention and motivation
- Positioning the JSE as employer of choice for current and potential employees

**PERMANENT EMPLOYEES, CONTRACTORS AND POTENTIAL EMPLOYEES**

- Opportunities for value creation through skills enhancement, wages and incentives; contribution to diversity of workplace

- Human capital in the form of skills and expertise to enable sustainable business operation, growth and innovation

- Remuneration and benefits
  - Performance management, career advancement and skills enhancement
  - Equity and diversity
  - Wellness programmes
  - Empowering culture
- See material matters:
- 

- Embarked on a retrenchment process that required significant employee engagement
  - Unveiled the JSE's 2022 strategy – Co-developed the JSE Way through JSE-wide workshops
  - Significant progress on transformation
- For more see:  
Corporate scorecard, CEO's review and Value creation report



**SUSTAINABLE GROWTH ACROSS THE VALUE CHAIN**

- To manage expectations and create fair valuation of the JSE Ltd stock
- To provide feedback on JSE Ltd financial performance and prospects for value creation in the short, medium and long term
- To position JSE's changing competitive landscape and response
- To provide context for benchmarking

**OWNERS AND POTENTIAL OWNERS OF JSE LTD SHARES, ANALYSTS OF JSE LTD**

- Opportunities for long-term wealth creation

- Financial capital to operate the business and support growth and innovation

- Financial performance and long-term sustainability
  - Strategic positioning and competitive response
  - Benchmarking
  - Dividend policy and share schemes
  - Impact of changing regulation
- See material matters:
- 

- Financial performance and growth prospects
  - Progress on cost containment initiatives
  - Strategic direction, competitive landscape and response
- For more see:  
Corporate scorecard and Transformation

See Corporate scorecard objectives for 2018 and CEO's review



**OPERATE, TO GLOBAL STANDARDS, SOUTH AFRICA'S MOST TRUSTED, STABLE, ROBUST AND COMPETITIVE MARKET INFRASTRUCTURE**



**LEAD BY EXAMPLE ON THE NATIONAL AGENDA**

**STRATEGIC IMPORTANCE**

**Why do we engage**

- Mutual interest in impact of anticipated changes to regulatory environment
- Enabling fair competition and effective self-regulation
- Ensuring policy certainty for an attractive investment environment
- Alignment with global standards

- To enable engagement between investors, government and corporate leaders to enable collaboration and achieve common understanding on issues of national importance
- Alignment with global standards

**Our interdependency**

**Who are they**

**FSB; SARB; NATIONAL TREASURY; RELEVANT GOVERNMENT DEPARTMENTS**

**BUSINESS LEADERS, GOVERNMENT, ACADEMIC INSTITUTIONS, INDUSTRY BODIES, CIVIL SOCIETY, POLITICAL ORGANISATIONS, RATINGS AGENCIES**

**What we provide**

- Well-regulated, efficient and trusted self-regulatory capital market facility
- Transparency and disclosure

- Enabling engagement and creating collaborative opportunities on concerns of economic significance

**What they provide**

- Enabling policy, legislation, regulation and operating licence

- Enabling a response to issues of national and international economic significance

**What is most material?**

- Market structure and product considerations
- Market conduct
- Exchange control and tax matters

See material matters:



- Demonstrate a visible commitment to transformation throughout the JSE

See material matters:



**What did we engage about in 2017?**

- Migrating JSE Clear from an associated to an independent clearing house
- Ongoing regulatory requirements
- Development of new regulatory structure and framework
- Progress on electronic trading platform for government bonds and Strate debt instrument solution
- New exchange licence applications

For more see:

CEO's review; Corporate scorecard and Value creation report

- Training of South African ambassadors
- Perceptions of JSE as destination for disaffected parties to demonstrate against corporate South Africa
- Role of the JSE in transformation
- Submission on transformation of the financial sector
- Represent business in terms of SA Inc engagements with investors overseas
- On BSLA board to work with other CEO's to raise the significance and content of business voice on issues critical to national agenda
- Ratings agency meetings with business
- World Federation of Exchanges (WFE), Committee of SADC Stock Exchanges (CoSse) and the African Stock Exchanges Association (ASEA) engagements

For more see:

Corporate scorecard, CEO's review and Value creation report

**Looking forward to 2018**



See Corporate scorecard objectives for 2018 and CEO's review



**OPERATE, TO GLOBAL STANDARDS, SOUTH AFRICA'S MOST TRUSTED, STABLE, ROBUST AND COMPETITIVE MARKET INFRASTRUCTURE**



**SUSTAINABLE GROWTH ACROSS THE VALUE CHAIN**

<ul style="list-style-type: none"> <li>Supporting operational robustness, stability and sustainability</li> <li>Enabling cost-efficiency</li> <li>Supporting transformation objectives</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness about and understanding of JSE markets and products</li> <li>Enabling community development and upliftment</li> </ul>
<p><b>PROVIDERS OF SERVICES AND SOLUTIONS ACROSS TECHNOLOGY, BUSINESS AND OPERATIONAL AREAS</b></p>	<p><b>BENEFICIARIES OF CSI INITIATIVES; BROADER PUBLIC</b></p>
<ul style="list-style-type: none"> <li>Opportunity for application of services offered, business growth and wealth creation</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities to enhance financial literacy and wealth creation</li> <li>Access to financial markets</li> </ul>
<ul style="list-style-type: none"> <li>Supporting cost-effective, efficient, agile and resilient operations</li> </ul>	<ul style="list-style-type: none"> <li>Social licence to operate, potential clients</li> </ul>
<ul style="list-style-type: none"> <li>Procurement policies</li> <li>Cost</li> <li>Timely payment and fair terms</li> <li>Transformation</li> <li>Reliability</li> </ul> <p>See material matters:</p>  	<ul style="list-style-type: none"> <li>Investment education opportunities such as the Investment Challenge and JEF</li> <li>Understanding how the market works and what companies do</li> <li>Donations and sponsorships</li> </ul> <p>See material matters:</p> 
<ul style="list-style-type: none"> <li>Suitability of products and services for JSE and client needs</li> <li>Cost containment</li> <li>Business requirements                     <ul style="list-style-type: none"> <li>Technology testing and user readiness</li> <li>Refining business processes</li> <li>Infrastructure refresh and BAU upgrades</li> </ul> </li> <li>Various contractual matters</li> <li>Understanding requirements for potential supplier development</li> </ul> <p>For more see: Corporate scorecard, CEO's review and Value creation report</p>	<ul style="list-style-type: none"> <li>Investment Challenge participation, process and awards</li> <li>Bursaries</li> <li>Donations and sponsorships</li> <li>Educational initiatives</li> </ul> <p>For more see: Value creation report</p>

See Corporate scorecard objectives for 2018 and CEO's review

# OUR ENVIRONMENT



**Despite having a low impact on the natural environment, a stable supply of electricity (from the main grid or backup generators) is critical to support the JSE's systems and other operations.**

We try to be efficient in our water and electricity consumption, but we may have a moderately negative impact on the natural environment because we have to ensure continuity in our systems to enable us to deliver our outputs to the benefit of our stakeholder community.

The JSE is also active in promoting green projects.

## MANAGING OUR ENVIRONMENT

The JSE is aware of its interdependence with the natural environment. While its typical activities are unlikely to have a significant direct impact on the environment, the Group takes responsibility for its impacts by better managing its direct environmental impacts such as its consumption of limited resources and its production of waste. The JSE also takes cognisance of the threat that global warming and climate change poses and humanity's shared responsibility to manage its carbon footprint.

Senior responsibility for management of the JSE's carbon footprint resides with the Group Company Secretary, who reports to the CEO. The carbon footprint is calculated by self-assessment for the JSE's business operations located in Sandton, including all its employees.

- The most material contribution to the JSE's carbon footprint continues to be its Scope 2 emissions, as is expected, considering its business activities and low impact classification.
- Only business air travel was reported for Scope 3 emissions.

A baseline assessment of its carbon footprint was conducted in 2010, using an external service provider. The JSE's environmental policy can be found at <https://www.jse.co.za/about/sustainability>. In 2018, we plan to install water and energy meters to better monitor our water usage in these areas. That is a step towards setting targets for the reduction of consumption in the longer term. We are cognisant of the pending carbon tax in South Africa, which is scheduled to be implemented in January 2018. Although the JSE will not be directly affected due to its low emissions profile we note the expected tax level of R120 per tonne of CO<sub>2</sub> as set out by the National Treasury.

## OUTCOMES

### Our contribution towards saving energy

<b>IT related</b>	<ul style="list-style-type: none"> <li>• Virtualisation of servers resulted in reduced infrastructure costs and decreased the associated cooling costs.</li> <li>• Temperatures in the production environment are at 21°C. In consequence, less water and less energy are used to cool the sites.</li> </ul>	
<b>Building and maintenance</b>	<ul style="list-style-type: none"> <li>• The design of the JSE building facilitates the use of natural light to illuminate the front portion of the building and the ground floor as well as offices elsewhere.</li> <li>• A proactive energy management system has sensors that detect a person's movement and automatically switch on the lighting necessary for the immediate area. When there is no motion in an area for 10 minutes, the lights switch off. This also operates in the underground parking.</li> <li>• Low-power lamps (36 watt) are used and external spotlights and floodlights located around the building are switched off after a certain time at night.</li> <li>• Light fittings on the recently renovated floors are fitted with low brightness louvre LED fittings made from 100% recyclable materials that emit 40% less CO<sub>2</sub>.</li> <li>• The air-conditioning units are on a timer switch. They switch off at night and during weekends and public holidays. Regular and ongoing maintenance is carried out on these units.</li> </ul>	<p><b>-1%</b> 9 562 tonnes from 9 678 tonnes</p> <p><b>Electricity consumption</b> <b>-3%</b> 8 385 MWh from 8 621 MWh</p>

## OUR CONTRIBUTION TOWARDS SAVING WATER

The following interventions help reduce water consumption by JSE employees and guests:

- All taps in bathrooms are fitted with water flares that aerate the water
- Car wash facilities have been closed
- Toilets are fitted with two flushing devices, a half-flush and a full flush.

**Water consumption**

**- 22.9%**

7 640 kl from 9 912 kl

### Green Bond segment launched to fund low carbon projects

The JSE's green bond segment provides a platform for companies and other institutions to raise funds ring-fenced for low-carbon initiatives and for investors to invest SRI funds in securities that are truly green. The green bonds segment provides companies with an effective tool for raising capital for investments into sustainable projects they previously would have had to fund internally.

## ASSESSMENT

The JSE's Scope 2 indirect emissions contribute approximately 88% towards its total carbon footprint.

Carbon footprint summary		Consumption							
		2017	tCO <sub>2</sub> e	2016	tCO <sub>2</sub> e	2015	tCO <sub>2</sub> e	2014	tCO <sub>2</sub> e
<b>Scope 1</b>	Direct emissions (litres of petrol/diesel used)	8 973	23.5 <sup>1</sup>	9 367	24.3	29 957	78.4	10 611	27.4
<b>Scope 2</b>	Electricity used (kWh)	8 385 241	8 385	8 621 024	8 621	9 272 103	9 272	8 766 653	8 767
<b>Scope 3</b>	Air travel* (kms travelled)	1 608 888	1 153	3 081 891	1 033	3 673 903	1 073	2 679 767	887
			9 562		9 678		10 424		9 681

\* The JSE's Scope 3 business air travel contributes approximately 10% to its carbon footprint. In 2017, air travel in/decreased by 12%. Also note that private travel and other business travel by employees have not been analysed owing to cost constraints.

<sup>1</sup> Typographical error corrected.

Other factors	2017	2016	2015	2014
Energy spend (R)	<b>R7 469 256</b>	7 233 844	7 309 774	6 214 069
Energy consumed (kWh)	<b>8 385 241</b>	8 621	9 272	8 767
Number of employees	<b>387</b>	483	506	485
Floor space (m)	<b>16 603</b>	16 603	17 226	17 226
Revenue (R'm)	<b>2 281</b>	2 385	2 133	1 778
Energy spend as % of turnover	<b>0.32</b>	0.3	0.34	0.35

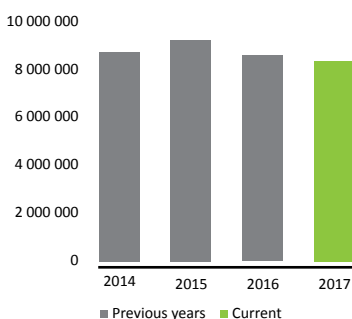
  

Intensity factors (per unit tCO <sub>2</sub> e)	2017	2016	2015	2014
Per unit of total revenue	<b>0.0000041</b>	0.0000041	0.0000041	0.0000041
Per unit of full-time employee	<b>25</b>	20	20	20
Per square metre of office space	<b>0.58</b>	0.58	0.58	0.58

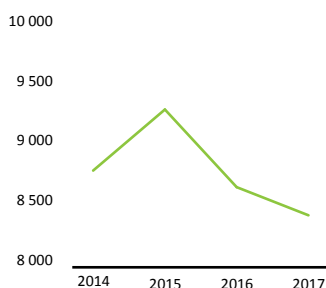
The sustainability strategy and framework are under review to take into account the latest developments.

During the year under review, no contraventions occurred and no fines were levied.

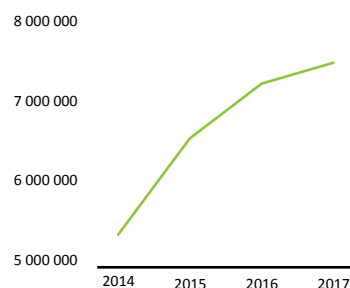
**ENERGY CONSUMED**  
(MWh)



**tCO<sub>2</sub>**



**ENERGY SPEND**  
(Rm)



# GOVERNANCE SUPPORTING VALUE CREATION

## Regulations and global initiatives

- Companies Act, 71 of 2008
- JSE's memorandum of incorporation
- JSE Listings Requirements
- King Code on Corporate Governance for South Africa, 2016 (King IV);
- Anti-corruption legislation
- UNGC principle 10
- OECD recommendation 8
- IFRC framework
- FTSE/JSE Responsible investment Index criteria
- CDP assessment framework

Full governance reporting is available in our *Governance report* [http://www.jsereporting.co.za/ar2017/download\\_pdf/governance-2017.pdf](http://www.jsereporting.co.za/ar2017/download_pdf/governance-2017.pdf)

The Board continues to discharge its fiduciary duties, acting in good faith, with due diligence and care, and in the best interests of the JSE and all its stakeholders.

It does this within the context of the Companies Act, 71 of 2008, the JSE's memorandum of incorporation, the JSE Listings Requirements and the principles set out in the King IV Report on Corporate Governance for South Africa 2016 (King IV).

## ETHICS AND ANTI-CORRUPTION

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

### Culture of ethics

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



# APPENDICES

## APPENDIX 1: UNITED NATIONS GLOBAL COMPACT

As a signatory to the UNGC, the JSE supports the UNGC's 10 principles. Our strategy, policies and processes are informed by the 10 principles and our value system supports the culture of integrity the 10 principles promote. The Group Social and Ethics Committee receives progress reports on our levels of compliance with these principles.

The table below provides an overview of compliance to each principle.

JSE Response	JSE compliance
<b>Human rights</b>	
<p>Principle 1: Support and respect the protection of internationally proclaimed human rights</p> <ul style="list-style-type: none"> <li>The JSE subscribes to the ambit and spirit of South Africa's Constitution, including the Bill of Rights, which enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom</li> <li>The JSE HR policies and procedures exceed the requirements of national labour legislation including pending minimum wage legislation. Our internal policies include provisions that management will exercise care and concern over staff work-life balance, and will therefore discourage excessive overtime work. In this regard, the statutory maximum of 40 hours per month will apply, with any hours in excess of this being permitted only for those employees whose hours of work are not regulated by BCEA and in this event only in exceptional circumstances and where authorised. All company policies are communicated in English, which is the JSE's accepted language of business, and are freely available to all JSE employees on the JSE Intranet</li> <li>The JSE has long been a champion supporting and advancing responsible business and investment among our clients, and is recognised and highly regarded as such locally and globally, as is evidenced by the following: <ul style="list-style-type: none"> <li>The FTSE/JSE Responsible Investment Index Series uses the FTSE Russell environmental, social and governance (ESG) ratings, which specifically include human rights as a theme</li> <li>The JSE is a signatory to the United Nations-backed Principles for Responsible Investment (a global investor initiative that encourages consideration of the environment, society and governance in investment decisions)</li> <li>The JSE is a founding partner of the Sustainable Stock Exchanges Initiative</li> <li>The JSE is a member of the WFE Sustainability Working group</li> </ul> </li> <li>The JSE is committed to investing in the community in a way that is linked to the business's strategy and which will have a positive impact on society.</li> </ul>	Applied
<p>Principle 2: Ensure that the group is not complicit in human rights abuses</p> <ul style="list-style-type: none"> <li>JSE provides a safe environment for its employees, tenants, clients and visitors</li> <li>The Group does not tolerate any form of sexual or other harassment in the workplace</li> <li>The JSE's HR policies protect the human rights of workers in its employment</li> <li>The JSE strives to advance the spirit and comply in principle with all materially applicable national legislation</li> </ul>	
<b>Labour</b>	
<p>Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <ul style="list-style-type: none"> <li>The JSE supports collective bargaining and its principles as promulgated in the South African labour legislation, although the company does not have any recognised trade union and therefore operates in a non-unionised environment. However, it continues to promote good employee relations through detailed guidelines, policies and engagement</li> <li>There is no limitation on joining unions and there have been no strike days and no associated financial cost</li> </ul>	N/A
<p>Principle 4: Elimination of all forms of forced and compulsory labour</p> <ul style="list-style-type: none"> <li>The South African Constitution and labour legislation do not permit forced and compulsory labour. The JSE employment/HR policies and practices comply</li> <li>The JSE has not violated any labour laws</li> </ul>	Applied
<p>Principle 5: Effective abolition of child labour</p> <ul style="list-style-type: none"> <li>South African labour legislation does not permit the use of child labour, save for a few instances. The JSE employment/HR policies and practices do not permit the use of child labour</li> <li>The JSE recognises children's rights, including but not limited to those as enshrined in section 28 of the South African Constitution</li> </ul>	Applied

	JSE Response	JSE compliance
Principle 6: Elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> <li>As a consequence of past discriminatory laws in South Africa, there are many inequities in employment, which need to be addressed in order to achieve employment equity. The JSE's HR policy on employment equity aims to eradicate all forms of unfair discrimination, and create opportunities for all employees, with special emphasis on previously disadvantaged employees, through specific employment equity programmes, including affirmative action, performance management, learning and development plans, promotions and career planning</li> <li>The JSE believes that effective diversity management will result in more innovative solutions to problems, greater opportunities and service excellence</li> <li>The JSE has changed its Listings Requirements with effect from 9 November 2015 to state that the board of a listed company must have a policy on the promotion of gender diversity at board level and that this must be confirmed in its annual report</li> </ul>	Applied
<b>Environment</b>		
Principle 7: Support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>The JSE remains aware of its interdependence with the natural environment and, particularly at a time of growing concern about the environmental impact of non-sustainable social and business practices, of the need to play a role in nurturing its ecosystem</li> </ul>	Applied
Principle 8: Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> <li>The JSE is involved in a number of significant initiatives and developments. Through adoption of the FTSE Russell 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</li> <li>The JSE qualified for inclusion in both indices</li> <li>The JSE annually participates in the CDP process (formerly called the Carbon Disclosure Project)</li> </ul>	Applied
Principle 9: Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> <li>Refer to UNGC principle 8 above and detail elsewhere in this report.</li> <li>Compliant with the Occupational Health and Safety (OHS) Act 85, of 1993, and regulations. Regular OHS reviews are conducted and issues addressed</li> </ul>	Applied
<b>Anti-corruption</b>		
Principle 10: Work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>The JSE's code of conduct details the principles, standards and transgressions with regard to harassment, bribery and corruption</li> <li>The JSE's code of ethics lays down zero tolerance principles regarding unethical behaviour</li> <li>A whistle-blowing/JSE ethics hotline, where any stakeholder or member of the public can report any transgression confidentially and anonymously, is in place and its use is detailed in the code of ethics. No events were reported through the whistle-blowing hotline during the year under review</li> <li>The JSE's Market Regulation division reports suspicious trade activity in the market to the FSB for follow-up and further action</li> <li>The JSE also supports anti-crime sponsorships and other related initiatives, which sensitises JSE employees to wider challenges and their repercussions</li> </ul>	Applied

## APPENDIX 2: TRANSFORMATION DATA

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

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

## SUMMARY SCORECARD

Period from 1 January 2017 to 31 December 2017. Validity till end 2018.

Scorecard element	Verified score	
	2017	2016
Ownership	15.00	8.85
Management control	7.22	8.54
Employment equity	7.51	9.72
Skills development	8.33	7.62
Preferential procurement	19.92	16.00
Enterprise supplier development	12.00	15.00
Socio-economic development	3.00	3.00
Consumer education	5.00	2.00
<b>TOTAL</b>	<b>77.98</b>	<b>70.73</b>

## HISTORICAL PERFORMANCE OF JSE LIMITED UNDER THE VARIOUS CODES AND CHARTERS

Code/Charter	Year	Performance
Financial sector charter	2006	A rated 125%
	2007	A rated 125%
	2008	A rated 125%
2007 dti generic codes	2009	Level 6 60%
	2010	Level 5 80%
	2011	Level 5 80%
2012 FSC	2012	Level 4 120%
	2013	Level 3 125%
	2014	Level 3 125%
	2015	Level 3 125%
	2016	Level 2 150%
Revised FSC	2017	Level 4 100%

Since 2010, the JSE has been verified as a value-adding supplier. As a result, the final enhanced procurement recognition percentage is calculated by uplifting each of the percentages shown in the table above by a factor of 1.2.

