

## **TERMS OF REFERENCE**

### **GROUP HUMAN RESOURCES COMMITTEE**

#### **1. Introduction**

- 1.1 The Group Human Resources Committee (the “Committee”) is constituted as a standing committee of the Board of JSE Limited (“JSE”). The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board.
- 1.2 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.3 These terms of reference are subject to the provisions of the Companies Act, the JSE Memorandum of Incorporation, and any other applicable law or regulatory provision.

#### **2. Purpose of the terms of reference**

- 2.1 The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

#### **3. Composition**

- 3.1 The Committee shall comprise at least three non-executive directors of the JSE, a majority of whom must be independent non-executives, who are appointed by the Board on the recommendation of the JSE Group Nominations Committee.
- 3.2 No JSE executive, member of management or staff shall be a member of the Committee.
- 3.3 The Chairman of the Committee –
  - must be an independent non-executive director of the JSE,
  - may not be the Chairman of the Board; and
  - shall be appointed by the Board on the recommendation of the JSE Group Nominations Committee.
- 3.4 All members of the Committee must be suitably skilled and experienced directors.
- 3.5 The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties.
- 3.6 The Committee members must remain current with developments in the field of remuneration.

#### **4. Role**

- 4.1 The Committee has an independent, oversight role with responsibility for all strategic human resource issues facing the JSE, and in particular the governance of remuneration for directors, executives and staff, and for ensuring accurate, complete and transparent disclosure of remuneration paid by the JSE.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

#### **5. Mandate**

The Committee must perform all the functions necessary to fulfil its role as set out in these terms of reference, including but not limited to the following –

##### **5.1 Remuneration matters**

- 5.1.1 Oversee the determination and administration of remuneration at all levels within the JSE.
- 5.1.2 Determine a remuneration philosophy and policy that will promote the achievement of the JSE's strategic objectives and encourage individual performance.
- 5.1.3 Ensure that the remuneration policy is put to a non-binding advisory vote at each annual general meeting of shareholders.
- 5.1.4 Review the outcomes flowing from the implementation of the JSE's remuneration policy to determine whether the policy objectives are being achieved.
- 5.1.5 Ensure that the mix of fixed and variable pay, in cash, shares and other elements, is congruent with the JSE's strategy and business objectives.
- 5.1.6 Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives.
- 5.1.7 Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- 5.1.8 Evaluate annually the JSE's corporate performance and that of executive management and determine the nature and extent of the short-term incentives to be awarded in respect of this performance.
- 5.1.9 Select appropriate comparator peer groups for comparing –
- Base remuneration levels
  - Award levels for short and long-term incentive grants

- Performance against pre-set metrics, such as Total Shareholder Return
- Non-executive director emoluments

5.1.10 Regularly review incentive schemes to ensure continued alignment with shareholder interests, and that these schemes are administered in terms of the relevant scheme rules.

5.1.11 Consider the appropriateness of early vesting of share-based schemes at the end of employment.

5.1.12 Advise on the remuneration of non-executive directors.

5.1.13 Monitor the authority of executive management to incur company expenses, including expenditure in respect of both entertainment and travel.

5.1.14 Oversee the preparation and publication of the JSE's remuneration report, to be included in the integrated annual report, to determine whether it –

- is accurate, complete and transparent;
- provides a clear explanation of how the remuneration policy has been implemented; and
- provides sufficient information for shareholders to adopt all relevant shareholder resolutions, including but not limited to those relating to the non-binding vote on remuneration policy, the approval of financial assistance for the acquisition of shares, and the approval of non-executive director emoluments.

## **5.2 Other matters**

The Committee shall –

5.2.1 Draw matters within its mandate to the attention of the Board as the occasion requires.

5.2.2 Report to shareholders at each JSE annual general meeting on the matters within its mandate, and the Chairman of the Committee shall attend the annual general meeting to answer any questions from shareholders in relation to the Committee's mandate.

5.2.3 Perform any additional duties, delegated by the Board from time to time.

## **6. Authority**

6.1 The Committee acts in accordance with the delegated authority of the Board as recorded in this terms of reference. It has power to investigate any activity within the scope of its terms of reference.

- 6.2 The Committee, in fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or Group Company Secretary to provide it with information.
- 6.3 The Committee has reasonable access to the JSE's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.4 The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committee, and to one or more members of the executive to perform certain tasks on its behalf.
- 6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the JSE's cost, subject to compliance with JSE policies.
- 6.6 The Committee makes recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.
- 6.7 The Chairman of the Committee must be present at all annual general meetings.

## **7. Meeting Procedures**

### **7.1 Frequency**

- 7.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of three meetings per year.
- 7.1.2 Meetings in addition to those scheduled may, with the approval of the Chairman, be held at the request of the Chief Executive Officer, the Director: Human Resources, the Director: Governance & Assurance or at the instance of the Board.
- 7.1.3 The Chairman of the Committee may meet with the Chief Executive Officer, the Director: Human Resources, the Director: Governance & Assurance and/or Group Company Secretary prior to the Committee meeting to discuss important issues and agree on the agenda.

### **7.2 Attendance**

- 7.2.1 The Chief Executive Officer, the Director: Human Resources, the Director: Governance & Assurance, other relevant executives and senior management, and professional advisors may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 7.2.2 Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad-hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Group Company Secretary.
- 7.2.3 The Group Company Secretary is the secretary to this Committee.

- 7.2.4 If the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairman for that meeting.

**7.3 Agenda and Minutes**

- 7.3.1 The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in these terms of reference: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three year period. The number, timing and length of meetings and the agenda are to be determined in accordance with the annual plan.
- 7.3.2 A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Board and other invitees.
- 7.3.3 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.3.4 The minutes must be completed as soon as possible after the meeting and circulated to the Chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

**7.4 Quorum**

- 7.4.1 A representative quorum for meetings is a majority of members present.
- 7.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

**7.5 Evaluation**

- 7.5.1 The Board must perform an evaluation of the effectiveness of the Committee every year.

**8. Approval of Terms of Reference**

- 8.1 These updated terms of reference were adopted in 2017 and are next due for review by the Committee in 2018.