

Remuneration

Philosophy

- Aims to promote a culture that supports innovation, enterprise and the execution of company strategy
- Aligns the interests of staff with attaining profitable (and sustainable) long-term growth for the benefit of all stakeholders
- Inherent in the philosophy is the linkage between pay and short- and long-term performance (both at an individual and at a corporate level)
- Transparent and understandable
- Translates into a model that comprises three core elements: fixed pay, annual incentives and long-term incentives

Shareholders

- Vote annually on the JSE's remuneration policy by way of a non-binding resolution
- Vote annually on the implementation of the JSE's remuneration policies and practices by way of a non-binding resolution (as from 2017)
- Vote every second year on non-executive directors' fees by way of special resolution
- At the AGM held in May 2016, 99.5% and 99.6% of votes cast were in favour of the JSE's remuneration policies and non-executive directors' fees respectively
- Shareholders are encouraged to engage with the JSE and provide feedback by interacting with the CEO, CFO and the Investor Relations team through the various available channels

REMUNERATION HIGHLIGHTS

Major responsibilities discharged by the Group HR Committee in 2016 included

- Reviewed and approved the proposed corporate and CEO scorecards for 2016.
- Assessed corporate and CEO performance for 2016 against the approved corporate and CEO scorecards and determined the overall quantum of the discretionary reward pool.
- Approved the individual remuneration for JSE executive directors and members of executive management, based on input from the JSE's independent remuneration advisors, PwC.
- Assessed corporate performance against LTIS 2010 vesting targets and determined the percentage of corporate performance shares that vest under Allocations 4 and 5 of the scheme.
- Reviewed and endorsed proposals from management and the JSE's independent remuneration advisors regarding emoluments for the JSE's non-executive directors, which proposed emoluments were considered and approved by shareholders at the annual general meeting in May 2016.
- Interrogated management's proposals regarding leadership continuity to ensure that JSE operations are supported by an appropriate pipeline of fresh talent.
- Reviewed the performance conditions, targets and LTIS 2010 allocation benchmarks against market best practice, based on input provided by the JSE's independent remuneration advisors, PwC.
- Tailored the specific targets for the ROE and EBIT growth financial metrics under LTIS 2010 to take account of the expected slowdown in economic activity in the medium-term.
- Implemented a share-based restraint arrangement for executive management and selected senior staff, as part of a targeted set of arrangements to retain talent within the JSE.

Forward-looking changes

The JSE's approach is to be proactive in ensuring that its remuneration policy is in line with leading practices. The forward looking changes planned for 2017 and which are set out below should further increase accountability, as well as the alignment between executive and shareholder interests.

- Minimum shareholding requirements – An emerging practice is for executives to hold a material percentage of their wealth in their Company's shares, excluding unvested shares held in any long-term incentive scheme. This ensures that executives share in the Company's risk and reward commensurate to fellow shareholders and provides a natural alignment with shareholders. During the course of 2016, the Group HR Committee approved a minimum shareholding requirement for executives, which policy applies as from January 2017.
- Long-term incentives – The existing long-term incentive scheme (LTIS 2010) is due to wind-down at end 2017, and the Group HR Committee will consider, during the course of the year, how best to incentivise senior management on a long-term basis. Proposals in this regard will be presented to shareholders as required.



The JSE's remuneration model is summarised below. Further information is available in the online remuneration report:

http://www.jsereporting.co.za/ar2016/download_pdf/remuneration-report-2016.pdf

Element	Type	Components	Purpose	Eligibility
Fixed pay (guaranteed)	<ul style="list-style-type: none"> Fixed Structured on a total cost-to-company basis Benchmarked against independent market data 	<ul style="list-style-type: none"> Basic salary, retirement and medical aid benefits 	<ul style="list-style-type: none"> Reflects scope and depth of role, experience required and level of responsibility 	<ul style="list-style-type: none"> All staff receive a guaranteed salary
Annual incentives	<ul style="list-style-type: none"> Variable Linked to performance delivered annually as measured against the corporate, CEO and staff member scorecards 	<ul style="list-style-type: none"> Deferred compensation bonus scheme 	<ul style="list-style-type: none"> Rewards personal performance Awards are capped at a percentage of fixed pay, the following maximum awards apply: <ul style="list-style-type: none"> CEO – 12 months (the CEO does not participate in the Deferred Compensation scheme but is eligible for a performance-based contractual bonus) Executives – 3.74 months Other – from 1.85 to 3.6 months 	<ul style="list-style-type: none"> Eligible staff are those in mid-level grades through to executive management
		<ul style="list-style-type: none"> Discretionary bonus scheme 	<ul style="list-style-type: none"> Rewards corporate performance Awards are fully discretionary and subject to the successful financial and strategic performance of the Company Awards under this scheme can range from 1.5 months to 16 months guaranteed pay at CEO level 	<ul style="list-style-type: none"> All staff eligible, but awarded only to the top-performing contributors to corporate results (40-50% of total staff complement)
		<ul style="list-style-type: none"> Bonus Shares 	<ul style="list-style-type: none"> Rewards corporate performance Seeks to build an ownership culture within JSE Annual discretionary award to all staff members (to date approximately 100 shares) Vesting over three years subject to continued employment at the JSE 	<ul style="list-style-type: none"> All staff eligible
		<ul style="list-style-type: none"> Company Performance Award 	<ul style="list-style-type: none"> Fully discretionary award of up to approximately one month's guaranteed pay, payable only in years where excellent corporate financial performance is achieved 	<ul style="list-style-type: none"> Recognises all staff not receiving discretionary bonuses for their contribution towards "keeping the JSE lights on" Excludes all staff who did not perform to the minimum standard
Long-term incentives	<ul style="list-style-type: none"> Variable Annual award of JSE equity Vesting over three- and four-year terms, linked to corporate performance over these vesting periods 	<ul style="list-style-type: none"> Performance share scheme (LTIS 2010) 	<ul style="list-style-type: none"> To incentivise the senior leadership group to deliver outstanding corporate performance and shareholder value creation over time 	<ul style="list-style-type: none"> Senior leadership group
	<ul style="list-style-type: none"> Annual cash award Vesting over two years 	<ul style="list-style-type: none"> Critical skills scheme 	<ul style="list-style-type: none"> To retain senior staff with scarce or critical skills (excluding LTIS 2010 participants) 	<ul style="list-style-type: none"> Senior staff with scarce or critical skills