



**JSE LIMITED
REMUNERATION REPORT 2019**

REWARDING VALUE CREATION

CONTENTS

REPORT OVERVIEW	IFC
BACKGROUND STATEMENT	2
Remuneration philosophy	2
Operating context	2
Engagement with shareholders	3
2019 focus areas	3
Remuneration governance	4
REMUNERATION POLICIES OVERVIEW	6
Remuneration model	8
Pay mix and potential remuneration	10
Guaranteed pay and annual incentives	11
Long-term incentives	11
Service contracts and other appointments	16
Non-executive director emoluments	19
IMPLEMENTATION REPORT	20
Fair and responsible remuneration	20
Guaranteed remuneration adjustments	20
Corporate performance 2019	21
Annual incentives awarded for 2019	23
CEO transition	23
Long-term incentives	23
Executive remuneration summary table	27
Looking forward	29
Non-executive director emoluments	31

REPORT OVERVIEW

The JSE's remuneration philosophy is founded on enduring principles, which are applied consistently each year. This philosophy seeks to engender a culture of enterprise, diligence and delivery throughout the Group, with an explicit linkage between pay and performance, in order to align the interests of employees with those of stakeholders.

REPORT OBJECTIVES

This report is intended for our shareholders. It aims to communicate the JSE Limited's (the Group or the JSE) remuneration policy and how we implemented our remuneration policy and practices in 2019. It includes the remuneration impacts of executive leadership changes during 2019.

This report serves as the report-back to shareholders at the annual general meeting (AGM). The following remuneration-related resolutions will be tabled at the AGM on Thursday, 25 June 2020, the first two of which are advisory (non-binding) resolutions:

- » Advisory vote on remuneration policy | AGM non-binding advisory resolution number 1. Refer to the remuneration policies overview  page 6.
- » Advisory vote on implementation of remuneration policy | AGM non-binding advisory resolution number 2. Refer to the implementation report  page 20.
- » Approval of non-executive director emoluments | AGM special resolution number 4. Refer to the implementation report  page 20.

Various statutory disclosures, which are subject to independent audit, are contained in notes 21 and 25 of the JSE's audited consolidated annual financial statements for the year ended December 2019. For a complete view of the JSE's remuneration, shareholders are encouraged to reference these notes when reviewing this report.

The JSE strives to improve on the quality of our reporting. We welcome feedback from stakeholders on this report and invite you to contact ir@jse.co.za should you have any questions or recommendations.

SCOPE AND BOUNDARY

The information in this report covers the period from 1 January 2019 to 31 December 2019. It includes the five financial markets operated by the Group, and the investor protection funds¹ associated with its markets.

The JSE's remuneration reporting framework is informed by a range of local and international requirements, standards and guidance, including, but not limited to:

- » South African Companies Act, 71 of 2008 (as amended) (Companies Act)
- » JSE Limited Listings Requirements (Listings Requirements)
- » King Code on Corporate Governance™ for South Africa, 2016 (King IV)²

ASSURANCE OVER THIS REPORT

The Board is responsible for the governance of remuneration at the JSE and sets the overarching remuneration philosophy for the Group. The Board is assisted in discharging its responsibility for remuneration matters by the Group Human Resources Committee.

¹ These funds consist of the JSE Guarantee Fund Trust, the JSE Derivatives Default Fund Trust, and the JSE Debt Guarantee Fund Trust.

² Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

REPORTING SUITE

Our full reporting suite is available at www.jse.co.za and comprises the following reports:



Page reference for additional reading in this report



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



Indicates the relevant King IV principle

BACKGROUND STATEMENT ¹⁴

Remuneration philosophy	2
Operating context	2
Engagement with shareholders	3
2019 focus areas	3
Remuneration governance	4

Dear Shareholder

I am pleased to present our remuneration report for the year ended December 2019, setting out the JSE's remuneration policy and its implementation during 2019.

This report contains salient information needed to inform your view of the JSE's performance and reward processes. Related remuneration information can be found in the integrated annual report, the notice of annual general meeting and the annual financial statements available online at www.jse.co.za.

Our organisation-wide remuneration policy should be read in the context of the integrated annual report for an appreciation of how the policy gives effect to the JSE's overall business strategy.

2019 was a year of executive transition with the retirement of the Group Chief Executive, Ms Nicky Newton-King after a 23 year career with the JSE. We are grateful for the energy, commitment and leadership demonstrated by Nicky in growing the JSE into the successful business it is today. The Group Nominations Committee (GNC) working with the Group Human Resources Committee (GHRC) and the Board provided oversight of this executive transition, and I am excited to welcome our new Group Chief Executive Dr Leila Fourie, who joined the JSE in October 2019.

REMUNERATION PHILOSOPHY

The JSE's remuneration philosophy is founded on enduring principles, which are applied consistently each year. Our remuneration philosophy applies across the organisation and informs all our remuneration policies. This philosophy seeks to engender a culture of enterprise, diligence and delivery throughout the organisation, with an explicit linkage between pay and performance, in order to align the interests of staff with those of stakeholders. There has been no change in our remuneration philosophy during the year, nor to our remuneration policy or model.

This remuneration model comprises three core elements:

- » guaranteed pay;
- » annual incentives; and
- » long-term incentives.

These are linked to performance to ensure that high levels of pay are awarded only for high performance and where there is sustained value creation for stakeholders.



Nolitha Fakude
Chairman of Group Human Resources Committee

OPERATING CONTEXT

The JSE's business is impacted by the level of market activity. Market activity is influenced by economic performance, government policy and general financial market conditions globally and in South Africa. The 2019 operating environment has been challenging, owing to both local and international political and macro-economic factors. Political uncertainty was the order of the day in the run-up to the elections in May, followed by an unfortunate subsequent lack of clear policy and execution by government. Concerns about a lack of economic growth, fiscal consolidation and increasing levels of government indebtedness have reduced investors' appetite for South African exposure. This manifested in a sell-down in South African assets and muted market activity. We also experienced a dilution in emerging market flows. The inclusion of Argentina and Saudi Arabia and the increased weighting of China in the MSCI and FTSE indices has resulted in a down-weighting of South Africa as an overall part of these indices.

Within this context we reported Group earnings before interest and tax (EBIT) decreased by 26% to R687 million (2018: R932 million) and net profit after tax (NPAT) declined by 23% to R695 million (2018: R904 million). Similarly, basic earnings per share (earnings per share (EPS) for continuing operations) decreased by 22%, to 820.5 cents (2018: 1 056.5 cents) and headline earnings per share (HEPS) decreased by 23% to 814.6 cents (2018: 1 055.4 cents) respectively.

Return on equity (ROE) is a key measure of financial performance as it combines all our critical drivers, including earnings growth and capital utilisation, into a single metric. Looking forward, our medium-term target ROE range is 16% to 23%. For the past three years, we have recorded average annual ROE of 21.8%.

Operating expenses increased off a low base, by 14% to R1.54 billion (2018: R1.35 billion), largely in three areas: first, technology costs and related depreciation from incremental costs increased following the implementation of the ITaC system in April 2019; second, we engaged in deliberate personnel recruitment to reach planned headcount levels (compared with the low base headcount throughout 2018) to ensure the JSE is appropriately resourced to deliver on its key business initiatives; third, the cost base includes once-off expenditures relating to the JSE's executive leadership transition (R37 million) and the proposed acquisition of Link Market Services SA Proprietary Limited (Link SA) (R6 million).

The Group continues to be strongly cash generative, with net cash from operations of R880 million (2018: R913 million). The strong cash balance and the cash generated from operations have enabled us to progress the ordinary dividend. The Board declared an ordinary and special dividend for the year ended 31 December 2019 of 690 cents per share (2018: 655 cents) and 150 cents per share (2018: 185 cents), respectively. This represented a 5% increase in the ordinary dividend, and translated into a total dividend payout of R730 million (2018: R730 million).

In this context the GRHC approved increases to guaranteed remuneration of 6.5% for 2019 based on benchmarking and

ENGAGEMENT WITH SHAREHOLDERS

In line with King IV, the remuneration policy and implementation report will be tabled annually for separate non-binding advisory votes by shareholders at the annual general meeting. The Group's remuneration policy, implementation report and non-executive director's emoluments were put to shareholder vote at the previous annual general meeting and endorsed with a majority (AGM on 22 May 2019: 86.18%, 83.39% and 98.39%, respectively).

To the extent that either the remuneration policy resolution or the implementation report resolution, or both, are voted against by 25% or more of the voting rights exercised at a shareholder meeting, the Board will engage with shareholders.

The Board will continue to encourage regular dialogue with shareholders to maintain a mutual understanding of performance and value creation by the Group and the link to the remuneration policy.

independent input (see [page 20](#) for additional detail). Corporate performance for 2019 was assessed as fair, the highlight being the successful implementation of the multi-year technology project for Integrated Trading and Clearing (ITaC), although tempered by the decline in financial performance. The committee awarded a bonus pool of R64 million, a reduction of 24% on the incentives awarded in 2018 and in line with the year-on-year decline in NPAT for 2019 (see [page 32](#) in the online *integrated annual report* and page 23 of this report for further information). Long-term corporate performance was also assessed by GHRC, in determining the vesting of LTIS 2010 share awards originally granted in 2016 and 2017. These corporate metrics are weighted towards financial performance, particularly return on equity and earnings growth over the three and four-year vesting terms. For the two share allocations vesting for the period ended December 2019, only 54% and 47% of the shares vested in the hands of executives and scheme participants, given the decline in earnings and total shareholder return over this period. The balance of these shares were forfeited (our long-term schemes are detailed in both the *policy overview* and *implementation* sections later in this report.)

We continue to focus on the key elements underpinning our 2022 strategy, as follows:

- » Partner to co-create for inclusive and sustainable growth
- » Run trusted markets, products, and services
- » Enhance the stakeholder experience
- » Attract and retain diverse top talent
- » Lead by example on the national agenda

Refer to [page 23](#) in the *integrated annual report* for more information on the JSE's strategy.

2019 FOCUS AREAS

During the year the GHRC has:

- » Reviewed and endorsed the overall remuneration philosophy and policies without making any changes.
- » Re-examined the LTIS metrics and targets considering the independent input from PwC and Bowman's Law, and updated the metrics and targets for future allocations.
- » Reviewed and monitored 2019 corporate and CEO (NF Newton-King) performance against financial and non-financial targets aligned with the Group's strategic priorities, and determined the related discretionary bonus pool.
- » Determined the vesting percentages for the long term incentive scheme 2010 based on corporate performance.
- » Oversaw the remuneration impacts of the CEO leadership transition, and oversaw Exco leadership changes.
- » Engaged with the senior leadership regarding talent management, including pipeline and succession planning for all divisions.
- » Reviewed and supported the personal development plans and actions of high-potential talent, critical employees and senior leaders.
- » Ensured the development and implementation of an action plan to address feedback from employee engagement survey taken in 2018.
- » Monitored progress against three-year employment equity plan targets.
- » Considered and approved the 2020 corporate scorecard which aims to address the material matters that impact our strategy.

The GHRC has engaged PwC as its remuneration consultant, and is satisfied that they are independent and objective and that PwC understands the JSE's remuneration policy and the linkages to the JSE's overall strategy. GHRC also engaged Bowman's Law as specialist remuneration advisor on the on-going application of the JSE's long term equity incentive scheme. The GHRC is satisfied that they are independent. Further, the GHRC is satisfied that the JSE's remuneration policies are aligned with the overall remuneration philosophy, and that the policies have achieved their stated objectives for the year under review.

REMUNERATION GOVERNANCE

The JSE's remuneration governance is prescribed by the Companies Act, King IV Code, JSE Listings Requirements and the GHRC's terms of reference.

Sound remuneration governance provides shareholders with the assurance that the JSE's remuneration philosophy and policies translate into remuneration outcomes that are closely linked to Group performance. The Board and GHRC apply independent judgement in developing appropriate remuneration models and in evaluating and approving remuneration outcomes.

Voting

The JSE's remuneration policy as set out in the Remuneration Policies Overview is subject to an advisory vote by shareholders at the AGM (non-binding advisory resolution number 1).

Board

- » Sets the overarching remuneration philosophy for the Group
- » Approves the remuneration policy
- » Submits the remuneration policy and implementation report to two non-binding advisory votes by shareholders at every AGM
- » Appoints the GHRC

Group Human Resources Committee

Terms of reference: A formal Board-approved terms of reference is in place¹. There were no changes to the terms of reference.

Philosophy: Ensures that the JSE consistently, throughout the Group, adheres to a remuneration philosophy based on enduring principles of fairness, transparency, competitiveness and reward for performance actually delivered.

Policy: Ensures that remuneration policies and practices, and the implementation of those, directly support the achievement of the Group's strategy and business goals, to the ultimate benefit of shareholders and other stakeholders.

Judgement: Exercises discretion in such a way that the best interests of stakeholders are served and the appropriate calibre of management and employees are attracted, motivated and retained, rather than simply applying formulaic prescriptions.

Implementation: Determines the structure and level of remuneration for executive management, assesses corporate and Group CEO performance over relevant measurement periods, and approves all annual incentives for executives and share allocations and vesting of share awards under the Group's share incentive schemes.

Committee effectiveness: GHRC performance was assessed as part of the overall annual Board performance self-review. The Board confirmed that the GHRC has discharged its mandate and the responsibilities delegated to it during 2019.

Composition: Comprises a minimum of three non-executive directors of the JSE, appointed by the Board. The committee is required to meet a minimum of three times each calendar year. No members of the GHRC may have any day-to-day involvement in the management of the JSE. As at 31 December 2019, the committee comprised five non-executive directors, three of whom are independent.

Management involvement: The Group CEO and the director of human resources attend GHRC meetings by invitation. Other senior management members attend meetings from time-to-time as required. The Group Company Secretary attends all Board committee meetings. No individual, irrespective of position, is present when their remuneration is discussed.

Refer to the Integrated Annual Report for more information on the JSE's governance structures.

¹ For terms of reference, refer www.jse.co.za.

GHRC composition as at 31 December 2019

Member	Meeting attendance	
	Number	%
VN Fakude (Chairman)	5/5	100
F Daniels	4/5	80
BJ Kruger	5/5	100
DM Lawrence	5/5	100
N Nyembezi	5/5	100

Independence of committee: 60%

There were no changes during the year to the committee's composition. Two of the five meetings during the year were special meetings to consider the long term equity incentive scheme, and performance management assessments.

Other invitees

	Meeting attendance
Group CEO (NF Newton-King) ¹	3/3
Group CEO (L Fourie) ²	1/1
Director: Human Resources	5/5
Group Company Secretary	5/5

¹ Retired effective 30 September 2019.

² Appointed effective 1 October 2019.

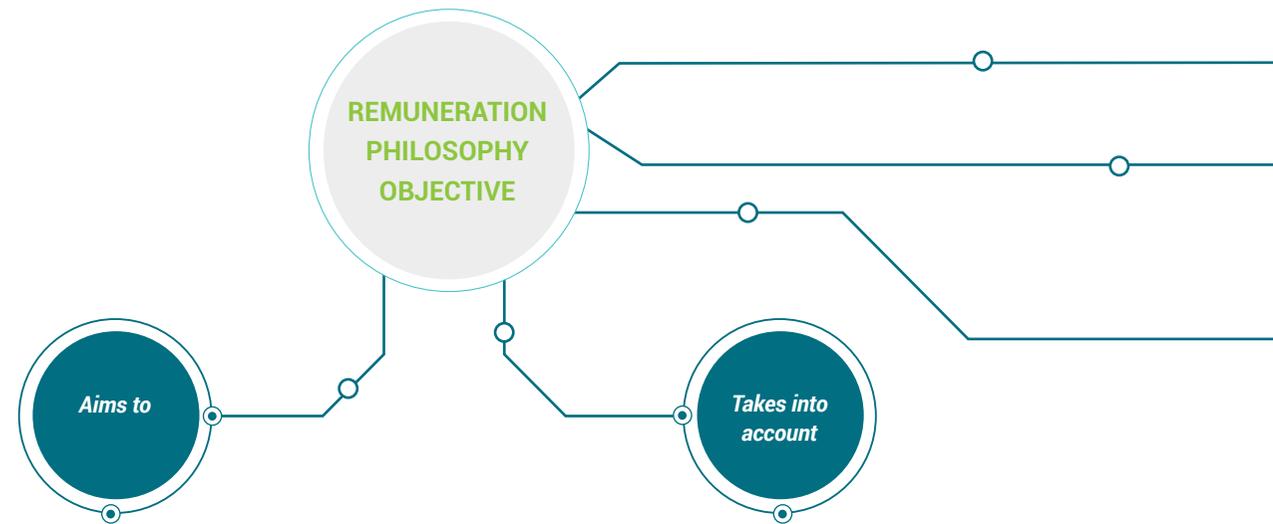


REMUNERATION POLICIES OVERVIEW ¹⁴

Our remuneration policies are approved by GHRC and the Board, and set out how total reward must be managed within the Group. This policy overview statement is subject to a non-binding advisory vote at the AGM.

Remuneration model	8
Pay mix and potential remuneration	10
Guaranteed pay and annual incentives	11
Long-term incentives	11
Service contracts and other appointments	16
Non-executive director emoluments	19

The JSE's remuneration philosophy and policy governs the remuneration of executive management (executive directors and prescribed officers) and other employees. We are committed to observing the concept of fair and responsible remuneration for executive management in context of overall employee remuneration.



- » Align pay to performance against corporate strategy
- » Promote a culture that supports innovation, enterprise and the execution of Group strategy
- » Align the interests of employees with attaining profitable (and sustainable) long-term growth of the business for the benefit of all stakeholders
- » Offer an equitable remuneration mix that attracts, motivates and retains the appropriate calibre of executives and employees

- » Reality of the JSE's size and its significant role in the South African financial sector
- » Nature of the business, its risk profile, the competitive environment and financial affordability
- » Balancing of rewards with the funding of capital to maintain and grow the JSE, dividend payments to shareholders and payments to wider society (through taxation and corporate social responsibility)

This remuneration philosophy is expressed through a comprehensive remuneration policy, supported by specific remuneration practices.

Inherent in this philosophy is the linkage between pay and short and long-term performance (both at an individual and corporate level).

Remuneration is structured in a fair and reasonable manner, recognising individual contributions and collective results. There is a clear differentiation between executives and employees based on line-of-sight responsibility, accountability, competencies, work performance and scarcity of skills.

In order to drive a pay-for performance approach, there is also an increasing element of variable pay at senior management levels.

FAIR AND RESPONSIBLE REMUNERATION

The following are factored into our remuneration policy and practices:

- » The principle of equal pay for work of equal value
 - Guaranteed pay is determined based on clear role descriptions and validated by an independent remuneration advisor.
 - Pay levels are benchmarked against independent market data, and any unjustifiable income disparities (including race, gender and tenure) are subject to adjustment.
- » Overall pay ratios between executives and other employees are considered when determining annual salary increases.
- » The JSE invests in employees through career pathing, talent mapping and providing skills development opportunities to promote progress within the JSE.
- » Provision of financial education, debt counselling and training on basic financial education to assist employees in avoiding over-indebtedness.

Our philosophy creates sustainable value as it is:

Aligned with
**stakeholder
interests**

Congruent with
strategic **priorities**
and **values**

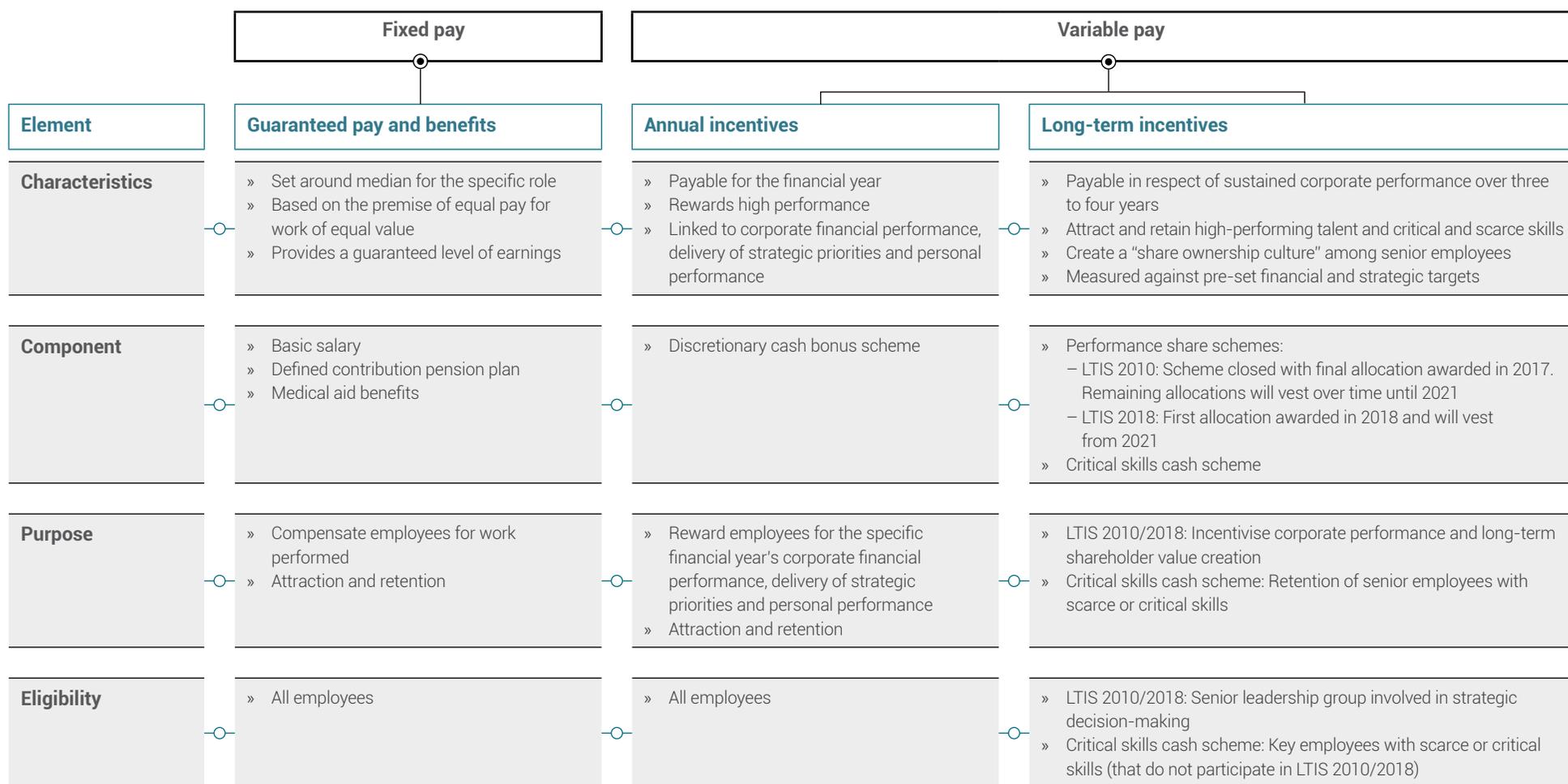
Linked to corporate
and individual
performance

Competitive with
market norms and
benchmarks

Transparent and
understandable

REMUNERATION MODEL

Our remuneration model comprises three core elements – guaranteed pay, annual incentives and long-term incentives. These are linked to performance to ensure that high levels of pay are awarded only for high performance and where there is sustained value creation for shareholders.



	Fixed pay	Variable pay	
Element	Guaranteed pay and benefits	Annual incentives	Long-term incentives
How the pay is set	<ul style="list-style-type: none"> » Structured on a total cost to-company basis » Benchmarked against independent market data » Reflects scope and depth of role, experience required, level of responsibility and individual performance <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Benchmarks Financial services industry and general corporate benchmarks are used to determine competitive guaranteed pay levels for all roles. The PwC Remchannel database is used with input from independent specialists to ensure all roles are correctly sized and graded as part of the salary benchmarking process.</p> <p>The policy aims to move base salaries towards median, although cost considerations sometimes do not allow this. In certain instances – either for historical reasons or to retain scarce skills – salaries above median are paid.</p> </div>	<ul style="list-style-type: none"> » GHRC determines the discretionary bonus pool based on its assessment of annual corporate performance » Individual discretionary bonus awards are linked to seniority, individual performance and contribution to corporate performance <p>Performance is rewarded as follows:</p> <ul style="list-style-type: none"> » Group CEO receives a discretionary bonus cash award of up to 200% of guaranteed pay based on GHRC performance assessment » Exco members receive discretionary bonus cash awards of up to 150% of guaranteed pay based on performance as assessed by the Group CEO and subject to GHRC oversight » Employees rated as 'top performers' receive discretionary bonus cash awards of between 16% and 50% of guaranteed pay » Employees rated as 'meeting expectations' receive a discretionary bonus cash award of approximately one month's guaranteed pay » All permanent employees can receive an award of JSE Limited ordinary shares (known as bonus shares) based on GHRC discretion (historically, no more than 6% of the discretionary bonus pool) 	<ul style="list-style-type: none"> » LTIS 2010/2018 are annual awards of JSE ordinary shares; future vesting is linked to corporate performance measured over three and four years » Critical skills cash scheme is an annual cash award up to 25% of the participant's annual salary; future vesting is linked to continued employment and performance
Performance hurdle	<ul style="list-style-type: none"> » Not applicable 	<ul style="list-style-type: none"> » Fully discretionary based on GHRC assessment of annual corporate performance » Discretionary bonus pool is only awarded if pre-set financial and strategic targets are achieved (see 📄 pages 21 and 22). 	<ul style="list-style-type: none"> » LTIS 2010/2018: continued employment and achievement of corporate performance targets » Critical skills cash scheme: continued employment, JSE's overall corporate performance and individual performance



	Fixed pay	Variable pay	
Element	Guaranteed pay and benefits	Annual incentives	Long-term incentives
Deferral	» Not applicable	» No deferral of discretionary bonus cash awards » When a portion of the discretionary bonus pool is paid in JSE Limited ordinary shares, the shares vest within 12 months of year-end	» LTIS 2010/2018: shares vest over three and four years » Critical skills cash scheme: cash awards vest over two years
Link between remuneration and Group performance ¹	» Not applicable	» Deliver on the financial, operational and strategic targets as set out in the corporate scorecard. » Targets are not weighted, although the GHRC places greater emphasis on financial performance.	LTIS 2018 » Return on equity (ROE) » Growth in earnings (HEPS) » Relative total shareholder return (TSR) » Strategic metrics

PAY MIX AND POTENTIAL REMUNERATION

This pay mix varies with seniority, with an increasing element of variable pay at senior levels. The Group CEO and Exco members have the largest proportion of total annual package being subject to performance hurdles. This is intended to create a significant degree of alignment with shareholder interests, with the aim of driving sustainable value creation over a longer-term horizon.

The graphs that follow depict the potential pay mix of the Group CEO (L Fourie) and CFO (A Takoordeen) for 2020, in line with the 2019 remuneration policy. The graphs represent the potential outcomes for below target, on-target and maximum performance levels.

Group CEO

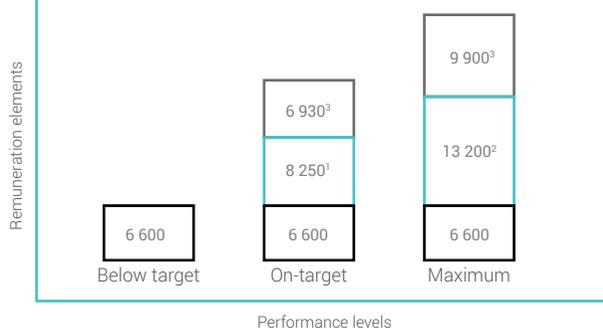
Actual annual incentives paid to the previous CEO (NF Newton-King) over the last three years 2017 to 2019, have averaged 146% of guaranteed pay. Similarly, the long-term share awards have vested at an average of 73% over the same period.

Group CFO

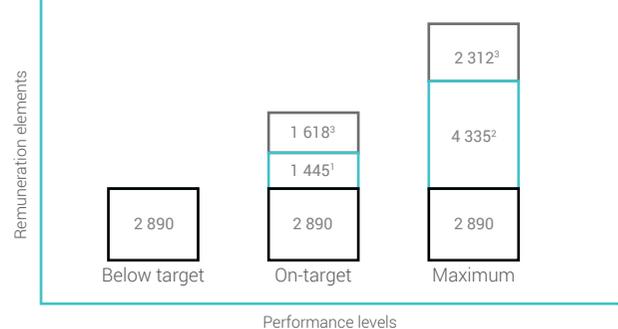
Actual annual incentives paid to the CFO over the last three years 2017 to 2019, have averaged 92% of guaranteed pay. Similarly, the long-term share awards have vested at an average of 73% over the same period.

¹ Refer to the corporate performance section on page 21 of this report.

L Fourie: theoretical 2020 pay mix (R'000)



A Takoordeen: theoretical 2020 pay mix (R'000)



■ Guaranteed pay ■ Annual incentive ■ Long-term incentive

¹ The on-target discretionary bonus cash award is equivalent to 125% of guaranteed pay.

² The maximum discretionary bonus cash award of R13.2 million (200% of guaranteed pay) can be supplemented with an award of JSE Limited ordinary shares at the discretion of GHRC for exceptional corporate performance in any year. The only time this discretion was exercised was in 2016. It is not anticipated that this discretion will be exercised in 2020.

³ The Group CEO receives an annual allocation of JSE Limited ordinary shares equivalent to 150% of guaranteed pay, which is subject to corporate performance measured over the subsequent three and four years. On-target performance over this measurement period equates to 70% of these shares vesting. Maximum performance over this measurement period equates to 100% of these shares vesting. The values in this graph are based on grant value.

¹ The on-target discretionary bonus cash award is equivalent to 50% of guaranteed pay.

² The maximum discretionary bonus cash award is equivalent to 150% of guaranteed pay.

³ The CFO receives an annual allocation of JSE Limited ordinary shares equivalent to 80% of guaranteed pay, which is subject to corporate performance measured over the following three and four years. On-target performance over this measurement period equates to 70% of these shares vesting. Maximum performance over this measurement period equates to 100% of these shares vesting. The values in this graph are based on grant value.

GUARANTEED PAY AND ANNUAL INCENTIVES

The JSE's guaranteed pay consists of basic salary, defined contribution pension plan and medical aid benefits. We operate an annual incentive scheme (discretionary bonus scheme) that applies to permanent employees and cash awards vary with seniority. There were no changes to the guaranteed pay and annual incentives models during 2019. The details of both elements are set out in the remuneration model on [page 8](#).

LONG-TERM INCENTIVES

The LTIS 2010 scheme was approved by shareholders at the April 2010 AGM, and closed in December 2018 after eight years, in accordance with the scheme rules. The final allocation under LTIS 2010 was awarded in 2017, with final vesting due in 2021 subject to corporate performance. The LTIS 2018 scheme, modelled on the same basis as the 2010 scheme, was approved by shareholders at the May 2018 AGM.

These LTIS schemes are full-value, performance share schemes. Scheme participants receive an award of JSE Limited ordinary shares on an annual basis. Vesting of the awards is linked to continued employment (or be a "good leaver" as defined) and the JSE achieving corporate performance targets over each vesting period. Scheme participants have immediate beneficial ownership from the date of the award, but subject to restrictions.

Share awards are forfeited if either the employment requirement or the corporate performance targets are not met. All participants are subject to malus and claw-back provisions in respect of awards granted under these schemes, as well as minimum shareholder requirements. For more detail on the schemes, refer to the remuneration model on [page 8](#).

The LTIS corporate performance metrics are designed to incentivise management to pursue balanced, sustainable growth in shareholder value with due regard for the JSE's wider responsibilities to the South African financial markets. A basket of four metrics was selected by the GHRC and endorsed by the Board, which metrics are aimed at driving earnings growth, encouraging an optimal balance sheet structure, generating returns for shareholders and focusing management on strategic business development objectives.

Earnings growth (HEPS) Return on equity (ROE)

Threshold, on-target and above-target levels for each annual allocation are determined by the GHRC. These targets are specifically set at levels that recognise the JSE's wider responsibilities to the financial markets, and take into account the business cycle and medium-term outlook. HEPS targets require average earnings growth of CPI plus a premium. ROE targets are based on a premium over cost of capital.

Total shareholder return (TSR)

Evaluated against the FINI 15 Index constituents and a selection of global exchange groups (comparator group). For the full allocation to vest, the JSE is required to achieve top-quartile performance over the vesting period for each allocation. Threshold awards equate to median performance against the comparator group while above-target performance awards equate to top quartile performance against the comparator group. During the year the GHRC considered the relevance of the peer group for measuring TSR performance, based on advice from the Company's remuneration advisors. For future LTIS 2018 allocations, TSR performance will be measured against the growth in the capped SWIX index over the vesting period.

Strategic metrics

Targets aimed at transformational business efforts. The strategic targets vary for each annual allocation. This allows the GHRC to focus management's attention on fundamental strategic actions that might not have an immediate financial payoff but are nevertheless critical to future business success, long-term financial performance and value creation for stakeholders.

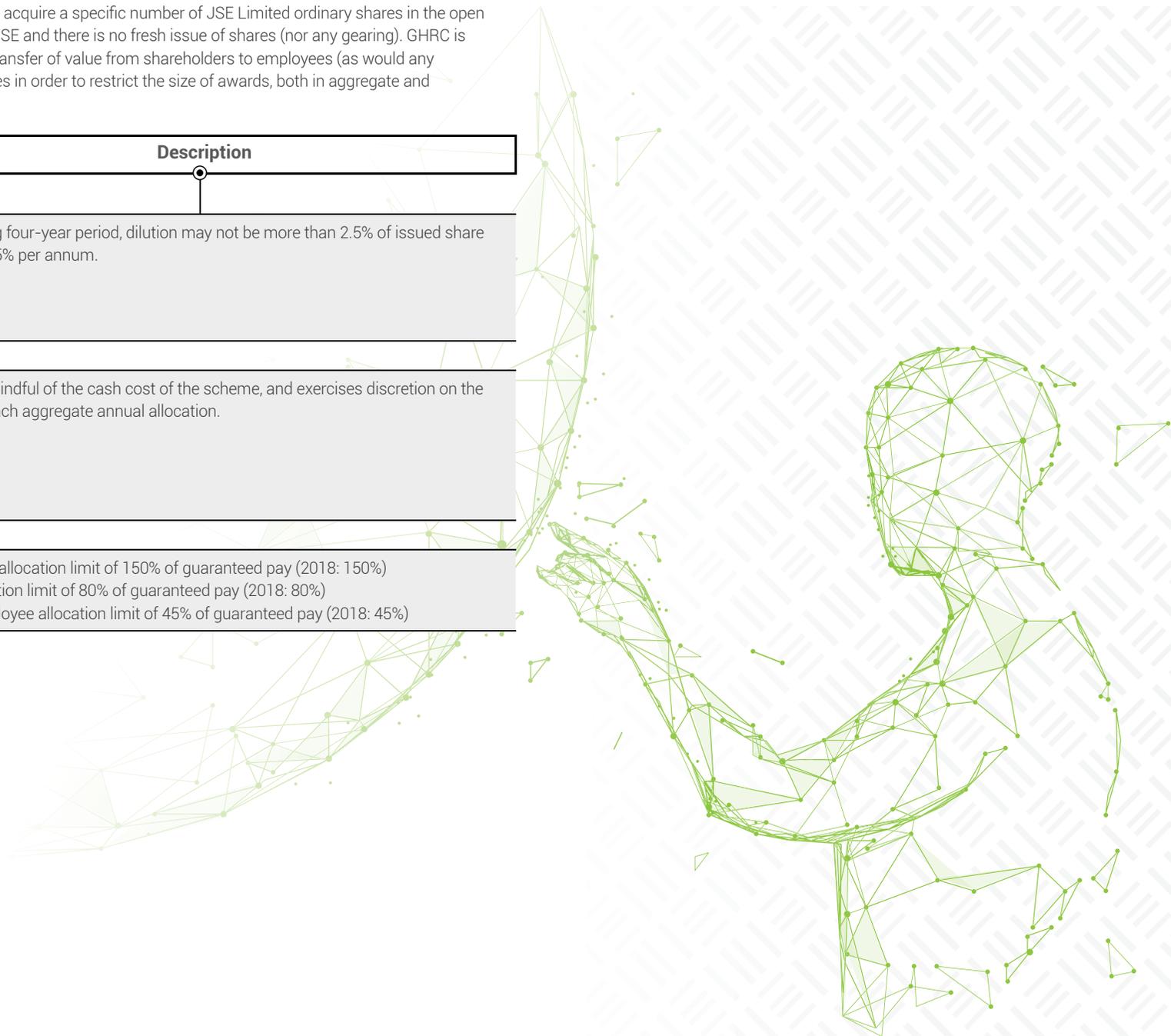
Vesting

Each share award vests in two tranches – 50% vests over three years and 50% over four years. Performance metrics are identified and disclosed at grant date, with automatic forfeiture should targets not be achieved, and with no retesting in subsequent periods. Vesting takes place on a straight-line basis between the threshold and above target levels.

The Board remains satisfied that a three to four-year vesting horizon is appropriate for the JSE business and is in line with competitive practice in South Africa.

In order to make the share awards, the LTIS 2010 and 2018 Trusts acquire a specific number of JSE Limited ordinary shares in the open market on behalf of participants. These Trusts are funded by the JSE and there is no fresh issue of shares (nor any gearing). GHRC is mindful of the schemes' dilutive effect and that they represent a transfer of value from shareholders to employees (as would any incentive scheme). Accordingly, various limits apply to the schemes in order to restrict the size of awards, both in aggregate and to individual participants.

LTIS 2010/2018 limit	Description
<p>Aggregate limit: number of shares</p> <p>0.625% of JSE's issued share capital (per annum)</p>	<p>Over any rolling four-year period, dilution may not be more than 2.5% of issued share capital or 0.625% per annum.</p>
<p>Aggregate limit: cash cost</p> <p>Aggregate rand value of awards is limited to no more than 10% of prior year's net profit after tax (NPAT).</p>	<p>The Board is mindful of the cash cost of the scheme, and exercises discretion on the cash cost of each aggregate annual allocation.</p>
<p>Annual award individual limit</p>	<ul style="list-style-type: none"> » Group CEO allocation limit of 150% of guaranteed pay (2018: 150%) » Exco allocation limit of 80% of guaranteed pay (2018: 80%) » Senior employee allocation limit of 45% of guaranteed pay (2018: 45%)



LTIS 2010

The following table sets out the performance metrics and the weighting and targets for awards that vested in 2019, or have unvested allocations at December 2019.

The change in the EBIT growth targets for allocations 7 and 8 reflects the expected slowdown in economic activity in the medium term. This was offset by a marginal increase in the ROE threshold target from 15% to 16%.

Achieving threshold targets for any metric, results in 20% of the relevant number of shares vesting, on-target performance results in 70% vesting while 100% vests when maximum target is achieved.

Performance targets per allocation

Assessment criteria	ROE (average per annum)	EBIT (compound growth per annum)	TSR (comparator group quartile)	Strategic metrics
Weighting	Non-discretionary	Non-discretionary	Non-discretionary	GHRC discretion
Allocation 6 (awarded 2015; first 50% vested in 2018, second 50% vested in 2019)				
Threshold target	15%	CPI+2%	Median	ITaC technology project 1 delivered
On-target	21.25%	CPI+4.5%	65th percentile	
Maximum	25%	CPI+6%	Upper quartile	
Allocation 7 (awarded 2016; first 50% vested in 2019, second 50% will vest in 2020)				
Threshold target	16%	CPI+1%	Median	» ITaC technology project 2 delivered
On-target	21.63%	CPI+2.88%	65th percentile	» Minimum new revenue target from new business lines
Maximum	25%	CPI+4%	Upper quartile	
Allocation 8 (awarded 2017; to vest in 2020 and 2021)				
Threshold target	16%	CPI+1%	Median	» Achievement of non-equity transactional business diversification
On-target	21.63%	CPI+2.88%	65th percentile	
Maximum	25%	CPI+4%	Upper quartile	

**LTIS 2018**

The following tables set out the performance metrics and the weighting and thresholds for first two allocations of LTIS 2018. The GHRC adjusted the metrics, weightings and targets to better reflect the importance of the financial metrics (specifically ROE) in assessing the JSE's long term performance. This is to better align with shareholder interests. The GHRC considered independent advice from PwC and Bowman's Law in making these adjustments.

Performance targets per allocation

Assessment criteria	ROE	EBIT	TSR	Strategic metrics
	(average per annum)	(compound growth per annum)		
	Non-discretionary	Non-discretionary	Non-discretionary	GHRC discretion
Allocation 1 (awarded 2018; to vest in 2021 and 2022)				
Weighting	40%	20%	10%	30%
Threshold target	16%	CPI+1%	Median	Deliver a future-fit JSE assessed against various requirements relating to culture, structure and operations.
On-target	21.63%	CPI+2.88%	65th percentile	
Above target	25%	CPI+4%	Upper quartile	

Assessment criteria	ROE	HEPS	TSR	Strategic metrics
	(average per annum over measurement period)	(average per annum over measurement period)	(average per annum over measurement period)	
Allocation 2 (awarded 2019; to vest in 2021 and 2022)				
Weighting	45%	20%	10%	25%
Threshold target	16%	CPI	Equal to average growth in capped SWIX ¹	Deliver a future-fit JSE assessed against various requirements relating to culture, structure and operations.
On-target	20%	CPI+1.71%	Straight line between threshold and above target.	
Above target	23%	CPI+3%	At least one standard deviation over average historical return in capped SWIX	

¹ Capped version of the all share index.



Minimum shareholding requirement

All LTIS participants are bound by a minimum shareholding requirement (MSR) policy aligned with the level of awards granted under the LTIS scheme. LTIS participants must hold a minimum number of JSE Limited ordinary shares (unencumbered) in a beneficial capacity. Share awards granted under any JSE share incentive scheme can only be applied towards the MSR if those shares have fully vested and are held unencumbered by the participant after the vesting date.

The MSR has to be met by 31 December 2021 (or later date if employed after 1 January 2017) with a certain minimum value per year. LTIS participants must build-up steadily towards the minimum shareholding over a five-year period.

Malus and clawback

Share awards are subject to malus and clawback provisions, including:

- » Material failure or error that was caused by or ought reasonably to have been prevented by management
- » An event or facts that negatively impacted the JSE in a material manner that was caused by or ought reasonably to have been prevented by management
- » Gross negligence or fraudulent behaviour
- » Participant received performance counselling during the retention period

Any of the above events can lead to forfeiture of share awards prior to vesting, or repayment after vesting as per the terms and conditions of the share award.

Critical skills cash scheme

The critical skills cash scheme has no impact on issued scheme capital dilution and is not intended to increase the overall cash cost of the JSE's LTI schemes beyond the existing 10% of NPAT guideline.





SERVICE CONTRACTS AND OTHER APPOINTMENTS

Members of executive management (with the exception of the Group CEO) are employed on standard employment agreements, not fixed-term contracts. These employment agreements provide for a notice period of three months and entitle the employee to standard JSE benefits and participation in the JSE's short and long-term incentive schemes, subject to the rules of these schemes from time to time.

There is a shorter notice period for executives who are dismissed following the results of disciplinary proceedings. There are no contracted balloon payments payable to executives upon termination.

Employees are required to retire at age 65.

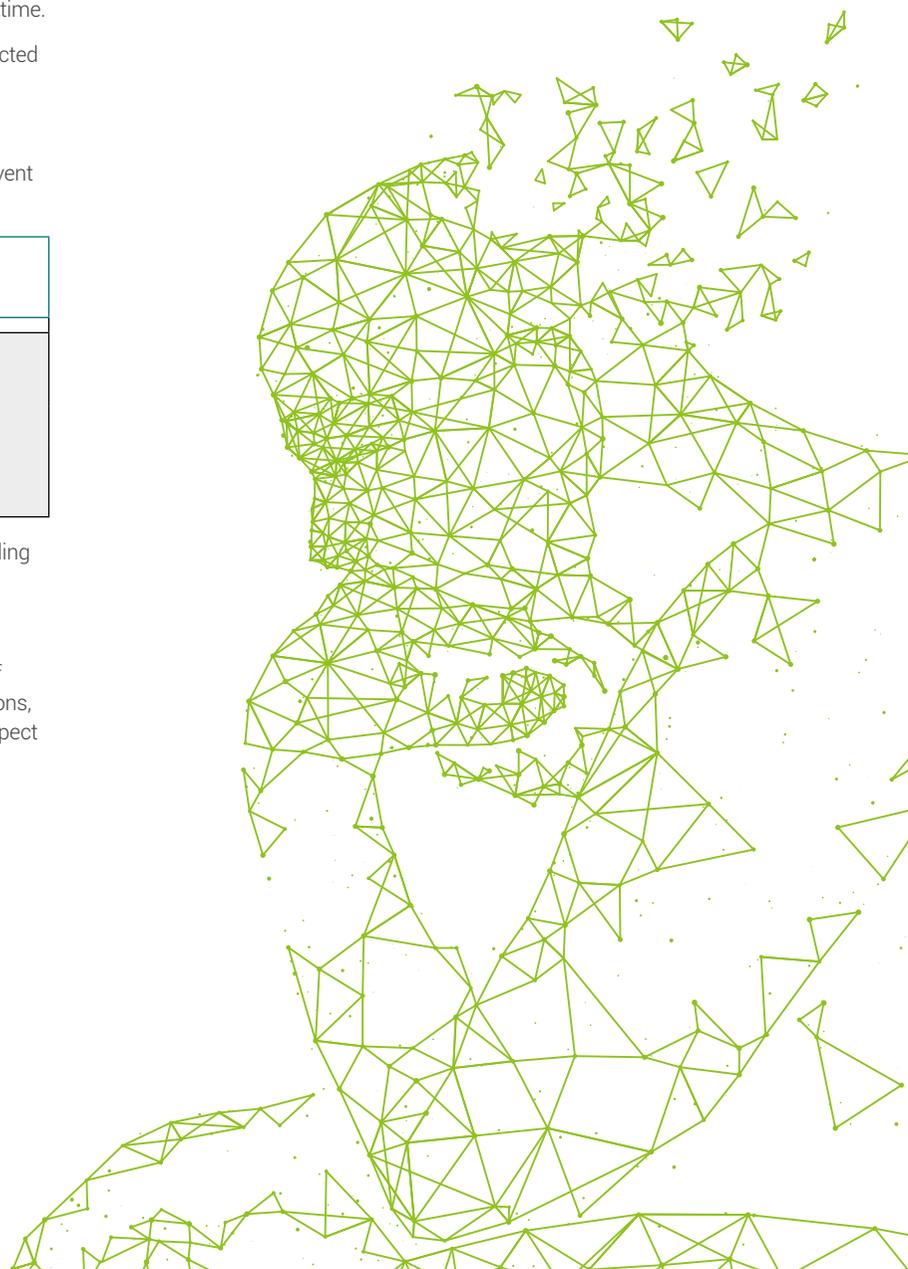
As from August 2018, no annual incentives are subject to deferral. The treatment of deferred elements of long-term incentives in the event of terminations, are highlighted in the table below.

	No fault terminations (retirement, retrenchment, disability or death)	Resignations and terminations
Unvested LTIS 2010/2018 awards	Must be retained in the scheme and will vest in the normal course according to the pre-set vesting dates (subject to corporate performance over that future period)	Forfeited
Critical skills cash scheme awards		

No additional provisions exist for a change of control of the JSE, save for the termination of employment in accordance with the prevailing JSE policy.

Appointments

Employees are not entitled to accept outside Board appointments to any listed company so as to avoid any real or perceived conflict of interest. They are, however, entitled to accept appointments to non-listed public or private companies or non-governmental organisations, where the time commitment is reasonable and subject to the prior approval of the Group CEO, or the chairman of the JSE Board (in respect of any appointments relating to the CEO). Fees earned from such non-executive appointments are payable to the JSE.

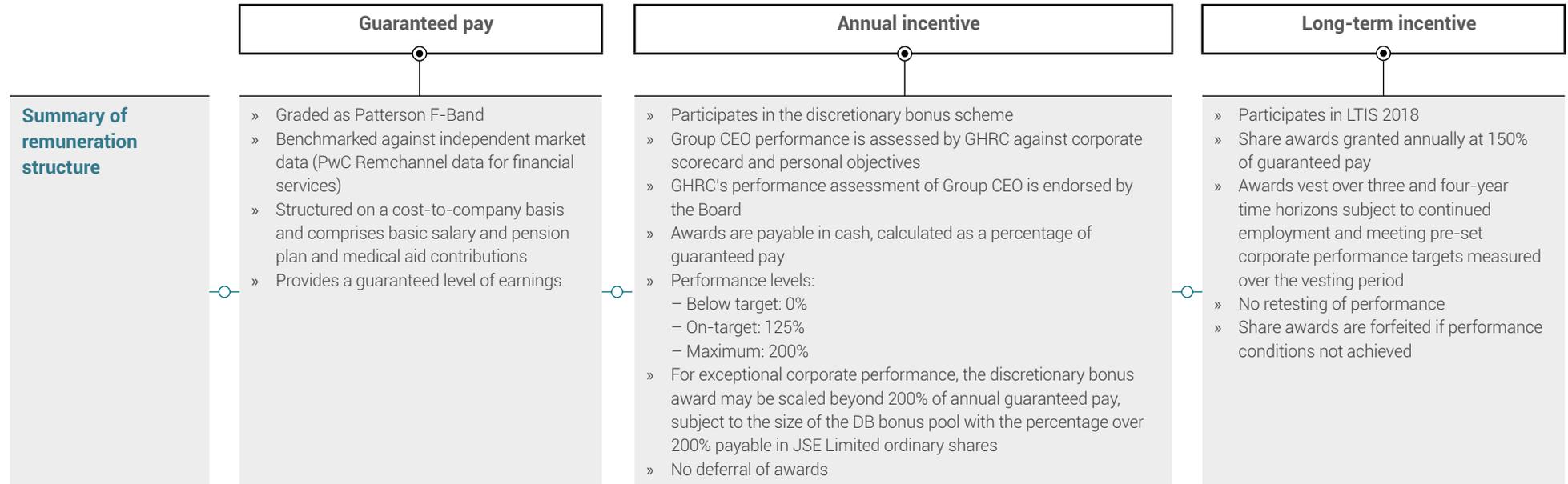




Group CEO service contract ¹⁰

The Group CEO (L Fourie) is the only employee with a specific service contract. The contract contains a six-month notice period and a one-year restraint of trade.

The agreed restraint of trade precludes the Group CEO from being engaged by any stock exchange, bond or futures market, or any clearing house, depository or stock-broking business carried on in South Africa for a period of one year from the date of termination. The GHRC is of the view that this restraint is fair and reasonable in order to protect the strategic proprietary interests of the JSE. The restraint of trade was settled in JSE Limited shares which will vest only if the restraint is exercised by the JSE at the end of the CEO's employment with the JSE.

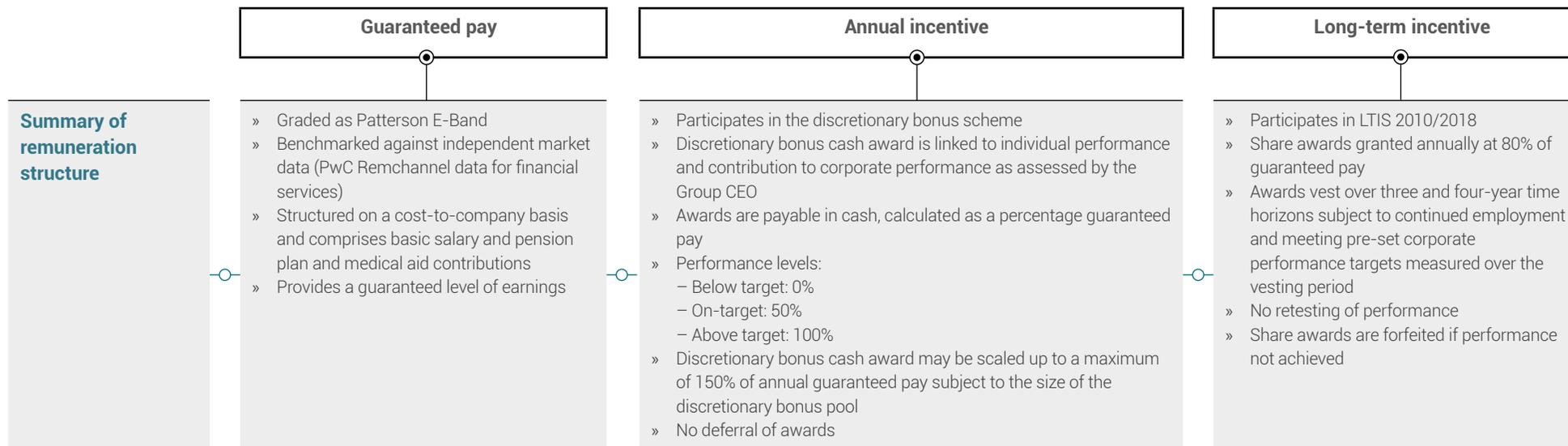




CFO employment agreement

The CFO is employed on a standard employment agreement, not a service contract. Her notice period is three months and she is subject to a one-year restraint of trade (post-termination of employment), at the election of the JSE.

The restraint of trade was included in the employment contract in 2016. In return for agreeing to the restraint provision in 2016, the CFO received an award of restraint shares equivalent to 80% of guaranteed pay in that year. These restraint shares have vested subject to corporate performance over the period 2016 to 2018, which has been assessed at 50.15%. The balance of the restraint shares were forfeited.



NON-EXECUTIVE DIRECTOR EMOLUMENTS

The JSE seeks to appoint and retain non-executive directors that are able to contribute in a meaningful way to the direction and oversight of the Group's affairs.

The role of a non-executive director extends substantially beyond attending meetings and they are accountable for decisions taken, regardless of meeting attendance. Emoluments are therefore related to membership rather than the number of meetings attended.

A single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, is the most appropriate way to remunerate non-executives. It is also administratively simple, easy to understand and allows for clear comparisons by shareholders from year to year.

Board committee chairmen

Paid a premium set at twice the fee for a committee member, as compensation for the additional responsibilities and time commitment expected of their roles. The premium for the Group Audit Committee chairman is up to 2.5 times.

Lead independent director

Paid a premium of 30% of the annual non-executive director retainer.

Non-executive directors do not receive short-term incentives or participate in the JSE's LTI schemes. There are no provisions for emoluments or other payments in respect of loss of office. The JSE has an elective policy relating to non-executive director shareholdings, in terms of which Board members are encouraged to hold JSE Limited ordinary shares to the value of their annual Board retainer. However, there is no mandatory minimum shareholder requirement for non-executives.

Out-of-pocket expenses, such as travel and accommodation costs, incurred by non-executive directors in the execution of their responsibilities are reimbursed on request.

Recommendations regarding non-executive director emoluments are informed by independent market data provided by the JSE's independent remuneration advisors, PwC. The GHRC also takes into account the complexity, responsibility, time commitment and risk inherent in membership of the JSE Board and the various Board committees when preparing a recommendation for Board consideration and shareholder approval. The GHRC is satisfied that the fee structure for the JSE's non-executive directors remains appropriate.

Voting

The JSE's non-executive director emoluments for 2020 are subject to a vote by shareholders at the AGM (special resolution number 4).

The Board has determined that notwithstanding the independent benchmarking exercise for non-executive director emoluments, no increases to the emoluments for 2020 will be proposed to shareholders in solidarity with the unusual circumstances facing companies during the COVID-19 pandemic.

NON-EXECUTIVE DIRECTOR FEE BENCHMARKS

The GHRC has selected the FTSE/JSE Financial Index as an appropriate industry index. It benchmarks the emoluments against those of the constituent companies in the index after excluding investment holding companies, property companies and dual-listed companies from the comparator group, given their very different business models from that of the JSE.

Although the JSE is a medium-sized financial services organisation, it fulfils a unique role in the economy as a self-regulatory organisation and as a market place for capital formation. The JSE competes for the same non-executive talent with other regulated financial services companies. In the view of the GHRC, it is therefore appropriate and necessary that the JSE should use a comparator group comprising major South African financial services groups.

PwC provides the GHRC with detailed market data, based on the latest publicly available information disclosed by the companies in the selected comparator group.

Comparator group for non-executive emoluments benchmarking

Alexander Forbes Group Holdings Limited	Liberty Holdings Limited
Barclays Africa Group Limited (now ABSA Group Limited)	MMI Holdings Limited
Capitec Bank Holdings Limited	Nedbank Group Limited
Coronation Fund Managers Limited	PSG Group Limited
Discovery Limited	Sanlam Limited
FirstRand Limited	Santam Limited
	Standard Bank Group Limited
	Transaction Capital Limited

IMPLEMENTATION REPORT

The key performance indicator (KPI) deliverables in the 2020 corporate scorecard are intended to ensure that we will achieve our strategic vision and have been translated into the key elements underpinning our 2022 strategy.

Fair and responsible remuneration	20
Guaranteed remuneration adjustments	20
Corporate performance 2019	21
Annual incentives awarded for 2019	23
CEO transition	23
Long-term incentives	23
Executive remuneration summary table	27
Looking forward	29
Non-executive director emoluments	31

The Board assessed the overall corporate performance of 2019 as fair in the context of the JSE’s operating environment. It noted the decline in earnings and the feedback from clients on service delivery, but acknowledged the successful delivery of the multi-year ITaC project.

FAIR AND RESPONSIBLE REMUNERATION

The Board, working through the Group Human Resources Committee (GHRC), seeks to ensure that total remuneration paid by the Group is aligned with the JSE’s value-creating strategies, is sustainable and meets the legitimate expectations of stakeholders.

Within this philosophy, GHRC aims to apply the approved remuneration policy and the associated practices so that executive remuneration is fair and reasonable within the context of the Group’s overall remuneration.

This implementation report sets out the details and key outcomes of the remuneration paid in 2019.

GUARANTEED REMUNERATION ADJUSTMENTS

Guaranteed pay is determined based on clear role descriptions and validated by an independent remuneration advisor. The principle of equal work for equal pay applies. Pay levels are benchmarked against independent market data, and any unjustifiable income disparities (including race, gender and tenure) are subject to adjustment.

Overall pay ratios between executives and other employees are also considered when determining annual salary increments.

During 2018 the JSE’s incentive models were collapsed into a single bonus model, with adjustments to the base pay of affected staff. This addressed some of the legacy challenges relating to annual salary adjustments, and positioned the JSE’s cost-to-company salary scales for 2019 fairly within a competitive market.

Based on market research and affordability, GRHC approved for 2019 an overall annual increase in guaranteed salaries of 6.5%, with adjustments for executives limited to 6%. This aligned with the JSE pay policy which is to aim for guaranteed pay at the 50th percentile of the market. The annual increase catered for inflation-linked increases, grade adjustments where required, as well as merit increases for top performers.

For 2020 the GRHC determined an overall increase to payroll of 5.5% given the affordability context. The impact of COVID-19 will be considered at the end of the 2020 year.



CORPORATE PERFORMANCE 2019

Our 2019 corporate scorecard was approved by the Board in November 2018 and was designed around five strategic elements of value creation and 15 specific priority deliverables. Traditionally, we do not assign specific weightings to these deliverables, although financial performance (metric 9) does contribute materially to the scorecard assessment. The approved 2019 scorecard appears below, with a snapshot comment on the status of each deliverable. The GHRC considered the evidence supporting Exco's self-assessment of performance and determined a corporate performance score for 2019, which was reviewed and ratified by the Board. This directly informs the size of the discretionary bonus pool for 2019.

Strategy element: Put our clients at the centre of what we do

Strategic intent

Align business initiatives to expedite those that provide the most value to enhance the client experience.

What we decided to do in 2019: Top priorities

1. Launch non-cash collateral.
2. Net Promoter Score (NPS) survey post-ITaC to demonstrate improvement over previous NPS survey.
3. Improve quality and client support for valuations.

Summary self-assessment and comment

1. Pre-work for this initiative was undertaken, but subsequently placed on hold owing to the need for changes to the Insolvency Act, 24 of 1936. 
2. Survey completed in 2019 and client satisfaction declined in some areas compared with the prior survey. 
3. Following ITaC implementation, legacy valuation systems were decommissioned and manual processes fully automated. This delivered faster valuation processing and fewer end-of-day valuation errors. 

Strategy element: Operate, to global standards, South Africa's most trusted, stable, robust and competitive market infrastructure

Strategic intent

Move trading and clearing systems and information systems platform to next generation by upgrading and refreshing the base technology.

What we decided to do in 2019: Top priorities

4. Implement ITaC by April 2019.
5. Complete IT refresh and upgrades.
6. Complete agreed ITaC 1 spill-over and progress interest rate and commodity (IRC) trading platforms transition in line with Board-approved budget.
7. Implement cash bonds on new reference data system.
8. Implement automation initiatives for smart regulation.

Summary self-assessment and comment

4. Successfully delivered in April 2019. 
5. MIT upgrade deferred to 2020, however progress was made on information and cybersecurity readiness. 
6. Progress made on some ITaC post-implementation enhancements, but the transition of IRC trading platforms was deferred. 
7. Bonds reference data is being ported to new platform, with a successful initial implementation in November 2019 and incremental deliveries planned for the first half of 2020. 
8. Proof of concept delivered of an artificial-intelligence-driven smart regulatory tool and a technical solution for SENS announcements. 

Strategy element: Grow sustainably across the value chain

Strategic intent

Extend JSE offering into new parts of the value chain to:

- » preserve, grow and diversify financial performance; and
- » further enhance the client experience.

What we decided to do in 2019: Top priorities

- 9. Meet 2019 budget.
- 10. Submit complete independent clearing house licence application and accelerate strategy for clearing of bonds and equities.
- 11. Deliver Group operating revenue through business lines that do not currently contribute substantially to the JSE's financial performance.

Summary self-assessment and comment

- 9. The 2019 budget was not met, with NPAT down 23%.
- 10. Deferred to 2020 to align with the application process specified by the PA.
- 11. Several initiatives launched by the Information Services division, which will accrete revenue in 2020. The intended Link SA acquisition also provides a platform for additional revenue in 2020 (subject to Competition Tribunal review).



Strategy element: Invest in and retain world-class talent

Strategic intent

Nurture a world-class staff complement that is inspired, motivated and supported to deliver.

What we decided to do in 2019: Top priorities

- 12. Complete agile training for all employees.
- 13. Implement action plan to address all issues raised in 2018 employee satisfaction survey.
- 14. Implement coaching and mentoring programmes for high-potential leaders across the JSE.

Summary self-assessment and comment

- 12. 90% of employees successfully completed the training.
- 13. All divisions made significant progress in executing their customised action plans to address the cultural, behavioural and leadership issues raised in the survey.
- 14. The programmes were implemented for Exco and senior management, with benefits already visible.



Strategy element: Lead by example on the national agenda

Strategic intent

Position the JSE as a champion of sustainable business in South Africa across our stakeholder base – ensure we build better markets for all.

What we decided to do in 2019: Top priorities

- 15. Achieve a revised Financial Sector Charter (RFSC) level 3 BBBEE status.

Summary self-assessment and comment

- 15. BBBEE level 3 was confirmed by the verification agency.



ANNUAL INCENTIVES AWARDED FOR 2019

In terms of the JSE's approved remuneration policy, the maximum amount that may be awarded in annual short-term incentives is limited to 10% of that year's Net Profit After Tax (NPAT). The JSE's financial performance in any given year is a key determinant, but not the sole factor, in determining the final quantum of the discretionary bonus pool. GHRC noted that the ITaC project had consumed a significant amount of focus across the JSE and that this project had been successfully delivered in the same year as leadership transition which was smoothly addressed.

GHRC determined that the JSE had achieved a fair performance for 2019 (on-target with some deliverables but below target on financial performance). In the context of a challenging year, the Committee determined to award a discretionary bonus pool of 9.2% of NPAT, being R64 million (2018: R83 million).

CEO TRANSITION

Nicky Newton-King retired from the JSE after 23 years' service, serving the last eight years as Chief Executive Officer. Although the effective date of retirement was 30 September 2019, she remained available until December 2019 to assist the incoming Group CEO, Dr Leila Fourie, as part of a planned transition process. Ms Newton-King was classified as a good leaver and was entitled to remuneration and benefits for the full 2019 year.

The guaranteed remuneration for 2019 amounted to R5.8 million (2018: R5.6 million). A discretionary bonus of R7.7 million (2018: R9.2 million) was awarded by GHRC in respect of performance for 2019, being 133% of her guaranteed remuneration. This discretionary bonus was based on an assessment of corporate performance delivered for 2019, and recognised her contribution to an effective transition process. As a good leaver, her remaining LTIS 2018 shares will vest in March 2022 and March 2023 subject to corporate performance assessed at those vesting dates.

N. Newton-King is subject to a restraint of trade for 2020 and no payments are due in respect of that restraint, and no other termination or balloon payments were made to the former CEO.

LONG-TERM INCENTIVES

By design, the LTIS 2010 scheme (now closed with one tranche to vest in 2021) and the new LTIS 2018 scheme approved by shareholders in 2018 are structured for on-target vesting of 70% (with the size of the original award being calibrated to account for this expected 70% vesting).

This means that on average over the life of these schemes, 70% of the share awards ought to vest if management achieves on-target performance against the pre-set corporate performance metrics.

The overall vesting over the life of the existing LTIS 2010 scheme is 73%, illustrated in the accompanying graphic. Where corporate performance targets are not met, the relevant portion of the share awards are forfeited (there is no subsequent retesting of performance).



Vesting of long-term share awards in 2019

LTIS 2010 – Allocation 7(2) – performance measured over four years 2016 – 2019	Weighting	Target range for metric	Actual performance against metric for vesting period	Score for metric (0 – 100%)	Weighted score for metric
ROE	30%	Average ROE of 16% to 25%	23.8%	89.10%	26.73%
Earnings growth	20%	Compound annual growth in earning of CPI+1% to CPI+4%	-9.4%	0%	0%
TSR	10%	Median to Upper Quartile performance against peer group	3.13% (below median)	0%	0%
Strategic metric	40%	Revenue-enhancing initiatives	On-target delivery	70%	28%

Vesting percentage for Allocation 7(2)

54.73%

The balance of the shares for Allocation 7(2), being 45,27% of that Allocation, were forfeited.

LTIS 2010 – Allocation 8(1) – performance measured over three years 2017 – 2019	Weighting	Target range for metric	Actual performance against metric for vesting period	Score for metric (0 – 100%)	Weighted score for metric
ROE	30%	Average ROE of 16% to 25%	21.80%	72.00%	21.60%
Earnings growth	20%	Compound annual growth in earning of CPI+1% to CPI+4%	-11%	0%	0%
TSR	10%	Median to Upper Quartile performance against peer group	-4.56% (below median)	0%	0%
Strategic metric	40%	Revenue-enhancing initiatives	On-target delivery	65%	26%

Vesting percentage for Allocation 8(1)

47.60%

The balance of the shares for Allocation 8(1), being 52.4% of that Allocation, were forfeited.

- » All participants in these LTIS 2010 Allocations are subject to the same vesting percentages as set out in these vesting tables.
- » ROE is stated as average ROE pa over the relevant vesting periods.
- » Earnings growth is stated as CAGR over the relevant vesting periods.
- » TSR is measured against a financial services peer group (see sidebar on this page).
- » Threshold performance translates to a 20% award while full performance translates to a 100% award, with straight-line vesting between these two points.

Comparator group for TSR performance assessment

ABSA Group Limited
 ASX
 BMF Bovespa
 Bursa Malaysia
 Capitec Bank
 Discovery
 FirstRand
 Investec Limited
 Investec Plc
 Liberty Holdings
 London Stock Exchange Group
 Nedbank Group
 Old Mutual
 PSG Group
 Reinet Investments
 RMB
 Sanlam
 Santam
 Sasfin Holdings
 Standard Bank Group
 TMX Group
 Zurich Financial

Long-term incentive scheme 2018 (approved by shareholders in May 2018)**Executive director – Leila Fourie****Summary of restricted unvested shares granted to Group Chief Executive Officer**

Award	Date of award	Vesting date of first tranche	Vesting date of second tranche	Status of award	Grant price (rand per share)	Opening number of unvested shares	Number of shares awarded during the year	Number of shares vested in the year	Number of shares lapsed in the year	Closing number of LTIS 2018 unvested shares	Indicative rand value of unvested shares at share price on 31 December 2019 (R119.52 per share)	Indicative expected rand value of unvested shares at share price on 31 December 2019 (R119.52 per share at projected 70% on-target vesting)
Restraint	2019			Unvested	128.49		51 364	Nil	Nil	51 364	6 139 025	4 297 318

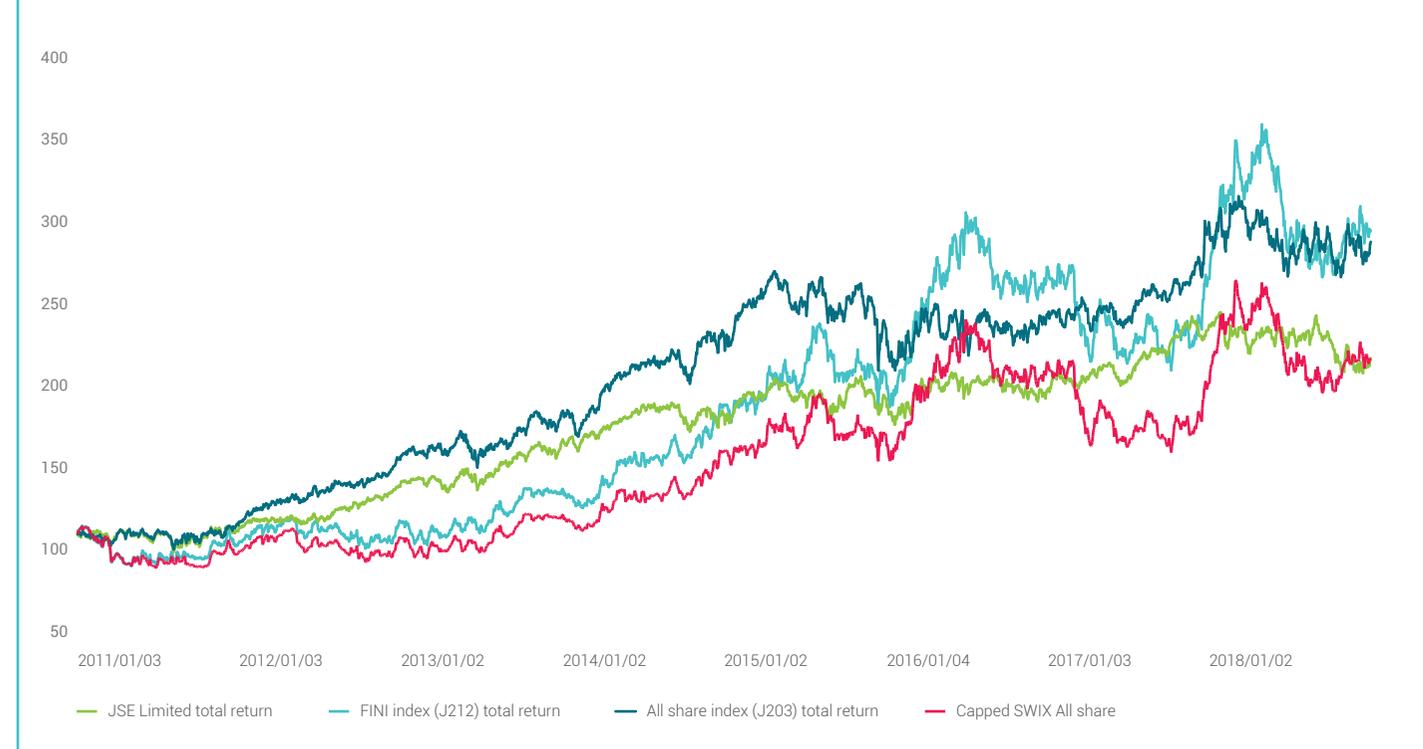
- » L Fourie received a separate grant of 51 364 JSE ordinary shares upon joining the JSE as Group CEO in October 2019 – these restraint shares were granted in accordance with her terms of employment.
- » These restraint shares were acquired in the open market at a volume-weighted average price of R128.49 per share (for a transaction value of R6.6 million), and are held in trust and restricted for the duration of the CEO's employment with the JSE.
- » Title to these restraint shares only passes to L Fourie at the conclusion of her employment with the JSE, and subject to the JSE enforcing the restraint (the shares are forfeited if the JSE decides not to enforce the restraint).

Executive director – Aarti Takoordeen**Summary of restricted unvested shares granted to Chief Financial Officer**

Award	Date of award	Vesting date of first tranche	Vesting date of second tranche	Status of award	Grant price (rand per share)	Opening number of unvested shares	Number of LTIS 2018 shares awarded during the year	Number of LTIS 2018 shares vested in the year	Number of LTIS 2018 shares lapsed in the year	Closing number of unvested LTIS 2018 shares	Indicative rand value of unvested LTIS 2018 shares at share price on 31 December 2019 (R119.52 per share)	Indicative expected rand value of unvested LTIS 2018 shares at share price on 31 December 2019 (R119.52 per share at projected 70% on-target vesting)
Allocation 1	2018	Mar 21	Mar 22	Unvested	153.75		16 680	Nil	Nil	16 680	1 993 593	1 395 515
Allocation 2	2019	Mar 22	Mar 23	Unvested	159.80	16 680	16 710	Nil	Nil	33 390	1 997 179	1 398 025
Total unvested LTIS 2018 shares as at 31 December 2019										33 390	3 990 772	2 793 540

JSE's long-term share performance

JSE Limited vs FINI 15 vs All share (JSE total return vs total return indices)



EXECUTIVE REMUNERATION SUMMARY TABLE

		Basic salary ^{1,2}	Defined pension plan ^{1,2}	Medical aid ¹ , UIF and other	Total guaranteed pay	Contractual bonus (includes deferral) ^{1,2}	Dis- cretionary bonus ^{1,3,5}	Total annual incentives	Total current year remuneration	Total long-term and other benefits ⁶	Total number of shares granted in the LTIS schemes and other ⁷
R'000											
Executive directors – Current year remuneration											
2019											
L Fourie ¹²	Chief Executive Officer	1 579	64	7	1 650	6 637	–	6 637	8 287	–	51 364
NF Newton-King ¹³	Chief Executive Officer	5 255	346	176	5 777	–	7 700	7 700	13 477	3 824	52 112
A Takoordeen	Chief Financial Officer	3 201	146	127	3 474	–	2 000	2 000	5 474	2 499	16 710
		10 035	556	310	10 901	6 637	9 700	16 337	27 238	6 323	120 186
2018											
NF Newton-King	Chief Executive Officer	5 059	374	161	5 594	–	9 167	9 167	14 761	5 596	52 040
A Takoordeen	Chief Financial Officer	2 729	159	2	2 890	458	2 500	2 958	5 848	2 049	16 680
		7 788	533	163	8 484	458	11 667	12 125	20 609	7 645	68 720
Other key executives – Current year remuneration											
2019											
JH Burke	Director of Issuer Regulation	3 312	230	214	3 756	–	–	–	3 756	2 752	18 420
A Greenwood	Director of Post-Trade Services	3 494	199	2	3 695	–	2 300	2 300	5 995	676	17 776
D Khumalo	Director of Human Resources	2 634	107	2	2 743	–	1 590	1 590	4 333	410	13 190
H Kotze	Chief Information Officer	2 934	133	135	3 202	–	1 600	1 600	4 802	–	15 400
Z Luhabe-Morrison ¹⁴	Director of Marketing and Corporate Affairs	1 605	77	76	1 758	–	1 000	1 000	2 758	–	9 626
D Nemer ¹⁵	Director of Capital Markets	3 182	200	147	3 529	–	–	–	3 529	2 934	20 372
MH Randall	Director of Information Services	2 685	113	96	2 894	–	1 350	1 350	4 244	365	13 920
		19 846	1 059	672	21 577	–	7 840	7 840	29 417	7 137	108 703

R'000		Basic salary ^{1,2}	Defined pension plan ^{1,2}	Medical aid ¹ , UIF and other	Total guaranteed pay	Contractual bonus (includes deferral) ^{1,2}	Discretionary bonus ^{1,3,5}	Total annual incentives	Total current year remuneration	Total long-term and other benefits ⁶	Total number of shares granted in the LTIS schemes and other ⁷
2018											
JH Burke	Director of Issuer Regulation	2 684	250	195	3 129	505	2 400	2 905	6 034	2 306	18 390
LM de Villiers	Interim Chief Information Officer	2 856	–	1	2 857	–	–	–	2 857	–	–
A Greenwood	Director of Post-Trade Services	2 867	217	2	3 086	488	2 600	3 088	6 174	–	17 750
Z Jacobs	Director of Marketing and Corporate Affairs	2 538	162	213	2 913	437	1 700	2 137	5 050	1 966	15 920
D Khumalo	Director of Human Resources	2 117	131	35	2 283	362	1 850	2 212	4 495	–	13 170
H Kotze ¹¹	Chief Information Officer	238	14	19	271	–	–	–	271	–	–
TJ Matsema ⁸	Chief Information Officer	1 666	144	278	2 088	476	–	476	2 564	–	–
D Nemer	Director of Capital Markets	3 077	247	195	3 519	556	2 850	3 406	6 925	755	20 240
LV Parsons ⁹	Director of Information Services	1 213	119	58	1 390	543	2 750	3 293	4 683	2 474	19 780
MH Randall ¹⁰	Director of Information Services	1 227	70	44	1 341	241	1 100	1 341	2 682	181	13 900
		20 483	1 354	1 040	22 877	3 608	15 250	18 858	41 735	7 682	119 150

¹ Represents short-term employee benefits. From 1 August 2018, the contractual bonus was collapsed into salaries.

² Contractual bonuses includes a sign-on bonus for the incoming CEO in 2019. Contractual bonuses in 2018 were subject to personal performance and are calculated according to a fixed percentage of basic salary (which percentage varied on a sliding scale based on grade). Refer to footnote 1.

³ Discretionary bonuses are subject to both personal performance and the achievement of specific corporate deliverables (per the annual corporate scorecard approved by the Board at the beginning of each financial year). These awards are not subject to deferral, unless otherwise so determined by the Board in any particular year. A portion of the discretionary bonus may be paid in equity, at the discretion of the Group Human Resources Committee.

⁴ All executive directors and other key executives are full-time employees of JSE Limited.

⁵ CEO's discretionary bonus – cash only.

⁶ Represents the net value (after forfeiture for corporate performance) of share awards granted under provisions of the LTIS 2010 Long Term Incentive Scheme in 2012 and 2013 that vested during the current financial year.

⁷ Represents unvested or unsettled shares as at 31 December 2019, granted under the provisions of the LTIS 2018 Long Term Incentive Schemes in the current year.

⁸ Resigned effective 31 August 2018.

⁹ Stepped down from the Executive Committee effective 1 July 2018; Resigned 31 May 2019.

¹⁰ Appointed Director of Information Services effective 1 July 2018.

¹¹ Appointed Chief Information Officer effective 1 December 2018.

¹² Appointed Chief Executive Officer effective 1 October 2019.

¹³ Resigned effective 30 September 2019.

¹⁴ Appointed Director of Marketing and Corporate Affairs effective 1 February 2019.

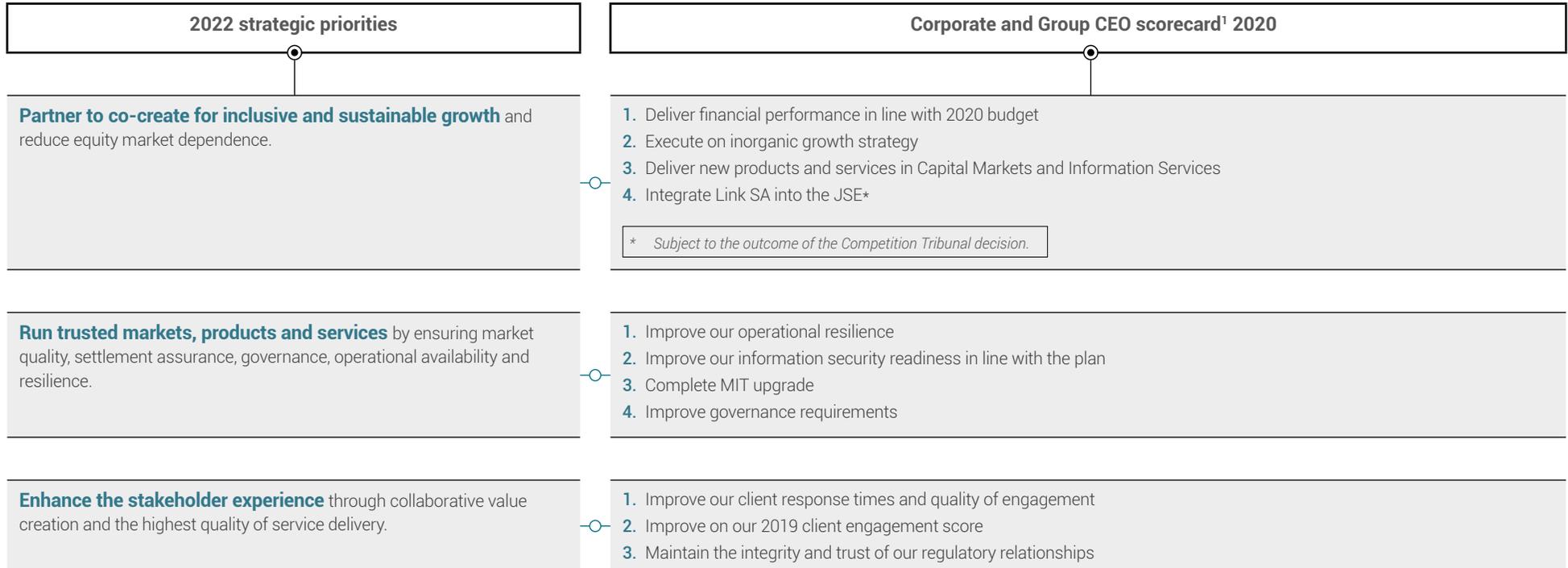
¹⁵ Resigned effective 31 October 2019.



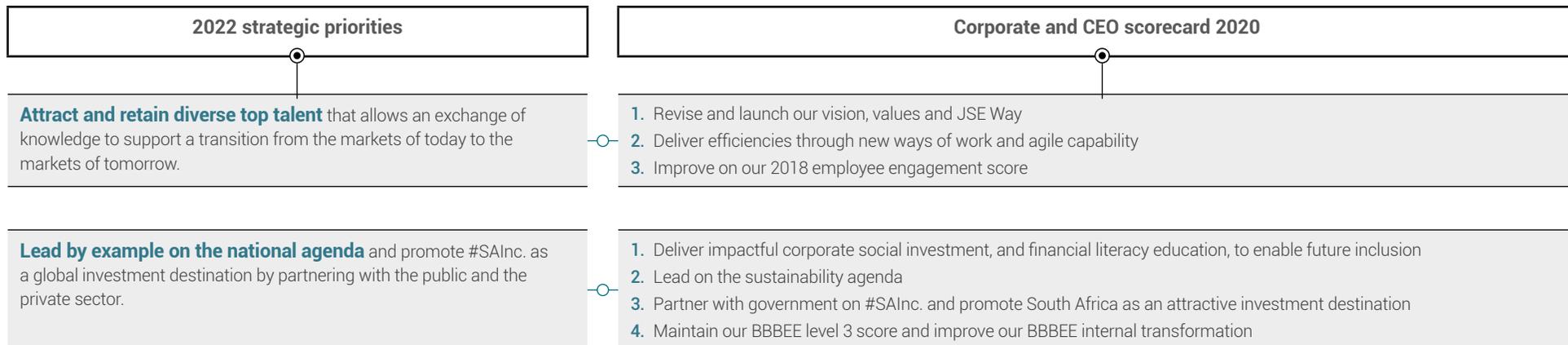
LOOKING FORWARD

Scorecard for annual incentives 2020

Our 2022 strategic priorities are firmly tied in with our corporate and Group CEO scorecards for 2020.



¹ The Group CEO is assessed by the Group Human Resources Committee based on both the performance of the JSE against the 2020 corporate scorecard and on the impact of the Group CEO's leadership on the JSE.



Scorecard for long-term incentives granted in 2020

GHRC has endorsed the following corporate metrics for the LTIS 2018 scheme as a reasonable and balanced basis for measuring management's contribution to performance.

PERFORMANCE METRICS	RETURN ON EQUITY CAPITAL	EARNINGS GROWTH	TSR	STRATEGIC METRIC
Measurement basis	Average annual return on equity (ROE) for JSE Group against JSE cost of capital	Average growth in JSE Group HEPS vs average CPI	JSE TSR against FTSE/JSE Capped SWIX All Share total return	Same target applies to two consecutive Allocations
Threshold vesting target	16% average annual ROE over measurement period	Average annual growth in HEPS not less than average growth in CPI over the measurement period	JSE TSR performance not less than the average growth in Capped SWIX over measurement period	Specific to Allocation
On-target vesting target	20% average annual ROE over measurement period (straight line basis)	Average annual growth in HEPS of CPI + 1.71% (straight-line basis)	JSE TSR performance on straight line basis between threshold and full performance targets	Specific to Allocation
Full performance vesting target	23% average annual ROE over measurement period	Average annual growth in HEPS of CPI + 3%	JSE TSR performance not less than one standard deviation over average historical return in Capped SWIX	Specific to Allocation
Nature of metric	Quantitative (no discretion)	Quantitative (no discretion)	Quantitative (no discretion)	Qualitative (discretion by GHRC)

NON-EXECUTIVE DIRECTOR EMOLUMENTS

GHRC is responsible for recommending to the JSE Board the emoluments to be paid to JSE non-executive directors for their services as directors (as defined). The JSE Board is required, in accordance with sections 66(8) and 66(9) of the Companies Act, 2008, to present a special resolution outlining the proposed emoluments, for approval by shareholders at intervals not exceeding two years.

Emoluments for 2019 were approved by shareholders at the AGM held in May 2019, and are reflected in the table below.

R'000		Total	Board member fees	Committee member fees
2019				
ZBM Bassa	Chairman of Group SRO Oversight Committee	950	370	580
F Daniels		1 100	370	730
VN Fakude	Chairman of Group Human Resources Committee	790	370	420
M Jordaan		535	370	165
SP Kana	Chairman of Group Audit Committee, Chairman of Group Social and Ethics Committee	1 501	481	1 020
F Khanyile		875	370	505
BJ Kruger		760	370	390
DM Lawrence	Chairman of Group Deal Committee	1 020	370	650
MA Matooane	Chairman of Group Risk Management Committee	895	370	525
NMC Nyembezi	Board Chairman, Chairman of Group Nominations Committee	2 300	2 300	–
		10 726	5 741	4 985
2018				
AD Botha ¹		361	170	191
ZBM Bassa ⁶	Chairman of Group SRO Oversight Committee	128	58	70
F Daniels ⁷		215	86	129
VN Fakude	Chairman of Group Human Resources Committee	822	345	477
M Jordaan		495	345	150
SP Kana	Chairman of Group Audit Committee, Chairman of Group Social and Ethics Committee	1 243	345	898
F Khanyile ⁸		100	100	–
BJ Kruger ²		367	201	166
DM Lawrence		805	345	460
MA Matooane	Chairman of Group Risk Management Committee	861	345	516
AM Mazwai ³		340	125	215
NP Mnxasana ⁴		298	125	173
NMC Nyembezi	Board Chairman, Chairman of Group Nominations Committee	2 150	2 150	–
NG Payne ⁵		575	204	371
		8 760	4 944	3 816

¹ Resigned 18 May 2018.

³ Resigned 18 May 2018.

⁵ Stepped down 3 August 2018.

⁷ Appointed 1 October 2018.

² Appointed 1 June 2018.

⁴ Resigned 18 May 2018.

⁶ Appointed 1 November 2018.

⁸ Appointed 1 November 2018.

Looking ahead to 2020, the GHRC reviewed a benchmarking proposal for non-executive emoluments, supported by independent data, and settled on a recommendation to the JSE Board for an increase to the emoluments for 2020. In determining this recommendation for 2020 the GHRC:

- » Made no changes to the peer group against which these emoluments are benchmarked, as the committee was of the view that the peer group remains relevant for this benchmarking exercise (see [page 19](#) for peer group constituents)
- » Sought to align the JSE's proposed fees for 2020 with the median of the peer group (aiming for a compa-ratio within 80% – 120% of median for all non-executive roles)
- » Targeted an incremental adjustment to the retainers for the chairmen and members of the Group Audit Committee and Group Risk Management Committee so as to reflect the increasing importance of these roles
- » Noted that fees payable to a non-resident non-executive director will be computed at the approved ZAR rate (same as the rate for all other directors) and paid in the relevant foreign currency on a quarterly basis, using the average foreign exchange rate for the calendar quarter for which the fees are due
- » Maintained the 2x ratio in respect of the retainers for Committee chairmen and Committee members in line with the existing JSE non-executive emoluments policy, save for the Group Audit Committee where JSE policy provides that this ratio should be closer to 2.5x the retainer paid to Audit Committee members

The Board considered the proposal by GHRC and endorsed the proposed increases for shareholder approval. However, as a consequence of the challenges posed by the COVID-19 pandemic the Board reviewed its earlier decision and formally resolved not to propose any increases to the non-executive emoluments for 2020. Accordingly, Special Resolution 4 set out in the notice of AGM proposes no increases to the non-executive emoluments for 2020.

