

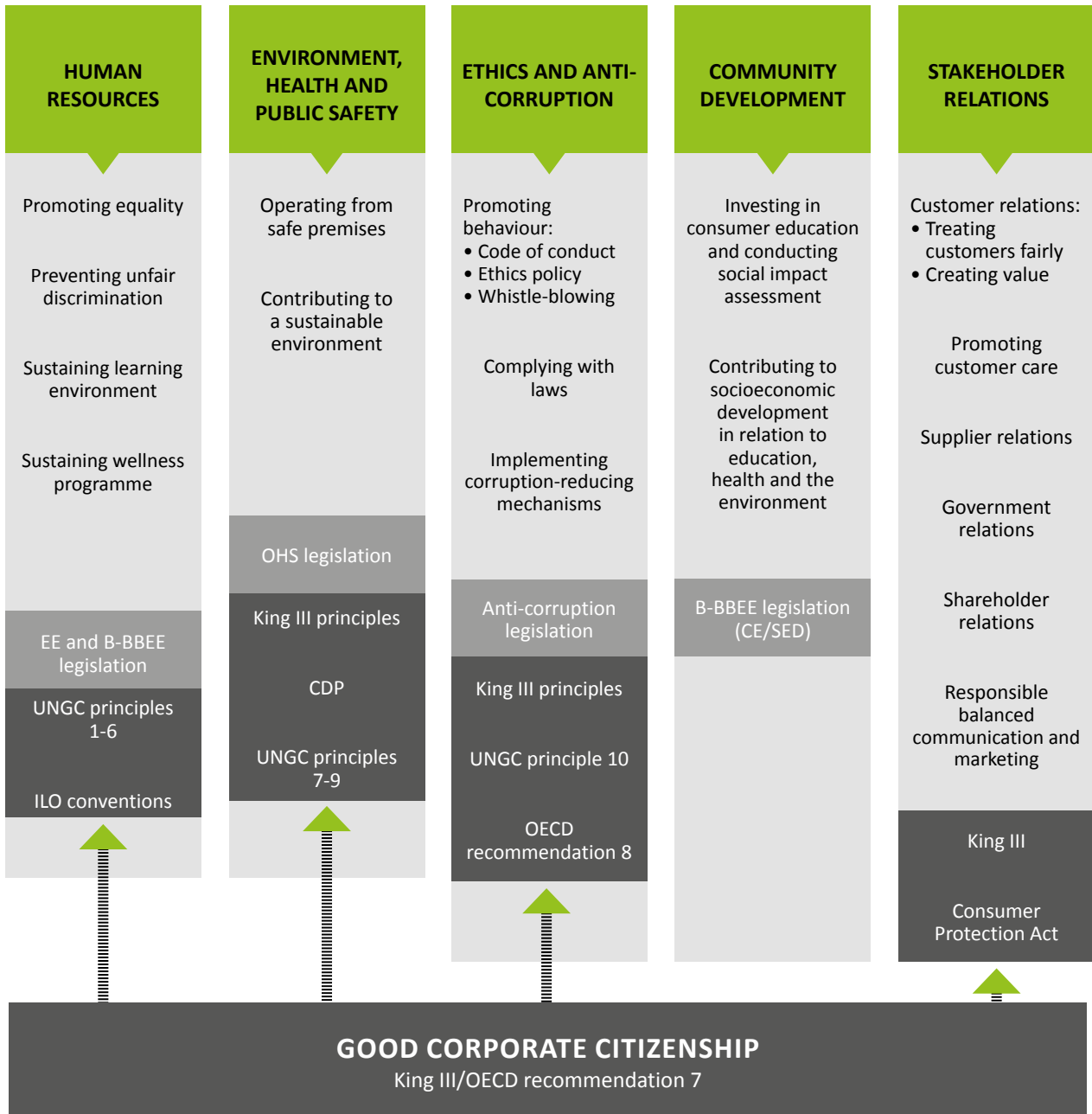
SOCIAL ETHICS REPORT

**INTEGRATED ANNUAL REPORT OF THE JSE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2015**

SOCIAL AND ETHICS REPORT BY HRSE COMMITTEE

Social and ethics statutory oversight role

The JSE Human Resources, Social and Ethics (HRSE) Committee is mandated by the Board to fulfil a monitoring and evaluation role on behalf of the Board and to draw matters within its mandate to the attention of the Board as the occasion requires. A summary of these matters follows:



In compliance with section 72 of the Companies Act, 71 of 2008 (Act), read with Regulation 43, a member of the HRSE Committee must report to shareholders at the annual general meeting on matters within its mandate.

For the purposes described above, a report on how the JSE fared on the prescribed matters is detailed below.

Responsibilities	Core JSE response	JSE compliance	
HUMAN RESOURCES			
United Nations Global Compact (UNGC) principle 1	Support and respect the protection of internationally proclaimed human rights	The JSE supports the ambit and spirit of South Africa's Constitution, including the Bill of Rights	Applied
		The JSE HR policies and procedures exceed the requirements of national labour legislation	
		The JSE has long been a champion supporting and advancing social issues, and is recognised and highly regarded as such locally and globally, as evidenced by the following:	
		The introduction of a sustainability index measuring companies on indicators related to environmental, social and governance (ESG) practices	
		It is a signatory to the United Nations-backed Principles for Responsible Investment (a global investor initiative that encourages consideration of the environment, society and governance in investment decisions)	
		It is a founding partner of the Sustainable Stock Exchanges Initiative	
UNGC principle 2	Make sure not complicit in human rights abuses	JSE provides a safe environment for its employees, tenants, clients and visitors.	Applied
		The Company does not tolerate any form of sexual or other harassment in the workplace	
		The JSE's HR policies protect the human rights of workers in its employment	
		The JSE strives to advance the spirit and comply in principle with all materially applicable national legislation	
UNGC principle 3	Uphold the freedom of association and the effective recognition of the right of collective bargaining	The JSE operates in a non-unionised environment. However, it continues to promote good employee relations through detailed guidelines, policies and engagement	N/a
		There is no limitation on joining unions and there have been no strike days and no associated financial cost	
UNGC principle 4	Elimination of all forms of forced and compulsory labour	South African labour legislation does not permit forced and compulsory labour and the JSE employment/HR policies and practices comply	Applied
UNGC principle 5	Effective abolition of child labour	South African labour legislation does not permit the use of child labour, save for a few instances. The JSE Employment/HR policies and practices do not permit the use of child labour	Applied

SOCIAL AND ETHICS REPORT BY HRSE COMMITTEE (CONTINUED)

Responsibilities	Core JSE response	JSE compliance	
HUMAN RESOURCES (continued)			
UNGC principle 6	Elimination of discrimination in respect of employment and occupation	<p>The JSE's HR policy on employment equity provides for the establishment of specific employment equity programmes, including affirmative action, performance management, learning and development, promotions, career ladders and succession planning</p> <p>The JSE attracts, develops and retains the best talent and skills. Employment equity initiatives assist by providing a larger pool of candidates with the necessary skills and competencies from which to select the best talent. This enables the JSE to become more competitive on a global scale</p> <p>The JSE believes that effective diversity management will result in more innovative solutions to problems, greater opportunities and service excellence</p> <p>The JSE has changed its Listings Requirements with effect from 9 November 2015 to state that the Board of a listed company must have a policy on the promotion of gender diversity at board level and that this must be confirmed in its annual report</p>	Applied
Employment Equity Act	Promotion of equal opportunity and fair treatment; prevention of unfair discrimination, and the implementation of affirmative action measures to redress the disadvantages in employment	<p>The total number of filled positions consists of 464 permanent and 36 fixed-term contract (FTC) employees, made up as follows:</p> <ul style="list-style-type: none"> • 61% of the staff complement are African, Coloured or Indian (ACI) employees, of which 36% are African • 48% of the JSE staff are male, and 52% are female • ACI employees on grades 12-14 constitute 24% of the staff complement with 3% on grade 15-16 • The average length of service across all categories is seven years with unskilled and defined decision-making categories having the longest average tenure of 20 years • The average age of staff at the JSE is 38 <p>Ongoing monitoring and quarterly compliance reporting by the HR department to the HRSE Committee</p>	Applied
Broad-based Black Economic Empowerment Act	Ensure that there is increased and fair participation of black people in the economy of South Africa	<p>The most significant improvements made during 2015 are the following:</p> <ul style="list-style-type: none"> • Black managers at senior levels doubled • Black female managers at senior levels almost tripled • Additional budget was made available for skills development • Increased skills spend • 29 learnerships were implemented <p>Ongoing monitoring and quarterly compliance reporting by HR department to the HRSE Committee</p>	Applied



Responsibilities	Core JSE response	JSE compliance
HUMAN RESOURCES (continued)		
International Labour Organisation (ILO): Labour and employment	<p>Uphold the International Labour Organisation Protocol on decent work and working conditions</p> <p>The JSE encourages an environment where people feel valued. This is achieved through people policies and team practices that continuously strive to enhance diversity in the interest of building a capable, respected workforce</p> <p>An Employee Wellness Committee chaired by the head of Human Resources addresses relevant employee wellness concerns. It seeks to implement the necessary improvements to address specific needs of employees and the organisation. The goals of the employee wellness programme are to improve general health and wellbeing, productivity, collaboration, morale and attitude</p>	Applied
	<p>Undertake initiatives to promote principled employment relationships and contribute towards the educational development of employees</p> <p>The JSE's culture is to encourage innovative self-starters by promoting on merit and rewarding performance</p> <p>This is achieved through people policies and team practices that enhance elements including the following:</p> <ul style="list-style-type: none"> • Empowerment of others and self, linked to accountability; • Investment in people and continuous learning; • A high performance culture achieved through diverse individuals and teams; and • Equity and democracy in the workplace. 	Applied
ENVIRONMENT, HEALTH AND PUBLIC SAFETY		
UNGC principle 7	<p>Support a precautionary approach to environmental challenges</p> <p>The sustainability strategy and framework, as amended from time to time, details our challenges and our approach</p> <p>The JSE remains aware of its interdependence with the natural environment and, particularly at a time of growing concern about the environmental impact of non-sustainable social and business practices, of the need to play a role in nurturing its ecosystem</p>	Applied
UNGC principle 8	<p>Undertake initiatives to promote greater environmental responsibility</p> <p>The JSE is involved in a number of significant initiatives and developments. In June 2015, the JSE announced that it is partnering with FTSE Russell, the global index provider, in progressing the JSE's work around promoting corporate sustainability practices over the past decade. The JSE has adopted the FTSE ESG ratings process into creating the two new indices that were launched on 12 October 2015:</p> <ul style="list-style-type: none"> • The FTSE/JSE Responsible Investment Index. This is a market-cap weighted index calculated on an end-of-day basis that comprises all eligible companies who achieve a FTSE ESG rating of 2.0 or above • The FTSE/JSE Responsible Investment Top 30 Index, an equally weighted index calculated on a real time basis that comprises the Top 30 companies ranked by FTSE ESG rating <p>The JSE qualified for inclusion in both indices</p> <p>The JSE also participated in the 2015 CDP greenhouse emissions disclosure exercise</p> <p>Refer to the sustainability strategy in the integrated annual report and the environmental management report, available online at http://www.jsereporting.co.za/ar2015/download_pdf/environmental-report-2015.pdf</p>	Applied



SOCIAL AND ETHICS REPORT BY HRSE COMMITTEE (CONTINUED)

Responsibilities	Core JSE response	JSE compliance
ENVIRONMENT, HEALTH AND PUBLIC SAFETY (continued)		
<p>UNGC principle 9 Encourage the development and diffusion of environmentally friendly technologies</p> <hr/> <p>Awareness and appropriate protection of the environment, health and public safety issues</p>	<p>The JSE encourages clean tech companies to list on the Exchange</p> <hr/> <p>Refer to the environmental management report, available online at http://www.jsereporting.co.za/ar2015/download_pdf/environmental-report-2015.pdf</p> <hr/> <p>Commitment in this regard is demonstrated by the JSE's inclusion in the SRI Index since its inception in 2004 and in the new FTSE/JSE Responsible Investment Index. Refer to UNGC principle 8 above</p> <hr/> <p>Compliant with the Occupational Health and Safety Act (OHS), 85 of 1993, and OHS regulations. Regular OHS audits are conducted and issues addressed</p>	<p>Applied</p>
ETHICS AND ANTI-CORRUPTION		
<p>UNGC principle 10 Work against corruption in all its forms, including extortion and bribery</p>	<p>The JSE's code of conduct details the principles, standards and transgressions with regard to bribery and corruption</p> <hr/> <p>The JSE's code of ethics lays down zero tolerance principles regarding unethical behaviour.</p> <hr/> <p>A whistle-blowing/JSE ethics hotline, where various stakeholders can report any transgression confidentially and anonymously, is in place and its use is detailed in the code of ethics. No events were reported through the whistle-blowing hotline. In terms of internal processes regarding IR issues, 10 matters were reported and dealt with</p> <hr/> <p>The JSE's Market Regulation division reports suspicious trade activity in the market to the FSB for follow-up and further action</p> <hr/> <p>The JSE also supports anti-crime sponsorships and other related initiatives, which sensitises JSE employees to wider challenges and their repercussions. Refer to the stakeholder report, available online at http://www.jsereporting.co.za/ar2015/download_pdf/stakeholder-report-2015.pdf</p>	<p>Applied</p>
<p>Promotion of equality, prevention of unfair discrimination, and reduction of corruption</p>	<p>The JSE's employment equity policy aims to eradicate all forms of discrimination and to create opportunities for all employees, with a special emphasis on the business's demographic profile. Policy formulation is ongoing and stays abreast of current developments. Other policies and procedures in place are:</p> <ul style="list-style-type: none"> • HR policies and procedures • Code of conduct policy • Code of ethics • Compliance monitored by the HR department with various national legislation • Policy for fraud, theft and corruption • Policy for interests in contracts policy in place • Policy for dealing in JSE Limited and other securities 	<p>Applied</p>



Responsibilities	Core JSE response	JSE compliance
ETHICS AND ANTI-CORRUPTION (continued)		
OECD recommendation 8 The OECD guidelines for multinational enterprises – chapter on combating bribery	Refer to the above response under UNGC principle 10	Applied
COMMUNITY DEVELOPMENT		
Contribution to the development of the communities in which its activities are predominantly conducted or products/services are predominantly marketed	<p>The JSE is committed to making a difference in the lives of South Africans by investing time, effort and money into various initiatives. The JSE also believes that this difference should be sustainable and should ensure that individuals benefit directly through positive and meaningful contributions</p> <hr/> <p>In 2015 R3.7 million was spent on the JSE Investment Challenge in which the following participation was recorded:</p> <ul style="list-style-type: none"> • 405 schools, 9742 learners, 2 472 teams • 74 universities, 2 774 students, 1 006 teams <hr/> <p>Refer to the stakeholder report for further information, available online at http://www.jsereporting.co.za/ar2015/download_pdf/stakeholder-report-2015.pdf</p>	Applied 
Recording of sponsorships, donations and charitable giving	<p>Socioeconomic development is focused in areas the JSE believes to be relevant to the country in which it operates as well as the business activities of the JSE. These activities may be of broader benefit to society in the manner in which the Company believes it is best able to make a meaningful contribution, as follows:</p> <ul style="list-style-type: none"> • R3 million on education • R340 000 on health • R846 000 on society and the environment 	Applied
STAKEHOLDER RELATIONS		
Promote and maintain admirable consumer relationships and compliance with consumer protection laws	<p>With regard to the Consumer Protection Act, 68 of 2008, risk areas are well understood and plans are in place to address any concerns. We aim to treat our customers fairly by engaging with them through various stakeholder mechanisms and forums</p> <hr/> <p>Refer to the stakeholder report for further information at http://www.jsereporting.co.za/ar2015/download_pdf/stakeholder-report-2015.pdf</p>	Applied 

SOCIAL AND ETHICS REPORT BY HRSE COMMITTEE (CONTINUED)

Responsibilities	Core JSE response	JSE compliance
BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT		
Ensure that there is increased and fair participation of black people in the economy of South Africa	<p>The JSE expects to regain a Level 3 BEE rating under the provisions of the Financial Sector Code for the 2015 year (2014: Level 4 rating). A particular highlight for 2015 was the implementation of a new learnership programme - 29 learners joined the JSE as part of this new, on-going programme to increase participation by black people in the economy. The independent verification of the JSE's BEE rating will take place early in 2016.</p> <p>A revised transformation strategy was approved by the JSE Board in May 2015. Refer to the transformation progress report in the JSE integrated annual report, page 28-30 . The strategy is designed to cope with the major changes that may be required by the revised FSC</p> <p>Ongoing monitoring and compliance quarterly reporting by HR department to the HRSE Committee</p>	Applied
CORPORATE GOVERNANCE		
OECD recommendation 7 The OECD principles of corporate governance	<p>The JSE strives to achieve high standards of corporate governance, subscribing to the principles of King III</p> <p>The Institute of Directors of South Africa is spearheading the development of King IV in South Africa. Certain JSE non-executive directors and senior employees are involved in this process</p> <p>Refer to the governance report, in the JSE integrated annual report, page31-52, as well as the King III report, available online at http://www.jsereporting.co.za/ar2015/download_pdf/kingIII-report-2015.pdf</p>	Applied

No significant risks were identified by the Committee for the period under review in respect of the mandate of the Committee.

Anton Botha

Chairman: HRSE Committee