JSE LIMITED

Remuneration Report

FOR THE YEAR ENDED 31 DECEMBER 2016

Contents

This remuneration report covers the period from 1 January 2016 to 31 December 2016, and has been compiled in accordance with the principles and recommended practices on remuneration set out in the King IV Code on Corporate Governance (2016). This report should be read in conjunction with the following:

- Notes 20 and 25 of the JSE's audited consolidated annual financial statements for the year ended December 2016, which contain various statutory disclosures relating to JSE remuneration *http://www.jsereporting.co.za/ar2016/download_pdf/afs_2016.pdf.*
- The JSE's integrated annual report available at *http://www.jsereporting.co.za/ar2016/download_pdf/iar_2016.pdf.*
- Notice of the twelfth annual general meeting of shareholders available at *http://www.jsereporting.co.za/ar2016/download_pdf/notice-agm-2016.pdf.*

Voting at the annual general meeting to be held on Thursday, 18 May 2017

At the annual general meeting (AGM), shareholders are being requested to consider and:

- Endorse the JSE's remuneration policy, by means of a non-binding advisory vote;
- Endorse the implementation of the JSE's remuneration policy (reward outcomes), by means of a non-binding advisory vote; and
- Approve the proposed emoluments for services as a director, by means of special resolution.

Shareholder resolutions and explanatory notes relating to the above matters are set out in the AGM notice, and for ease of reference, in Part C of this remuneration report. Shareholders are requested to offer their support by voting in favour of these resolutions at the AGM.

Letter to shareholders

DEAR SHAREHOLDER

This report sets out the JSE's remuneration policy and how we implemented our remuneration policy and practices for the year ended December 2016.

We have organised this remuneration report in three parts:

Part A

Key features of our remuneration policy. This policy is presented to shareholders to consider and endorse in a non-binding advisory vote at the annual general meeting to be held on Thursday, 18 May 2017

Part B

How we implemented our remuneration policy in 2016. This implementation report shows the reward outcomes to staff and executives, as well as the fees paid to non-executive directors, in 2016, and is subject to a separate non-binding advisory vote at the annual general meeting to be held on Thursday, 18 May 2017

Part C

Our remuneration governance arrangements. We outline the role, responsibilities and composition of the JSE's Human Resources, Social & Ethics Committee (HRSE Committee) as well as the text of the shareholder resolutions on remuneration matters that are being presented to shareholders for consideration at the annual general meeting to be held on Thursday, 18 May 2017

2016 corporate performance in context

The past year has been challenging, both politically and economically, for most South African companies and for society at large. The political and national policy uncertainty, and the widespread social discontent, has played out against a backdrop of a stalling economy and increasing levels of unemployment, poverty and inequality.

Declining economic activity has translated into lower national tax revenues, and combined with reported high levels of wasteful and fruitless expenditure by various government departments and agencies has constrained the ability of government to address in any meaningful way the needed improvements in living standards for the unemployed (more than 27% of the economically active population according to official statistics). South Africa's low economic growth and heightened political risk were flagged by international rating agencies during the course of the year as key indicators to a possible sovereign credit downgrade. A concerted effort by business, labour and government staved-off such a downgrade in 2016. However, in the absence of real growth in the economy, clear policy certainty by government, and fiscal and monetary constraint, the possibility of a sovereign downgrade remains a real possibility in 2017. Such an event would be devastating for business and the economy, with a major impact on financial markets and the JSE's business.

Against this background of challenging market conditions, the JSE's financial performance in 2016 was resilient.

Group earnings after tax grew by 2% to R920 million (2015: R899 million), with operating revenue rising by 10% to R2.3 billion (2015: R2.1 billion). Group earnings before interest and tax (EBIT) decreased by 5% to R975 million (2015: R1 billion) following the impact of price reductions, forex movement and cost growth. Although EBIT declined, the positive contribution from higher finance income and a higher contribution from Strate (the Group's equity accounted investee) supported net profit after tax (NPAT) growth for 2016. Earnings per share (EPS) and headline earnings per share (HEPS) were at 1074.8 cents (up 2%) and 1063.2 cents (up 4%) respectively.

Operating revenue grew despite higher year-on-year fee reductions of R34 million (2015: R18 million) in Back-Office Services (BDA) and

Letter to shareholders
(continued)

the impact of the R30 million (2015: R0) elimination of charges for certain report-only trades in 2016. Other income was negatively impacted by a R14 million forex loss (2015: R83 million forex gain) on foreign denominated assets.

The Group's total operating expenses increased by 12% to R1.4 billion (2015: R1.3 billion). General expenses increased by 9% to R463 million (2015: R425 million). Technology costs increased by 20% or R48 million to R283 million (2015: R235 million) as we maintained our technology investments to ensure robust product and service delivery to our clients. Personnel costs increased by 14% (R69 million) to R565 million (2015: R496 million).

Taking into account the current economic climate and trading conditions, the JSE continued to focus on its key strategic pillars of robust technology (we have continued to invest in technology projects and delivered a number of technology projects successfully during the past year), stakeholder focus, new business (specifically a diversification of products) and regulatory readiness. Our 2016 performance is evidence that our strategic objectives are sound and drive the right behaviours which benefit all stakeholders.

Remuneration philosophy unchanged

This corporate performance has been delivered within the context of the JSE's well-established remuneration framework. Our remuneration philosophy is founded on enduring principles, which we seek to apply consistently each year. There has been no change to our core philosophy during 2016. In short, this philosophy aims to promote a culture that supports innovation, enterprise and the execution of company strategy and that aligns the interests of staff with attaining profitable (and sustainable) long-term growth for the benefit of all stakeholders. Inherent in this philosophy is the linkage between pay and short- and long-term performance (both at an individual and at a corporate level). Our remuneration philosophy applies across the organisation and informs all our remuneration policies. The HRSE Committee is satisfied that these remuneration policies are aligned with the overall remuneration philosophy, and that the policies have achieved their stated objectives for the year under review.

Remuneration responsibilities discharged in 2016

During the course of the year the HRSE Committee has:

- reviewed and approved the proposed corporate and CEO scorecards for 2016;
- assessed corporate and CEO performance for 2016 against the approved corporate and CEO scorecards and determined the overall quantum of the discretionary reward pool;
- approved the individual remuneration for JSE executive directors and members of executive management, based on input from the JSE's independent remuneration advisors, PwC;
- approved the aggregate annual salary increases for staff;
- assessed corporate performance against LTIS 2010 vesting targets and determined the percentage of corporate performance shares that vest under Allocations 3 and 4 of the scheme;
- reviewed and endorsed proposals from management and the JSE's independent remuneration advisors regarding emoluments for the JSE's non-executive directors, which proposed emoluments were considered and approved by shareholders at the AGM in May 2016;
- ensured that JSE remuneration disclosure is aligned with King IV;
- reviewed and approved the JSE's transformation strategy for 2016/2017;
- monitored progress regarding employment equity, and ensured that the JSE HR team files the appropriate returns with the Department of Labour; and
- interrogated management's proposals regarding leadership continuity to ensure that JSE operations are supported by an appropriate pipeline of fresh talent.

The HRSE Committee 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 business strategy.

At the JSE the overall responsibility for the governance of remuneration rests with the Board of directors. The Board sets the overarching remuneration philosophy for the organisation which is intended to promote fair, responsible and transparent remuneration. This remuneration philosophy is expressed through a comprehensive remuneration policy, supported by specific remuneration practices. The Board approves the remuneration policy, and each year submits this remuneration policy to a non-binding advisory vote by shareholders.

In accordance with the recommended practices set out in the King IV Code on Corporate Governance, the JSE's organisation-wide remuneration policy is made available for public access and is set out in full in Part A of this remuneration report. The organisation-wide remuneration policy should be read in the context of the integrated annual report as a whole, for stakeholders to fully understand how the policy gives effect to the JSE's overall business strategy.

The Board is assisted in discharging its responsibility for remuneration matters by a Board committee – the Human Resources, Social & Ethics Committee (HRSE Committee). The principal focus of the HRSE Committee is to ensure that remuneration policy and practices, and the implementation of those, directly support the achievement of the Company's strategy and business goals, to the ultimate benefit of shareholders and the wider universe of stakeholders.

In discharging this mandate, the HRSE Committee is guided by the statutory provisions of the Companies Act, 71 of 2008, the King IV Code on Corporate Governance (2016) and various guidelines on compensation matters issued by leading governance and other agencies as the G20 and the Financial Stability Board.

Specific refinements to our remuneration policies and practices during 2016:

During the course of the year the HRSE Committee has:

- Reviewed the performance conditions, targets and LTIS 2010 allocation benchmarks against market best practice, based on input provided by the JSE's independent remuneration advisors, PwC.
- Tailored the specific targets for the EBIT growth financial metric under LTIS 2010 to take account of the expected slowdown in economic activity in the medium-term.
- Implemented a share-based restraint arrangement for executive management and selected senior staff, as part of a targeted set of arrangements to retain talent within the JSE.
- Finalised a minimum shareholding requirement policy for executive management and other staff who participate in the LTIS 2010 performance share scheme, which policy is effective 1 January 2017.

Total personnel costs

As a knowledge-centric business, the JSE relies heavily on its human capital for sustained success. With a staff complement of 483 people and a vertically-integrated business model, total personnel costs (including guaranteed pay, annual incentives and long-term awards) average between 22% and 26% of total revenue over the past several years. By contrast, many other global exchanges outsource their technology and are responsible for neither issuer regulation (listings) nor market regulation (surveillance) – critical functions that are at the heart of the JSE's business. These different business models make it difficult to draw comparisons between exchanges.

As mentioned, personnel costs increased by 14% or R69 million to R565 million (2015: R496 million). This comprised the following:

- Gross remuneration per employee increased 7% and average headcount was up 1%. This, together with the impact of the change in the mix of staff, resulted in a net 11% increase in the payroll bill or an increase of 8 percentage points. Headcount at year-end was 483 (2015: 506).
- The accounting impact for the long-term incentive scheme (LTIS) increased by R13 million to R43 million (2015: R30 million) contributing 3 percentage points to the growth in personnel costs. This amount includes a R4 million accelerated recognition for good leavers.
- Retention payments amounting to R9 million (2015: R0 million), contributing 2 percentage points to growth.
- A discretionary reward pool which increased to R88.9 million (representing 9.7% of NPAT) from R85.9 million in 2015 (representing 9.6% of 2015 NPAT). This increase of R3 million (3.4%) in the reward pool contributed 1 percentage point to the growth in personnel costs.
- Remuneration capitalised to projects increased by R1 million to R19 million (2015: R18 million) as work on strategic projects continues.

During the year under review, pay-outs were made under the JSE's long-term incentive scheme, LTIS 2010. The second tranche of Allocation 3 and first tranche of Allocation 4 under LTIS 2010 vested during the year (these having been granted to senior staff in May 2012 and June 2013 respectively).

The HRSE Committee's assessment of the JSE's financial and strategic performance over the vesting term (against the preset targets) translated into 80% and 86.54% of these two tranches respectively, vesting in the hands of scheme participants.

HRSE Committee mandate 2016

TONE

To ensure that the JSE consistently, throughout the organisation, adheres to a remuneration philosophy based on enduring principles of fairness, transparency, competitiveness and reward for performance actually delivered.

POLICY

To determine remuneration policies and practices that are fit-for-purpose for our business and its specific challenges, and which mitigate pay extremes from inappropriate bonus and share plans.

JUDGEMENT

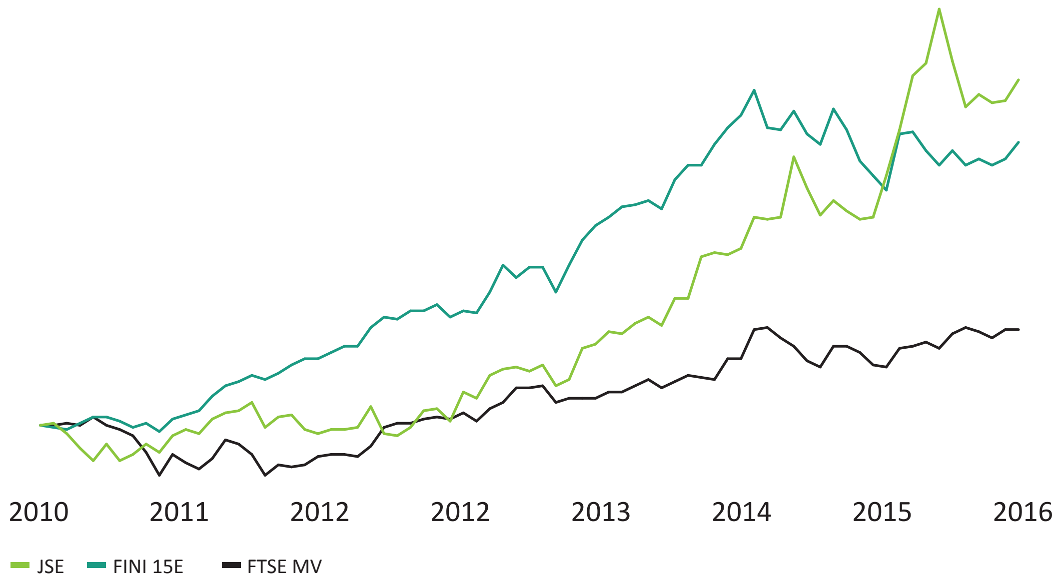
To exercise discretion in such a way that the best interests of stakeholders are served and the appropriate calibre of management and staff are attracted, motivated and retained, rather than simply applying formulaic prescriptions.

OVERSIGHT

To discharge all statutory obligations with regard to remuneration matters, social and ethics issues, and transformation.

Letter to shareholders
(continued)

Total shareholder return vs FINI and FTSE/MV indices 2011 – 2016



The vesting profile of these two tranches was as follows:

	% vested	Number of shares vested	Number of shares forfeited	Market value of shares vested on vesting date
Allocation 3 – Tranche 2				
Personal performance shares:	100% vested	114 350	NIL	R20 068 425
Corporate performance shares:	80% vested	33 720	9 770	R5 917 860
Allocation 4 – Tranche 1				
Personal performance shares:	100% vested	150 450	NIL	R26 403 297
Corporate performance shares:	86.5% vested	49 593	8 211	R8 703 572

Furthermore, a fresh annual allocation (Allocation 7) of JSE ordinary shares was made to 40 senior staff (2015: 39) under LTIS 2010. Allocation 7 is subject only to corporate performance hurdles and will vest in June 2019 and June 2020 (50% in each year) subject to corporate performance over the vesting term.

Shareholder voting and feedback

The JSE values feedback from its shareholders, and we set out below our responses to the feedback on remuneration policy received from shareholders during 2016.

Shareholder feedback	JSE response
Explanations should be given on salary increases for the CEO and Executives.	The factors motivating annual salary increases are explained under “total guaranteed pay” in Part A of this remuneration report.
The mechanics of the deferred compensation bonus scheme, and how performance is assessed for the scheme should be explained.	The mechanics of the deferred compensation scheme are explained in Part A of this remuneration report. Each executive has a detailed performance scorecard which is assessed by the CEO (who does not participate in the deferred compensation scheme), with oversight by the HRSE Committee. The Board is satisfied with the robustness of this internal process.
The annual performance targets and the actual performance against those targets should be disclosed in respect of the discretionary bonus scheme.	The detailed corporate performance scorecard and how the JSE has performed against that scorecard in 2016 is reflected in Part B of this remuneration report. Performance against this scorecard translates into discretionary bonus awards.

At the AGM held on 26 May 2016, shareholders endorsed our remuneration policy with a 99.51% vote in favour of the policy, with 0.49% of the votes being cast voting against the policy.

Forward-looking changes to remuneration policy

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

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

Non-executive director emoluments

During 2012, the HRSE Committee proposed a change to the JSE's retainer and meeting fee structure with the introduction of a single-fee model. Shareholders approved this new model at the 2012 AGM and it has been retained in the period since then.

The Board has resolved, on the recommendation of the HRSE Committee, to propose that:

- the emoluments for the 2017 period as already approved by shareholders at the AGM held in May 2016, be increased by the amount of VAT to the extent applicable, as a consequence of the Binding General Rulings 40 and 41 issued by the South African Revenue Services (SARS) on 10 February 2017 (details of which are set out in Special Resolution 2.1 in the AGM Notice); and
- the Committee Chairman and members of the newly-established Group Social and Ethics Committee be paid emoluments for the 2017 period, plus VAT to the extent applicable (details of which are set out in Special Resolution 2.2 in the AGM Notice).

Once Special Resolutions 2.1 and 2.2 are approved by shareholders, the emoluments will be applied retrospectively to 1 January 2017. For ease of reference, these special resolutions are also set out in Part C of this remuneration report.

JSE social and ethics report

The mandate of the HRSE Committee extends to the statutory obligations under the Companies Act for social and ethics matters. A separate report detailing the Committee's oversight role in respect of its social and ethics responsibilities has been prepared and is available online at ***http://www.jsereporting.co.za/ar2016/download_pdf/transformation-report-2016.pdf.***

The JSE Board has confirmed that the HRSE Committee has fulfilled its mandate in respect of its statutory obligations regarding social and ethics matters.

JSE remuneration report

This remuneration report covers the period from 1 January 2016 to 31 December 2016 and can be accessed and downloaded at ***http://www.jsereporting.co.za/ar2016/download_pdf/remuneration-report-2016.pdf.***

I trust that you will find our report clear and understandable, and that it contains the salient information needed to inform your view of the JSE's performance and reward. In addition to the information reflected in this report, various statutory disclosures, which are subject to independent audit, are contained in notes 20 and 25 of the JSE's audited consolidated annual financial statements for the year ended December 2016. For a complete view of JSE remuneration, shareholders are encouraged to reference these notes when reviewing this report.

May I also urge you to peruse our remuneration policy set out in Part A below, and to offer your support by voting in favour of the policy at the upcoming AGM to be held on 18 May 2017. Although this shareholder resolution is non-binding, the HRSE Committee takes cognisance of shareholder views. For the first time, the HRSE Committee is also asking shareholders to consider how the Company's remuneration policy has been implemented, and to express a view on this by means of a separate, non-binding advisory vote. This vote on the implementation of the remuneration policy is in accordance with the recommendations of the King IV Code on Governance. In the event that 25% or more of the votes cast at the AGM in respect of these two resolutions are recorded against these resolutions, we will consult on the reasons for the dissenting votes. I will also be available at the meeting to respond to any questions raised by shareholders in connection with this report.

The HRSE Committee plans to continue the engagement with shareholders. Your suggestions to improve our remuneration policy and practices, and the implementation thereof, can be forwarded to the Group Company Secretary, who will table these at the appropriate meeting of the HRSE Committee.

In closing, I wish to thank my fellow HRSE Committee members for their rigorous engagement on matters of policy and practice, and for their support and wise counsel during the year.

AD Botha
Chairman: Human Resources, Social and Ethics Committee

Part A – Remuneration Policy

The JSE's remuneration policy as set out in Part A is subject to an advisory vote by shareholders at the AGM to be held on Thursday, 18 May 2017.

- Remuneration philosophy
- Fair and responsible remuneration
- Remuneration model
- Remuneration model table
- Total guaranteed pay and guaranteed pay benchmarks
- Annual incentive schemes
- Long-term incentive schemes
- Service contracts
- Other appointments
- Non-executive director emoluments
- Engagement with shareholders

Remuneration philosophy

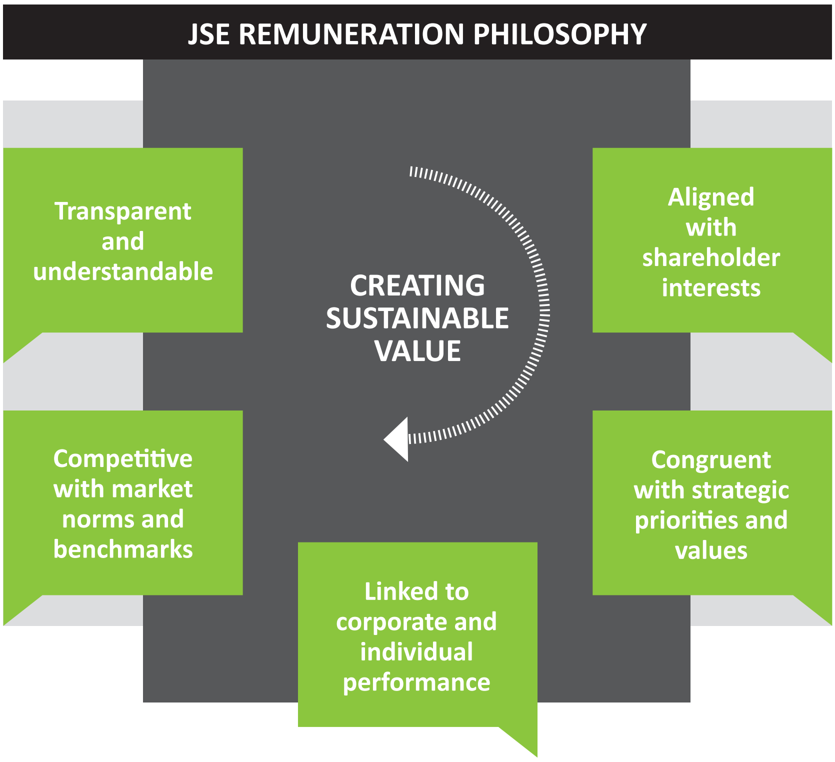
The JSE's remuneration philosophy aims to promote a culture that supports innovation, enterprise and the execution of company strategy and that aligns the interests of staff with attaining profitable (and sustainable) long-term growth of the business for the benefit of all stakeholders.

Within this framework, the HRSE Committee determines specific remuneration policies and practices that are designed to offer an equitable remuneration mix that attracts, motivates and retains the appropriate calibre of executives and staff.

The remuneration philosophy also takes into account the reality of the JSE's size and its significant role in the South African financial sector. The nature of the business, its risk profile, the competitive environment and the issue of financial affordability all serve to shape the overall level of rewards that can be paid to executives and staff. These rewards must be balanced 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).

Key to the JSE's remuneration philosophy is the congruency between corporate strategies and pay models, and the linkage between performance delivered and remuneration awarded.

Remuneration is structured in a fair and reasonable manner, recognising individual contributions and collective results. There is a clear differentiation between executives and staff 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 JSE is committed to observing the concept of fair and responsible remuneration for executive management in the context of overall employee remuneration.

Our remuneration policy entrenches the principle of equal pay for work of equal value. Guaranteed pay for all employees is determined on the basis of clear role descriptions, which are mapped and aligned with similar jobs (job families) and validated by an independent remuneration advisor. Pay levels are benchmarked against independent market data, and any unjustifiable income disparities are subject to adjustment.

The JSE also takes into account the overall pay ratios between executives and other staff when determining annual salary increments.

As part of the JSE's policy of investing in employees, the JSE promotes career pathing and talent mapping for employees, providing development opportunities for employees to improve their skills and gain training and experience necessary to progress within the JSE (subject to their individual performance). An internal training programme, *JSE Essentials*, is available to all staff in addition to various management training initiatives. A tertiary tuition bursary fund provides financial support for children of staff members.

The JSE also provides financial education, debt counselling and training on basic financial education to assist employees in avoiding over-indebtedness.

Remuneration model

Our philosophy translates into a remuneration model that comprises three core elements, being fixed pay, annual incentives and long-term incentives. The remuneration philosophy and policy is an organisation-wide policy, and addresses the remuneration of members of executive management (executive directors and prescribed officers) as well as that of other employees.

The combination of these three elements, and the clear linkage to performance, is intended to ensure that high levels of pay are achieved only for high performance and where there is sustained value creation for shareholders. This pay mix varies with seniority, with an increasing element of variable pay at senior levels. Executive management and the CEO have the largest proportion of total annual package being subject to performance hurdles, with the targeted mix tending towards 25%/50%/25% (fixed pay vs annual incentives vs long-term incentives). 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.

Details of each element of the JSE pay model (remuneration mix) are summarised in the table below:

REMUNERATION MODEL

Ensure employees are remunerated in a fair and reasonable manner for the role performed

Attract and retain individuals of the appropriate calibre and motivate staff members to deliver above-target performance while living the JSE values

FIXED PAY	ANNUAL INCENTIVES	LONG-TERM INCENTIVES
Set around median for the specific role and provides a guaranteed level of earnings	Payable for the financial year in question, and linked to corporate financial performance, strategic priorities and personal performance	Payable in respect of sustained corporate performance over three to four years

POOR TO AVERAGE PERFORMERS RECEIVE ONLY FIXED PAY

(and poor performers are subject to individual performance improvement plans)

HIGH LEVELS OF REMUNERATION ARE PAID ONLY FOR HIGH LEVELS OF PERFORMANCE

Part A – Remuneration Policy
(continued)

Remuneration model table

Element	Type	Components	Purpose	Eligibility
Fixed pay (guaranteed)	• Fixed • Structured on a total cost-to-company basis • Benchmarked against independent market data	• **Basic salary, retirement and medical aid benefits**	• Reflects scope and depth of role, experience required and level of responsibility	• All staff receive a guaranteed salary
Annual incentives	• Variable • Linked to performance delivered annually as measured against the corporate, CEO and staff member scorecards	• **Deferred compensation bonus scheme**	• Rewards personal performance • Awards are capped at a percentage of fixed pay, the following maximum awards apply: • CEO – 12 months (the CEO does not participate in the Deferred Compensation scheme but is eligible for a performance-based contractual bonus) • Executives – 3.74 months • Other – from 1.85 to 3.6 months	• Eligible staff are those in mid-level grades through to executive management
		• **Discretionary bonus scheme**	• Rewards corporate performance • Awards are fully discretionary and subject to the successful financial and strategic performance of the Company Awards under this scheme can range from 1.5 months to 12 months guaranteed pay at CEO level	• All staff eligible, but awarded only to the top-performing contributors to corporate results (40-50% of total staff complement)
		• **Bonus Shares**	• Rewards corporate performance • Seeks to build an ownership culture within JSE • Annual discretionary award to all staff members (to date approximately 100 shares per annum) • Vesting over three years subject to continued employment at the JSE	• All staff eligible
		• **Company Performance Award**	• Fully discretionary award of up to approximately one month's guaranteed pay, payable only in years where excellent corporate financial performance is achieved (recipients of discretionary bonuses not eligible)	• Recognises all staff not receiving discretionary bonuses for their contribution towards "keeping the JSE lights on" • Excludes all staff who did not perform to the minimum standard
Long-term incentives	• Variable • Annual award of JSE equity • Vesting over three- and four-year terms, linked to corporate performance over these vesting periods	• **Performance share scheme (LTIS 2010)**	• To incentivise the senior leadership group to deliver outstanding corporate performance and shareholder value creation over time	• Senior leadership group
	• Annual cash award • Vesting over two years	• **Critical skills scheme**	• To retain senior staff with scarce or critical skills (excluding LTIS 2010 participants)	• Senior staff with scarce or critical skills

Total guaranteed pay and guaranteed pay benchmarks

The JSE applies a total cost to company approach for its employees, based on the employee's role and performance in the organisation. Guaranteed pay includes a defined contribution pension plan and medical aid for all permanent employees.

Financial services industry and general corporate benchmarks are used to determine competitive fixed pay levels for all roles in the JSE. The PwC Remchannel database (including both financial services and general market benchmarks) is used together with input from independent specialists to ensure all roles are correctly sized and graded as part of the salary benchmarking process.

As a policy, the aim is to move base salaries towards median, although cost considerations sometimes do not allow this. In limited instances – either for historical reasons or to retain scarce skills – salaries above median are paid. Annual salary increments are informed by the annual benchmark exercise, and where appropriate, take into account expanded individual responsibilities. Individual performance is also factored into a merit adjustment component.

Annual incentive schemes

The JSE operates two annual incentive schemes that apply to permanent staff and vary with seniority. These schemes are described in detail in the remuneration model table set out on page 8.

Link between performance targets for Annual Incentives and company performance

The following table links the balanced scorecard for the Annual Incentives with the JSE's strategic objectives. Performance against this scorecard is set out in Part B.

STI balanced scorecard 2016	JSE strategic objective
• Meet the Group annual budget for 2016 • Identify operating efficiencies and other opportunities which will result in a real reduction in costs at exchange level over the next two years	**Deliver excellent financial performance**
• Implement T+3 Phase 3 against the project timelines and budget agreed with the Board • Progress the Integrated Trading & Clearing project ("ITaC") programme and CRM, against the project timelines and budget agreed with the Board • Progress the implementation of JSE related changes to enable Strate's Debt Instrument Solution	**Deliver world-class technology solutions, on-time and within budget**
• Implement new trading functionality within the timeline and budget agreed with Board • Finalise short- and medium-term JSE Group capital requirements given regulatory and economic capital regulations • Progress the Equity Market risk management initiative • Identify new trading and data products or initiatives that will each result in net new revenues	**Deliver strategic and new business targets**
• Staff: implement staff engagement strategies including progressing the implementation of a new HR system in accordance with the timeline and costs agreed by Exco • Retain strong JSE relationships with regulatory bodies and government and build on and strengthen the JSE role in facilitating dialogue between JSE clients and relevant Government and international stakeholders	**Improve the JSE's stakeholder focus**

Bonus shares

Bonus shares are awarded to all staff members in the employ of the Group on 1 March of each year, as a recognition of the overall contribution of each staff member to the financial performance of the JSE. These are discretionary awards and not guaranteed in any year. In 2016, each staff member was awarded 81 JSE ordinary shares, which vest over three years, subject to continued employment with the JSE.

Part A – Remuneration Policy
(continued)

Long-term incentive schemes

The JSE operates two long-term incentive schemes that apply to permanent staff and vary with seniority:

- **LTIS 2010 performance share scheme:** Senior leadership group involved in strategic decision-making.
- **Critical skills cash scheme:** Key staff with scarce or critical skills (not including the senior leadership group).

LTIS 2010

LTIS 2010 is a full-value, performance share scheme, approved by shareholders in 2010, which provides selected senior JSE employees with exposure to JSE shares. The intention has been to create a "share ownership class" among JSE staff and an improved alignment of management interests with those of shareholders.

To achieve this, each invited participant receives an annual share allocation, which is in line with the King Governance Code recommendation to make regular awards under long-term incentive schemes so as to reduce the risk of unanticipated outcomes and cyclical factors. Participants receive immediate beneficial ownership, although full vesting is subject to both time and corporate performance measured over the vesting periods.

In order to make the share awards, the LTIS 2010 Trust acquires a specific number of JSE shares in the open market. The Trust is funded by the JSE in accordance with the scheme rules. There is no fresh issue of shares (nor any gearing) under LTIS 2010. The Board is mindful of the dilutive effect of the scheme and that it represents a transfer of value from shareholders to employees (as would any incentive scheme). Accordingly, various limits and guidelines apply to the scheme in order to limit the size of awards, both in aggregate and to individual participants.

LTIS 2010 limit or guideline	Comment
Aggregate award limit	**Limit is hard-coded in scheme rules and requires shareholder approval for any change**
0.625% of JSE's issued share capital (per annum)	Over any rolling four-year period, dilution may not be more than 2.5% of issued share capital or 0.625% per annum Well within annual guideline of 1% per annum
Aggregate award cash cost guideline	**Guideline only**
Aggregate annual award usually no more than 10% of prior year's NPAT	The Board is mindful of the cash cost of the scheme, and exercises discretion on the cash cost of each aggregate annual allocation
Annual individual limit	• CEO allocation limit of 125% of guaranteed pay • Exco allocation limit of 80% of guaranteed pay • Senior staff allocation limit of 45% guaranteed pay

LTIS 2010 comprises only corporate performance shares (previously the scheme also included a personal performance component). These corporate performance shares are subject to corporate performance targets, and a participant must, of course, remain in the JSE's employ (or be a "good leaver" as defined) in order for share awards to vest.

Each share award vests in two tranches – 50% over three years and 50% over four years. Performance metrics applicable to the corporate performance shares are clearly identified (and disclosed) at grant date, with automatic forfeiture should targets not be achieved, and with no re-testing in subsequent periods. Vesting takes place on a straight-line basis between the threshold and full performance 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.

With regard to corporate performance metrics, the Board's view is that management ought to be incentivised to pursue balanced, sustainable growth in shareholder value with due regard for the JSE's wider responsibilities to the South African financial markets.

For this reason, the Board has selected a basket of metrics rather than a single metric that might result in hit or miss performance. This basket of four metrics is aimed at driving earnings growth, encouraging an optimal balance sheet structure, generating returns for shareholders as well as focusing management on strategic business development objectives.

The specific targets for earnings growth (EBIT) and return on equity (ROE) are determined by the HRSE Committee and are specifically set at levels that recognise the JSE's wider responsibilities to the financial markets. In addition to these two internal financial metrics, the Board also applies a relative performance measure – total shareholder return (TSR) – which is evaluated against the FINI 15 Index constituents and a selection of global exchange groups. For the full allocation to vest, the JSE is required to achieve top quartile performance over the vesting period for each allocation.

The fourth metric relates to strategy, and in particular, strategic targets that are aimed at transformational business efforts. The strategic target varies for each annual allocation, and this allows the HRSE Committee 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.

Performance metrics	TSR	Return on equity	Ebit growth	Strategic metric
Weighting: Allocation 1	0%	30%	30%	40%
Allocations 2 – 4	20%	20%	20%	40%
Measured relative to	Selected comparator group	Cost of capital	CPI	Strategic delivery
Threshold Vesting Target: Allocation 1	N/A	15% average pa	CPI compound pa	Develop Interest Rate Market
Allocation 2	Median TSR of comparator group			Technology excellence OTC product solution
Allocation 3				Build a post-trade services business/back-office technology
Allocation 4				2017 vision scorecard
Full Vesting Target: Allocation 1	N/A	21% average pa	CPI+4% compound pa	Develop Interest Rate Market
Allocation 2	Upper quartile TSR of comparator group			Technology excellence OTC product solution
Allocation 3		24% average pa		Build a post-trade services business/ back-office technology
Allocation 4				2017 vision scorecard
Weighting: Allocations 5 – 6	10%	30%	20%	40%
Measured relative to	Selected peer group	Cost of capital	CPI	Strategic delivery
Threshold vesting target: Allocations 5 – 6	Median TSR of comparator group	15% average pa	CPI+2% compound pa	ITaC technology project
Full vesting target: Allocations 5 – 6	Upper quartile TSR of comparator group	25% average pa	CPI+6% compound pa	
Weighting: Allocation 7	10%	30%	20%	40%
Measured relative to	Selected peer group	Cost of capital	CPI	Strategic delivery
Threshold vesting target	Median TSR of comparator group	16% average pa	CPI+1%	ITAC Project 2 Net new revenues
Full vesting target	Upper quartile of comparator group	25% average pa	CPI+4%	

The change in the EBIT growth targets for Allocation 7 reflects the expected slowdown in economic activity in the medium-term.

Part A – Remuneration Policy
(continued)

Review of LTIS 2010	The performance conditions and vesting ranges for the LTIS 2010 were reviewed by our independent remuneration advisors against the practice among the JSE's comparator companies. They were found to be in line with market practice. One of the corporate performance metrics applicable to LTIS 2010 is total shareholder return. The JSE uses a mix of local financial sector data and peer exchange data when assessing TSR for purposes of LTIS 2010 vesting. The constituent companies of this TSR comparator group are as follows:

London Stock Exchange Group	Sasfin
PSG Group	Reinet Investments
Capitec Bank	ASX
Discovery	Bursa Malaysia
Investec Plc	Liberty Holdings
Old Mutual	Santam
Investec Ltd	Nedbank Group
Zurich Financial	TMX Group
RMB	Standard Bank Group
FirstRand	Barclays Africa Group
Sanlam	BM&F Bovespa

Critical skills cash scheme

During 2014 the HRSE Committee introduced a new long-term cash incentive scheme designed to retain key senior staff with scarce technical skills who do not participate in LTIS 2010.

This scheme comprises an annual cash award of up to 25% of the participant's annual salary, with these cash awards vesting over two years and linked to continued employment and performance in the JSE.

The introduction of this new 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

Members of executive management (with the exception of the 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 as well as 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. Furthermore, there are no contracted balloon payments due to executives upon termination.

Employees are required to retire at age 65. For "no fault terminations" (retirement, retrenchment, disability or death) the contractual arrangements on termination of employment provide that:

- any deferred compensation award may be accelerated on a *pro rata* time basis and paid out with simple interest calculated to the date of termination;
- unvested long-term cash incentives will be accelerated without any adjustment for time served, with the full grant value being paid out together with simple interest (based on the JSE Trustees' rate) calculated to the date of termination; and
- unvested long-term equity incentives (in the LTIS 2010 scheme) may, at the discretion of the HRSE Committee, either be retained in the scheme until the original vesting dates or may be accelerated to the date of termination on a *pro rata* time and performance basis.

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, and the accelerated *pro rata* vesting of long-term incentives as set out in the rules of the relevant scheme.

Other appointments

Staff members 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 always to the prior approval of the CEO, or the Chairman of the JSE Board (in respect of any CEO appointments). Fees earned from such non-executive appointments are payable to the JSE.

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.

Prior to 2012, emoluments comprised annual fixed retainers (which varied by role) and a fee per meeting attended (for all Board and Board committee meetings). At the annual general meeting in April 2012, shareholders approved a new single-fee model for non-executive director emoluments. As a result, the JSE now pays a single annual retainer reflective of role to each non-executive director.

The role of a non-executive director at the JSE, as with financial services companies in general, extends substantially beyond attendance at meetings. Non-executive directors are also accountable for decisions taken, regardless of attendance at meetings. Emoluments should therefore be a function of Board and Board committee membership rather than a reward for attending meetings. A single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, also has the advantages of being administratively simpler, easy to understand and allows for clear comparisons by shareholders from year-to-year.

The chairmen of Board committees are paid a premium in respect of their roles as chairman, as compensation for the additional responsibilities and time commitment expected of a chairman. The fee for a Board committee chairman is set at twice the fee for a committee member, except for the Group Audit Committee chairman, whose annual fee may be set at up to 2.5 times the annual fee of a Group Audit Committee member.

The lead independent director on the JSE Board is also paid a premium on the standard annual retainer, which premium is set at 30% of the annual non-executive director retainer.

Non-executive directors do not receive short-term incentives, nor do they participate in the JSE's long-term incentive schemes. There is no requirement for non-executive directors to hold a minimum shareholding in the JSE as a consequence of their Board membership, and there are no provisions for emoluments or other payments in respect of loss of office. During the course of 2015 the Board introduced a new elective policy relating to non-executive director shareholdings, in terms of which Board members are encouraged to hold 1x their annual Board retainer in JSE Limited equity.

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

All recommendations regarding non-executive director emoluments are informed by independent market data provided by the Company's remuneration advisors. The HRSE Committee reviews this benchmark data and 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 its recommendation on non-executive director emoluments. The HRSE Committee is satisfied that the fee structure for non-executive directors of the JSE remains appropriate.

Non-executive director fee benchmarks

To ensure consistency in the market data from year-to-year, the HRSE Committee has selected the FTSE/JSE Financials Index as an appropriate industry index, and benchmarks the emoluments paid by the JSE against those of the constituent companies in the index (after first 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 also competes for non-executive talent with other regulated financial services companies. In the view of the HRSE Committee, it is therefore reasonable that the JSE should use a comparator group comprising major SA financial services groups.

PwC provides the HRSE Committee with detailed market data, based on the latest publically available information disclosed by the companies in the selected comparator group. In addition to considering benchmark data, the HRSE Committee 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 on non-executive director emoluments.

Part A – Remuneration Policy
(continued)

Based on the benchmark policy set out above, the companies in the comparator group utilised for purposes of the 2016/2017 NED fee proposal (as set out in Part C) were as follows:

FirstRand Ltd	PSG Group Ltd
Standard Bank Group Ltd	MMI Holdings Ltd
Barclays Africa Group Ltd	Liberty Holdings Ltd
Sanlam Ltd	Santam Ltd
Nedbank Group Ltd	Coronation Fund Managers Ltd
Discovery Ltd	Alexander Forbes Group Holdings Ltd
Capitec Bank Holdings Ltd	Transaction Capital Ltd

Engagement with shareholders

At each AGM, the remuneration policy is placed before shareholders for consideration and approval under the terms of an advisory non-binding vote. As from the 2017 AGM, to be held on Thursday, 18 May 2017, the implementation of the Company's remuneration policy will also be put to shareholders in a separate advisory, non-binding vote as recommended by the King IV Code on Corporate Governance.

In the event that 25% or more of the votes cast are recorded against either the remuneration policy resolution or the implementation resolution, then:

- Executive management will engage with shareholders to ascertain the reasons for the dissenting vote. This will form part of the existing engagement process on remuneration matters which is already a standard feature of the JSE's annual engagement with key institutional shareholders. Where considered appropriate, members of the HRSE Committee may participate in these engagements with selected shareholders.
- Executive management will make specific recommendations to the HRSE Committee as to how the legitimate and reasonable objections of shareholders might be addressed, either in the Company's remuneration policy or through changes in how the remuneration policy is implemented.

Part B – Reward outcomes

The implementation of the JSE's remuneration policy translates into various reward outcomes each year. These reward outcomes are a consequence of the Company achieving various annual and long-term performance goals. This implementation report set out in Part B of the remuneration report is subject to a separate non-binding advisory vote by shareholders at the AGM to be held on Thursday, 18 May 2017.

In Part B we address the following matters:

- Analysis of remuneration 2016
- Corporate performance 2016
- Total remuneration outcomes
- Annual incentives 2016
- Long-term incentives vested/awarded
- CEO performance and reward
- Non-executive director emoluments

Analysis of remuneration 2016

Personnel costs increased by 14% to R69 million to R565 million (2015: R496 million). This comprised the following:

- Gross remuneration per employee increased 7% and average headcount was up 1%. This, together with the impact of the change in the mix of staff, resulted in a net 11% increase in the payroll bill or an increase of 8 percentage points. Headcount at year-end was 483 (2015: 506).
- The accounting impact for the long-term incentive scheme (LTIS) increased by R13 million to R43 million (2015: R30 million) contributing 3 percentage points to the growth in personnel costs. This amount includes a R4 million accelerated recognition for good leavers.
- Retention payments amounting to R9 million (2015: R0 million), contributing 2 percentage points to growth.
- A discretionary reward pool which increased to R88.9 million (representing 9.7% of NPAT) from R85.9 million in 2015 (representing 9.6% of 2015 NPAT). This increase of R3m (3.4%) in the reward pool contributed 1 percentage point to the growth in personnel costs.
- Remuneration capitalised to projects increased by R1 million to R19 million (2015: R18 million) as work on strategic projects continues.

	Notes	**2016 R'000**	2015 R'000
Personnel expenses			
Remuneration paid to employees		**480 666**	417 613
Fixed-term contractors		**14 364**	17 544
Contribution to defined contribution plans		**16 215**	14 598
Directors' emoluments		**30 331**	33 336
– Executive directors	25.1*	**22 528**	26 704
– Non-executive directors	25.3*	**7 803**	6 632
Long-term incentive schemes		**42 763**	30 295
– JSE LTIS 2010		**42 763**	30 295
Gross personnel expenses		**584 339**	513 386
Less: Capitalised to intangible assets		**(19 343)**	(17 627)
		564 996	495 759

*Refers to notes to annual financial statements.

Part B – Reward outcomes
(continued)

Corporate performance 2016

In each of the four performance areas on the corporate scorecard, the JSE has recorded notable successes during the course of 2016. These are set out below in the corporate scorecard focus areas for 2016.

Financial performance

Objectives

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

Identify operating efficiencies that will result in a real reduction in costs at exchange level over the next two years.
These objectives are the product of the JSE's entire strategy.

How the JSE performed

Performance exceeded budget even after a number of strategic fee reductions (20% price reduction in BDA; zero fees for certain report-only trades).

Actual results for the 2016 year:

Above-target performance

- Group earnings after tax up 2% to R920 million (2015: R899 million).
- Operating expenditure rose 12% (2016: R1.41 billion; 2015: R1.26 billion).
- EBIT down 5% to R975 million (2015: R1 billion).
- Group remains strongly cash generative.

Identified operating and other cost reduction opportunities:

Slightly below-target performance as would have liked to achieve further cost savings

- Operating efficiencies achieved through restructuring part of the JSE business.
- Introduction of T+3 brought significant operational and market efficiencies.
- In IT, various cost savings have already been realised.
- Efficiencies have already been achieved in HR.

Objective for 2017

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

Strategy and new business

Objectives

Implement new trading functionality in response to competition according to the timeline and budget agreed with the Board.
- To drive the JSE's strategy of building on innovative products and services.

Finalise short- and medium-term JSE Group capital requirements given regulatory and economic capital regulations and meet regulatory capital requirements during 2016.
- To drive the JSE's strategy of being capital efficient.

Settle approach to Equity Market risk management in a manner that enables clear decisions on BDA and Equity Market surveillance.
- To drive the JSE's strategy to maintain regulatory and market credibility.

Identify new trading and data products or initiatives that will result in net new revenue in 2017.
- To drive the JSE's strategy of building on innovative products and services.

How the JSE performed

New trading functionality:
On-target performance
- Equity Market enhancements delivered on budget and according to original Integrated Trading and Clearing Project timeline.

JSE Group capital requirements:
On-target performance
- Group capital figures have been updated following the revised FMA regulations. The JSE holds sufficient capital to meet both the revised regulatory capital and its own economic capital requirements.

Approach to Equity Market risk management:
Slightly below-target performance
- Work to redefine the risk model for the clearing of cash equities in the South African market has progressed well and is being discussed with market participants, but has not been completed.

New trading and data products or initiatives:
On-target performance
- A number of trading and data products and initiatives have been launched or are under way (please see CEO review on page 26) for further details.

Objectives for 2017

- Ensure that critical client facing vulnerabilities in the core services offered by the JSE are properly addressed to avoid reoccurrence.
- Maintain a market share in line with other global exchanges operating in a multi-exchange environment.
- Get Board sign off on proposal regarding JSE Group black ownership scheme.
- Progress development of independent clearing house to a stage where approach, budget and timeline can be approved by the Board.
- Progress Equity Market risk management model to a stage where approach, budget and timeline can be approved by the Board.
- Demonstrate achieved new business, including growing index business.

Technology

Objectives

Progress T+3 phase 3 against the project timelines and budget agreed with the Board.

- To drive the JSE's strategy to maintain regulatory and market credibility.

Progress the Integrated Trading and Clearing Project against the project timelines and budget agreed with the Board.

- To drive the JSE's strategy to become an integrated trading, settlement and clearing environment.

Progress the implementation of JSE related changes to enable Strate's debt instrument solution (DIS), against the timelines agreed with Strate.

- To drive the JSE's strategy of building on innovative products and services.

How the JSE performed

T+3:
Highlight – significantly above-target performance

- Delivered on time and under budget with minimal market disruption.
- No rolled or failed trades, something for which no international precedent can be found.

Integrated Trading and Clearing Project:
On-target performance

- Project 1a (including the Equity Market enhancements) was implemented within the agreed timelines and budget.
- Project 1b and c (Equity and Currency Derivatives Market functionality and changes to related systems) continues apace.

JSE related changes to enable Strate's DIS:
On-target performance

- JSE development and internal testing progressed as planned on time in Q3 2016, although Strate's implementation timeline has moved to later in 2017 than anticipated.

Objectives for 2017

- Progress the Integrated Trading and Clearing Project against the project timelines and budget agreed with the Board.
- Deliver electronic trading platform for government bonds in line with project timelines agreed with the National Treasury and budget agreed with the Board.
- Progress the implementation of JSE related changes to enable Strate's debt instrument solution, against the timelines agreed with Strate.

Stakeholder focus

Objectives

Implement staff engagement strategies, including progressing the implementation of a new HR system in accordance with the timeline and costs agreed by Exco.

- To drive the JSE's strategy of having a diversified, capable, respected workforce.
- Retain strong relationships with regulatory bodies and the government and strengthen the JSE's role in business-government dialogue.
- To drive the JSE's strategy of maintaining regulatory and market credibility.

How the JSE performed

Staff:

On-target performance

- Identified and have started work on implementing the preferred HR system.
- Extensive work on staff engagement throughout JSE divisions.

Strong stakeholder relationships:

On-target performance

- Certain regulatory relationships are more stressed than desired but this is to be anticipated given the extensive nature of regulatory discussions in 2016.
- NPS survey showed some strains among parts of the JSE's client base, but provides a good basis for focused future engagement.
- SA Inc. engagement was a highlight (Detail in CEO review, on page 26).

Objectives for 2017

Staff:

- Implement strategies to improve staff transformation and to drive culture and behaviour that improves the manner in which clients experience the JSE.

Stakeholders

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

Part B – Reward outcomes

(continued)

Total remuneration outcomes

The table below sets out the audited single figure remuneration for executive directors and other executives during the period under review. These executives are prescribed officers within the meaning of the Companies Act, 2008.

		Basic salary[1] R'000	Defined contribution pension plan R'000	Medical aid[1], UIF and other R'000
Directors' and executives' remuneration[4]				
Executive directors – Current year remuneration				
2016				
NF Newton-King	Chief executive officer	**3 678**	**304**	**132**
A Takoordeen	Chief financial officer	**2 132**	**121**	**77**
L Fourie[5]	Director of Post-Trade and Information Services	**1 172**	**104**	**42**
		6 982	**529**	**251**
2015				
NF Newton-King	Chief executive officer	3 474	228	121
A Takoordeen	Chief financial officer	1 999	92	105
L Fourie[5]	Director of Post-Trade and Information Services	2 170	143	61
		7 643	463	287
Other key executives – Current year remuneration				
2016				
GA Brookes	Director of Governance, Risk and Compliance	**1 853**	**–**	**50**
JH Burke	Director of Issuer Regulation	**2 179**	**190**	**168**
A Greenwood[6]	Director of Post-trade Services	**2 125**	**152**	**2**
Z Jacobs	Director of Marketing and Corporate Affairs	**2 051**	**124**	**50**
D Khumalo[7]	Director of Human Resources	**295**	**19**	**7**
TJ Matsena[8]	Director of Trading and Market Services	**844**	**68**	**25**
D Nemer	Director of Capital Markets	**2 416**	**184**	**161**
LV Parsons	Director of Information Services	**2 106**	**205**	**142**
R van Wamelen	Chief information officer	**2 322**	**133**	**115**
		16 191	**1 075**	**720**
2015				
GA Brookes	Director of Governance, Risk and Compliance	1 767	–	429
JH Burke	Director of Issuer Regulation	2 048	145	155
S Cleary	Director of Strategy and Public Policy	380	25	141
Z Jacobs	Director of Marketing and Corporate Affairs	1 955	94	46
N Mashigo	Director of Human Resources	1 252	81	473
D Nemer	Director of Capital Markets	2 294	137	115
LV Parsons	Director of Trading and Market Services	1 875	519	167
R van Wamelen	Chief information officer	2 173	99	106
		13 744	1 100	1 632

Footnotes 1 – 8 below are applicable to notes 25.1 – 25.3

[1] *Represents short-term employee benefits.*

[2] *Contractual bonuses are subject to personal performance and are calculated according to a fixed percentage of basic salary (which percentage varies on a sliding scale based on grade). Altogether 50% of all contractual bonuses are subject to six-month deferral linked to continued employment. The full contractual bonus award is reflected here, together with interest on the deferred portion at 5%, in accordance with the contractual bonus policy.*

[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.*

Total guaranteed pay R'000	Contractual bonus[1, 2] (includes deferral) R'000	Discretionary bonus[1, 3] R'000	Total annual incentives R'000	Total current year remuneration R'000	Total long-term and other benefits[10] R'000	Total number of shares granted for LTIS 2010 scheme[11]	Total number of shares granted for restraint of trade[12]
4 113	**4 152**	**4 700[9]**	**8 852**	**12 965**	**6 129**	**149 140**	**–**
2 330	**736**	**2 075**	**2 811**	**5 141**	**1 269**	**54 560**	**15 000**
1 318	**–**	**–**	**–**	**1 318**	**2 479**	**42 460**	**–**
7 761	**4 888**	**6 775**	**11 663**	**19 424**	**9 877**	**246 160**	**15 000**
3 823	3 917	4 600	8 517	12 340	3 178	147 550	–
2 196	701	2 050	2 751	4 947	–	47 410	–
2 374	772	2 250	3 022	5 396	843	58 060	–
8 393	5 390	8 900	14 290	22 683	4 021	253 020	–
1 903	**607**	**1 350**	**1 957**	**3 860**	**862**	**33 230**	**12 390**
2 537	**811**	**2 200**	**3 011**	**5 548**	**2 781**	**61 430**	**16 540**
2 279	**783**	**2 075**	**2 858**	**5 137**	**–**	**15 960**	**–**
2 225	**702**	**2 075**	**2 777**	**5 002**	**1 278**	**52 610**	**14 320**
321	**–**	**–**	**–**	**321**	**–**	**9 684**	**–**
937	**591**	**1 450**	**2 041**	**2 978**	**–**	**5 860**	**–**
2 761	**870**	**2 400**	**3 270**	**6 031**	**–**	**33 500**	**17 730**
2 453	**872**	**2 300**	**3 172**	**5 625**	**2 988**	**66 050**	**17 790**
2 570	**812**	**2 325**	**3 137**	**5 707**	**2 479**	**58 750**	**16 560**
17 986	**6 048**	**16 175**	**22 223**	**40 209**	**10 388**	**337 074**	**95 330**
2 196	578	1 250	1 828	4 024	622	25 790	–
2 348	772	2 200	2 972	5 320	2 031	62 390	–
546	–	–	–	546	–	–	–
2 095	669	2 050	2 719	4 814	–	46 190	–
1 806	–	–	–	1 806	–	–	–
2 546	813	2 300	3 113	5 659	–	15 770	–
2 561	830	2 300	3 130	5 691	2 118	67 060	–
2 378	759	2 250	3 009	5 387	1 719	57 790	–
16 476	4 421	12 350	16 771	33 247	6 490	274 990	–

4 *All executive directors and other key executives are full-time employees of JSE Limited.*
5 *Resigned on 18 July 2016.*
6 *Appointed to Executive Committee on 1 February 2016.*
7 *Appointed to Executive Committee on 1 November 2016.*
8 *Appointed to Executive Committee on 1 July 2016.*
9 *Portion of CEO's discretionary bonus made up as follows:*
– R4 400 000 in cash; and
– R300 000 in JSE Limited shares vesting over three years.
10 *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.*
11 *Represents unvested shares as at 31 December 2016, granted under the provisions of the LTIS 2010 Long Term Incentive Scheme.*
12 *Represents shares granted to certain Executive Committee members as part of a three-year share based restraint arrangement implemented during the current financial year.*

Part B – Reward outcomes
(continued)

Annual incentives 2016

Total deferred compensation awarded in 2016 was R62.8 million (2015: R56 million). The portion paid to executive management (excluding the CEO) amounted to R6.8 million (2015: R5.2 million).

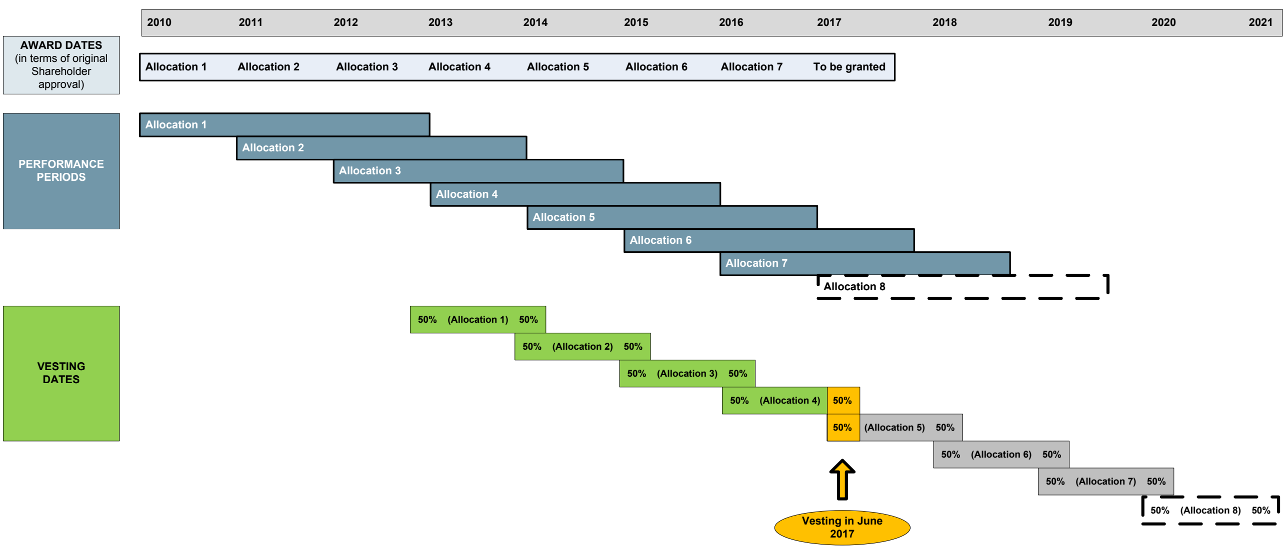
Total discretionary bonus payments awarded in 2016 were R88.9 million (2015: R85.9 million). Approximately 52% of the JSE's staff complement was awarded discretionary bonuses. An *ex gratia* payment (known as the Company performance bonus) totalling R8 million (2015: R6.1 million) was allocated to the balance of the staff as recognition for their contribution to the JSE's successful financial performance in 2016.

The CEO does not participate in the deferred compensation bonus scheme, but is eligible for a contractual bonus based on the HRSE Committee's assessment of the CEO's performance. The CEO also participates in the discretionary bonus pool. Details of the CEO's performance bonuses are outlined separately below.

Long-term incentives vested/awarded

Long-term incentives are intended to align management interests with those of shareholders, and thereby drive sustainable value creation over a longer horizon. Our restricted share scheme (LTIS 2010) remains our primary long-term equity reward mechanism.

LTIS 2010 vesting profile



The HRSE Committee assessed long-term corporate performance against the LTIS 2010 targets in respect of two allocations that vested during 2016, these being Tranche 2 of Allocation 3 (awarded in June 2012) and Tranche 1 of Allocation 4 (awarded in May 2013). The HRSE Committee determined that 80% and 86.54% of these allocations respectively should vest, with the remainder being forfeited by executive management.

During 2016, the HRSE Committee awarded the following fresh allocations under the JSE's long-term inventive schemes:

LTIS 2010 Allocation 7

Corporate performance shares to 40 strategic leaders totalling 462 104 shares with an aggregate value of R68.8 million, inclusive of restraint shares for selected senior staff.

Dilution limit	
Maximum number of shares per Scheme rules	2 171 940
Total granted and unvested (Allocations 3 Tranche 1 up to and including Allocation 6)	1 365 610
Allocation 7 granted during 2016 (March, April and December) including restraint shares	462 104
Allocation 3 (Tranche 2) and Allocation 4 (Tranche 1) vested during 2016	(356 719)
Allocations forfeited during 2016 for missing corporate performance targets and by bad leavers	(17 981)
Unvested shares as at 31 December 2016	1 453 014

Critical skills cash scheme

Cash awards to 39 senior staff (who do not participate in LTIS 2010) with an aggregate value of R10.1 million.

Profile of LTIS 2010 share awards

LTIS 2010 has been in operation for seven years, with seven annual share allocations having been granted under this scheme. The detail relating to each of these allocations is summarised in the table below.

In 2014, the LTIS 2010 scheme reached the end of the first four-year cycle, and a fresh mandate was sought and granted by shareholders for the next four years of the scheme (2014-2017).

	Allocation 1 (granted May 2010)	Allocation 2 (granted May 2011)	Allocation 3 (granted June 2012)	Allocation 4 (granted May 2013)	Allocation 5 (granted May 2014)	Allocation 6 (granted May 2015)	Allocation 7 (granted Feb 2016)
Actual number of JSE shares awarded per allocation	482 900	426 900	366 600	457 100	424 800	302 340	351 774
Dilution of issued share capital	0.56%	0.49%	0.42%	0.52%	0.49%	0.35%	0.40%
Acquisition cost price per share	R66.48	R67.44	R78.68	R76.92	R102.27	R131.54	R148.57
Cash cost	R32.1m	R28.9m	R28.8m	R35.1m	R43.4m	R39.8m	R52.2m
Number of participants	80	71	67	72	38	39	40
Total JSE personnel expense for the financial year	R338m	R299m	R353m	R426m	R467m	R496m	R565m

The individual allocations in terms of the LTIS 2010 for executive directors and prescribed officers are set out below.

Year awarded	Number allocated	Number vested in year	Number forfeited in year	Closing number	Vesting date	Grant value[1] R'000	Indicative Expected value[2] R'000
A Takoordeen							
2013	15 700			15 700	June 16/17	1 207	
2014	18 120			33 820	June 17/18	1 852	
2015	13 590			47 410	June 18/19	1 787	
2016	30 000*	7 285	565	69 560	June 19/20	4 457	
	77 410	**7 285**	**565**	**69 560**			**7 992**
GA Brookes							
2010	4 200			4 200	May 13/14	279	
2011	4 800			9 000	May 14/15	323	
2012	4 600			13 600	June 15/16	361	
2013	5 300	2 100		16 800	June 16/17	407	
2014	6 970	4 500		19 270	June 17/18	712	
2015	11 220	4 700		25 790	June 18/19	1 475	
2016	24 780*	4 950	–	45 620	June 19/20	3 682	
	61 870	**16 250**	**–**	**45 620**			**5 242**
JH Burke							
2010	21 200			21 200	May 13/14	1 409	
2011	18 200			39 400	May 14/15	1 227	
2012	16 400			55 800	June 15/16	1 290	
2013	18 600	7 679	2 920	63 801	June 16/17	1 430	
2014	20 610	17 891	1 810	64 710	June 17/18	2 106	
2015	14 980	15 345	1 955	62 390	June 18/19	1 970	
2016	33 080*	15 964	1 536	77 970	June 19/20	4 915	
	143 070	**56 879**	**8 221**	**77 970**			**8 959**

* 50% of the 2016 shares awarded is in respect of restraint.

Part B – Reward outcomes
(continued)

Year awarded	Number allocated	Number vested in year	Number forfeited in year	Closing number	Vesting date	Grant value[1] R'000	Indicative Expected value[2] R'000
A Greenwood							
2016	15 960	–	–		June 19/20	2 371	
	15 960	**–**	**–**				**1 834**
Z Jacobs							
2013	15 800			15 800	June 16/17	1 215	
2014	17 420			33 220	June 17/18	1 780	
2015	12 970			46 190	June 18/19	1 706	
2016	28 640*	7 335	565	66 930	June 19/20	4 255	
	74 830	**7 335**	**565**	**66 930**			**7 690**
D Khumalo							
2016	9 684	–	–		June 19/20	1 578	
	9 684	**–**	**–**				**1 113**
TJ Matsena							
2016	5 860	–	–		June 19/20	871	
	5 860	**–**	**–**				**962**
DM Nemer							
2015	15 770			15 770	June 18/19	2 074	
2016	35 460*			51 230	June 19/20	5 268	
	51 230	**–**	**–**	**51 230**			**5 886**
LV Parsons							
2010	21 800			21 800	May 13/14	1 449	
2011	18 600			40 400	May 14/15	1 254	
2012	17 500			57 900	June 15/16	1 376	
2013	20 100	7 887	3 012	67 101	June 16/17	1 546	
2014	22 100	18 347	1 854	69 000	June 17/18	2 259	
2015	16 110	16 007	2 043	67 060	June 18/19	2 119	
2016	35 580*	17 150	1 650	83 840	June 19/20	5 286	
	151 790	**59 391**	**8 559**	**83 840**			**9 633**
RJ van Wamelen							
2010	13 800			13 800	May 13/14	917	
2011	14 800			28 600	May 14/15	998	
2012	14 500			43 100	June 15/16	1 140	
2013	16 700	5 313	1 586	52 901	June 16/17	1 284	
2014	19 120	12 949	1 352	57 720	June 17/18	1 954	
2015	14 720	12 992	1 658	57 790	June 18/19	1 936	
2016	33 120*	14 232	1 368	75 310	June 19/20	4 921	
	126 760	**45 486**	**5 964**	**75 310**			**8 653**

* 50% of 2016 shares awarded is in respect of restraint.

[1] Grant value is determined using the share price on the date of acquisition.

[2] The indicative expected value (cash realisation value) is calculated using the JSE Limited closing share price on 31 December 2016 together with an adjustment for expected value on the date of vesting. The share price on vesting date is not taken into account.

CEO performance and reward

Service contract

The CEO is the only member of staff with a specific service contract, which ran for an initial three-year term from 1 January 2012 and now continues on an indefinite basis. The contract contains a four-month notice period and a one-year restraint (post-termination of employment).

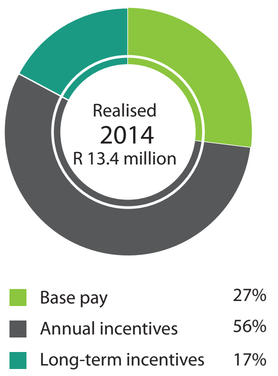
The agreed restraint precludes the CEO from being engaged by any stock exchange, bond or futures market, or any clearing house, depository or stock-broking business carried on in South Africa for a period of one year from the date of termination of her employment. The HRSE Committee is of the view that this restraint is fair and reasonable in order to protect the strategic proprietary interests of the JSE.

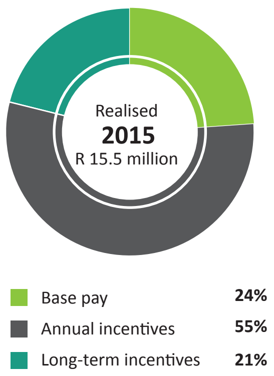
Fixed pay

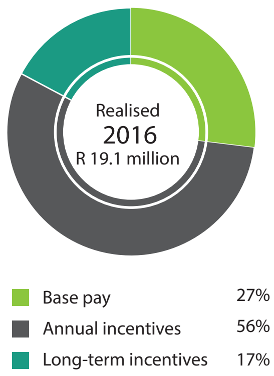
The CEO's fixed pay and any annual adjustment thereto are determined by the HRSE Committee at the beginning of each financial year.

The CEO's guaranteed salary was fixed at R4.1 million for 2016. This 6% increase to guaranteed pay was based on an updated benchmarking exercise and with due consideration for the local socio-political environment, with salary increments for executive management being moderated wherever possible.

Annual incentives Long-term incentives







The assessment of CEO performance and the determination of CEO remuneration are essential activities undertaken annually by the HRSE Committee. CEO performance is measured against the JSE corporate scorecard for each financial year, as well as against the CEO's personal scorecard as agreed annually with the HRSE Committee. In addition, the CEO plays a key role in delivering corporate performance over a sustained period. As a result, the vesting of corporate performance shares under the LTIS 2010 scheme is also reflective of the CEO's impact on financial and strategic performance.

Annual performance

CEO bonus awards for 2016 were as follows:

Bonus scheme	Performance measured against	2016 performance rating by HRSEC	2016 bonus awarded by HRSEC
Contractual bonus	CEO scorecard	100%	R4.1 million cash (50% deferred)
Discretionary bonus	Corporate scorecard	100%	R4.4 million cash and R0.3m JSE shares

The performance rating awarded by the HRSE Committee is reflective of the committee's assessment of the CEO's actions in delivering the JSE strategy, achieving the reported annual financial results, her accountability for JSE technology and new business initiatives as well as improving customer and stakeholder relationships, among other deliverables. The CEO's contractual bonus is capped at 100% of fixed salary in any year. Deferral applies to the contractual bonus, with 50% deferred for six months, on which interest of 5% is payable by the Company. A portion of the CEO's discretionary bonus is also deferred, with the deferred portion paid in JSE equity which vests over three years subject to continued employment at the JSE.

Part B – Reward outcomes

(continued)

Long-term performance

The CEO's long-term incentives comprise awards that vested in 2015 as well as share allocations granted during the year. The CEO is subject to the same corporate performance assessment as other participants in the LTIS 2010 scheme, and accordingly, her Allocation 3 awards vested at 80% and her Allocation 4 awards at 86.54%, based on performance against the pre-set financial targets (ROE, EBIT growth and relative TSR) and delivery of the strategic metric over the preceding three and four years.

A new share allocation was granted during 2016 (Allocation 7) and the value of the CEO's award totalled 125% of base salary. This translated into 41 240 JSE ordinary shares, which are scheduled to vest in two tranches, 50% on 1 June 2019 and 50% on 1 June 2020, subject to corporate performance over this vesting term. Further details of the CEO's remuneration are set out in the audited tables in Note 25 to the annual financial statements.

Year awarded	Number allocated	Number vested in year	Number forfeited in year	Closing number	Vesting date	Grant value R'000	Expected value R'000
NF Newton-King							
2010	21 800			21 800	May 13/14	1 449	
2011	18 600			40 400	May 14/15	1 254	
2012	37 100			77 500	June 15/16	2 919	
2013	42 200	7 887	3 012	108 801	June 16/17	3 246	
2014	49 790	18 347	1 854	138 390	June 17/18	5 090	
2015	37 010	24 053	3 797	147 550	June 18/19	4 868	
2016	41 240	35 182	4 468	149 140	June 19/20	6 127	
	247 740	**85 469**	**13 131**	**149 140**			**17 136**

Pay ratios	2016	2015
CEO base pay	**R4 113 000**	R3 823 000
Lowest grade base pay	**R181 000**	R153 000
Pay ratio	**22.7 times**	24.98 times
CEO base pay plus contractual bonus	**R8 265 000**	R7 740 000
Median salary plus bonus (Grades 1-16)	**R724 000**	R661 000
Pay ratio	**11.4 times**	11.71 times

Non-executive director emoluments

Emoluments paid to the JSE's non-executive directors are set out below.

		Total R'000	**Board member fees** R'000	**Committee member fees** R'000
2016				
AD Botha	Chairman of Human Resources, Social and Ethics Committee	**840**	**310**	**530**
M Jordaan		**310**	**310**	**–**
SP Kana		**695**	**310**	**385**
DM Lawrence		**608**	**310**	**298**
MA Matooane	Chairman of Group Risk Management Committee	**673**	**310**	**363**
AM Mazwai	Chairman of SR Oversight Committee	**930**	**310**	**620**
NP Mnxasana		**690**	**310**	**380**
NMC Nyembezi-Heita	Board Chairman, Chairman of Group Nominations Committee	**1 850**	**1 850**	**–**
NG Payne	Chairman of Group Audit Committee	**870**	**310**	**560**
		7 466	**4 330**	**3 136**

		Total R'000	Board member fees R'000	Committee member fees R'000
2015				
AD Botha	Chairman of Human Resources, Social and Ethics Committee	782	290	492
M Jordaan		290	290	–
SP Kana		320	145	175
DM Lawrence		543	290	253
MA Matooane	Chairman of Risk Committee	522	290	232
AM Mazwai	Chairman of SR Oversight Committee, Chairman of Investment of Funds Committee	802	290	512
NP Mnxasana		554	290	264
NS Nematswerani	Chairman of Audit Committee	316	113	203
NMC Nyembezi-Heita	Board Chairman, Chairman of Nominations Committee	1 716	1 716	–
NG Payne	Chairman of Audit Committee	787	290	497
		6 632	4 004	2 628

Part C – Remuneration governance

In Part C, we outline the mandate and role of the Human Resources, Social and Ethics Committee and set out the remuneration resolutions to be voted upon by shareholders at the AGM to be held on 18 May 2017.

The governance of remuneration at the JSE is prescribed by the:

- Companies Act, 71 of 2008;
- King Code on Governance; and
- Terms of reference of the HRSE Committee.

Within this governance framework, the HRSE Committee is accountable for the effective oversight of remuneration at the JSE. This includes responsibility for the JSE's remuneration philosophy and strategy, monitoring the structure and level of remuneration for executive management, assessing corporate and CEO performance over relevant measurement periods, and approving all annual incentive awards for executives and share allocations under the company's share incentive scheme.

In order for the HRSE Committee to discharge this mandate in an effective and independent manner, it is constituted as a standing committee of the Board, operating in terms of a clear mandate, and accountable directly to the Board. The committee comprises non- executive directors of the JSE, appointed to the committee on an annual basis by the Board. The HRSE Committee must comprise at least three members. No members of the HRSE Committee have any day-to-day involvement in the management of the JSE.

At a minimum, the HRSE Committee is required to meet three times each calendar year. During the year under review, the HRSE Committee convened on three occasions, and attendance at these meetings was as follows:

	February	July	November	Total attendance
AD Botha – Committee chairman	✓	✓	✓	3/3
NMC Nyembezi-Heita	✓	✓	✓	3/3
DM Lawrence	✓	✓	✓	3/3
AM Mazwai	✓	✓	✓	3/3
NP Mnxasana	✓	✓	✓	3/3

The CEO and the director of Human Resources attend HRSE Committee meetings by invitation, and provide input and submit remuneration proposals to the committee. Other senior members of management also attend meetings from time-to-time as required. The Group Company Secretary attends all committee meetings and advises on matters of corporate governance. No individual, irrespective of position, is present when their remuneration is discussed.

The HRSE Committee is bound by formal, written terms of reference approved by the Board, which terms of reference are regularly reviewed for continued relevance. There were no changes to the committee's terms of reference during the year. The full terms of reference can be accessed on the JSE's website. The committee's remuneration mandate is to:

Review and/or develop:

- the JSE remuneration philosophy, policy and practices to ensure their continued relevance and effectiveness;
- specific policy on executive and senior management remuneration;
- the terms and conditions of executive directors' service agreements, taking into account information from comparable organisations where relevant;
- benchmark salary data and other relevant data relating to short- and long-term incentive awards;
- compliance with the Financial Sector Code and the JSE's employment equity report; and
- the JSE code of conduct and ethical standards.

Recommend:

- to the Board for approval any fundamental changes to the JSE's remuneration philosophy or policy;
- to the Board for approval on an annual basis all elements of remuneration for the CEO;
- to the Board for approval the size of the overall annual discretionary bonus pool and the aggregate share awards for allocation under the company's long-term incentive scheme;
- to the Board for approval the annual aggregate salary adjustments for JSE staff; and
- to the Board for consideration the proposed emoluments for non-executive directors.

Monitor, assess and/or approve:

- the implementation of executive and senior management remuneration;
- the annual corporate and CEO scorecards and key performance indicators;
- corporate and CEO performance over relevant measurement periods (annually for bonus awards and over the vesting term for share awards);
- the vesting of share awards under the company's long-term incentive scheme; and
- senior management succession plans.

Report:

- to the Board after each meeting, and more frequently if required;
- to the Board on compliance with the HRSEC terms of reference; and
- to stakeholders by means of an annual remuneration report, incorporated in the JSE's integrated annual report.

As from January 2012, the HRSE Committee assumed responsibility for the social and ethics mandate prescribed by the Companies Act, 71 of 2008. The Committee's compliance with its statutory duties as prescribed by the Act can be found in a separate report, available online at ***http://www.jsereporting.co.za/ar2016/download_pdf/transformation-report-2016.pdf.*** As from 2017 the social and ethics mandate of the committee will be discharged by a newly established Board committee – the Group Social and Ethics Committee – and the HRSE Committee's mandate will be adjusted accordingly.

In exercising its mandate throughout 2016, the HRSE Committee has aimed to support the JSE's business strategies by creating a direct linkage between pay and performance, and to build upon the JSE's solid corporate governance foundations by improving the quality of remuneration disclosure and shareholder interaction.

The performance of the HRSE Committee was assessed as part of the overall Board performance self-review, which is undertaken annually under the guidance of the Chairman of the Board. The Board has also confirmed that the HRSE Committee has discharged its mandate and the responsibilities delegated to it during 2016.

Independent advice

The HRSE Committee is empowered to seek independent, external advice as it may deem necessary. During the year under review, the HRSE Committee received advice and guidance regarding remuneration benchmarks and best practice from PwC, an independent advisory firm.

Part C – Remuneration governance

(continued)

Shareholder resolutions on remuneration matters

In the text below we reproduce the shareholder resolutions relating to JSE remuneration, which are being proposed by the Board for approval by shareholders at the AGM to be held on 18 May 2017. We also include a brief motivation in support of each resolution.

• Approval of JSE remuneration policy	Ordinary resolution 5
• Approval of JSE remuneration implementation report	Ordinary resolution 6
• Approval of non-executive director emoluments for 2017	Special resolutions 2.1 and 2.2

Approval of JSE remuneration policy

Ordinary Resolution 5: Non-binding advisory vote on the remuneration policy of the JSE
"Resolved that the shareholders endorse the remuneration policies of the Company as set out in part A of the remuneration report, available online at http://www.jsereporting.co.za/ar2016/."

REASON FOR AND EFFECT

- The King Code on Governance for South Africa recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.
- This enables shareholders to express their views on the remuneration policies adopted. Ordinary Resolution 5 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.
- However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

Approval of JSE remuneration implementation report

Ordinary Resolution 6: Non-binding advisory vote on the implementation of the remuneration policy of the JSE
"Resolved that the shareholders endorse the remuneration implementation report of the Company as set out in part B of the remuneration report, available online at http://www.jsereporting.co.za/ar2016/."

REASON FOR AND EFFECT

- The King Code on Governance for South Africa recommends that the implementation of a Company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.
- This enables shareholders to express their views on the implementation of the Company's remuneration policies. Ordinary Resolution 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.
- However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy and how such policy is implemented.

Approval of non-executive director emoluments for 2017

Special Resolution 2.1: Adjustments to non-executive director emoluments for 2017

"Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, to adjust the emoluments approved by shareholders at the AGM of the Company held in 2016 and payable to its non-executive directors for their services as directors in respect of the period from 1 January 2017 to the date of the AGM of the Company to be held during 2018 (the 2017 period), by the amount of any value-added tax (VAT) to the extent applicable."

Special Resolution 2.2: Proposed non-executive director emoluments for chairman and members of the Group Social and Ethics Committee for 2017

"Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, to pay emoluments to its non-executive directors for their services as directors (specifically with regard to their roles on the Group Social and Ethics Committee) in respect of the period from 1 January 2017 to the date of the AGM of the Company to be held during 2018 (the 2017 period), as set out in the table below plus any VAT to the extent applicable."

Proposed all-inclusive annual fees for specific roles	Proposed emoluments for approval by shareholders for the 2017 period R
Group Social and Ethics Committee chairperson	200 000
Group Social and Ethics Committee member	100 000

REASON FOR AND EFFECT

- The reason for and effect of Special Resolutions 2.1 and 2.2 is to authorise the Company to pay emoluments to its non-executive directors for their services as directors, subject to the limitations set out above.
- Section 66(9) of the Companies Act requires that remuneration payable to directors of a company in respect of their services as directors must be approved by Special Resolution of shareholders, adopted within the previous two years.
- The Board has resolved, on the recommendation of the Group Human Resources Committee, to propose that:
  - the emoluments for the 2017 period as already approved by shareholders at the AGM held in May 2016, be increased by the amount of VAT to the extent applicable, as a consequence of the Binding General Rulings 40 and 41 issued by the South African Revenue Services (SARS) on 10 February 2017; and
  - the Committee chairman and members of the newly-established Group Social and Ethics Committee be paid emoluments for the 2017 period as set out in Special Resolution 2.2, plus VAT to the extent applicable.
- Once Special Resolutions 2.1 and 2.2 are approved by shareholders, the emoluments will be applied retrospectively to 1 January 2017.
- For ease of reference, the emoluments for the 2017 period as already approved by shareholders at the AGM held in May 2016 are set out in the table below for the information of shareholders. These fees will now attract VAT at the applicable rate in accordance with the Binding General Rulings 40 and 41 issued by SARS.

Approved all-inclusive annual fees for specific roles	Emoluments already approved by shareholders for the 2017 period R
Chairman	2 000 000
Non-executive director	325 000
Lead Independent Director	97 500
Group Audit Committee chairperson	343 000
Group Audit Committee member	160 000
Group Nominations Committee member	60 000
Group Human Resources Committee chairperson	250 000
Group Human Resources Committee member	125 000
Group Risk Management Committee chairperson	280 000
Group Risk Management Committee member	140 000
SRO Oversight Committee chairperson	250 000
SRO Oversight Committee member	125 000
Ad hoc meeting fee (per meeting)	24 000

Part C – Remuneration governance
(continued)

- The social and ethics mandate as set out in the Companies Act was previously discharged by the Group Human Resources Committee. In order to balance the workload of the Group Human Resources Committee, and to allow for additional focus on social, ethics and sustainability matters, the Board has resolved to establish a Group Social and Ethics Committee as a separate standing committee of the Board, with effect from January 2017.
- At the AGM held in April 2012, shareholders approved a single-fee model for non-executive director emoluments, rather than the previous model of annual fixed retainers and a fee per Board or Board Committee meeting attended. The role of a non-executive director, especially within financial services companies, extends substantially beyond attendance at meetings. Emoluments should therefore be a function of Board and Board Committee membership rather than a reward for attending meetings. A single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, also has the advantages of being administratively simple, easy to understand and allows for clear comparisons by shareholders from year-to-year.
- Non-executive directors do not receive short-term incentives, nor do they participate in the JSE's long-term incentive schemes. There is no requirement for non-executive directors to hold a minimum shareholding in the JSE in order to qualify for Board membership, and there are no provisions for emoluments or other payments in respect of loss of office.
- Non-executive directors are, however, encouraged to hold shares in the Company equal to one times their annual retainer in terms of a policy on non-executive director emoluments adopted by the Board. The shares in the Company held by non-executive directors are set out in the directors' report.
- Out-of-pocket expenses, such as travel and accommodation costs, incurred by non-executive directors in the execution of their responsibilities are also re-imbursed on request.

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