

TERMS OF REFERENCE

GROUP SOCIAL & ETHICS COMMITTEE

1. Introduction

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

2. Purpose of the terms of reference

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

3. Composition

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

4. Role

- 4.1 The Committee has an independent, oversight role with responsibility for monitoring and reporting on the JSE's compliance with legislated social and economic development requirements and other codes of good practice relating to corporate citizenship, the environment, health, public safety and consumer protection.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

5. Mandate

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

5.1 *Social and Ethics matters*

Monitor the JSE's activities and compliance with all relevant legislation, other legal requirements and prevailing codes of best practice in respect of –

- 5.1.1 Social and economic development, including the company's standing in terms of the goals and objectives of the –
- Ten principles in the United Nations Global Compact Principles;
 - OECD recommendations regarding corruption;
 - Employment Equity Act; and
 - Broad-Based Black Economic Empowerment Act.
- 5.1.2 Good corporate citizenship, including the JSE's –
- promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - record of sponsorship, donations and charitable giving.
- 5.1.3 The environment, health and public safety, including the impact of the company's activities and of its products or services.
- 5.1.4 Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws.

- 5.1.5 Labour and employment, including –
- the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
 - the company's employment relationships, and its contribution toward the educational development of its employees.
- 5.1.6 Corporate governance, including JSE Limited's compliance with the Listings Requirements and the King IV Code of Corporate Governance.

5.2 Sustainability Responsibility, including –

- 5.2.1 Approve and revise the Sustainability Management Strategy and Framework in relation to sustainability material issues, in line with King IV and other relevant reporting requirements.
- 5.2.2 Approve the environment targets and monitor the implementation thereof.
- 5.2.3 Monitor the implementation of policies through the consideration of management reports on material issues envisaged, as well as noting the activities of the Human Resources Committee regarding Human Capital objectives.
- 5.2.4 Consider and recommend for approval, the reporting for purposes of the transformation of the organisation as per the Department of Trade and Industry Codes of Good Practice on transformation and BBBEE verification and/or Financial Services Charter.
- 5.2.5 Consider and recommend for approval to the Audit Committee, the reporting on sustainability issues pertaining to the Integrated Report and the overall comprehensive Sustainability Report. This will be reported on an annual basis.
- 5.2.6 Advise management of ways and means to improve the effectiveness of its sustainability, social and ethics policies and practices and the setting of targets and timeframes in relation thereto.
- 5.2.7 Report to the Board on the status of social, ethics and sustainability issues.
- 5.2.8 Monitor the JSE's compliance with the requirements set for inclusion in the JSE's sustainability index, Carbon Disclosure Project (CDP) and various recognised surveys and indexes and make appropriate recommendations if and when required.
- 5.2.9 Consider substantive national and international regulatory and technical developments in all fields relevant to the company's identified sustainability material issues.
- 5.2.10 Facilitate participation, co-operation and consultation on sustainability matters of governments, national and international organisations, national authorities, other companies and other influencing/relevant bodies.

5.2.11 Facilitate and monitor ongoing collaboration between the Risk, Strategy, Stakeholder Management and Sustainability functionalities.

5.3 Other matters

The Committee shall –

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

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

5.3.3 Ensure that the Company's reputation is protected, monitored and maintained.

6. Authority

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

6.2 The Committee, in fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or Group Company Secretary to provide it with information.

6.3 The Committee has reasonable access to the JSE's records, facilities and any other resources necessary to discharge its duties and responsibilities.

6.4 The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committee, and to one or more members of the executive to perform certain tasks on its behalf.

6.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the JSE's cost, subject to compliance with JSE policies.

6.6 The Committee makes recommendations to the Board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

6.7 The Chairman of the Committee must be present at all annual general meetings.

7. Meeting Procedures

7.1 Frequency

7.1.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

- 7.1.2 Meetings in addition to those scheduled may, with the approval of the Chairman, be held at the request of the Chief Executive Officer, the Director: Human Resources, the Director: Governance & Assurance or at the instance of the Board.
- 7.1.3 The Chairman of the Committee may meet with the Chief Executive Officer, the Director: Human Resources, the Director: Governance & Assurance and/or Group Company Secretary prior to the Committee meeting to discuss important issues and agree on the agenda.

7.2 Attendance

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

7.3 Agenda and Minutes

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

7.4 Quorum

7.4.1 A representative quorum for meetings is a majority of members present.

7.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

7.5 Evaluation

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

8. Approval of Terms of Reference

8.1 The Committee shall review these terms of reference annually for continued relevance and applicability.

8.2 These terms of reference were adopted in May 2017 and are next due for review in 2018.