

# AGM round-up JSE Group Limited



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## 1. Introduction

Date of AGM: 7 May 2024

Chair of the Board: Mr Phuthuma Nhleko

Type of AGM: **Hybrid** (in-person and online attendance permitted), conducted by The Meeting Specialist (TMS).

Useful links:

- [Notice of AGM](#)
- [Results of 2024 AGM](#)
- [Video recording of AGM](#)

## 2. Key takeaways

- The JSE's annual general meeting (AGM) was conducted effectively with no issues that might raise concerns about compliance with section 63(2)(b) of the Companies Act, 2008, which permits electronic AGMs:

*“as long as the electronic communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting.”*

- The board and executive management team faced questions from several shareholders, including in relation to delistings, the composition of the board, and high non-executive director fees.
- In response to questions from Just Share, the JSE:
  - Committed to continue to educate issuers on and monitor uptake of its Sustainability and Climate Disclosure Guidance, which will be updated by June to integrate requirements set out in IFRS S1 and IFRS S2<sup>1</sup>.
  - Insisted that the setting of transformation targets for board race and gender composition is voluntary, despite contrary indications in the Listings Requirements.
  - Explained why the wage reported as that paid to its lowest-paid workers has decreased since 2023 but did not disclose the nature of the role/s to which this wage applies.

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<sup>1</sup> IFRS S1 and IFRS S2 are two new standards proposed by the International Accounting Standards Board (IASB) as part of its project to develop sustainability-related disclosure standards for company reporting: <https://www.ifrs.org/groups/international-sustainability-standards-board/>



### 3. AGM governance

The JSE's hybrid AGM was hosted by The Meeting Specialist,<sup>2</sup> and those attending in-person did so at the JSE's offices in Sandton, Johannesburg. Chair Phuthuma Nhleko provided a detailed agenda which was visible to both in-person and electronic attendees. Nhleko also explained how the Q&A session would be conducted and when shareholders would vote on the resolutions.

Providing a clear agenda at the start of the AGM is useful and considerate, as it gives clarity on proceedings and removes attendee anxiety as to when they will be permitted to ask questions. Nevertheless, an agenda is a surprisingly rare feature of South African AGMs.

### 4. Q&A sessions

During both Q&A sessions<sup>3</sup> shareholders attending electronically were allowed either to submit written questions - which were read out clearly and in full - or to ask their questions verbally. After each question, the chair asked shareholders whether the responses received were satisfactory. This demonstrated an openness to shareholder engagement and an awareness of the requirements of the Companies Act.

### 5. Opening address

In his opening address, the Chair noted that AGMs are an "important part of stewardship obligations and that [the JSE] is mindful of these responsibilities". Key points in the address included the following:<sup>4</sup>

- *Creating the ideal environment for economic growth cannot be the sole responsibility of the JSE. It requires a multi-faceted approach - business, government and regulators - to collaborate and work together closely to develop a vibrant culture.*
- *The JSE has embarked on a process to radically simplify Listings Requirements.*
- *The JSE is considering a proposal to segment the main board to provide for smaller cap companies, noting that exchanges in many jurisdictions are making similar adjustments to encourage access to the markets.*
- *The JSE has made some important strides to diversify revenues.*
- *Noted with thanks the "new growth strategy" Dr Fourie has championed over her tenure and her continued commitment to the Group and leadership team.*

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<sup>2</sup> [www.tmsmeetings.co.za](http://www.tmsmeetings.co.za)

<sup>3</sup> The Q&A session was divided into two parts. The first dealt with questions related directly to the tabled resolutions. The second was an opportunity for general questions and was conducted after voting had taken place.

<sup>4</sup> A video of the AGM is available on the [JSE's website](#) – the welcome address runs from 00:02:45 - 00:12:50.



## 6. CEO's address

CEO Dr Leila Fourie provided shareholders with an extensive business and strategy update, including:<sup>5</sup>

- *Strong results can be attributed to a very deliberate effort by management and the board to diversify business segments and asset classes across the exchange, which has helped overcome lower trading activity in 2023.*
- *Using computing infrastructure and AI to deliver innovative market solutions and improve operational efficiencies.*
- *Collaborated with Xpansiv<sup>6</sup> to develop a voluntary carbon market to boost South Africa's carbon credit capabilities. This sustainability initiative will enable local participants to buy and sell carbon credits and renewable energy certificates.*
- *Material increase of 17% in the number of sustainability bonds.*
- *Ongoing commitment to create an enabling environment for listed companies.*
- *Focus on amendments to Listings Requirements, these changes in the year ahead will take two forms:*
  - *A simplification project, which aims to rewrite and simplify the existing Listings Requirements - almost half of the Listings Requirements have been rewritten and published for public comment.*
  - *A market segmentation project that will result in the repositioning of the JSE's board into separate segments.*
- *IPOs - anticipating a moderate improvement in the number of listings.*

## 7. Just Share's questions

### 7.1. The JSE's Sustainability and Climate Disclosure Guidance<sup>7</sup>

At the JSE's 2023 AGM Just Share asked about the company's monitoring and oversight of its Sustainability and Climate Disclosure Guidance, published in June 2022.<sup>8</sup>

The JSE's Sustainability Report 2023 states that the group had "developed a survey to understand how various users are implementing the guidance. The survey, completed in November 2023, indicated positive feedback which described the guidance as helpful and practical for ESG reporting. While many respondents welcomed the guidance, others indicated they were already reporting using the GRI and TCFD. In addition, respondents indicated that they are monitoring ISSB developments in preparation for when these become mandatory in South Africa".<sup>9</sup>

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<sup>5</sup> Dr Fourie's full presentation runs from 0:55:00 - 01:08:00.

<sup>6</sup> <https://www.jse.co.za/news/news/jse-collaborates-xpansiv-launch-voluntary-carbon-market-advance-south-africas-carbon>

<sup>7</sup> <https://www.jse.co.za/our-business/sustainability/jses-sustainability-and-climate-disclosure-guidance>

<sup>8</sup> 2023 AGM Roundup 1: [https://justshare.org.za/wp-content/uploads/2023/09/2023-AGM-Roundup-1\\_14-February-12-June-2023\\_July-2023\\_final.pdf](https://justshare.org.za/wp-content/uploads/2023/09/2023-AGM-Roundup-1_14-February-12-June-2023_July-2023_final.pdf), p. 9.

<sup>9</sup> JSE Sustainability Report 2023, p. 33.



This year we asked whether the JSE will continue to monitor the extent to which issuers are reporting in terms of the guidance once it has been updated to “incorporate relevant requirements from IFRS S1 and IFRS S2”.<sup>10</sup> In response Dr Suresh Kana, chair of the board sustainability committee, said that given that “the whole area of sustainability is an evolving space”, “[the JSE] will continue to monitor, until there is a legislative framework which becomes a lot clearer, as to what we should do”.

## 7.2. Gender and race diversity policies and transformation targets

Just Share noted that many issuers have board gender and race diversity policies, but that these lack clear transformation targets. The JSE Listings Requirements mandate issuers to have these policies and to set targets “if applicable”.

Given the ambiguity in the language of the Listings Requirements, Just Share asked whether the JSE could explain in which circumstances setting targets is and is not applicable, and whether the JSE would consider issuing guidance to clarify that targets should be included in diversity policies. This is particularly important in relation to female representation on boards, which is still significantly lower than the proportion of women in the population who are economically active.

Andre Visser, director of issuer regulation, stated that “the intention of the JSE Listings Requirements is to have targets on a voluntary basis, so companies have the option to determine whether they want to set targets or not. Once they set targets, they then have an obligation to report against those targets”. He said that “King [IV] has a recommended practice, that companies should set targets, but that’s obviously recommended practice only”. The issue of what “if applicable” means therefore remains, as chair Nhleko suggested in jest, “a loophole”.

## 7.3. Clarity about the lowest-paid earners at the JSE

Just Share noted that the JSE reported its lowest grade total guaranteed pay as R386 808 per annum, down from the R419 585 reported in the previous financial year.<sup>11</sup> We asked for clarity on this, and also which role or roles the lowest-grade total guaranteed pay applies to.

Dr Fourie stated that the JSE had “acquired a number of businesses and that the nature of those businesses is different, to the nature of the staff complement it had before, so that is what would’ve shifted the average per-head salary”. She added that “the key reason for the shift” was the acquisition of businesses “where there are a number of large call centre agents and operations staff and the nature of their work, and the level of that work is quite different to that of general JSE staff.”

Dr Fourie did not answer the question about which role/s the lowest total guaranteed wage applies to.

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<sup>10</sup> JSE Sustainability Report 2023, p. 35.

<sup>11</sup> JSE Governance and Remuneration Report 2023, p. 82.



## 8. Questions asked by other shareholders

The JSE's board and executive management team faced several other questions from shareholders attending the AGM both in-person and electronically, including in relation to:<sup>12</sup>

- How the JSE is creating an environment which attracts more retail investors and SMMEs. The questioner said that the JSE seems to have a counterproductive approach to this, and “tends to employ all its outside employees from large organisations, it staffs all its advisory committees with representatives of large organisations, and all [JSE] directors, represent or have experience in large organisations”. The board of directors represent “team big business”.<sup>13</sup>

*In response, Nhleko agreed with the essence of the question, noting that “South Africa does tend to be top heavy with large institutions”. But he said that the JSE “continuously looks at evolving the board and getting different skill sets”. Dr Fourie defended the board's composition, noting that many of the non-executive directors come from businesses “which have a very large retail footprint”.*

- Concerns were raised about the number of companies delisting from the exchange, with one shareholder calling it a “delistings crisis” and stating that the board was downplaying the issue.

*Nhleko tried to reassure shareholders that the board and exco are actively working on trying to “understand the reasons for delisting” and are constantly engaging government and policyholders to “try and arrive at something that is in the long-term interest of the country”, but stressed this could not be the sole prerogative of the JSE.*

- Board sustainability expertise and competence were questioned.

*Fourie stated that “sustainability is a key priority for the JSE” and highlighted some of the initiatives the exchange has been involved in, as well as the relevant experience and qualifications of board member Siobhan Cleary, and the experience of Dr Suresh Kana, chair of the group sustainability committee, noting his experience as a trustee of the IFRS Foundation and chairman of the Financial Reporting Standards Council of South Africa.<sup>14</sup>*

- Concerns about high non-executive directors' fees.

*Chair of the remuneration committee Graeme Brookes provided shareholders with an overview of the process followed every year to determine director fees.*

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<sup>12</sup> This list does not cover every question raised during the AGM. A video of the AGM is available on the [JSE's website](#). Q&A session 1 ran from 00:27:00 – 00:51:30 and Q&A session 2 ran from 01:07:00 - end.

<sup>13</sup> <https://www.businesslive.co.za/bd/companies/financial-services/2024-05-09-shareholders-question-jses-team-big-business-board/>

<sup>14</sup> <https://group.jse.co.za/governance/leadership-teams>



## 9. Voting results

All resolutions tabled at the 2024 AGM passed with the required support from shareholders.

However, resolutions 5 and 6, the non-binding advisory votes on the remuneration policy and the implementation report, received noticeably lower support, with around 22% of shareholders voting against them. Around 9% of shareholders voted against special resolution 4, non-executive directors' emoluments.

Resolution	Votes disclosed as a percentage in relation to the total number of shares voted at the AGM		Number of shares voted	Shares voted disclosed as a percentage in relation to the total issued share capital*	Shares abstained disclosed as a percentage in relation to the total issued share capital*
	FOR	AGAINST			
Non-binding advisory vote on the remuneration policy of the Company	78.03%	21.97%	69 526 385	80.03%	0.31%
Non-binding advisory vote on the implementation report as set out in the remuneration report of the Company	78.31%	21.69%	69 526 385	80.03%	0.31%
Special Resolution 4: Non-executive directors' emoluments for 2024	91.04%	8.96%	69 526 385	80.03%	0.31%

## 10. Relevant resources

### 10.1. Just Share

- Briefing: [Women in leadership JSE Top 40](#) (September 2023)
- Briefing: [Vertical pay gaps at JSE-listed companies](#) (June 2023)
- [2023 AGM Roundup 1](#): includes a summary of Just Share's 2023 JSE AGM attendance

### 10.2. Other

- [Shareholders question JSE's 'team big business' board](#), Business Day, 9 May 2024
- Legal opinion: [CIPC provides clarity on section 63\(2\) of the Companies Act](#): a legal opinion providing clarity in relation to the conduct of the Q&A session during electronic AGMs and compliance with the Companies Act.

**End**