



NSE BOARD CHARTER

Document Summary

Policy Ref	Board	
Policy Summary	This policy applies to the Board.	
Scope	NSE PLC	
Document Status	Approved	
Version	2.0	Effective Date: April 2018
Executive Responsible	Policy Owner	
Approved by:	Board	Approval date(s): 10th April 2018

TABLE OF CONTENTS

INTRODUCTION	4
1. PREAMBLE	4
2. PURPOSE OF BOARD CHARTER	4
3. THE BOARD AND MANAGEMENT	4
3.1 THE BOARD.....	4
3.2 ROLES AND FUNCTIONS OF THE BOARD	4
3.3 BOARD STRUCTURE	5
3.3.1 Size of the Board.....	6
3.3.2 Board Composition	6
3.3.3 Appointments to the Board	8
3.3.4 Individual Directors	8
3.3.5 Removal of Directors	8
3.3.6 Directors Change of Status	10
3.3.7 Limits on Outside Board membership	10
3.3.8 Term Limits	10

3.3.9	Director Age Limits	11
3.3.10	The Chairperson	11
3.3.11	The Company Secretary	12
3.4	BOARD-MANAGEMENT RELATIONSHIP	12
3.4.1	The Chief Executive.....	12
3.4.2	Appointment and removal of the Chief Executive.....	12
3.4.3	Functions of the Chief Executive.....	12
3.5	BOARD COMMITTEES.....	14
4.	BOARD PROCESSES.....	14
4.1	Board Meetings.....	14
4.2	Disclosure and Conflict of Interests.....	15
4.3	Board Work Plan.....	17
4.4	Insider Trading.....	17
4.5	Decision making	17
4.6	Confidentiality	18
4.7	Remuneration of Board Members.....	18
4.8	Induction of New Directors.....	18
4.9	Board and Director Evaluations.....	18
4.10	Indemnities and Insurance	18
4.11	Directors Development	19
5.	ACCOUNTABILITY AND AUDIT	19
5.1	Financial Reporting.....	19
5.2	Internal Control.....	19
5.3	Governance Audit	19
5.4	Corporate Governance	20
5.5	Process of Review of the Board Charter.....	20
6.	DIRECTORS UNDERTAKINGS IN LINE WITH THIS CHARTER	20

INTRODUCTION

The Board of Directors of the Nairobi Securities Exchange PLC (“NSE”) regards corporate governance as key to the achievement of NSE’s mission “to provide a world class securities trading facility” and vision “to be a leading securities exchange in Africa, with a global reach”, and is committed to applying the core governance principles built on the key values of ethics, integrity, confidentiality, innovation and excellence.

1. PREAMBLE

The Nairobi Securities Exchange PLC is a Public Company limited by shares, duly incorporated for the purpose of carrying out the business of a securities exchange.

This Board Charter should be read in conjunction with the Capital Market Authority (CMA) Code of Corporate Governance Practices and Regulations and NSE’s Memorandum & Articles of Association.

2. PURPOSE OF BOARD CHARTER

This Charter is intended to outline;

- a) Roles, functions, responsibilities and powers of the Board, individual directors and the officials and executives of NSE;
- b) Powers delegated to various Board committees of NSE; and
- c) The policies and practices of the Board in respect of matters such as corporate governance, trading by directors, declarations and conflicts of interest, Board meeting documentation and procedures and the nomination of directors, training and evaluation of directors and members of Board committees.

Whilst this Board Charter includes references to minimum acceptable standards of conduct, in it is critical that substance prevails over form.

3. THE BOARD AND MANAGEMENT

3.1 THE BOARD

The Board shall exercise its powers responsibly in compliance with the requirements of all applicable laws and regulations including but not limited to the CMA rules, regulations and Code of Corporate Governance Practices and NSE’s Memorandum & Articles of Association, Policies and Procedures. The Board shall at all time act in the best interest of NSE and with transparency, integrity, accountability and responsibility.

3.2 ROLES AND FUNCTIONS OF THE BOARD

The Board shall specifically exercise leadership, integrity, enterprise and good judgment in directing NSE so as to achieve continuing prosperity for the Company and its members

and shall act in the best interest of NSE and with transparency, integrity, accountability and responsibility. The Board shall, in particular;

- a) Define and chart out NSE's vision and mission. The Board has ultimate responsibility for the attainment of the Company's vision;
- b) Set the strategy, approve business plans and annual budgets and of any subsequent material changes in strategic direction;
- c) Develop a Code of Ethics and Conduct and ensure that the code is complied with;
- d) Monitor Management's implementation of the strategic plans and financial objectives as defined by the Board;
- e) Define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to Management;
- f) Ensure that NSE is managed with a view to ensuring that the Company is ethical in all its dealings and exercises corporate social responsibility;
- g) Ensure that procedures and processes are in place to protect NSE's assets and reputation;
- h) Ensure compliance by NSE with all relevant laws and regulations, audit and accounting principles, and such other principles as may be established by the Board from time to time;
- i) Approve Terms of Reference of Board committees and make appointments and changes in the composition of such Committees as are established from time to time;
- j) Identify key risks, opportunities and strengths relating to NSE;
- k) Set policies on internal control and obtain regular assurance that the system is functioning effectively and is effective in managing risks;
- l) Discuss and approve annual accounts and reports;
- m) Communicate key policies and strategy issues to Senior Management;
- n) Appoint the Chief Executive, senior staff, external auditors and other consultants;
- o) Determine remuneration of the Chief Executive of NSE and senior staff of NSE;
- p) Develop a succession plan for its Chairperson, Chief Executive and Employees;
- q) Review or vary any policy decisions;
- r) Delegate any of its powers to the Chief Executive or to a committee and provide guidance and or ratify decision on the basis of delegated powers;
- s) Establish and implement a system that provides necessary information to the shareholders including shareholder communication policy for the Company;
- t) Consider the interests of the Company's shareholders during its decision making process;
- u) Provide oversight of reporting to shareholders on the direction, governance and performance of NSE as well as other processes that need reporting and other disclosure requirements.
- v) Monitor the effectiveness of the corporate practices under which the company operates and propose revisions as may be required from time to time; and
- w) Exercise such other powers as are necessary to enforce the requirements of the CMA Act, Articles and the Rules governing NSE.

3.3 BOARD STRUCTURE

The Board shall be appointed while taking into considerations the following:-

- a) NSE's Memorandum and Articles of Association
- b) The Capital Markets Act and Regulations
- c) NSE's Management & Membership Rules
- d) The Companies Act

- e) Any other applicable Laws

3.3.1 Size of the Board

In accordance with the Company's Articles of Association, the number of Directors (including the Chief Executive and excluding Alternates) shall not be less than Seven (7) and not more than Eleven (11) in number.

3.3.2 Board Composition

The composition of the Board of Directors of the Nairobi Securities Exchange Ltd has already been set by statute and shall constitute of the following;¹

- 1) A maximum of two (2) Directors elected by the members from among or to represent the Trading Participants.
- 2) Two Directors elected by the members from among nominees of companies listed on the Nairobi Securities Exchange to represent the listed companies.
- 3) Any other directors elected by the members in accordance with the Companies Act provided that at all times at least one third of the Directors must be Independent Non-executive Directors.
 - An Independent Non-executive Director is one who:-
 - a) has not been employed by the company in an executive capacity within the last three years;
 - b) is not associated with an adviser or consultant to the company or a member of the company's senior management or a significant customer or supplier of the company or with a not-for-profit entity that receives significant contributions from the company; or within the last three years, has not had any business relationship with the company (other than service as a director) for which the company has been required to make disclosure;
 - c) has no personal service contract with the company, or a member of the company's senior management;
 - d) is not employed by a public listed company at which an executive officer of the company serves as a director;
 - e) is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the company;
 - f) is not a representative of a shareholder who has the ability to control or significantly influence management;
 - g) does not own shares in the Company;
 - h) is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner;
 - i) does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which is either material to the director or to the company. A holding of five percent or more is considered material;
 - j) does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies; and

¹ Article 93 of NSE's Articles of Association

k) has not served for more than nine years since they were first elected.

4) The Chief Executive: The Chief Executive shall be an executive director.

In general the Board shall comprise a balance of executive and non-executive directors with a majority of non-executive directors and at least one third of the total Board Members being independent non-executive directors.

3.3.3 Appointments to the Board

There will be a formal and transparent process for all appointments to the Board. The criteria to be considered in the selection process shall include;

- a) Integrity and standing in society
- b) Financial and Capital Markets literacy
- c) History of high standards of performance
- d) Ability to exercise high standards of performance
- e) Communication skills
- f) Effective management skills
- g) Crisis management skills
- h) Leadership qualities
- i) Commitment to NSE

3.3.4 Individual Directors

In discharging their role, directors of NSE's must satisfy the following requirements:-
A director must always act;

- a) In good faith and in a professional manner, having due regard to his fiduciary duties and responsibilities to the Company;
- b) Independently, and in the best interest of the Company;
- c) With the highest degree of care, diligence and skill that may reasonably be expected from a person of his/her knowledge and experience;
- d) Intra vires i.e. within the scope of his/her authority as described by the Memorandum and Articles of Association of the Company.

3.3.5 Removal of Directors

The office of director may be vacated by statute, death, or under the provisions of the Articles of Association of the Company in the following circumstances;²

The Director

- a) ceases to be or is prohibited from being a Director by virtue of any provision of the Act or the Capital Markets Act or the Regulations issued thereunder; or
- b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- c) becomes incapable by reason of mental disorder of exercising his functions as Director;
or
- d) resigns his office by notice in writing to the Company; or
- e) is called upon, in writing, to resign by all the remaining Directors; or

² Article 118 of NSE's Articles of Association

- f) is absent either in person or by his alternate, without the previous sanction of the Board of Directors, for a period of more than six months from meetings of the Directors held during such period; or
- g) is absent either in person or by his alternate for three consecutive meetings of the Directors; or
- h) is requested to vacate his office as a Director by a unanimous vote of the Directors (other than the Director being requested to so vacate) on account of conduct which in the opinion of the Directors is inconsistent with the values of the Company.

3.3.6 Directors Change of Status

The Remuneration and Nominating Committee will be responsible for reviewing any changes in status or affiliation of current Board members and recommending action, if any, to be taken by the Board in such cases. This is particularly where the basis for originally selecting the individual has significantly changed or no longer exists. It also provides an opportunity for the committee to consider the desirability of the Director's continued service on the Board.

3.3.7 Limits on Outside Board membership

- a) To ensure effective participation in the Board, the Chairperson of the Board of Directors of NSE PLC shall not hold such position in more than two public listed entities at any one time.
- b) A Non-Executive Director of NSE shall not hold such position in more than three public listed companies at any one time.
- c) An Executive Director of NSE shall be restricted from holding similar position in another listed company and shall refrain from taking up similar position in any other company where such appointment or uptake will affect his or her commitment and responsibilities to the Company.
- d) Before accepting an additional Board position in an unlisted entity, a Director of NSE should consider whether the acceptance of the new Directorship will compromise the ability to perform present responsibilities at NSE or present a conflict of interest. It is expected that Directors will inform and consult the Chairperson prior to accepting a seat on the Board of another entity.
- e) The Board, through the Remuneration and Nominating Committee, shall review appointments for service on other boards by members of senior management of NSE, prior to their acceptance of those appointments. This review may be delegated to the Chief Executive.

3.3.8 Term Limits

- a) The Articles of Association of the Company requires one third of all Directors – excluding Executive Directors - being the longest serving Directors, to retire at each AGM. Retiring Directors are eligible to be re-elected.
- b) Every Director excluding Executive Directors shall serve upto a maximum of cumulative period of nine (9) years and then shall retire from the Board.
- c) The Board shall at all times ensure that a succession plan is in place for Directors who are due for retirement and replacement.

3.3.9 Director Age Limits

In accordance with the CMA Corporate Governance Guidelines, Board members who attain the age of seventy (70) years will retire at the Annual General Meeting.

3.3.10 The Chairperson

The Chairperson directs the Board's business and acts as its facilitator and guide ensuring that the Board is effective in its tasks of setting and implementing NSE's direction and strategy.

a) Appointment and Removal of Chairperson of the Board

- The Chairperson shall be elected by the Directors from among their body who are Independent Non-executive Directors.³
- A Chairperson shall serve for a maximum of two consecutive years or such other periods as may be provided under the Capital Markets Act or any other written law.⁴

b) Role and Responsibilities of the Chairperson

The Chairperson shall have responsibilities set out below as well as any other matters that are specifically delegated to the Chairperson by the Board.

- i. Chair Board Meetings and the General Meetings - The Chairperson shall chair Board meetings and all Member general meetings. The Chairperson may vote at a Board Meeting on any matter requiring a vote and shall provide a second casting

³ Article 125 of NSE's Articles of Association

⁴ Article 126 of NSE's Articles of Association

vote in case of a tie vote.⁵ The Chairperson shall also have power to adjourn meetings from time to time, place to place.

- ii. Board Meetings - In consultation with the Chief Executive of NSE, the Chairperson shall set the agenda for each Board Meeting. Each Board meeting shall include reviews of appropriate operating and strategic issues, plus any other matters requiring approval of, or consideration by the Board.
- iii. Regulatory Matters - The Chairperson shall create opportunity for the Board to review and provide feedback on the Company's response to material regulatory recommendations and requests.
- iv. Strategic planning - At least annually, the Chairperson shall ensure that the Board reviews Management's strategic planning initiative.

3.3.11 The Company Secretary

- a) The Board shall be assisted by a suitably qualified and competent company secretary who is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) in good standing.
- b) The company secretary shall not be a member of the Board.

3.4 BOARD-MANAGEMENT RELATIONSHIP

3.4.1 The Chief Executive

The Chief Executive of NSE is involved in the day to day administration of NSE under the instruction and guidance of the Board. The Chairperson shall meet regularly with the Chief Executive of NSE to provide feedback and advice on behalf of the Board.

3.4.2 Appointment and removal of the Chief Executive

The Chief Executive shall be appointed and removed by the Board of NSE. The Chief Executive shall serve for a maximum of two consecutive terms of 4 years each⁶.

3.4.3 Functions of the Chief Executive

The functions of the Chief Executive shall be;

- a) To enforce the provisions of the CMA Act and the rules of NSE and immediately report any violations to the Board and the Authority;
- b) To ensure compliance with the requirements of the CMA Act, and rules in operations, transactions and all affairs of NSE including listings and continuous reporting obligations of listed companies;
- c) To supervise the trading activities of NSE and to take all necessary steps to maintain orderly and efficient trading and functioning of facilities, in accordance with the rules and as prescribed by the CMA Act;
- d) To report periodically to the Board on all matters concerning the operation and affairs of NSE;
- e) To ensure proper management of the Trading Floor facility including security and custody of all records as prescribed in the CMA Act and the rules;
- f) To attend all meetings of the committees and provide technical input where necessary;
- g) Promote the objectives and functions of NSE and liaison with the CMA and its representatives in respect of administrative and technical matters of NSE; and

⁵ Article 129 of NSE's Articles of Association

⁶ Article 127 of NSE's Articles of Association

- h) Any other functions as may be assigned or delegated by the Board.

3.5 BOARD COMMITTEES

The Board may delegate some of its powers to Board committees consisting of directors or any such other person as the Board may deem fit.⁸

- The Board shall form committees as and when necessary;
- Each committee of the Board shall be constituted with formal Terms of Reference, which shall determine inter alia the membership, purpose, powers and authority of the committee, the scope of its mandate and its relationship to the Board.
- The committee shall make recommendations to the Board and the Board shall have the discretion to make and to carry out the decisions on such recommendations.
- All members of a committee shall serve for a period stated in the terms of reference and shall be reappointed by the Board.
- Remuneration of the Board and its committees shall be determined by the Board with the approval of the Authority.
- The remuneration shall be in the form of sitting allowances for the participation in the meetings of the Board or committees as the case may be, to carry out their mandate

The following shall be the committees of the Board:-

- a) Audit, Risk and Compliance Committee;
- b) Business Strategy, Finance and Planning Committee;
- c) Self-Regulatory Organization (SRO) Committee;
- d) Trading, Technology and Innovation Committee;
- e) Derivatives Market Oversight Committee;
- f) Listing and Admissions Committee; and
- g) Remuneration, Nominating and Human Capital Committee.

The terms of reference of the Board Committees are contained in Appendix A of this Charter

4. BOARD PROCESSES

4.1 Board Meetings

4.1.1 Frequency

The Board shall hold a minimum of four (4) meetings per year and special meetings as necessary. The Board Meetings shall take place in the Company's Boardroom unless otherwise decided by the Board. A schedule of the meetings will be agreed by the Board in the annual Board Calendar.

4.1.2 Attendance at scheduled meetings

Directors shall be required to attend at least 75 per cent of the scheduled meetings of the Board, Board Committees and General meetings.

Directors shall attend at least 50 per cent of all scheduled meetings in person while attendance by other means such as video/tele-conference shall not be more than 50 per cent of the scheduled meetings.

4.1.3 Notice & Quorum of Board Meetings

The Board shall have sole authority over its agenda and exercises this through the Chairperson. Any member may through the Chairperson, request the addition of an item to the agenda. The Chairperson in consultation with the Chief Executive and Company Secretary will set the agenda.

The Company Secretary must circulate the notice, agenda and other Board papers to the Board Members at least seven (7) clear days before the date of the meeting (excluding of the date of service and the date of the meeting)⁷.

The quorum necessary for the transaction of the business of the Board is fixed as three (3) Directors present either personally or by Alternate as provided under Article 123 of NSE's Articles of Association. The Chairperson shall be responsible for ensuring that quorum is present before proceeding with the business of the Board.

Meetings and proceedings of the Board shall be governed by the Memorandum and Articles of Association of NSE.

4.1.4 Minutes

The Company Secretary will be responsible for keeping minutes, which provide an accurate record of the names of all persons present, resolutions and proceedings of all Board and Committee meetings. The minutes of the meetings will be considered at the next meeting, approved and signed by the Chairperson of the meeting.

4.2 Disclosure and Conflict of Interests

The directors of NSE are under a fiduciary duty to act honestly and in the best interest of the Company. Directors should avoid putting themselves in the position where their self-interests conflict with their duty to act in the best interest of the Company.

It is the Company's policy that directors, their immediate families and companies where directors have interests must not transact business with NSE without express approval from the Board. Any business transacted with NSE must be at arm's length and;

- Such business interests must be fully disclosed to the Board;
- Such business interests must be considered and approved by the Board through an annual declaration.

All directors shall be required to sign an annual declaration on potential or actual conflicts of interests as follows:-

- That the director did not have any personal or business interest in any matters that came up for discussion before the Board; or did not exert any undue interest on the officers of the Company to determine any matter under their consideration;

⁷ Article 122 of NSE's Articles of Association

⁸ Article 125 of NSE's Articles of Association

- That in the event a director did have an interest in any matter that came for discussion before the Board; such interest was declared as per the provisions of the Charter;
- That a director has not benefited in any way because of being a director except in the normal course of business.

The following options may be considered in resolving conflicts of interest:-

- ***Disclosing the conflict and refraining from voting***

A director should disclose the nature and extent of a conflict and refrain from voting on a matter involving the conflict. This disclosure should be recorded in writing in the minutes of the Board of Directors.

- ***Refraining from discussion***

If a conflict is of a minor nature, it may be sufficient for a director who has disclosed his or her interest to remain at the Board meeting and to simply refrain from discussing the matter.

- ***Exclusion***

If a conflict is more substantial, the Board may consider excluding a director from those portions of Board meetings where the matter will be discussed.

The office of the director shall be vacated if a director fails to declare the nature of his interest in a contract.

4.3 Board Work Plan

The NSE Board shall prepare a work plan setting out the activities planned for each period following the general meeting on election of directors. The work plan will cover among others, the timings for regular Board Meetings, and the Annual General Meeting, special projects and principal areas of focus.

4.4 Insider Trading

The directors, officials and all staff of NSE shall not engage in insider trading activities or other market manipulative activity and shall publish or cause to be published at the earliest opportunity all price sensitive non-public information within their knowledge (*Insider Trading Policy is contained in appendix B*).

4.5 Decision making

- a) Board discussions will be open and constructive; recognizing that genuinely held differences of opinion could, in such circumstances, bring greater clarity and lead to better decisions.
- b) Each Director commits to express their views clearly and to use all means at their disposal to convince the Board of the validity of their position should they hold the view that a proposed Board decision is not in the best interests of Exchange.
- c) The Chairperson will, where extremely necessary, seek a consensus in the Board failing which he will call for a vote.

- d) The Company Secretary shall keep a register of all decisions that are voted upon by the Directors and of the vote of the respective Directors.

4.6 Confidentiality

The Directors shall take an oath of secrecy at the beginning of their term. Directors must personally take the necessary precautions to preserve the confidentiality of such information and not divulge it under any circumstances.

4.7 Remuneration of Board Members

The NSE's Articles of Association provide that the remuneration of the Directors shall be determined by the Company in general meeting from time to time.

In determining the compensation for directors, the Members shall consider the following:-

- a) The level of fees currently earned by directors in their professional capacity;
- b) the number of hours spent by directors in preparing for and attending meetings, as well as travel to meeting venues;
- c) current market rates applicable to organizations of similar size and in the same industry;
- d) the complexity of the Company's operations and the extent to which directors have to incur additional cost in research on industry developments, e.t.c;
- e) the number of meetings in a year.

No director should be involved in fixing their own remuneration.

4.8 Induction of New Directors

- a) On their first appointment, Directors will have the benefit of a two day induction programme aimed at deepening their understanding of the Company and the business and the environment in which the Company operates.
- b) As part of the programme, Directors will receive induction on the Board Structure, roles and responsibilities of directors. They will also meet key Management staff and industry stakeholders. Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

4.9 Board and Director Evaluations

The Board will each year, critically evaluate its own performance, the performance of the Chairperson, individual Members, Chief Executive and the Company Secretary and its own processes and procedures, including those of its Board committees, to ensure that they are designed to assist the Board in effectively fulfilling its role.

4.10 Indemnities and Insurance

- a) The Company will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the CMA Act and the Companies Act.

- b) The Company will maintain specified corporate documents and provide Directors with access to those documents.

4.11 Directors Development

The Board recognises the importance of continuing education for its Directors and shall provide at least twelve (12) hours of governance related education per annum in order to improve both Board and Committee performance. Additional development will also be undertaken in areas specific to the roles undertaken by the Directors in their capacities within the Board Committees or generally on common regulatory matters. The Board acknowledges that Director continuing education may be provided in a variety of different forms including:

- (a) External and internal training programs;
- (b) Presentations or briefings on particular topics;
- (c) Educational materials; and
- (d) Meetings with key management and visits to the NSE's facilities.

The Company encourages Directors to take advantage of educational opportunities on an ongoing basis to enable them to better perform their duties and to keep informed about developments in areas such as the financial services industry, corporate governance and Directors' responsibilities.

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The Board of Directors is responsible for:-

- a) Ensuring that qualified, competent, fit and proper persons are employed to undertake accounting and financial responsibilities.
- b) Ensuring the integrity and adequacy of NSE's accounting and financial systems;
- c) Ensuring that NSE complies with applicable accounting standards and regulatory frameworks.
- d) Ensure the truthful and factual presentation of NSE's financial position.

The Board shall state in NSE's Annual Report its responsibility for preparing the Annual Report and Accounts which shall include a statement by the Auditor on the Auditors' responsibilities.

5.2 Internal Control

The Board of Directors is responsible for the NSE's system of internal control. It should set appropriate policies on internal control and should regularly conduct a review of the effectiveness of the NSE's system of internal controls.

The review should cover all material controls, including financial, operational and compliance controls as well as risk management procedures. The Board must further ensure that the system of internal control is effective in managing risks in the manner in which it has approved.

5.3 Governance Audit

The Board of NSE shall ensure that a governance audit is carried out at least once in every financial year to confirm that the NSE is operating on sound governance practices. This shall be conducted by a competent and recognized professional accredited by Institute of Certified Public Secretaries of Kenya.

5.4 Corporate Governance

The Board shall disclose in NSE Annual Report its statement as to whether NSE is applying the recommended Corporate Governance Practices stipulated in the Code of Corporate Governance Practices issued by CMA.

Provided that where NSE has not fully applied the recommended corporate governance practices, the Board shall indicate the steps being taken to ensure the application of such practices.

5.5 Process of Review of the Board Charter

The Board of NSE shall regularly review this Board Charter as need arises to ensure it meets the needs of NSE. The Company Secretary shall initiate the review process in consultation with the Chairperson of the Board.

This Board Charter shall be publicized on the NSE's website.

6. DIRECTORS UNDERTAKINGS IN LINE WITH THIS CHARTER

The Directors are appointed on the basis of their professional competencies and personal qualities. Each Director by accepting a Board appointment accepts this Charter and in particular makes the following undertakings:-

1. To always act in the best interest of NSE and not for any other collateral purpose, to exercise his/her power in good faith and to act with the care of a prudent person.
2. Being aware that the management of NSE is vested in the Board, which, in addition to the powers and authorities conferred on it by the Articles of Association of NSE, may exercise all such powers and do all such acts and things as may be exercised or done by the NSE. By accepting to be a Director, therefore, each Director undertakes to familiarize himself/herself with the legal and regulatory framework associated with NSE particularly deriving from the Memorandum and Articles of Association and the CMA Act as well as any other Laws, rules and procedures necessary for the proper discharge of his/her duties.
3. To dedicate the time and attention necessary to fulfill his/her duties.
4. To preserve his/her independence of analysis, and judgment in all circumstances and to resist any pressure direct or indirect from whichever source.
5. To disclose to the Board fully and immediately it comes to his/her attention any real or potential conflict of interest, direct or indirect, which they may have.
6. Being fully aware of the importance of regular attendance and effective participation at meetings, each Director undertakes to do everything within their power to attend all meetings. Each Director further undertakes to prepare sufficiently for meetings by carefully considering Board papers and attachments thereto and where necessary seeking clarifications.
7. To keep in confidence all information that comes to him/her by virtue of his/her position in the Board.

