

CDS BOARD CHARTER

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PREAMBLE

This Charter sets the framework for the composition, responsibilities, duties, procedures, powers, authority and accountability of the Board of Directors of the Central Depository & Settlement Co. Ltd.

This Charter is to be read in conjunction with the Constitution of the Central Depository & Settlement Co. Ltd.

This Charter embodies the rules of conduct of Board members of the Central Depository & Settlement Co. Ltd and the commitment of the Board of Directors to ensuring that the company's governance processes and structures comply with the Mauritius Code of Corporate Governance and international best practice.

1. PURPOSE OF CHARTER

- 1.1. The Code of Corporate Governance for Mauritius recommends the disclosure of the Board Charter on the organization's website and that a statement that the Board has approved its Charter be included in the corporate governance section of the Annual Report.
- 1.2. The Board Charter sets out the composition, responsibilities, duties, procedures, powers, authority and accountability of the Board of Directors of the Central Depository & Settlement Co Ltd ("CDS").
- 1.3. The provisions of the Board Charter are complementary to the requirements regarding the Board and Board members contained in Mauritian legislation and regulations.
- 1.4. The conduct of the Board and Board members is also governed by the Constitution of CDS, the Code of Corporate Behaviour and by the provisions governing the relationship between the committees and the Board as contained in the terms of reference of the committees which have been adopted by the Board.

2. MEMBERSHIP AND TERM

- 2.1. The CDS Constitution provides for not less than eight nor more than ten directors.
- 2.2. No person shall be appointed as a Director without the prior approval of the FSC pursuant to Section 24 of the Financial Services Act 2007.
- 2.3. Membership of the Board shall be disclosed in the Annual Report including whether a director is independent or non-executive or executive.
- 2.4. A Director (excluding the Managing Director who shall remain in office until the shareholders otherwise decide in General Meeting) shall remain in office for a maximum of one year; at the next Annual Meeting following the expiry of this period, such Director shall retire from office but shall be eligible for re-election or re-appointment, as the case may be.

3. RESPONSIBILITIES

- 3.1. The Board is responsible for promoting the success of CDS in its roles as service provider and commercial entity, in a way, which ensures that the interests of shareholders and stakeholders are promoted and protected.
- 3.2. Specifically, the Board is responsible for:
 - a. setting strategic direction of CDS and monitoring management's performance within that framework;
 - b. ensuring there are adequate resources available to meet CDS's objectives;
 - c. overseeing succession plans for the senior management team;
 - d. approving and monitoring financial reporting and capital management;

- e. approving and monitoring the progress of business objectives;
- f. ensuring that adequate risk management procedures exist and are being used;
- g. safeguarding the interests of its users and the public interest;
- h. ensuring that CDS has appropriate corporate governance structures in place including standards of ethical behaviour and a culture of corporate and social responsibility; and
- i. ensuring that the Board is and remains appropriately skilled to meet the changing needs of the company.

3.3. With regard to financial matters, the Board shall:

- a. approve the Annual Report and accounts ;
- b. take note of the monthly management accounts of the CDS and oversee the monthly income and expenditure as presented in the monthly management accounts so as to ensure that these are in line with budget;
- c. approve the annual budget; and
- d. approve any exceptional items of expenditure which are above or not covered by budget;

3.4 At least once a year, the Board shall discuss the organisation's risk management policies, procedures and systems.

3.5 At least once every two years, the Board shall conduct a survey among directors to evaluate the effectiveness of the board governance processes and procedures. The Board Self-Evaluation questionnaire shall cover the following main areas:

- a. Board Meetings
- b. Board Structure and Composition
- c. Leadership of the Board
- d. Board Functions
- e. Board Committees
- f. Planning and Objectives
- g. Risk Assessment
- h. Human Resources and Succession Planning
- i. Financial and Operational Reporting
- j. Compliance and Ethical Framework

4. POWERS DELEGATED BY THE BOARD OF THE CDS

4.1. The Board has delegated authority for the implementation of Board decisions and day-to-day management of the CDS to the Managing Director.

4.2 The Board has delegated authority to the Managing Director and CDS management in relation to expenses regarding the day-to-day operations of the CDS.

5. OTHER COMMITTEES

- 5.1. The Board shall establish such other committees, as it considers appropriate for the proper performance of its functions.
- 5.2. The terms of reference and composition of Board committees shall be set out in separate documents.
- 5.3. The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and must not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board must not be delegated to a committee.

6. CHAIRPERSON

- 6.1. The Chairperson of the Board may be either an independent or non-independent non-executive Director.
- 6.2. The Directors shall elect two of their number as Chairperson and Vice Chairperson of the Board respectively and determine the period for which each of them is to hold office. Where no Chairperson is elected, or where at a meeting of the Board the Chairperson is not present within fifteen minutes after the time appointed for the commencement of the meeting, the Vice Chairperson shall act as Chairperson of the meeting. Where neither a Chairperson nor a Vice Chairperson is elected, or where at a meeting of the Board neither the Chairperson nor the Vice Chairperson is present within fifteen minutes after the time appointed for the commencement of the meeting, the Directors present shall choose one of their number to be Chairperson of the meeting.

7. SEPARATION OF FUNCTIONS BETWEEN THE CHAIRPERSON AND MANAGING DIRECTOR

- 7.1. The roles of the Chairperson and Managing Director are strictly separated.
- 7.2. The Chairperson is responsible for:
 - a. leading the Board in its duties to CDS;
 - b. ensuring there are processes and procedures in place for the nomination of Board members and evaluation of the performance of the Board and its committees;
 - c. facilitating effective discussions at Board meetings; and
 - d. ensuring effective communication with shareholders.
- 7.3. The Managing Director is responsible for:
 - a. implementing policies and decisions of the Board;
 - b. making recommendations to the Board on the long term vision and strategy for the company and annual business plans and budgets that support the company's long-term strategy;

- c. striving consistently to achieve the company's financial and operating goals and objectives, and ensuring that the day-to-day business affairs of the company are appropriately managed and monitored;
- d. ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision-making by the Board;
- e. ensuring all material matters affecting CDS are brought to the Board's attention; and
- f. maintaining a positive and ethical work climate conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of the company.

8. REPORTING

- 8.1. Proceedings of all Board meetings are minuted and signed by the Chairperson or the Vice-Chairperson of the meeting and the Secretary.
- 8.2. Minutes of all Board meetings are circulated to Directors and approved by the Board at the subsequent meeting.

9. CONFLICT OF INTEREST

- 9.1. A director should make a best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest.
- 9.2. Where a conflict of interest arises or may arise, a Director must disclose the conflict to the Board. On declaring their interest and ensuring that it is entered on the Register of Interests of the company, the director concerned should not be present at that part of the meeting in which the conflict or potential conflict is discussed and should not participate in the debate, vote or indicate how he or she would have voted on the matter in the Board or the committee meeting .

10. REGISTER OF DIRECTORS' INTERESTS

- 10.1. The Secretary to the Board shall maintain an interests register pursuant to *S190(2)(c)* of the Companies Act, 2001.
- 10.2. Upon appointment to the Board, a Director shall be required to provide the Secretary to the Board with a complete list of their directorships or any interest as defined by *S147* of the Companies Act, 2001 for entry in the interests register.
- 10.3. A Director shall forthwith inform the Secretary to the Board of any changes in their directorships

11. REVIEW OF CHARTER

- 11.1. The Board will review this Charter regularly to ensure it remains consistent with the Board's objectives and responsibilities.

(Approved by the Board on)