
JSE LIMITED



BOARD CHARTER

JSE LIMITED

BOARD CHARTER

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JSE LIMITED

BOARD CHARTER

1. PREAMBLE

- 1.1. JSE Limited (“the JSE” or “the Exchange”) is a public company with a share capital, duly incorporated on 1 July 2005 for the purpose *inter alia* of carrying on the business of a securities exchange.
- 1.2. The Board of Directors of the JSE regard corporate governance as fundamentally important to the achievement of the JSE's mission, its financial objectives and the fulfilment of its corporate responsibilities, and are accordingly unreservedly committed to applying the core governance principles of fairness, accountability, responsibility and transparency in all of the JSE's business dealings with its stakeholders.
- 1.3. The Board is the focal point of the JSE's corporate governance system and remains ultimately accountable and responsible for the performance and affairs of the Exchange. It should exercise leadership, enterprise, integrity and judgement in directing the Exchange so as to achieve the objects set out in the JSE's memorandum and articles of association.
- 1.4. All members of the JSE's Board of Directors are likewise responsible to ensure that the Exchange achieves and maintains the highest level of business conduct.

2. AIM AND OBJECTIVES

- 2.1. The aim of this Board Charter is to regulate the parameters within which the Board will operate and to ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of the JSE.
- 2.2. This Board Charter sets out the specific responsibilities to be discharged by the Board members¹ collectively, as well as the roles and responsibilities incumbent upon directors as individuals. It seeks further to ensure that all Board members acting on behalf of the JSE are aware of the various legislation and regulations affecting their conduct.
- 2.3. Whilst this Board Charter of necessity includes references to minimum acceptable standards of conduct, in pursuit of the ideals underlying this Charter, the Board recognises that the JSE,

by virtue of the crucial role that it plays in respect of the economy of South Africa as well as its regulatory role, sets the benchmark against which companies listed on the Exchange will measure their corporate governance practices.

- 2.4. The Board recognises that with regard to corporate governance, it is critical that substance prevails over form, and in applying the principles contained in this Board Charter the Board will be guided by the principles and recommendations contained in the 2002 King Report on Corporate Governance for South Africa (“King II”) and established standards of best governance practice, locally, internationally and as espoused in the JSE Listings Requirements.
- 2.5. This Board Charter shall constitute an integral part of each Board member’s letter of appointment.

3. THE ROLE OF THE BOARD

- 3.1. Article 28 of the articles of the JSE vests the management and control of the JSE in the Board which has the powers conferred upon it by the relevant legislation, the rules of the JSE made in terms of such legislation, and the JSE’s memorandum and articles of association.
- 3.2. The Board's primary responsibilities, based on an agreed assessment of levels of materiality, include giving strategic direction to the JSE, identifying key risk areas and key performance indicators of the Exchange’s business, monitoring investment decisions, considering significant financial matters and risk and, where applicable, industry standards.
- 3.3. The Board should specifically:
 - 3.3.1. retain full and effective control over the JSE, and monitor management’s implementation of the strategic plans and financial objectives as defined by the Board;
 - 3.3.2. define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
 - 3.3.3. continually monitor the exercise of delegated power by management;
 - 3.3.4. ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Exchange;

- 3.3.5. ensure compliance with all relevant laws and regulations, audit and accounting principles, the memorandum and articles of the JSE and the JSE's code of conduct, and such other principles as may be established by the Board from time to time;
 - 3.3.6. regularly review and evaluate the risks to the business of the JSE and ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks;
 - 3.3.7. exercise objective judgement on the business affairs of the Exchange, independent from management but with sufficient management information to enable a proper and objective assessment to be made;
 - 3.3.8. identify and monitor non-financial aspects relevant to the business of the JSE, and ensure that the Exchange acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs; and
 - 3.3.9. strive to act above and beyond the minimum requirements of good corporate governance and benchmark its performance against international best practice.
- 3.4. Having regard to its role set out in 3.3 above, the Board has defined the following as key issues which the Board must consider in the course of its direction of the JSE:
- 3.4.1. reviewing the strategic direction of the Exchange and adopting business plans proposed by management for the achievement thereof;
 - 3.4.2. approving specific financial and non-financial objectives and policies proposed by management;
 - 3.4.3. reviewing processes for the identification and management of business risk;
 - 3.4.4. reviewing processes for ensuring compliance by the JSE with its key regulatory and legal obligations;
 - 3.4.5. delegating appropriate authority to management for capital expenditure and reviewing investment, capital and funding proposals reserved for Board approval in terms of the delegation policy;
 - 3.4.6. from time to time, as the business of the Exchange requires, approving succession planning in respect of senior executive positions within the JSE and,

where appropriate, endorsing senior executive appointments, organisational changes and high level remuneration issues;

3.4.7. overseeing the JSE's performance against agreed targets and objectives;

3.4.8. overseeing reporting to relevant stakeholders on the direction, governance and performance of the JSE as well as other processes that need reporting and other disclosure requirements; and

3.4.9. providing leadership and vision in a way that will enhance value and ensure the long-term organisational health of the JSE.

3.5. The day-to-day management of the JSE will be vested in the hands of the Chief Executive Officer ("CEO") and the management team appointed by him.

4. COMPOSITION OF THE BOARD

4.1. The JSE has a unitary Board, consisting of a majority of non-executive Board members.

4.2. The number of directors is regulated by article 20.1 of the articles of the JSE, which currently specifies that the Board consist of not less than four (4) directors, the majority of whom shall be non-executive.

4.3. The appointment process for Board members is prescribed by articles of the JSE.

4.4. The Board should collectively contain the skills, experience and mix of personalities appropriate to the strategic direction of the Exchange and necessary to secure its sound performance.

4.5. Procedures for the nomination to the Board should be formal and transparent. The Board has delegated its responsibility in this area to a Nominations Committee, which is responsible for the assessment and nomination of potential new directors, and the CEO where required.

4.6. It is a fundamental pre-requisite for achieving best practice in corporate governance that Board members be selected and appointed:

4.6.1. on the basis of the particular skills or experience each Board member brings to the Board;

- 4.6.2. the capacity of each appointee to satisfy the competency requirements necessary for being a director; and
 - 4.6.3. taking cognisance of the race and gender of the candidate to ensure the achievement of demographic equity
- 4.7. Key qualifications and competencies for membership of the Board are:
- 4.7.1. the ability to make sensible and informed business decisions and recommendations and the ability to contribute an independent view to matters under consideration and to add value to Board deliberations;
 - 4.7.2. high ethical standards and sound practical sense and the ability to demonstrate a wide, and unfettered, perspective on issues; and
 - 4.7.3. full commitment to furthering the interests of the JSE in achieving its goals and, where appropriate, bring the benefit of international experience to the Board.
- 4.8. Every director recognises that his or her primary fiduciary duty is to the JSE as an entity and not to the constituency on behalf of which that director may have been appointed. Irrespective of a Board member's special expertise or knowledge, all members of the Board recognise that they are collectively responsible for the performance of the JSE.

5. **BOARD LEADERSHIP**

- 5.1. The JSE's philosophy of Board leadership is premised on the principle that the running of the Board of directors and the executive responsibility for the running of the Exchange's business are two separate and distinct tasks.
- 5.2. There should accordingly be a clear division of responsibilities between these two roles to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.
- 5.3. The roles of Chairman and CEO shall be separate, with responsibilities divided between them.

5.4. The Chairman

- 5.4.1. The references in this Board Charter to the Chairman shall be deemed to include a reference to the Deputy Chairman where one is appointed.
- 5.4.2. The Chairman shall have no executive functions.
- 5.4.3. The Chairman, and if so agreed by the Board, a Deputy Chairman, shall be appointed and removed from office at any time by an ordinary majority of the Board.
- 5.4.4. The Chairman shall hold office for a term of three (3) years from the date of appointment.
- 5.4.5. A Chairman may be appointed for a maximum of two (2) consecutive terms.
- 5.4.6. Subject to the provisions of 5.4.4 and 5.4.5, a past Chairman may be elected to serve additional terms of office.
- 5.4.7. The Chairman shall preside over meetings of the Board and shall be responsible for ensuring the integrity and effectiveness of the Board governance process.
- 5.4.8. The Chairman must ensure that the content and order of the Board agenda is appropriate, that Board members are properly briefed on issues arising at Board meetings and that all relevant and available information on an issue is placed before the Board in order that members may make informed decisions.
- 5.4.9. The Chairman shall be responsible for maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for concern.
- 5.4.10. The Chairman will act as facilitator at meetings of the Board to ensure that no director, whether executive or non-executive, dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions.
- 5.4.11. The Chairman will seek a consensus in the Board but may, where considered necessary, call for a vote in which event the decision of an ordinary majority of the Board shall prevail.

- 5.4.12. The Chairman shall act as an informal link between the Board and the CEO, shall be kept informed by the CEO on all important matters between Board meetings, and shall be available to the CEO to provide counsel and advice where appropriate.

5.5. The Chief Executive Officer

- 5.5.1. As determined by article 25 of the JSE's articles, the non-executive Board members shall appoint the CEO and set the terms and conditions of his or her employment contract.
- 5.5.2. The task of the CEO is to run the business and to implement the policies and strategies adopted by the Board.
- 5.5.3. All Board authority conferred on management is delegated through the CEO, so that the authority and accountability of management is considered to be the authority and accountability of the CEO insofar as the Board is concerned.
- 5.5.4. The Chairman, in consultation with the Board, shall set certain specific targets directed towards the JSE achieving its goals and business objectives and an appropriate delegation of authority to the CEO to enable the targets to be achieved. The CEO shall act within the specific authorities delegated to him or her by the Board.
- 5.5.5. The Board on an annual basis shall measure the performance of the CEO in achieving the specified targets.
- 5.5.6. Without in any way limiting the obligations of the CEO as determined in his or her contract, the CEO shall, in particular, be responsible:
- 5.5.6.1. to ensure that the assets of the JSE are adequately maintained and protected, and not unnecessarily placed at risk;
 - 5.5.6.2. to ensure that comprehensive and appropriate internal control mechanisms are recommended to and adopted by the Board in order to mitigate against key risks;
 - 5.5.6.3. not to cause or permit any practice, activity or decision by or within the JSE that is contrary to commonly accepted good

business practice, good corporate governance or professional ethics; and

- 5.5.6.4. to communicate to the Board, at least annually, the JSE's senior management succession planning and management development initiatives, including details of the Exchange's compliance with employment equity and human capital development imperatives.
- 5.5.7. The Board shall monitor and evaluate the performance of the CEO against these agreed objectives at least once annually or more frequently should the board in its discretion so determine.
- 5.5.8. Only decisions of the Board acting as a body shall be binding on the CEO. Decisions or instructions of individual members of the Board, officers or committees are not binding except in those instances where specific authority is delegated by the Board.

6. INDUCTION OF NEW BOARD MEMBERS

- 6.1. On appointment, new Board members will undergo an induction programme aimed at facilitating their understanding of the JSE and the business environment and markets in which it operates. The induction programme will entail at least the following:
 - 6.1.1. background on the JSE (including its memorandum and articles of association, ownership rules, regulations and applicable laws, Board and governance structures, membership, and an overview of its key policies and processes);
 - 6.1.2. guidance on the business of the Exchange (business processes, corporate strategies, organisation, management and people and comparison with international benchmarks);
 - 6.1.3. instruction in the key financial statements (i.e. annual accounts, directors' reports, trends of the key financial ratios and financial performance of the business);

- 6.1.4. a clear identification of reciprocal expectations on appointment (by way of discussions with the Chairman with regards to the director's role, potential contributions and particular knowledge, the identification of any gaps in knowledge of board or governance procedures where training may be required, and a clear understanding of the director's own expectations from the Chairman and the Board as a whole);
 - 6.1.5. familiarisation with the JSE's operations, senior management and its business environment; and
 - 6.1.6. formal induction in terms of their fiduciary duties and responsibilities.
- 6.2. As part of the induction programme, new non-executive Board members will receive a letter of appointment, of which this Board Charter will form an integral part, together with induction material containing essential Board and Exchange information.
- 6.3. There shall be no distinction drawn between non-executive directors and alternate non-executive directors and the rights and obligations ascribed to directors in terms of this Board Charter shall apply to alternate board members duly appointed in terms of articles of the JSE.

7. UNDERTAKINGS BY BOARD MEMBERS

- 7.1. Every Board member shall:
- 7.1.1. at all times conduct him or herself in a professional manner, having due regard to his or her fiduciary duties and responsibilities to the JSE;
 - 7.1.2. uphold the core values of integrity and enterprise in all dealings on behalf of the JSE;
 - 7.1.3. ensure that he or she has sufficient time available to devote to their duties as Board members. Non-executive directors shall notify the Company Secretary as soon as practicable after the acceptance of any additional directorships or external appointments, following their appointment to the Board of the JSE;
 - 7.1.4. be diligent in discharging his or her duties to the Exchange and shall seek to acquire a broad knowledge of the business of the JSE so as to be able to provide meaningful direction to it;

- 7.1.5. regularly attend meetings of the Board and any Board committees on which he or she serves and will tender his or her resignation in the event that the Board Member is unable to attend three consecutive Board or Board Committee meetings; and
 - 7.1.6. endeavour to keep abreast of changes and trends in the business environment and markets, including changes and trends in the economic, political, social and legal climate generally, which may impact the business of the JSE.
- 7.2. Every Board member should, in addition, be aware of and conversant with the statutory and regulatory requirements affecting the direction of the Exchange, including, *inter alia*:
- 7.2.1. Memorandum and articles of the JSE;
 - 7.2.2. Securities Services Act 2004, as amended;
 - 7.2.3. such other national legislation and regulations governing the operation and conduct of the JSE.
- 7.3. Executive Board members shall not accept appointments to the Board of a Company listed on the JSE ("listed Company") or a Company that is not listed and holds ten percent or more of the shares in a listed Company

8. TERM OF BOARD APPOINTMENT

- 8.1. The Board recognises that Board continuity, subject to performance and eligibility of directors for re-election, is imperative to the proper governance of the JSE.
- 8.2. Board members have no fixed term of appointment, however in terms of article 24 of the JSE's articles, one-third in number are required to retire by rotation annually. All non-executive directors and executive directors are therefore subject to retirement by rotation at least once every three years in accordance with the article 25 of the articles of the JSE.

- 8.3. In determining the eligibility for re-election of non-executive directors who retire by rotation, the Board shall seek to maintain the optimum balance between the need for board continuity and experience, the appropriate mix amongst directors of skills and experience, board diversity and the desirability for the board to be infused with new personalities and fresh ideas.
- 8.4. New non-executive Board members appointed to fill a vacancy will only hold office until the next annual general meeting, at which they will retire and become available for election.
- 8.5. The termination of an employment contract of an executive director will result *ipso facto* in the termination of his or her membership of the Board, unless the Board determines otherwise.

9. REMUNERATION OF BOARD MEMBERS

- 9.1. The Board will determine the level of remuneration paid to non-executive directors within any limitations imposed by share holders and the memorandum and articles of the JSE.
- 9.2. In deciding on appropriate levels of remuneration, the Board shall be guided by the principle that whilst levels of remuneration should be sufficient to attract and retain the calibre of Board members needed to run the JSE successfully, it should avoid paying more than is necessary for this purpose.
- 9.3. A formal and transparent procedure shall be established for developing policy on remuneration and for fixing the remuneration packages of individual Board members, and no Board member shall be involved in deciding his or her own remuneration.
- 9.4. Non-executive Board members shall receive no rights, options nor other significant benefits from the JSE, other than their directors' fees, which will be paid as follows:
 - 9.4.1. a basic fee as ordinary remuneration, which includes a retainer and a fee for attendance at meetings;
 - 9.4.2. an additional fee payable to a Board member who acts as Chairman of a Board committee, or who is a member of a Board committee;
 - 9.4.3. additional fees payable to any Board member who, in the discretion of the Board, renders any special service as a Board member.
- 9.5. The Chairman of the Board will be paid a level of fee appropriate to his or her office.

- 9.6. The Board will review board members' remuneration annually after taking independent advice.
- 9.7. Executive Board members will receive no additional fees, but will be paid as employees of the JSE in accordance with their contracts of employment.
- 9.8. The Board is committed to achieving transparency with regard to issues of remuneration and details of Board members' remuneration shall be disclosed in the JSE's annual report and accounts.

10. BOARD GOVERNANCE

10.1. Board Meetings

- 10.1.1. Board members will use their best endeavours to attend all Board meetings and to read all necessary documentation and prepare themselves thoroughly in advance of Board meetings. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to Board discussions.
- 10.1.2. Board members who are unable to attend shall advise the Chairman or the Company Secretary in advance of a meeting.
- 10.1.3. The Board should allow every director to play a full and constructive role in its affairs, within the limitations imposed by the memorandum and articles of the JSE, all applicable legislation, and Board and/or share holders' resolutions specifically regulating the powers and responsibilities of directors.
- 10.1.4. As and when required, the Board shall
 - 10.1.4.1. review and evaluate the present and future strengths, weaknesses and opportunities in respect of the Exchange. Comparisons with competitors and best practice are important elements of this process;
 - 10.1.4.2. review and approve the JSE's financial objectives, plans and actions and significant allocation and expenditure;
 - 10.1.4.3. review the JSE's goals and the strategies for achieving these;

- 10.1.4.4. approve the annual budget;
- 10.1.4.5. approve the preliminary and half-yearly financial statements, annual report and other reports to share holders;
- 10.1.4.6. review the Board's composition, structure and succession;
- 10.1.4.7. review the audit requirements;
- 10.1.4.8. review the performance of, necessity for and composition of the Board's committees;
- 10.1.4.9. review remuneration policies and practices in general;
- 10.1.4.10. review risk management policies and internal controls, including compliance with legal and regulatory requirements;
- 10.1.4.11. review the JSE's codes of conduct and ethical standards; and
- 10.1.4.12. review share holder, client and other relevant stakeholder relations; and
- 10.1.4.13. deal with such other matters as may be appropriate.

10.2. **Frequency and Quorum**

- 10.2.1. Meetings of the Board will be held at such time and at such venue as the Board deems appropriate, subject to a minimum of four (4) meetings per year.
- 10.2.2. Reasonable notice in writing shall be given to all Board members.
- 10.2.3. The quorum necessary for the transaction of business is fixed by the articles of the JSE, which currently is two (2) non-executive directors and one (1) executive director.
- 10.2.4. In addition to the rules of procedure set out in this Board Charter, meetings and proceedings of the Board will be governed by the memorandum and articles of the JSE.

10.3. **Agenda, Meeting Papers and Access to Information**

- 10.3.1. The Chairman must, together with the Company Secretary, establish appropriate standards for preparation of Board papers and reports.
- 10.3.2. The Chairman must ensure that an agenda is prepared prior to the meeting and that all issues requiring attention are suitably dealt with. The Chairman shall have effective authority over the Board agenda, however, any Board member may request, through the Company Secretary, that any matter requiring board deliberation be added to the agenda.
- 10.3.3. The Company Secretary must circulate the agenda and other meeting papers to the Board members at least five (5) working days before the date of the meeting.
- 10.3.4. Board members shall be entitled to have access, at reasonable times, to members of senior management and to all relevant information to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. Board members shall, however, strictly observe the provisions of all applicable legislation related to the use and confidentiality of information obtained by virtue of their position as directors of the JSE.

10.4. **Minutes and Retention of Meeting Papers**

- 10.4.1. Minutes of the Board meeting will, as far as is reasonably possible, be circulated to all members of the Board by the Company secretary within two (2) weeks of the date on which the Board meeting was held, after review and approval by the Chairman.
- 10.4.2. The Board agrees that the maintenance of the confidentiality of Board proceedings is of paramount importance. In order to facilitate the maintenance of confidentiality, all meeting papers and submissions of a sensitive nature shall be left in the boardroom on conclusion of the meeting for disposal by the Company Secretary.
- 10.4.3. The Company Secretary shall keep records of all Board submissions and papers, and of all material presented to the Board together with the minutes of meetings. These records will be accessible to all directors upon request.

10.4.4. The Board agrees that the maintenance of the confidentiality of Board proceedings is of paramount importance, especially given the price sensitive nature of many of the matters under consideration. To secure this high level of confidentiality, any papers left in the boardroom at the conclusion of any meeting will be destroyed by the Company Secretary.

10.5. **Independent Professional Advice**

The Board shall approve a procedure in terms of which any director may take independent professional advice, at the expense of the JSE, where there is doubt as to whether a proposed course of action is consistent with his or her fiduciary duties and responsibilities.

10.6. **Conflicts of Interest**

10.6.1. Board members must inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business, as soon as he or she becomes aware of such conflict or potential conflict.

10.6.2. Directors should recuse themselves from discussion or decisions on matters in which they have a conflict of interest, unless the Board otherwise agrees.

11. **BOARD COMMITTEES**

11.1. The Board may form such committees as may be necessary to facilitate efficient decision-making and to assist the Board in the execution of its duties, power and authorities. The Board presently has four standing committees, namely, the Audit Committee, the Human Resources Committee, the Nominations Committee, and the Risk Management Committee.

11.2. 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.

11.3. As general principles:

11.3.1. Board committees will observe the same rules of conduct and procedures as the Board, unless the Board specifically determines otherwise in the committee's Terms of Reference;

- 11.3.2. Board committees shall be entitled only to act on behalf of the Board when specifically so authorised;
 - 11.3.3. The authority conferred on a Board committee will not derogate from any authority delegated to the CEO by the Board;
 - 11.3.4. There shall be transparency and full disclosure from the Board committees to the Board, except where the Board has otherwise mandated the committee.
- 11.4. The delegation of the Board's authority in certain defined areas to committees constituted in terms of this cause will absolve neither the Board, nor its directors, from their respective accountability to ensure the due discharge of their duties and responsibilities.

12. MATTERS RESERVED FOR THE BOARD

- 12.1. The following matters shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the committees of the Board (as appropriate):
- 12.1.1. the approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
 - 12.1.2. the adoption of any significant change or departure in the accounting policies and practices of the JSE and its subsidiaries;
 - 12.1.3. the entering into of any agreement which involves budgeted expenditure in excess of R2 million, or which involves unbudgeted expenditure in aggregate exceeding five percent of the total budgeted expenditure for the year in question, with no one item of such expenditure exceeding R 500 000;
 - 12.1.4. the approval of annual financial statements and the approval of interim reports;
 - 12.1.5. any decision regarding the incorporation of the JSE;
 - 12.1.6. the convening of general meetings of share holders of the JSE;
 - 12.1.7. appointments to and removals from the Board of executive or non-executive directors;

- 12.1.8. the appointment and approval of Terms of reference of and changes in the composition of the committees of the Board as are established from time to time;
- 12.1.9. the appointment, removal or replacement of the Company Secretary;
- 12.1.10. the appointment, removal or replacement of the external auditor of the JSE;
- 12.1.11. any increase of Board members' fees;
- 12.1.12. the frequency of meetings of the Board;
- 12.1.13. the approval of recommended policies in relation to employment equity, transformation and diversity issues, environment, health and safety;
- 12.1.14. based on the recommendations of the Risk Management Committee, the adoption of appropriate risk management and internal control strategies;
- 12.1.15. any other power not specifically delegated to the CEO and/or management in terms of the "Delegation of Powers" Resolution dated 1 December 2000 (as amended) and annexed hereto marked "Annexure A"; and
- 12.1.16. the monitoring of the exercise of delegated powers exercised by the CEO and/or management in terms of "Annexure A".

13. BOARD EVALUATION AND PERFORMANCE

- 13.1. In line with the recommendations of King II, the Board shall endeavour to evaluate its performance from time to time and to benchmark its performance against international best practice.
- 13.2. The Board shall appoint a lead director who shall be an independent non-executive director.
- 13.3. The lead director shall appraise the performance of the Chairman on an annual or such other basis as the Board may determine. The Board shall likewise consider the implementation of an annual process for the evaluation of each of the Board members in due course.

- 13.4. The Chairman, if necessary with the guidance of the Human Resources Committee, shall appraise the performance of the CEO, at least annually, on the basis agreed in terms of the CEO's employment contract. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management and other similar issues.
- 13.5. The Board shall also endeavour to regularly review the performance of each of the Board committees to ensure that their composition, mandate and authority enables them to provide effective assistance to the Board in the key areas in which they function.

14. INTERNAL AUDIT

- 14.1. The definition of Internal Audit as applied by the Institute of Internal Auditors is as follows:

"Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

- 14.2. The internal audit function is recognised to be an integral part of the governance structures of the JSE and functions under policies established by executive management and the Board. It is responsible to both the Board and executive management, providing them with:

- 14.2.1. assurance that the management processes are adequate to identify and monitor significant risks;
- 14.2.2. confirmation of the effective operation of the established internal control systems;
- 14.2.3. ongoing development and evaluation of improved controls;
- 14.2.4. credible processes for feedback on risk management and assurance; and
- 14.2.5. objective confirmation that the Board receives the right quality of assurance and information from management and that this information is reliable.

- 14.3. The Board must ensure that the internal audit function has the necessary standing and that it reports at a level within the JSE that allows it to discharge its responsibilities effectively. Internal Audit should report administratively to the CEO and functionally to the chairman of the Audit Committee. In addition Internal Audit should have ready and regular access to the Chairman of the Board.
- 14.4. The appointment or dismissal of the Internal Auditors should be with the concurrence of the Audit Committee.

15. COMPANY SECRETARY

- 15.1. The Company Secretary is critically important to the proper governance of the Exchange and it is the responsibility of the Board to ensure that the Company Secretary remains capable to fulfil the function for which he or she has been appointed. The appointment and removal of the Company Secretary is a matter for the Board as a whole.
- 15.2. The Company Secretary shall work closely with the Chairman and the CEO, to ensure the proper and effective functioning of the Board and the integrity of the Board governance process.
- 15.3. In addition to the statutory duties of the Company Secretary, he or she must provide the Board as a whole and the Board members individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the JSE.
- 15.4. Particularly in relation to the Board and its obligations as set out in this Board Charter, the Company secretary shall be responsible *inter alia* for:
 - 15.4.1. ensuring that memorandum and articles of the JSE and this Board Charter are both followed and reviewed regularly, as circumstances warrant;
 - 15.4.2. providing a central source of guidance and advice to the Board and its committees primarily in respect of procedural and compliance issues, including compliance with statutory regulations and with King II;
 - 15.4.3. ensuring that each Board member is made aware of and provided with guidance as to their duties, responsibilities and powers as directors of the JSE; and
 - 15.4.4. keeping abreast of, and informing the Board of current governance thinking governance best practice, both locally and internationally.

15.5. All Board members shall have unlimited access to the Company Secretary.

16. PROCESS FOR REVIEW OF BOARD CHARTER

This Board Charter shall be reviewed by the Board as and when necessary to ensure that it remains relevant to the business objectives of the JSE. The Company Secretary in consultation with the Chairman shall initiate the review process.

ADOPTED BY THE BOARD ON _____

This Board Charter contains the following Annexures:

A : Delegation of Authority Resolution dated 1 December 2000 (as amended)