

# **CARIBBEAN PRODUCERS JAMAICA LIMITED CORPORATE GOVERNANCE CHARTER**

## **1. Introduction**

As a demonstration of its commitment to good governance, the board of Caribbean Producers Jamaica Limited has adopted this Corporate Governance Charter which outlines the key governance principles of the company. The Charter is based on national and internationally-recognised standards of good governance. It aims to provide a system that is clear and transparent and that promotes the trust of investors, customers, employees and the general public in the management of the company.

The provisions in this Charter are complementary to the requirements regarding the board and board members contained in the Companies Act 2004, regulations of the Jamaica Stock Exchange, the articles of incorporation of the company and those governing the relationship between the board and its committees as contained in the charters of the committees (which have been adopted by the board).

## **2. Communication of this Charter**

This charter has been posted on the company's website [www.caribbeanproducers.com](http://www.caribbeanproducers.com) and is available in print form through the Company's Corporate Secretariat.

## **3. Board Profile, Independence and Ethics**

### **a. Board Profile**

The board shall use its best efforts to ensure that:

- i. Its members act critically and independently of one another;
- ii. Each board member can assess the broad outline of the company's overall policy;
- iii. Each board member has sufficient expertise to perform role as a board member within the board profile;
- iv. At least one board member is a financial expert, meaning the person has expertise in financial administration and accounting for companies similar to the company in size and sophistication; and
- v. No less than (a fraction) of the board members are independent as defined below.

### **b. Independence**

An independent director is a director who:

- i. Is not, and has not been employed by the company or any of its related parties at any time during the past five years;
- ii. Is not, and has not been affiliated with a company that acts as an advisor or consultant to the company or its related parties, and has not acted in such capacity at any time during the past five years;
- iii. Is not, and has not been affiliated with any significant customer or supplier of the company or its related parties at any time during the past five years;
- iv. Does not currently have, nor has had any personal service contracts with the company, its related parties or its senior management at any time during the past five years;
- v. Is not affiliated with any non-profit organisation that receives significant funding from the company or its related parties;
- vi. Does not receive and has not received any additional remuneration from the company apart from a director's remuneration, nor participates in the company's share option or performance-related payment plans, nor is a participant of the company's pension plan;
- vi. The director's remuneration does not constitute a significant portion of the person's annual income;
- vii. Is not employed as an executive officer of another company where any of the company's executives serve on that company's board;
- viii. Is not a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by the company or its related parties as an executive officer;

- ix. Is not, nor has been at any time during the past five years, affiliated with or employed by a present or former auditor of the company or auditor of any related party; and
- xi. Is not a controlling person of the company (or member of a group of individuals and/or entities that collectively exercise effective control over the company) or such person's brother, sister, parent, grandparent, child, cousin, aunt, uncle, nephew or niece, or a spouse, widow, in-law, heir, legatee and successor of any of the foregoing, (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any person described in this paragraph who is deceased or legally incompetent.

**c. Ethics**

In performing their stewardship role, directors are required to exercise the following five moral duties:

- i. **Conscience:** Act with intellectual honesty in the best interest of the company and all its stakeholders in accordance with the enlightened shareholder value approach. Conflicts of interest should be avoided. Independence of mind should prevail to ensure the best interest of the company and its stakeholders is served.
- ii. **Care:** Devote serious attention to the affairs of the company. Obtain relevant information required for exercising effective control and providing innovative direction to the company.
- iii. **Competence:** Use and acquire the knowledge and skills required for being effective and continuously develop competence. Be willing to be regularly evaluated to assess competence.
- iv. **Commitment:** Be diligent in performing directors' duties. Sufficient time should be devoted to company affairs.
- v. **Courage:** Have the courage to take the risks associated with directing and controlling a successful sustainable enterprise, but also the courage to act with integrity in all board decisions and activities.

**II. (Re)Appointment; Term of Office; Resignation**

**a. Election by Shareholders**

The annual general meeting elects members of the board.

**b. Substance of Nominations and Recommendations**

A nomination or recommendation to the annual general meeting for a candidate for the board shall state:

- (i) the candidate's age,
- (ii) the person's profession,
- (iii) the amount and nature of any shares held in the company,
- (v) positions the candidate holds or has held in the past five years; and,
- (vi) any other information relevant to assess the person's suitability as a member of the board.

The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the board for appointment or reappointment of a Director must be in accordance with Section B of this charter, including the Board Profile.

**c. Reappointment**

Before recommending a member of the board for reappointment, the board must carefully consider the Director's past performance evaluations as well as consider any pertinent incidents that may have occurred during the Director's tenure.

**d. Staggered Retirement**

Directors shall retire periodically according to a rotation plan (to be drawn up by the board) to avoid many board members retiring at the same time. The board may amend the rotation plan. The rotation plan is available based on written requests to the company's corporate secretariat.

### **III. Chairperson and Vice-Chairperson**

#### **a. Election**

The board shall elect a Chairperson and a vice-Chairperson from among its members. The vice-Chairperson replaces and assumes the powers and duties of, the Chairperson when the Chairperson is absent.

#### **b. Duties**

The Chairperson of the board is primarily responsible for the activities of the board and its committees; acts as the spokesman for the board and is the principal contact for the chief executive officer (CEO). The CEO and the Chairperson of the board shall meet regularly. The Chairperson of the board presides over the annual general meeting.

#### **c. Responsibilities**

The Chairperson ensures that:

- i. Board members, when appointed, participate in an induction programme and, as needed, additional education or training programme;
- ii. The board members receive all information necessary for them to perform their duties;
- iii. The board has sufficient time for consultation and decision-making;
- iv. The committees function properly;
- v. The performance of the board members is evaluated at least annually; and
- vi. The board elects a vice-Chairperson.

In addition, the Chairperson is primarily responsible for:

- i. Ensuring that the board satisfies its duties to all key stakeholders and promotes sustainability;
- ii. Determining the agenda of board meetings, chairing such meetings and ensuring that minutes are kept of such meetings;
- iii. Consulting with external advisors appointed by the board;
- iv. Addressing problems related to the performance of individual directors; and,
- v. Addressing internal disputes and conflicts of interest concerning individual directors and the possible resignation of such members as a result.

### **IV. Company Secretary**

#### **a. Company Secretary**

The company secretary assists the board.

#### **b. General Access**

All board members may go to the company secretary for advice or to use the person's services.

#### **c. Responsibilities**

The company secretary sees to it that the board follows correct procedures and that the board complies with its obligations under law and the company's articles of incorporation. The company secretary shall assist the Chairperson of the board in organising the board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programmes). The company secretary is the secretary of the board.

### **Committees**

#### **a. Committees**

While the board recognises its responsibility for the oversight of management on behalf of stakeholders, to do so more effectively it may appoint committees from among its members to

perform specific tasks. Accordingly, the board has established the following standing committees to assist in the execution of its responsibilities:

- a. Audit Committee
- a. Compensation Committee, and
- b. Corporate Governance and Nomination Committee

The Board may, at its discretion, establish other committees as it sees fit.

**b. Board Responsibility for Committee**

**Action:** 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 may not exceed the authority or powers of the board as a whole. Decisions that, by law, must be taken by the board may not be delegated to a committee.

**c. Committee Reporting**

Each committee must promptly inform the board of the actions it has taken and major developments of which it becomes aware.

Each director has unrestricted access to all committee meetings and records. The board shall, as set forth in the charter of the committee concerned, receive a report from the committee describing the committee's actions and findings.

**d. Committee Terms of Reference**

The board shall establish (and may amend) Terms of Reference (ToR) for each Committee. The ToRs shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties. The ToR of a Committee shall require that the Committee has no less than two members (or, if the Committee is composed of three or fewer members, one member) who are independent, as defined in this charter.

**Duties and Powers**

**I. General Duties and Powers**

**a. General Responsibilities**

The board oversees the general business of the company. The entire board is responsible for such supervision and oversight.

**b. The Board Acts in the Interest of the Company**

The board shall act in the best interests of the company and its business, taking into consideration the interests of the company's shareholders and other stakeholders. Directors shall perform their duties independent of any particular interest in the company and should not support one interest without regard to the other interests involved.

**c. Quality of Performance**

The board is responsible for the quality of its own performance.

**d. Action in Concert**

As much as they can, within their individual responsibilities as members of the board, members shall act and speak in concert with respect to important affairs and on matters of principle.

**e. Provision of Information**

The Chairperson and the CEO shall see to it that the management, in a timely manner, provides the board and its committees with the information they need to properly function.

**f. Responsibility for Securing Information**

The board and its individual members each have responsibility for obtaining all information from the management and the internal and external auditors needed to carry out their duties. If the board thinks it is necessary, it may obtain information from officers and external advisers of the company. The company shall aid the board in obtaining such information. The board may require certain officers and external advisers to attend, but never to vote at its meetings.

**g. Access to Records**

Each member of the board has access to the books and records of the company, if useful to perform duties. Unless the charter of a committee states otherwise, Directors shall consult with the Chairperson of the board and the company secretary before exercising their rights under this provision.

**h. Use of Experts**

The board may hire experts to assist or advise them. The cost of such experts shall be agreed to by the board and shall be paid by the company. A board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

**Duties Regarding the Supervision of Management**

**a. Nature of Supervision.** In supervising the management, the board shall consider:

- (i) the achievement of the company's objectives;
- (ii) the strategy and risks in the company's activities;
- (iii) the structure and operation of the internal risk management, and audit and control systems;
- (iv) the financial reporting process;
- (v) compliance with law and regulations; and
- (vi) any other matters the law requires the board to consider.

**b. Financial Reporting**

The board supervises the company's financial reporting in accordance with the policies established.

**c. Annual Risk Review**

At least once a year, the board shall discuss the company's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to such systems.

**d. Resolutions Subject to Approval**

The following resolutions are subject to the approval of the board:

- i. Determining and amending the operational and financial strategic objectives of the company;
- ii. Determining and amending key performance indicators in support of the strategic objectives (including, for example, any financial ratios); and
- iv. Any other matters that Jamaican laws or regulations or the company's articles of incorporation require the board to approve.

**Duties Regarding the Members and the Performance of the Board**

**a. Duties of the Board**

The duties of the board (in consultation with the appropriate board committees) in relation to the members of the board include:

- i. The nomination of members of the board (the appointment is made by the annual general meeting) and proposals to the annual general meeting for the compensation of members of the board;
- ii. The determination of the number of directors, the appointment of a Chairperson and vice-Chairperson of the board, the establishment of committees and defining their role, the evaluation of the board, its individual members and its committees (including an evaluation of the of the Board Profile and the induction, education and training programme); the approval of other positions of Directors to the extent required of this charter; and

iii. Addressing any conflicts of interest issues between the company and the Directors.

**b. Board Self-Assessment**

At least once a year, the board shall discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the board.

**Certain Other Duties of the Board**

**a. Duties Generally**

The other duties of the board include:

- i. Duties regarding the external auditor as described in the board charter and the charter of the audit committee; and,
- ii. Other duties imposed by law, the company's articles of incorporation, this charter and the charter of a committee.

**b. Annual Report and Accounts**

The board shall draw up a report describing its activities in the financial year, and containing the statements and information required by law and the company's articles of incorporation.

**Supervision of Financial Reporting**

**a. General Supervision Responsibilities**

The board, in consultation with the audit committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly (if any) and semi-annual financial reports and any other financial information. The board, through the audit committee, also supervises the internal control and audit mechanisms for external financial reporting.

**b. Discussion of Financial Reports**

The audit committee shall regularly, and in any event as soon as possible, provide the board with reports on the annual report and accounts, and the quarterly (if any) and semi-annual financial reports, which will then be discussed at a meeting of the board. The annual report and accounts for the year just ended shall be discussed in a meeting with the board within four months of the year end. The semi-annual and quarterly (if any) financial reports of the company for the respective period just ended shall be discussed in a meeting with the board within two months of the end of the period.

**c. External Auditor**

The board shall ensure that the external auditor attends the meeting of the board at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which the board decides whether or not to approve the annual accounts. The external auditor shall receive any financial information underlying the quarterly (if any) and/or semi-annual financial reports and other interim financial reports, and shall be given the opportunity to respond to all information.

**d. Audit Committee is Principal Contact with External Auditor**

The board's principal contact with the external auditor is through the Chairperson of the audit committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the audit committee and the external auditor.

**e. Recommendations by External Auditor**

The board shall carefully consider and, if accepted, put into effect any recommendations made by the external auditor. This will include recommendations by the external auditor on the company's internal controls, as expressed in the 'management letter'.

**Duties Regarding Nomination and Assessment of External Auditor**

**a. Appointment of External Auditor**

The external auditor shall be appointed by the annual general meeting. The board nominates a candidate for this appointment to the annual general meeting, based on an open, transparent and competitive selection process, and may recommend replacement of the external auditor. The audit committee shall advise the board on such matters.

**b. Compensation of External Auditor**

The compensation of the external auditor and instructions to the external auditor to provide non-audit services shall be closely reviewed and approved by the board on the recommendation of the audit committee, thus ensuring for the auditor's independence.

**c. Reports to the Board**

The audit committee shall report their dealings with the external auditor to the board on an annual basis, including their assessment of the external auditor's independence (for example, the desirability of rotating the responsible partners of the external auditor and the desirability of the external auditor providing both auditing and non-audit services to the company). The board shall take this into account when deciding its nomination to the annual general meeting for the appointment of an external auditor.

**d. Assessment**

At least once every three years, the audit committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the annual general meeting so it may assess the nomination for the appointment of the external auditor.

**e. Conflicts of Interest**

Conflicts of interest and potential conflicts of interest between the external auditor and the company shall be resolved in accordance with the policy laid down or as determined by the board on the recommendation of the audit committee. Board members must inform the Chairperson of the audit committee of any matters they know of that may compromise the independence of the external auditor or that may result in a conflict of interest between the external auditor and the company.

## **Compensation of Management & Board Members**

**a. Annual Remuneration Report**

The remuneration committee shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the compensation policy and planned activities for the next financial year and subsequent years. The remuneration report will differentiate between executive and non-executive remuneration.

**b. Approval by the Annual General Meeting**

Programmes whereby executive directors and other senior managers are remunerated in the form of shares or rights to subscribe for shares, and major changes to such programmes, shall be submitted to the annual general meeting for its approval.

**c. Remuneration Committee**

The board shall determine the compensation of the executive and non-executive directors on a proposal by the remuneration committee and within the terms of the remuneration policy adopted by the annual general meeting.

**d. Extraordinary Compensation**

If a director or former director is paid special compensation during any financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised as severance pay to a Director.

## **Relations with Shareholders**

### **a. Equal and Simultaneous Information**

Where appropriate, the board shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price.

### **b. Annual General Meeting; Record Date; Venue**

The board shall determine the date and place of any annual general meeting and a record date for the exercise of the voting and any other rights attached to the company's securities at such meeting.

### **c. Compliance with Law**

The board shall ensure all laws are complied with, regarding the rights of the annual general meeting and of individual shareholders.

### **d. Attendance by Boards**

The Chairperson shall ensure that (unless there are important reasons) all the members of the board shall attend the annual general meetings.

### **e. Chairperson of Annual General Meetings**

The annual general meetings are presided over by the Chairperson of the board or, in the Chairperson's absence, the vice-Chairperson of the board. The board may also designate another director to preside over the annual general meeting.

### **f. Disclosure of Resolutions**

A resolution of the annual general meeting may be publicly disclosed only through a statement from the Chairperson of the board or the company secretary.

### **g. Attendance by external auditor**

The board shall ensure that the responsible partner (or certifying auditor) of the external auditor attends the annual general meeting and is available to address the meeting. The external auditor may be questioned at the annual general meeting in relation to the audit of the company's financial statements.

## **Board Meetings**

### **Decision-Making**

#### **I. Frequency, Notice, Agenda and Venue of Meetings**

##### **a. Frequency**

The board shall meet as often as necessary, but not less than four times a year. If possible, meetings shall be scheduled annually in advance according to an annual board calendar. The board shall meet earlier than scheduled if deemed necessary by the Chairperson of the board or two other members of the board.

##### **b. Notice and Agenda.**

- i. Meetings of the board are called by the Chairperson. Except in urgent cases, as determined by the Chairperson, the agenda for a meeting shall be sent to all directors at least five calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided and related documentation will be attached. The Chairperson shall consult with the CEO prior to convening the meeting on the content of the agenda. Each director and the CEO has the right to request that an item be placed on the agenda for a board meeting; provided that the item is notified to the Chairperson at least ten days prior to the meeting.
- ii. Directors who have taken part in a meeting may not object to resolutions adopted at the meeting on the grounds of an invalid notice.

**c. Venue**

Board meetings are generally held at the offices of the company but may also take place elsewhere. In addition, meetings of the board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

**II. Attendance of and Admittance to Meetings**

**a. Attendance by CEO**

The CEO, even where the person is not a member of the board, shall attend board meetings unless the board instructs the person not to attend. If requested by the board, other executives shall also attend meetings of the board in whole or in part.

**b. Undue Absence**

A director who is frequently absent from board meetings, shall be required to explain such absences to the Chairperson.

**c. Attendance by Non-Members**

The admission to a meeting of persons other than board members, the CEO, the company secretary and (if invited) other executives shall be decided by majority vote of the directors present at the meeting.

**III. Chairperson of the Meeting; Minutes**

**a. Chairperson**

Board meetings are presided over by the Chairperson of the board or, in such absence, the vice Chairperson. If both are absent, one of the other directors designated and approved by a resolution of the Directors present at the meeting, shall preside.

**b. Minutes of Meeting**

The company secretary (or any other person designated for such purpose by the Chairperson of the meeting) shall prepare minutes of the meeting. The minutes shall describe the decision making process at the meeting. The minutes are to be signed by the Chairperson of the meeting and then added to the company's records. Each director shall receive a copy of the minutes and they shall be adopted by the board at its next meeting.

**IV. Decision-Making within the Board**

**a. Preference for Unanimity**

The Directors shall try to unanimously adopt resolutions. However, directors are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

**b. Individual Vote**

Each director has the right to cast one vote.

**c. Majority Vote**

Where unanimity cannot be reached and the law, the company's articles of incorporation or this charter do not prescribe a larger majority, all resolutions of the board are adopted by a majority of the votes cast. In the event of a tie, the Chairperson of the board has the deciding vote. At a meeting, the board may only pass resolutions if the majority of the directors are present or represented.

**d. Adoption at Meeting**

Resolutions of the board are adopted at a board meeting.

**e. Emergency Procedures**

The board may deviate from the provisions if this is deemed necessary by the Chairperson of the board, considering the urgent nature and other circumstances of the case, provided that all directors are allowed the opportunity to participate in the decision-making process. The Chairperson of the board and the company secretary shall then prepare a report on a resolution so adopted, which shall be added to the documents for the next meeting of the board.

## **E. Other Provisions**

### **I. Conflicts of Interest of Board Members**

#### **a. Duty to Disclose**

A board member shall immediately report to the Chairperson of the board any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The board member concerned shall not take part in the assessment by the board of whether a conflict of interest exists.

#### **b. Related Party Transaction**

A potential conflict of interest exists if the company intends to enter into a transaction with a related party, and the company shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. A related party includes the following:

1. The board members of the Company, its parent company, affiliated or sister companies and associates.
2. A parent company and any subsidiary or affiliated company that is not wholly owned.
3. The CEO and key officers, including anyone who directly reports to the Board or the CEO.
4. Any significant shareholder owning or controlling more than 10% of the voting shares having the ability to control, or exercise a significant influence on, the outcome of resolutions voted on by shareholders or directors of the Company, its parent company, affiliated or associated companies.
5. The father, mother, sons, daughters, husband, or wife of any of the natural persons listed in Clauses (a, b and c).
6. Any business, and the directors, CEO and key officers of any business, in which the natural persons listed own jointly or severally at least 20% of the voting rights.
7. Any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs 1 to 6 above.

#### **c. Abstention by Conflicted Party**

A director shall not take part in any discussion or decision-making regarding any subject or transaction in which there is a conflict of interest with the company.

#### **d. Requirements to Approve Conflicts of Interest.**

All transactions in which there are conflicts of interest with board members shall be agreed on terms that are customary for arm's-length transactions in the company's business. Decisions to enter into transactions in which there are conflicts of interest with directors require the approval of the board.

### **II. Director Compensation**

#### **a. Approval by Annual General Meeting.**

The compensation of the Directors is determined by the annual general meeting. The board shall submit proposals on its compensation to the annual general meeting.

#### **b. Reimbursement of Costs**

Apart from their compensation, directors shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. The reasonableness of such costs shall be approved by the Chairperson of the board (costs incurred by the Chairperson of the board shall be approved by the

vice-Chairperson). Any other expenses shall be reimbursed only if incurred with the prior consent of the Chairperson or the company secretary on behalf (or if it concerns the Chairperson, the vice-Chairperson or the company secretary on behalf of same).

**c. Loans and Guarantees**

The company and its subsidiaries do not grant personal loans, guarantees or the like to directors, save as part of its usual business operations.

**III. Induction Programme, Ongoing Training and Education**

**a. Induction Programmed**

Upon election, each director shall participate in an induction programme that covers the company's strategy, general financial and legal affairs, financial reporting by the company, any specific aspects unique to the company and its business activities, and the responsibilities of a director.

**b. Annual Review of Training**

The board shall conduct an annual review to identify areas where the Directors require further training or education.

**c. Costs to the Company**

The costs of the induction course and any training or education shall be paid for by the company.

**IV. Other Positions**

**a. No Excess Memberships**

Directors shall limit their other positions so as to ensure they can perform their duties as members of the board. Outside directorships should be limited to a specific number.

**b. Notice of Outside Positions**

Directors must inform the Chairperson of the board and the company secretary of their other positions which may be of importance to the company or affect the performance of their duties before accepting such positions. If the Chairperson determines that there is a risk of a conflict of interest, the matter shall be discussed by the board in accordance with the appropriate section of this charter. The company secretary shall keep a list of the outside positions held by each director.

**V. Holding and Trading Securities**

**a. Long-Term Investment.** Any shareholding in the company by directors is for the purpose of long term investment.

**b. Trades in Company Securities**

Directors are bound by the company's corporate governance code and ethics codes regarding transactions in company securities, which are posted on the company's website.

**VI. Confidentiality**

**a. Duty to Keep Information Confidential**

Unless required to do so by law, no board member shall, during membership on the board or afterwards, disclose any information of a confidential nature regarding the business of the company and/or any companies in which it holds a stake, that came to the person's knowledge in the capacity of work for the company and which the person knows or should know to be of a confidential nature. A director may disclose such information to fellow directors as well as to staff members of the company and companies in which the company holds a stake who, in view of their activities for the company and companies in which the company holds a stake, should be informed of the information. A director shall not use such confidential information for personal benefit.

**b. Return of Confidential Information**

At the end of each director's term of office, the person shall return all confidential documents in possession to the company or guarantee their disposal in a manner that ensures confidentiality is preserved.

**c. Notice of Disclosure**

If a director intends to disclose to third parties information which the person has become aware of in duties and which may be confidential, the member must inform the Chairperson of the intent and the identity of the person who is to receive the information with sufficient notice for the Chairperson to assess the situation and advise the director. This section applies to both official and personal statements and to any person attending board meetings which in terms of their content and form are clearly only intended for the board.

**VII. Miscellaneous**

**a. Acceptance by Directors**

Anyone who is appointed as a director must, upon assuming office, declare in writing to the company that the person accepts and agrees to comply with the provisions of this charter. A corresponding reference to this extent is included in a director's appointment letter.

**b. Occasional Non-Compliance**

If permitted by law, the board may occasionally decide, by unanimous decision, at its sole discretion, not to comply with the provisions of this charter.

**c. Amendment**

This charter may be amended by the board at its sole discretion without prior notification.

**d. Interpretation**

In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the Chairperson of the board shall be decisive.

**e. Partial Invalidity**

If one or more provisions of this charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this charter is, to the greatest extent possible, similar to that of the invalid provisions.

**Matters Reserved to the Board**

The matters specifically reserved to the Board for decision/approval are as follows:

**1. Regulatory/Legal Requirements**

- 1.1 Approval of the interim and preliminary company results.
- 1.2 Approval of any interim dividend and recommendation of any final dividend.
- 1.3 Approval of the Annual Report and Accounts, Summary Financial Statement of the Company and any interim statement advertised or issued to shareholders.
- 1.4 Appointment and removal of the Company Secretary.
- 1.5 Receipt of declarations of interest from directors.
- 1.6 Approval of listing particulars.

**2. Appointments, Training, Evaluation and Terms of Reference**

- 2.1 Appointment and removal of directors.
- 2.2 Appointment of any director as Chairperson or Deputy Chairperson of the Board and ending such appointments.
- 2.3 Determination of the independence of any director or proposed director.

- 2.4 Apportionment of responsibilities to the Executive Directors of the Company including appointments to (and removal from) the positions of Chief Executive Officer and Finance Director.
- 2.5 The scope and extent of delegations to the Chairperson, Deputy Chairperson, and Chief Executive Officer.
- 2.6 Approval of the terms of reference of all Board Committees.
- 2.7 Performance evaluation of the Board at least once each year, and reporting in the Annual Report and Accounts as to whether such performance evaluation has taken place and how it has been conducted.
- 2.8 Approval of policy on Executive Directors' remuneration.
- 2.9 Approval by the Chairperson and Executive Directors of the remuneration and terms of appointment of Non-Executive Directors of the Company.
- 2.10 Ensuring that a satisfactory dialogue with shareholders takes place.

### **3. Management**

- 3.1 Approval of the Strategic Plan and annual budget.
- 3.2 Approval of any significant changes to company policies on financial and non-financial risks.
- 3.3 Approval of the policy in relation to the provision of non-audit services by the external auditors, as recommended by the Audit Committee.
- 3.4 Approval of matters for the agenda of all Annual General Meetings.
- 3.5 The review and approval of any material changes to the levels and nature of the insurance cover and other risk management matters concerning the company.
- 3.6 Approval of, and significant changes to, the company's internal controls system.
- 3.7 Annual review of the effectiveness of the company's internal controls system and reporting to shareholders that this has been done.
- 3.8 Approval of, on the recommendation of the Audit Committee, the Audit Engagement Letter.

### **4. Transactions**

- 4.1 Approval of any substantial transaction as defined by the Jamaica Stock Exchange Listing Rules or any substantial capital and revenue expenditure, including an acquisition or disposal of financial assets.
- 4.2 Approval of commencement, by the company, where such business has not previously been transacted and where the activity is expected to represent, in its first full year of trading, more than 1% of gross income of the company in the recent financial year.
- 4.3 Approval of cessation, by the company, of any activity previously conducted, representing more than 1% of gross expenses of the company in the most recent financial year.

### **5. Guarantees/Indemnities/Securities**

- 5.1 Approval of the provision of any guarantee, indemnity or security by the company.

### **6. Share Capital and Financing**

- 6.1 Approval of any increase/reduction in the issued share capital within the Authorised Share Capital approved by Shareholders.
- 6.2 Approval of the issue or repayment of any share capital or debt securities or any other borrowings by the company other than:
  - where such issue, repayment, subscription or borrowing is in the ordinary course of business and has been approved as part of the company's Business Plan.