

CONTENTS

Foreword	ii
Members of the Corporate Governance Committee	iv
Introduction	1
SECTION:	
1. Guidelines for Developing a Board Charter	2
1.1. Sample Board Charter	5
2. Model Schedule of Matters Reserved to the Board	25
3. Guidelines for Director Selection	27
3.1. The Case for Gender Diversity on Boards	28
3.2. Model Non-Executive Board Member Appointment Letter	31
3.3. What Makes a Good Board Member?	34
4. Model Charter for the Corporate Governance and Nomination Committee	36
5. Model Charter for the Audit Committee	39
6. Model Charter for the Remuneration Committee	42
7. Model Charter for the Risk Management Committee	45
8. Model Charter for the Corporate Social Responsibility Committee	49
8.1. Guidelines for Corporate Social Responsibility (CSR) Activities	52
9. Guidelines for Board Evaluation	54
9.1. Model Board Evaluation Questionnaire	58
10. Model Code of Ethics	60
10.1. Code of Business Conduct and Ethics	65
11. The Company Secretary's Role and Terms of Reference	89
REFERENCES	94

FOREWORD

Across the globe, attention on corporate governance surged at the time of the international financial crisis in 1997. Between 1996 -1999, Jamaica experienced its own crisis with a colossal downfall of the Financial Sector, which raised concerns about reporting relationships and the accountability of management and directors of publicly owned companies to their stakeholders.

In light of such concerns, The PSOJ established a Corporate Governance Committee in October 2001 with the mission to become the key influencer in the delivery and adoption of corporate governance best practices by providing access to knowledge and learning resources for our members and leaders of business enterprises so they could effectively compete in the global market.

The strategic objectives of the Committee are:

- To develop and establish corporate governance guidelines that will facilitate implementation of best practices through a Code on Corporate Governance.
- To conduct director training programmes
- To promote awareness of corporate governance principles and the impact that well implemented principles can have on investor confidence
- To provide continuing public education and awareness of corporate governance best practices
- To make corporate governance knowledge resources accessible to relevant stakeholder groups
- To collaborate on a continuing basis with other associations and agencies locally and regionally on corporate governance issues
- To influence and comment on corporate governance policy issues and assess their impact on the business environment.

With the support of the United States Agency for International Development (USAID), the PSOJ published its Code on Corporate Governance in October 2006 and formally launched it on November 9, 2006. Now, in an effort to improve its support for Corporate Governance across Jamaica, The PSOJ has revised and expanded the Code. This volume, as well as other volumes in a series of Corporate Governance publications will provide practical tools for business leaders to further enhance corporate governance practices amongst small, medium and large enterprises in Jamaica.

The PSOJ has partnered with the International Finance Corporation's Global Corporate Governance Forum to deliver training programmes for Directors using the Forum's Corporate Governance Board Leadership Training Resources Kit. Aspects of the Kit have been localised and presented in this Volume as well as in Volume I.

Volume 1 includes an outline of Corporate Governance Principles and recommended actions – The “Code” - and Volume II contains best practices, guidelines for constructing key instruments, and samples of key instruments.

The principles and practices presented in this Volume represent globally accepted best practices in governance and these are particularly important for the business community in developing nations such as Jamaica. In the current economic climate Jamaica must be efficient and competitive in attracting foreign direct investments and in promoting local investments.

We hope that directors and managers in the public and private sectors will find this publication “Best Practices in Governance” Handbook and Tool Kit, Volume 2 and the companion Code on Corporate Governance 2nd Edition (Volume 1), useful tools in the adoption of good governance principles and practices by their Boards. The two volumes will also be useful resources in the training programme offered by The PSOJ to publicly listed and large companies, small and medium enterprises and companies and agencies in the public sector.

We are most grateful to the Canadian International Development Agency (CIDA) which provided grant funds under the project “Institutional Strengthening of The Private Sector Organisation of Jamaica” enabling the development and publication of these two volumes. We acknowledge the input of Consultant Georgia Simpson and the considerable work of The PSOJ’s CEO Sandra Glasgow, who guided the development of the publications and did extensive editing of the material. Our thanks also to Donna Stephenson and the members of the Corporate Governance Committee’s sub-committee who reviewed the final drafts and offered their professional guidance.

We are encouraged by the progress Jamaican companies have made since the Code was first published and hope that these publications will deepen even further the culture of good governance in the public and private sectors as Jamaica strives to become *“the place of choice to live, work, raise families and do business”*.

Greta Bogues
Chair
Corporate Governance Committee
The Private Sector Organisation of Jamaica

MEMBERS OF THE CORPORATE GOVERNANCE COMMITTEE

Miss Greta Bogues	Chair, Representative Jamaica Exporters Association and J. Wray & Nephew Ltd.
Mrs. Sandra Glasgow	Chief Executive Officer, The Private Sector Organisation of Jamaica
Major Hugh Blake	Kingston Industrial Garage Limited
Mr. Christopher Bovell	DunnCox
Mrs. Tracey Campbell	PricewaterhouseCoopers
Mrs. Suzanne Goldson	Faculty of Law, University of the West Indies, Mona
Ms. Alicia Hussey	Myers, Fletcher & Gordon
Miss Kamina Johnson	LIME
Mr. Garth Kiddoe	Institute of Chartered Accountants of Jamaica
Mr. Alastair Macbeath	Mondial
Mr. Patrick McDonald	Hart Muirhead Fatta
Mrs. Anne McMorris-Cover	National Commercial Bank Jamaica Limited
Mrs. Loretta Reid-Pitt	Financial Services Commission
Mr. John Thompson	J. L. Thompson & Company

INTRODUCTION

This Handbook and Tool Kit is compilation of guidelines, models and templates that can assist company leaders to deepen corporate governance in their organisations. In order to fulfil their roles and responsibilities, Directors and executives need structured frameworks for implementing critical corporate governance principles. It is therefore important that the appropriate documents are in place to ensure that systems of governance are effectively implemented, monitored and periodically reviewed.

This resource is designed for individuals and companies that have a vision for the long term success of their business and are committed to being prudent in pursuit of their goals. Companies that have already embraced excellence in corporate governance will be able to use this resource as a benchmark in reviewing their practices.

Small businesses which have not yet formalised their corporate governance systems will be able to begin to lay the foundation for a robust culture of stewardship. Medium sized enterprises will be able to use these guidelines to streamline their key procedures and improve their strategies in governance.

This Volume is a companion to the Code on Corporate Governance (Volume 1) and is meant to be used in conjunction with the Code. Companies are advised to obtain professional advice in designing the respective instruments.

Leaders as change agents

Improvements in corporate governance are often motivated by Directors who see themselves as “agents of change.” They represent the drivers who:

- Champion the need to professionalise governance within their company
- Lead the development of corporate governance systems and processes, including a written set of policies covering, at a minimum, the rights and treatment of shareowners, clarifying the Board’s leadership role, and providing for transparency and disclosure
- Oversee the work of the designated managers responsible for ensuring compliance with corporate governance procedures ranging from company policies to legislation and regulations.

SECTION 1

GUIDELINES FOR DEVELOPING A BOARD CHARTER

The model below, published in the bestselling book "Boards That Work" (McGraw-Hill, 2003)¹, highlights the four major components of a Corporate Governance Charter, one of the key elements in developing an effective programme of corporate governance.



- **Defining Governance Roles:** delineating the role of the Board and key players in the governance system
- **Improving Board Processes:** enhancing the administrative functions and processes of the Board
- **Key Board Functions:** elaborating the critical activities that a Board performs and defining performance expectations
- **Continuing Improvement:** the procedures and processes which lay the foundation for continuing improvement in corporate governance

The purpose of a Board charter is to:

- Improve and systematise the Board's role and powers
- Enhance the transparency of its governance
- Demonstrate the company's commitment to good corporate governance practices

A charter typically includes:

1. **Board responsibilities**
Major responsibilities, including those carried out by the Board and its committees, and those that are management's responsibility.

¹<http://www.effectivegovernance-review.htm>

2. Board composition

Board size: the proportion of independent directors, the proportion of management directors, directorship term limits, director retirement age and any limits on the number of directors.

3. Director selection

Director selection criteria include: skill sets, diversity (academic qualifications, technical expertise, relevant industry knowledge, gender, age and ethnicity) and experience; director recruitment process; and, orientation. Directors will be required to sign an appointment letter which will include: *(See sample appointment letter in Section 3.2)*

- Role, duties, and responsibilities
- Obligation to comply with any Board decisions
- Duration
- Notice period
- Remuneration and benefits
- Confidentiality
- Outside interests
- Induction
- Review processes
- Insurance
- Independent professional advice
- Committees

4. Board leadership

Selection process for the Board chairperson: separation of the chairperson and chief executive roles, the appointment of a “lead” outside director and the selection process for committee chairs.

5. Director remuneration

Composition and amount of director remuneration: (stock options, cash), the basis for determining remuneration and expense reimbursement.

6. Board meeting procedures

Frequency and duration of meetings, the expectations of director attendance, procedures for setting meeting agendas, procedures for advanced distribution of Board meeting materials, executive sessions of independent directors, and attendance by non-directors.

7. Board performance

Assessment of the Board’s and committees’ effectiveness, assessment of individual director performance, limitations on continuing Board membership (retirement, etc.), and addressing conflicts of interest.

Attention should be given to comprehensive risk assessment as:

- Risk Assessment - The Board is responsible for the maintenance of the company's systems of risk management and internal control and for reviewing their effectiveness. The process involves:
 - the identification, evaluation and management of key risks through a Risk Committee or the CEO who submits reports to the Board directly or through the Audit Committee at least annually;
 - business reviews by the Board; and the review by the Audit and or Risk Management Committee, of internal financial controls and the risk management process.

8. Committees

Specific committees formed: committee membership requirements, selection and rotation of members and chairs, and committee meeting processes and agendas.

9. Board relationships

Interaction with the chief executive: contact with investors, media, and customers, and access to management and employees.

Schedule of reserved powers

Many companies create a statement of reserved powers arising out of their Board charter. A schedule clarifies the particular powers in the company that the Board reserves for its own decision-making purposes. These statements are regarded as evidence of good practice in corporate governance. A typical schedule would contain:

- Auditor issues
- Communications to shareholders and the media
- Dividend payments
- Accounting and management control policies and practices
- Director and senior manager appointments, removals, terms, conditions, etc.
- Disposal or acquisition of major assets
- Major contracts and investments
- Authority levels
- Treasury, risk management, capital policies
- Budgets, strategies, mission, vision

See Section 2 for a Model Schedule of Matters Specifically Reserved to the Board.

SECTION 1.1

SAMPLE BOARD CHARTER

It is preferable for a company to develop its own charter rather than simply adopt a model charter. During this process, the charter can be tailored to the specifics of the company's industry, ownership structure, stakeholders, and shareowner base. As an internally developed document, the charter may also be useful to executives and employees.

A. Introduction

A.1. Complementary to Law and Articles

These provisions are complementary to the requirements regarding the Board and Board members contained in Jamaican legislation, such as the Companies Act 2004, other regulations, the Articles of Incorporation of the company and the provisions governing the relationship between the committees and the Board as contained in the charters of the committees (which have been adopted by the Board).

A.2. Charter on Website

This charter has been posted on the company's website (give address).

B. Composition of the Board; Positions; Committees

B.1. Board Profile, Size, Expertise and Independence

a. Board Profile

The Board, in consultation with the corporate governance and nomination committee, shall prepare a profile of its size and composition, considering the nature of the company's business and its subsidiaries, and the desired expertise and background of the Board members (the "Board Profile").

b. Number of Members

After consultation with the corporate governance and nomination committee, the Board determines the number of Board members. The Board shall have a minimum of ____ and a maximum of ____ members.

c. General Composition

The Board shall use its best efforts to ensure that:

- i. Its members can 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 their role as a Board member within the Board Profile;
- iv. The Board matches the Board Profile;
- v. 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
- vi. No less than (a fraction) of the Board members are independent as defined below.

d. **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, nor is not 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 (i.e. a company that makes payments to, or receives payments from the company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$_____ such other company's consolidated gross revenues) 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;
- vii. The director's remuneration does not constitute a significant portion of the person's annual income;
- viii. Is not employed as an executive officer of another company where any of the company's executives serve on that company's Board;
- ix. 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;
- x. 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 relate party;
- 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; and
xii. Has not served on the Board for more than ten years.

B.2. (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 candidate's profession,
- (iii) the amount and nature of any shares held in the company,
- (iv) any convictions for any crimes involving dishonesty, fraud or breach of trust,
- (v) the positions the candidate holds or has held in the past five years (including memberships on any Board of directors or management Boards/executive committees), nominating shareholder [if applicable]; and,
- (vi) any other information relevant to assess the candidate'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 person's past performance on the Board.

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 on written demand to the company.

B.3. 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 spokesperson for the Board and is the principal contact for the chief executive officer (CEO). The CEO and the chairperson shall meet regularly. The chairperson 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 programmes;
- 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 once every two years;
- vi. The Board elects a vice-chairperson; and,
- vii. The Board has proper contact with the executive committee.

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.

B.4. 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.

B.5. Committees

a. Establishment of Committees

The Board may appoint committees from among its members to perform specific tasks. The Board shall determine the members of any committee. The Board shall establish an audit committee, a remuneration committee, a corporate governance committee and a nomination committee.

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 Charters

The Board shall establish (and may amend) charters for each committee. The charters shall indicate the role and responsibilities of the committee, its composition and how it should perform its duties. The charter 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 Section B 1. d. of this charter.

e. Website Disclosure

The charters and the composition of the committees shall be posted on the company's website.

C. Duties and Powers

C.1 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 advisors of the company. The company shall aid the Board in obtaining such information. The Board may require certain officers and external advisors 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.

C.2. 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 Section C.5. below.

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);
- iii. The resolutions listed in Annex 1 of the charter; and,
- iv. Any other matters that Jamaican laws or regulations or the company's Articles of Incorporation requires the Board to approve.

C.3. Duties Regarding the Members and the Performance of the Board

a. **Duties Regarding 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 Board Profile and the induction, education and training programme);
- iii. the approval of other positions of Directors to the extent required of this charter; and
- iv. 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.

C.4. 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 Section C.6. of this 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.

C.5. 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'.

C.6. Duties Regarding Nomination and Assessment of External Auditor

a. Appointment of External Auditor

The external auditor shall be appointed at 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.

f. Representation by External Auditor

When appointed, the external auditor shall indicate its awareness of:

- i. the company's policy as set out in Section C.6.e. and Annex 2; and
- ii. other matters provided for in this charter and the charter of the audit committee and agrees to abide by and promote such policies.

C.7. Compensation of 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

The remuneration policy planned for the next financial year and subsequent years as specified in the remuneration report shall be submitted to the annual general meeting for its approval. Every change to the compensation policy shall also be submitted to the annual general meeting for its approval. Where executive directors and other senior managers are remunerated in the form of shares or rights to subscribe for shares, approval shall be sought at the annual general meeting.

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.

C.8. 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. Unless there is an overriding company interest to act otherwise, the Board shall use its best efforts to provide shareholders with all information necessary or requested for the shareholders to properly act at the annual general meeting. If the Board believes the company does have an overriding interest, it must state why it so believes.

- 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 Directors**
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. **Changes to Corporate Governance**
Any substantial change to the corporate governance structure of the company shall be submitted to the annual general meeting for discussion under a separate agenda item.
 - h. **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.
- D. Board Meetings; Decision-Making**
- D.1. 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.

b. **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.

D.2. 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. **Proxies**

A Director may be represented at Board meetings by another Director holding a proxy in writing. The existence of such authorisation must be proved satisfactorily to the chairperson of the meeting.

c. **Undue Absence**

A Director, who is frequently absent from Board meetings, shall be required to explain such absences to the chairperson.

d. **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.

D.3. Chairperson of the Meeting; Reports

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. **Report**

The Company Secretary (or any other person designated for such purpose by the chairperson of the meeting) shall prepare a report of the meeting. The report shall describe the decision making process at the meeting. The report shall be adopted by the Board at the next meeting.

D.4. 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; Quorum

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. Written Consent

Board resolutions may also be adopted in writing provided the proposal concerned is submitted to all Board members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all the Directors. A statement from a Director who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that there was no objection to this form of adoption.

f. 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.

g. Minutes

Minutes must be drawn up for every Board meeting and for every resolution adopted outside a 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. Each Director may also demand a note explaining such a vote or that a formal declaration be included in the minutes. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

h. Certification of Resolutions

A resolution adopted by the Board may be publicly disclosed only through a statement from the chairperson of the Board and/or the Company Secretary.

E. Other Provisions

E.1. 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:

- i. The Board members of the Company, its parent company, affiliated or sister companies and associates.
- ii. A parent company and any subsidiary or affiliated company that is not wholly owned.
- iii. The CEO or General Manager, and key officers, including anyone who directly reports to the Board or the CEO.
- iv. 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.
- v. The father, mother, sons, daughters, husband, or wife of any of the natural persons listed in Clauses (a, b and c).
- vi. 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.
- vii. 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 i. to vi. 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.

E.2. 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.

E.3. Induction Programme, Ongoing Training and Education

a. Induction Programme

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 of Company

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

E.4. 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 are capped at ___ Board seats.

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.

E.5. 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 [name of company] corporate governance code, ethics code and/or Share Trading Policy regarding transactions in company securities, which is posted on the company's website.

c. Trades in Other Securities

With respect to the ownership of and transactions in securities other than regulated by the _____ [name of company] corporate governance code, ethics code and/or Share Trading Policy, Directors must at all times comply with law.

d. Reports on Change in Ownership

A Director shall notify the Company Secretary promptly of all changes in holding of securities related to listed companies. However, such report need not be made if the Director has invested exclusively in listed investment funds or has transferred the discretionary management of securities portfolio to an independent third party by means of a written agreement. If the Director transferred discretionary management of the securities portfolio to an independent third party, the name and office address of the third party must be reported and a copy of the agreement with such third party must be submitted.

E.6. 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.

E.7. 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.

Annex 1. List of Approvals Required by Board

The approval of the Board is required for:

- i. All material transactions between the company and natural or legal persons who hold at least 10% of the shares in the company;
- ii. A resolution on the operational and financial aims of the company, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy;
- iii. All material transactions in which there are conflicts of interest with Board members;
- iv. The appointment and removal of the Company Secretary;
- v. The remuneration policy for senior management in general and CEO in particular;
- vi. The annual capital investment budget, all acquisitions and disposals of business

- activities whose sales exceed \$ _____ [insert amount] in the year prior to the acquisitions or disposal;
- vii. All financial statements before publication, and,
 - viii. All other acts that require approval by law, or by the company's Articles of Incorporation, or this charter.

G. Annex 2. Policy Regarding Independent External Auditor

The policy set out below was adopted by the Board on _____ [date], on a proposal of the audit committee.

G.1. Policy

The company and its subsidiaries shall use the services of the external auditor only to the extent this does not prejudice the independence of the external auditor.

G.2. Terms of Reference

The external auditor must be independent. These regulations are based on the principles that:

- i. the external auditor must be independent from the client audited, both in mind as in appearance; and
- ii. an external auditor is someone who is able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of assignment.

Under the Companies Act 2004 an external auditor is not allowed to perform a statutory audit if there is financial, commercial employment or other ties with the client that in the opinion of a reasonable and properly informed third party expert would compromise the auditor's independence. The company may require from the external auditor that s/he maintains the right balance between effectiveness and efficiency, e.g. audit costs, risk management, independence and reliability. The audit committee sees to it that the external auditor complies with the relevant provisions of the Companies Act 2004, Section 155 and the above terms of reference, and may request more detailed explanations and written confirmations from the external auditor that these provisions are followed. In addition to the audit work, the external auditor of the company may also carry out non-audit work, to the extent allowed under applicable legislation and regulations and the internal procedures of the company.

The non-audit work shall not jeopardise the independence of the external auditor. In no event shall the individuals performing the audit work engage in any non-audit work. All audit and non-audit work (including fees and conditions) carried out by the external auditor for the company must be approved in advance by the Board on a proposal of the audit committee. The Board may, within the framework set by the Board, delegate this duty to the audit committee that in turn, in exceptional circumstances only, may delegate this power to its chairperson, on

the understanding that a decision by the chairperson of the audit committee to give approval will be presented to the full audit committee at its next meeting.

G3. Work

a. Audit Work

Audit work is the audit of the annual financial reports of the company, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the external auditor and that are related to filings and obligations under legislation or regulations, and services that only the external auditor can reasonably provide. The external auditor does not need to go through a tender process for each individual engagement.

b. Non-Audit Work

For non-audit work of the external auditor other than:

- i. services that can only be provided by the external auditor;
- ii. services that are an extension of the work performed as part of the audit of the company or rely on work performed as a part of the audit such that the quality and timeliness of the services can most effectively be provided by the external auditor or;
- iii. services that enhance the effectiveness of the external auditor's examination of the company's financial statements, the Board shall on the proposal of the audit committee set one or more financial thresholds. For non-audit work by the external auditor that is expected to exceed these thresholds, a very strong rationale must be presented to support the selection of the external auditor and alternative service providers should be considered.

For further explanation whether certain activities should be considered audit work or non-audit work and whether certain non-audit activities fall under any of the categories listed above, the head of the internal audit department should be contacted who, when in doubt, will consult the chairperson of the audit committee.

G4. Rotation of Partners Responsible for Audit Work

In order to prevent the external auditor and the company becoming too close, the number of years a person may be part of the audit team of the external auditor, is capped, with the maximum not exceeding ____ years. Partners of the audit team of the company who are charged with essential audit tasks must be replaced at most every three year(s) after the start of their involvement. The partners of the audit team of the company charged with essential tasks who have been replaced are not allowed to work on a new assignment for the company until at least three years have expired from the date of their replacement. The audit committee shall also supervise the risks of dependency of other members of the audit team of the company who are involved with the audit for a significant period. The audit committee shall consult the responsible partner of the external auditor regularly on safeguards set up by the external auditor to assess the risk of dependency and to reduce it to an acceptable minimum level.

G5. Appointment of the External Auditor

The external auditor shall be appointed in accordance with Section C.6. of the charter of the Board. If the decision is taken to call in the services of another external auditor, the tender process approved by the audit committee shall be followed.

G6. Staff Transfer Restrictions

The company and the external auditor shall agree on a policy regarding the restriction of staff transfers from the company and its group to the organisation of the external auditor and vice versa, taking into account all relevant legislation and regulations. This policy is subject to the approval of the Board. In no event, however, shall the company hire an audit partner or other senior member of the audit staff of the external auditor if such person audited, conducted a review of or prepared the company's financial statements during the prior year, in particular as the company's CFO.

SECTION 2

MODEL SCHEDULE OF MATTERS SPECIFICALLY RESERVED TO THE BOARD

This model schedule, originally published by the IFC, has been adapted for Jamaica.

The following matters specifically reserved to the Board for decision 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.
- 1.7 Approval of the annual report on Directors' remuneration contained in the Annual Report and Accounts.

2. Appointments, Training, Evaluation and Terms of Reference

- 2.1 Appointment and removal of Directors.
- 2.2 Appointment of any Director as Chairperson or Vice Chairperson of the Board or Senior Independent Director, 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 and Group Finance Director.
- 2.5 The scope and extent of delegations to the Chairperson, Vice Chairperson, and Chief Executive.
- 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 Company/Group Business Plan.
- 3.2 Approval of, any significant changes to, Company/Group Policies and Standards 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 Company 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 programmes held by the Company/Group.
- 3.6 Approval of, and significant changes to, the Company's/Group's internal control system.

3.7 Annual review of the effectiveness of the Company's/Group's internal control 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 that exceeds or may exceed \$_____.

4.2 Approval of commencement, by any Company in the Group, 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 Group in the recent financial year.

4.3 Approval of cessation, by any Company in the Group, of any activity previously conducted, representing more than 1% of gross expenses of the Group in the most recent financial year.

5. Guarantees/Indemnities/Securities

5.1 Approval of the provision of any guarantee, indemnity or security by a Group Company for a sum that exceeds, or may exceed, \$ _____.

6. Subsidiaries/Associates/ Joint Ventures

6.1 The Subsidiary Boards will approve their own list of matters reserved.

6.2 The Company has the powers of a sole or majority shareholder to appoint or remove directors, and exercises indirect control over the activities of its subsidiaries by the retention of certain powers, subject to the legal rights of minority shareholders.

6.3 The operations of associates and joint ventures will normally be governed by the provisions of detailed agreements or constitutional documents, the terms of which should determine the powers of the Board of the associate or joint venture, and the procedures for creating and approving business plans for the associate or joint venture.

7. Share Capital and Financing

7.1 Approval of any increase/reduction in the issued share capital within the Authorised Share Capital approved by Shareholders.

7.2 Approval of the issue or repayment of any share capital or debt securities or any other borrowings by any Group Company other than:

- where such issue, repayment, subscription or borrowing is in the ordinary course of business and has been approved in the Group Business Plan; and/or,
- an issue where any Group Company or its nominee will be, or is, the sole holder of those securities and the sum to be subscribed or paid does not exceed – state amount.

SECTION 3

GUIDELINES FOR DIRECTOR SELECTION

Achieving the right mix of Director skills, experience and attributes is important for assuring Board effectiveness. The skills required by the company will vary depending on its size, the industry and the company's particular circumstances. Factors to take in consideration in selecting directors should include:

- Expertise in finance, accounting, and audit procedures
- Relevant industry experience, which is useful in identifying industry trends and guiding management in setting strategy
- Legal expertise, particularly concerning mergers and acquisitions, re-organisations, and taking companies public
- Representatives of key stakeholders who may understand and keep in mind during deliberations the reactions of key stakeholders (whose support may be crucial to the smooth implementation of the Board's decisions)
- Experience of operating internationally, which may be of great benefit, for example, when opening offices or launching products in other countries
- Honesty and integrity, which are never to be underestimated and are of fundamental importance in times of crisis
- Achieving balance in gender distribution, which can ensure that women's views are incorporated in Board decisions
- Age distribution, which maintains Board continuity. The chairperson should ensure that succession is managed in a controlled manner so that all the key directors do not retire at the same time.
- Willingness to participate in prescribed training programmes
- Willingness to be evaluated annually for performance
- Ability to add value to the Board in carrying out their reflections for decision-making
- Willingness and ability to commit the necessary time for effective stewardship
- Fitting the moral/ethical profile that will enhance share-holders' value.

Question to consider in selecting "independent" Directors

- Does the person have close family ties with directors, advisers or senior employees?
- Is the person a substantial shareholder of the company or an officer or otherwise associated directly with a substantial shareholder of the business?
- Is the person employed or previously employed in an executive capacity of the company in the last 3 years?
- Is the person a material supplier or customer of the company or a company in the group or an employee materially associated with the company?
- Does the person have a material contractual relationship with the company or another company in the group?
- Has the person served on the Board for more than nine consecutive years from the date of first election?
- Does the person hold cross directorship or has significant links with other directors through involvement in other companies or bodies?

SECTION 3.1

THE CASE FOR GENDER DIVERSITY ON BOARDS

The following is taken in part from an address given by the CEO of The PSOJ at the Women's Resource Outreach Centre's launch of its publication "Gender & Governance: Implications for the Participation of Women on Boards & Commissions in Jamaica" and the launch of its Training Programme "Strengthening Women's Leadership in Jamaica" on March 25, 2009. Linnette Vassell, Chairman of WROC, also contributed to this piece.

A 1998 indicative study "Gender & Governance: Implications for the Participation of Women on Boards & Commissions in Jamaica" undertaken in Jamaica by the Women's Resource Outreach Centre (WROC) revealed that in the last decade, women's participation in decision-making at the level of Boards has moved marginally by two per cent (2%) in the private sector and four per cent (4%) in the public sector. The study also found that while the vast majority of men believed that women are prepared for decision-making at the level of Boards, a significant one-third of the women surveyed did not share this view. While women have the educational qualifications and intelligence to lead, many feel that women are not groomed for leadership and many are therefore ambivalent about their readiness and see the need for specific measures to accelerate their participation at this level.

There are a number of factors influencing this situation, including the force of cultural barriers that see leadership as men's domain; the constraints imposed on women's time use because of their roles and responsibilities in family life and women's 'low visibility' in decision-making despite their high levels of educational achievement.

However, there are interesting signs that changes are taking place; for example, the research shows that in the private sector there is a growing view that women's inclusion on Boards is good for business and is a key indicator of good corporate governance and that women bring specific attributes to effective decision-making.

The PSOJ, along with organisations in civil society, academia and the private sector have been collaborating in examining these issues of gender in governance and are implementing training programmes for women to improve their readiness and support for their increased participation in decision-making.

It is important to affirm that the impulse to adopt good corporate governance is driven by factors that are unique to the culture of the country in which the company operates and is influenced by:

- Understanding from research and conversations on governance of how diversity, particularly gender representation on boards, contributes to good governance and drives decisions to bring more women as participants on corporate boards
- The fact that for some companies, most of their products and services are purchased by women
- The fact that many shareholders are women
- The undeniable truth that women bring important skills and perspectives to management and decision making.

So why should there be more women on boards, particularly corporate boards in the private sector? As it turns out, there is a compelling business case for this to happen. Numerous studies have concluded that well governed companies, worldwide, perform better in commercial terms. It is now widely accepted that companies that adopt best practices:

- Improve their access to external financing
- Lower their cost of capital
- Improve their operational performance
- Increase their firm's valuation
- Improve share performance and
- Reduce the risk of corporate crisis and scandals.

Moreover, a major study conducted by the Conference Board of Canada in 2002² on women and corporate boards suggested a strong link between female numbers on boards and good-governance credentials. The researchers found that:

- 94% of boards with three or more women (compared to 58% of all-male boards) insist on conflict-of-interest guidelines
- that more female than male directors pay attention to audit and risk oversight and control
- that women, more than men, tend to consider the needs of more categories of stakeholders and
- that women, more than men, tend to examine a wider range of management and organisational performance
- The findings reveal that 72% of boards with two or more women conduct formal board performance evaluations, while only 49% of all-male boards do
- that companies that provide boards of directors with formal, written limits to authority have a greater percentage of women directors than do organisations with no formal limits to authority, and
- organisations that provide boards of directors with formal orientation programmes have a greater percentage of women directors than do organisations with no such programme.

One of the tenets of good corporate governance is that effective boards should have the right mix of executive and non-executive directors as well as the right mix of independent directors, reflecting a variety of skills and attributes – those that we normally associate with good governance – strong financial expertise, relevant industry experience, legal expertise, honesty and integrity, and so on, but should also reflect diversity in terms of age and gender distribution, the latter to ensure that women's views are incorporated in board decisions.

² Conference Board of Canada, May 2002 *Women on Boards... Not just the Right Thing... But the "Bright" Thing*

Despite this forward thinking, as the research points out, the absence of women from the boardroom appears to be entrenched in the corporate governance practices in Jamaica. My sense is that behind closed doors, many Boards have justified the retention of all-male participation in terms of the ease of attaining board solidarity and collegiality – the importance of the board as a whole having authority and making decisions, the fostering of an atmosphere of trust, respect and confidence among all members of the board, as well as the lingering view that women are not as well equipped with the “hard” business or financial skills as are their male counterparts. And yet the empirical research does not support this.

In fact, encouraging frank debate among board members who have diverse views and experiences has been found to enhance the leadership and stewardship of companies; and, according to the report of the Canadian Conference Board:

“strategic thinking and a strong ability to foresee and manage risk are enhanced by ensuring a varied set of perspectives around the boardroom table. Not only will the board more accurately mirror the diverse owners and stakeholders of the organisation, it will lead to better strategic decision-making and planning”.

SECTION 3.2

MODEL NON-EXECUTIVE BOARD MEMBER APPOINTMENT LETTER

This letter, taken from the UK Combined Code, has been adapted for Jamaica. The model is provided as guidance on some of the standard terms contained in letters to non-executive directors. It is for the Board to define the terms necessary to meet its particular needs.

Dear [Name]

On [date] on the recommendation of the nomination committee, the Board of [company] has appointed you as a non-executive director of [company]. It is agreed that this is a contract for services and is not a contract of employment. I am writing to set out the terms of your appointment. (As appropriate:) If not already obtained, your appointment is also subject to the formal approval of you by the [regulator] as 'Fit and Proper'.

APPOINTMENT

Your appointment will be for an initial term of three years commencing on [date], unless otherwise terminated earlier by and at the discretion of either party upon one month's written notice. Continuation of your contract of appointment is contingent on satisfactory performance and re-election at forthcoming AGMs.

TIME COMMITMENT

Overall we anticipate a time commitment of [number] days per month after the induction phase. This will include attendance at committee meetings, [frequency: monthly, quarterly] Board meetings, the AGM, possibly one annual Board retreat day per year and appropriate preparation time ahead of each meeting.

By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. The agreement of the chairperson should be sought before accepting additional commitments that might affect the time you are able to devote to your role as a non-executive Board member of the company.

ROLE

Non-executive Board members have the same general legal responsibilities to the Company as any other Board member. The Board as a whole is collectively responsible for promoting the success of the company by directing and supervising the company's affairs. The Board:

- provides entrepreneurial leadership of the company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- sets the company's strategic aims, ensures that the necessary financial and human resources are in place for the company to meet its objectives, and reviews management performance; and
- sets the company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

In addition to these requirements of all Board members, the role of the non-executive Director has the following key elements:

- **Strategy:** Non-executive Board members should constructively challenge and contribute to the development of strategy;
- **Performance:** Non-executive Board members should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- **Risk:** Non-executive Board members should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible; and
- **People:** Non-executive Board members are responsible for determining appropriate levels of remuneration of executive Board members and have a prime role in appointing, and where necessary removing, senior management and in succession planning.

FEES

You will be paid a fee of \$[amount] gross per annum, paid [frequency] in arrears (as appropriate:) plus [number] ordinary shares of the company, [both of] which will be subject to an annual review by the Board. The company will reimburse you for all reasonable and properly documented expenses that you incur in performing your duties as a Director.

OUTSIDE INTERESTS

It is accepted and acknowledged that you have business interests other than those of the company and have declared any conflicts that are apparent at present. In the event that you become aware of any potential conflicts of interest, these should be disclosed to the Chairperson and Company Secretary/Chief Executive as soon as apparent.

CONFIDENTIALITY

All information acquired during your appointment is confidential to the company and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from the Chairperson.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently you should avoid making any statements that might risk a breach of these requirements without prior clearance from the Chairperson or Company secretary.

INDUCTION

Immediately after appointment, the company will provide a comprehensive, formal and tailored induction. This will include an information pack. We will also arrange for site visits and meetings with senior management and the company's auditors. We will also arrange for you to meet major investors in the first twelve months of your appointment.

REVIEW PROCESS

The performance of individual Directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chairperson as soon as is appropriate.

INSURANCE

The Company has directors' and officers' liability insurance and it is intended to maintain such cover for the full term of your appointment. The current indemnity limit is \$ [amount]; a copy of the policy document is available on request.

INDEPENDENT PROFESSIONAL ADVICE

Occasions may arise when you consider that you need professional advice in the furtherance of your duties as a Board member. Circumstances may occur when it will be appropriate for you to seek advice from independent advisors at the company's expense. A copy of the Board's agreed procedure under which Board members may obtain such independent advice is attached. The Company will reimburse the full cost of expenditure incurred in accordance with the attached policy.

COMMITTEES

This letter refers to your appointment as a non-executive director of the company. In the event that you are also asked to serve on one or more of the Board committees this will be covered in a separate communication setting out the committee's terms of reference, any specific responsibilities and any additional fees that may be involved.

SECTION 3.3

WHAT MAKES A GOOD BOARD MEMBER?

A good board member is first and foremost a leader. As Mervyn King, a leading corporate governance promoter in South Africa says, *"Corporate Governance is essentially about leadership"*.

If one accepts this tenet, a director, through his or her leadership as a member of the Board makes a commitment to contribute to the growth and development of the company, providing good stewardship and striving for excellence in discharging his or her duties and responsibilities.

The following are the competencies that, in the view of many researchers in corporate governance, exemplify the characteristic of good directors.

Good Board members are:

1. Well informed. They have a sound understanding of the company on whose board they serve and see the "big picture" – understand the context in which the company operates, its legal status, the business environment, the company's strategy and the stakeholders that are important to the organisation. Good Board members ensure that they stay informed in a timely fashion.
2. Understand their legal and governance responsibilities and carry these out with honesty, probity and integrity. They set the "tone at the top". In this respect, good Board members play their part in ensuring that:
 - management is accountable to the Board
 - the Board is accountable to its shareholders
 - stakeholders' rights are protected
 - all shareholders, including minority shareholders are treated equitably
 - there is timely and accurate disclosure on all material matters, including: the financial situation, performance, ownership, and corporate governance
3. Have an attitude of enquiry – ask questions, form opinions, debate issues and after all that, make the best decisions possible.
4. Act with mutual respect to build trust. The members of a Board must be able to trust one another because they are collectively responsible and liable for anything that goes wrong in the company. They must be willing to respectfully listen to, acknowledge, and solicit different points of view, encourage dialogue and constructive debate.
5. Work with other Board members to build a strong team. This is not a task just for the chairperson; each Board member needs to play his or her part to make this happen. It starts with agreeing on or reaffirming the vision, mission and goals of the company. A team approach fosters a sense of inclusivity and shared mission among Board members and hopefully extends this sense of collegiality to management and employees.
6. Devote adequate time to fulfill the responsibility of participating in Board and committee work.
7. Keep information gleaned at Board meetings confidential.

8. Abstain from compromising independence, if the Board member is deemed to be independent, and disclose to the Board if the independence criteria are not met anymore.
9. Declare any conflicts of interest or perceived conflicts and abstain when considering any agenda item which might represent a conflict of interest.
10. No matter what technical skills they bring to the Board, every director has an obligation to know enough to be able to read and understand financial statements – particularly balance sheets. The fiduciary responsibility is not one to be taken lightly.
11. Understand the need to regularly monitor the risks that the company faces and ensure that there are processes to mitigate or minimise these risks.
12. Think and act strategically in giving guidance and oversight to the company.
13. Finally, recognise the need to keep abreast of new developments in corporate governance by enrolling in training programmes.

SECTION 4

MODEL CHARTER FOR THE CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

This model charter, originally published by the IFC, has been adapted for Jamaica. The model is provided as guidance on some of the standard terms regulating this committee. It is for the Board to define the terms necessary to meet its particular needs. Professional advice should be sought in developing terms of reference that are appropriate for the company's size, industry and stage of development.

A. Establishment

The Board of _____ [company name] ("the Company") hereby establishes the corporate governance and nomination committee of the Board ("the Committee"), with all the powers and duties set forth in this charter and subsequent resolutions of the Board. Certain capitalised or uncapitalised terms used but not defined in these regulations have the meanings given to them in the charter of the Board.

B. The Committee's Purpose

The Committee's purpose is to assist the Board in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, to strive to achieve global corporate governance best practice standards and to facilitate the Board and management's objective of increasing the long-term value of the company.

C. Committee Membership

The corporate governance and nomination committee shall consist of at least three members of the Board. Members of the Committee shall be appointed by the Board. All members of the Committee shall be non-executive directors chosen for their competence and experience and the majority shall be independent directors as so defined in the Board charter. The Chairperson of the Board of directors shall be the chairperson of the Committee. Members of the Committee shall be appointed by the Board for a year at a time but can be reappointed for an unlimited number of times.

D. Committee Authority and Responsibilities

In order to fulfil its purpose, the Committee shall have the following authorities and responsibilities:

Corporate Governance

The Committee shall:

- Develop for the Board's approval and annually review the Company's corporate governance code.
- Develop for the Board's approval and annually review the chart of authorities and delegation of authorities to management.
- Consider possible conflicts of interests of directors and any related party transactions of directors and make relevant proposals to the Board in accordance with the Company's corporate governance code.
- Review any change in status (including fulfilment of independence requirements) and professional affiliation of current directors and make relevant proposals to the Board in accordance with the Company's

corporate governance code.

- Oversee the development and implementation of a Board induction process for new directors and a programme of continuing director development as needed.
- Develop a process for evaluating Board effectiveness and co-ordinate the annual Board effectiveness evaluation.
- Review corporate governance policies and practices in major subsidiaries and make relevant proposals to the Board.
- Monitor trends and best practices in corporate governance and nomination practices in order to properly discharge its duties.
- Perform any other activities relevant to this charter, at the request of the Board or as required by the Company's corporate governance code.

Nomination

The Committee shall:

- Prepare the criteria and procedure for selecting Board members and by which the Board makes nominations for members;
- Assess, at least once a year, the size and composition of the Board;
- Assess, at least once a year, the performance of individual Board members and report their findings to the Board;
- Make proposals for the re-election or termination of Board members and, if required, the appointment of replacement members;
- Report to the Board on the advisability of permitting a member of the Board to become a member of another company's Board and develop a policy on whether and how to cap the number of directorships a director may hold; and
- Report to the Board on any conflicts of interest that may arise if a member of the Board accepts a position on another company's Board.

Reporting tasks of the Committee

- The Committee shall review annually the corporate governance framework and submit a relevant report to the Board. On the basis of this review, it will make recommendations to the Board for amendments to the Company's Articles of Incorporation, corporate governance code, chart of authorities and management delegation, and committee charters and practices.
- The Committee shall present to the Board a brief annual report of its own work. In this context, the Committee shall review annually the adequacy of this charter and recommend any changes that it deems appropriate to the Board for approval.

The Functioning of the Committee

- The Committee shall meet as often as required and at least twice a year, keep minutes of its proceedings and report regularly to the Board. Meetings shall be scheduled annually in advance where possible. Minutes will be signed by the chairperson of the Committee and each member of the Committee will receive a copy before the next meeting of the Committee.
- The Committee might meet by video conference or telephone conference call if its directors so decides.
- The quorum necessary for the transaction of business shall consist of more than half of its members being present (including its chairperson). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities and responsibilities of the Committee. A member's participation in a meeting by video link or audio link shall be regarded as valid for these purposes. Decisions are taken by simple majority. In the event of equality of voting, the chairperson's vote is decisive.
- The Company Secretary, at the request of the chairperson, shall summon meetings of the Committee. Notice shall be given to each member of the venue, time and date of each meeting. The agenda of items to be considered at each meeting, together with supporting papers, will normally be furnished to each member at least five working days in advance of the meeting. Circulation of documents may be effectuated by email.
- The Committee may invite to its meetings any director or such other person as it deems appropriate to assist it in performing its responsibilities. All persons have an obligation to appear before the Committee once an invitation has been issued. Any member of the Board may attend meetings of the Committee. In fulfilling its tasks, the Committee shall regularly consult with the company chairperson. The chairperson of the Committee will report to the Board after each meeting of the Committee on its findings and on any actions taken by it. Board members shall have access to all records of the Committee.
- The Committee has the authority to retain independent legal or other consultants in its sole discretion and to approve related fees and retention terms in accordance with the Company's corporate governance code. The Committee shall also receive any funding it deems necessary or appropriate for ordinary administrative expenses.
- In carrying out its activities, the Committee will be supported by a committee secretary, which may be the Company Secretary or a competent person appointed by him or her.

This charter will come into force upon its adoption by the Board of directors, except where expressly mentioned otherwise. It can be amended at any time by a decision of the Board of directors.

SECTION 5

MODEL CHARTER FOR THE AUDIT COMMITTEE

This model charter, originally published by the IFC, has been adapted for Jamaica. The model is provided as guidance on some of the standard terms regulating this committee. It is for the Board to define the terms necessary to meet its particular needs. Professional advice should be sought in developing terms of reference that are appropriate for the company's size, industry and stage of development.

1. Constitution

The Board hereby resolves to establish a Board committee to be known as the Audit Committee.

2. Membership

The committee shall be appointed by the Board. All committee members shall be independent non-executive directors of the company. The committee shall consist of not less than three members. A quorum shall be two members.

The committee chairperson shall be appointed by the Board from among the independent non-executive directors.

3. Attendance at meetings

The finance director, head of internal audit and a representative of the external auditors shall attend meetings at the invitation of the committee.

The Board chairperson, the CEO, and other Board members shall attend if invited by the committee.

There should be at least one meeting a year, or part thereof, where the external auditors attend without management present.

The Company Secretary shall be secretary of the committee.

4. Frequency of meetings

Meetings shall be held not less than [three] times a year, and where appropriate should coincide with key dates in the company's financial reporting cycle.

External auditors or internal auditors may request a meeting if they consider that one is necessary.

5. Authority

The committee is authorised by the Board to:

- investigate any activity within its terms of reference;
- seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee; and
- obtain outside legal or independent professional advice, and such advisors may attend meetings as necessary.

6. Responsibilities

The committee's responsibilities shall be:

- to consider the appointment of the external auditor and assess independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;
- to recommend the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditor and to ensure that the provision of non-audit services does not impair the external auditors' independence or objectivity;
- to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- to oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- to review the external auditor's management letter and management's response;
- to review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the company;
- to consider management's response to any major external or internal audit recommendations;
- to approve the appointment or dismissal of the head of internal audit;
- to review the company's procedures for handling allegations from whistleblowers;
- to review management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management;
- to review, and challenge where necessary, the actions and judgments of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
 - i. critical accounting policies and practices, and any changes in them;
 - ii. decisions requiring a major element of judgment;
 - iii. the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv. the clarity of disclosures;
 - v. significant adjustments resulting from the audit;
 - vi. the going concern assumption;
 - vii. compliance with accounting standards;
 - viii. compliance with stock exchange and other legal requirements;
 - ix. reviewing the company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the company; and,
- to consider other topics, as defined by the Board.

7. Reporting procedures

The secretary shall circulate the minutes of meetings of the committee to all members of the Board, and the committee chairperson or, as a minimum, another member of the committee, shall attend the Board meeting at which the accounts are approved.

The committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

The committee's duties and activities during the year shall be disclosed in the annual financial statements.

The chairperson shall attend the Annual General Meeting and shall answer questions, through the chairperson of the Board, on the audit committee's activities and their responsibilities.

SECTION 6

MODEL CHARTER FOR THE REMUNERATION COMMITTEE

This model charter, originally published by the IFC, has been adapted for Jamaica. The model is provided as guidance on some of the standard terms regulating this committee. It is for the Board to define the terms necessary to meet its particular needs. Professional advice should be sought in developing terms of reference that are appropriate for the company's size, industry and stage of development.

1. Purpose

The Remuneration Committee of the Board of Directors is organised pursuant to the Articles of Incorporation/By-laws of the Company, and shall have a solid understanding of the role of compensation in attracting, motivating and retaining senior executives in particular and all employees in general. The Committee will assist the Board in fulfilling its fiduciary responsibilities relating to the fair and competitive compensation of the non-employee directors, executives and other key employees of the Company, and in connection with the administration of the general employee welfare plans of the Company.

2. Organisation

The Remuneration Committee is comprised of a minimum of three (3) directors, as determined by the Board of Directors, each of whom shall be "Independent Directors" (as defined in the Company's Corporate Governance Guidelines). In addition, all members of the Committee shall have additional independence standards applicable to them, in order to grant share based compensation to officers and directors of the Company by satisfying the requirements for "non-employee directors".

In addition to the Committee members, the Chief Executive Officer and/or the Company's senior Human Resources executive will function as Management Representatives, and will attend all meetings, except those during voting and deliberations dealing with the Chief Executive Officer's compensation, and except those when the Compensation Committee determines their attendance is not appropriate.

The Committee members and its chairperson will be recommended by the Nomination and Governance Committee of the Board and will be appointed by the Board. The Board may fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time with or without cause.

The Committee shall have authority to retain consultants of its selection to advise it with respect to the Company's salary and incentive compensation and benefits programmes. The Committee members will be indemnified by the Company to the maximum extent provided under the law.

3. Meetings

The Remuneration Committee shall meet when scheduled by the Committee Chairperson and/or the Chief Executive Officer and/or as circumstances dictate. A majority of the members of the Remuneration Committee shall constitute a quorum for any meeting. Any action of a majority of the members of the Remuneration Committee present at any meeting at which a quorum is present; or any action of the Committee if all of the

Committee members have executed a written action in which the action is filed with the Corporate Secretary, shall be an action of the Remuneration Committee.

4. Responsibilities

The responsibilities of the Remuneration Committee are to:

4.1 Charter Review.

Update this Charter periodically, as conditions dictate.

4.2 Evaluations and Compensation for CEO and Other Executive Officers

Review and approve goals and objectives for the Chief Executive Officer ("CEO") and consider the evaluations of the CEO conducted by the Board of Directors against such goals and objectives. Consider the evaluations of the other executive officers conducted by the CEO. Review and approve the annual compensation philosophy for the CEO and the other executive officers. Set the compensation programme, including salary, target bonus, short and long-term incentive awards, equity awards, deferred compensation, perquisite/fringe benefits, and other forms of compensation. In setting such compensation programmes, review the compensation practices of comparable companies, co-ordinate such programmes with the goal of ongoing effectiveness, and seek to set the appropriate financial performance measures, targets and goals for each programme. Report to the Board on the foregoing annual compensation philosophy and compensation programmes.

4.3 Board of Directors Compensation

Review and recommend to the Board any changes to the components and amount of compensation for the Board of Directors. The Committee's recommendations regarding director compensation shall be reviewed by the Company's human resources department or outside consultants prior to presentation and Board approval.

4.4 Comparative list of Companies

Select and review comparative list of companies to be used in Executive and Board of Directors compensation review.

4.5 Employee Plans

Review, approve and report to the Board when materially modifying any compensation programmes that yield payments and benefits that are not reasonably related to the employees' performance and that have a material cost impact to the Company or, to the extent required by law, have a significant impact to employees, including: a) fringe benefit programmes and profit share), b) employee equity plans, and c) Employee Stock Purchase Plan.

4.6 Executive Agreements

Review, approve and report to the Board with input from the CEO, all newly hired executives' offer packages and new and existing executives' employment, severance, change-in-control and indemnity agreements.

4.7 Equity Awards

Review and approve grants of stock options, restricted stock, and other forms of stock that are issued under all stock plans, and set grant timing and practices for approving grants.

4.8 Compensation, Discussion and Analysis (CD&A)

Prepare an annual CD&A and Compensation Committee report to be included in the company's Annual Report.

4.9 Committee Evaluations

Conduct an annual performance evaluation of the Committee.

4.10 Minutes

Prepare minutes of the Compensation Committee meetings containing information regarding actions, discussions and decisions taken at the meeting and submit to the Board of Directors at their next Board meeting.

SECTION 7

MODEL CHARTER FOR THE RISK MANAGEMENT COMMITTEE

1 Introduction

This is the Risk Management Committee charter for name of company ("Company").

The charter governs the processes of the Risk Management Committee and outlines the procedures and guidelines in relation to the role of directors and senior executives of the Company.

1. Risk Management Committee

Aim

The Board of Directors has ultimate responsibility for risk oversight and risk management. As a subcommittee of the Board, the Risk Management Committee (RMC) is responsible to the Board for:

- a. leading the Group's strategic direction in the management of material business risks;
- b. oversight of the establishment and implementation of a risk management framework; and
- c. reviewing the effectiveness of that risk management framework in identifying and managing risks and controlling internal processes.

The objectives of the framework are to ensure the provision of safe, quality services and direct the culture, processes and reporting structures in all aspects of the company's operations to take advantage of opportunities while managing and monitoring risks that may adversely affect the achievement of the company's business objectives.

Together with the Audit Committee, which is responsible for oversight of management of material financial risks of the Company, the RMC is a key governance committee.

Goals

To encourage a culture based on the Company's principles to foster continuous improvement and the minimisation of the impact of economic and personal risk within the Company.

To ensure policies are established and adopted for the oversight and management of "material business risks" (including but not limited to operational, financial, sustainability, compliance, strategic, ethical, reputational, service quality, human resource, industry, legislative or regulatory and market-related risks) and disclose a summary of these policies.

2.1 Composition

The Committee will comprise at least three members, at least two of whom must be non-executive directors, with at least one being a member of the Audit Committee. The Board will appoint one of these members as the Chairperson of the Committee. The RMC will also consist of the following members: Chief Executive Officer; Finance Director; Chief Operating Officer; Chief Risk Officer and Company Secretary or Legal Officer.

The Board may also appoint to the Committee an external member who has specialist risk management experience. Other members of the senior management team may attend meetings of the RMC by invitation. The Board will appoint the members of the Committee with due regard to the provisions in applicable legislations.

2.1.1 Removal or resignation

If a member of the committee retires, is removed, or resigns from their position within the Company, that member ceases to be a member of the committee. The Board may appoint a successor.

2.1.2 Committee may invite

The Committee may invite any team member or any other individual to attend a meeting of the Committee, as they consider appropriate.

2.1.3 Secretary

Company Secretary or delegate – ex officio.

2.2 Meetings

2.2.1 Frequency

The Committee will meet at least quarterly. Any Committee member or the secretary may call a Committee meeting.

2.2.2 Calling meetings and notice

A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee three working days before the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.

2.2.3 Advice

The Committee may have access to professional advice from employees within the Company and from appropriate external advisers. The Committee may meet with these external advisers without management being present.

2.2.4 Report to Board

The Committee chairperson, or delegate, will report to the Board following each meeting. The Committee will report to the Board regularly on the matters set out in Section 3 of this Charter.

The Committee will prepare for approval by the Board any report on the matters set out in Section 3 that may be:

- required by any listing rule, legislation, regulatory body or other regulatory requirement; or
- proposed for inclusion in the annual report.

2.2.5 Minutes

Minutes of proceedings and resolutions of Committee meetings will be kept by the secretary. Minutes will be distributed to all Committee members and the chairperson of the Committee, after the Committee chairperson has given the preliminary approval. Minutes, agenda and supporting papers will be made available to any director upon request to the secretary, providing no conflict of interest exists.

2.2.6 Quorum and voting

A quorum will comprise three members, of which one must be a Board member. In the absence of the Committee chairperson or appointed delegate, the members will elect one of their number as chairperson for that meeting. Each member will have one vote and the chairperson of the Committee will not have a second or casting vote.

3. Duties and responsibilities

In order to fulfill its responsibilities to the Board, the Committee will:

- Oversee and approve the risk management, internal compliance and control policies and procedures of the company.
- Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the company's material business risks.
- Set reporting guidelines for management to report to the RMC on the effectiveness of the company's management of its material business, health and safety risks and disclose to the Board the content of management reports.
- Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimising risks that may impact adversely on the business objectives of the Company.
- Establish policies to monitor and evaluate risk management systems that identify and manage health and safety risks to maintain the well being of all employees, visiting medical practitioners, patients, contractors and visitors.
- Oversight of internal systems to evaluate compliance with corporate policies and to assess whether such policies can be expected to assist the company to provide consistent, quality, safe and efficient healthcare services and workplace standards.
- Approve policies for monitoring and evaluating the effectiveness of a Visiting Medical Practitioner and Health Professional accreditation / credentialing system throughout the corporate group that meets contemporary national and international clinical governance standards.
- Oversight of management in the implementation of the programme for all facilities and that all facilities achieve and maintain appropriate accreditation status. As part of this process, identify and develop policies to address any potential risks to any facility maintaining appropriate accreditation.

- Oversight of management in the monitoring and evaluation of continuous quality improvement systems that are designed to improve performance in the delivery of services.
- Approve policies to inform all employees, visiting practitioners, patients and contractors of their rights and responsibilities consistent with the risk management framework generally and specific material business risks identified from time to time, through readily available information at corporate and facility levels.
- Provide guidance to the Board on making the company's risk management policies and procedures publicly available and, if appropriate, liaise with the General Counsel/Company Secretary and/or the Disclosure Committee on announcements to the market where material business risks or changes to those risks are likely to have a material impact on the price or value of the company's securities.
- Approve and update as necessary a summary of the company's policies on risk oversight and management of material business risks, to be made publicly available.
- Contribute to the corporate governance statement in the Company's annual report, as appropriate given RMC policies, reports and results in the reporting period.

4 Review

The Committee will conduct an annual review of this Charter to ensure that it continues to reflect the current processes and guidance utilised when assessing the appropriate risk management of the directors and the senior executives. The Board must approve any amendments to the Charter that stem from the review.

SECTION 8

MODEL CHARTER FOR THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

A. Purpose

The primary function of the Committee is to assist the Board in fulfilling its commitment to operate its national, regional and other businesses ethically, responsibly and sustainably consistent with the changing demands of society.

The Committee reviews:

- the social, environmental and ethical impacts of the company's policies and practices;
- initiatives to enhance the company's sustainable business practices and reputation as a responsible corporate citizen;
- compliance with corporate governance requirements; and
- the management of reputation risk.

The Committee will primarily fulfill these responsibilities by carrying out the activities outlined.

B. Composition

The Committee membership and the Chairperson of the Committee will be as determined from time to time by the Board. The Committee will consist of at least three persons, in which case two independent directors from the Board of the company and one executive director.

The non-executive members will be independent so as to be free from any business or other relationship that, in the opinion of the Board, would materially interfere with the exercise of independent judgement as a member of the Committee. Other directors of the Board are entitled to attend committee meetings and will receive copies of the papers. Should the Chairperson of the Committee be absent from a meeting, the members of that Committee present will appoint a Chairperson for that particular meeting.

C. Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances demand. In addition to the members of the Committee, such executives and / or external parties as the Chairperson and members of that Committee think fit, may be invited to attend meetings. A quorum of any meetings will be two members.

The Secretary of the Committee will be the Company Secretary or a designated representative. The agenda and supporting documentation will be circulated to the Committee members and other Directors within a reasonable period in advance of each meeting. The Secretary of the Committee will circulate minutes of meetings to members of the Committee and the Board.

The Committee may adopt such rules and regulations as it deems appropriate for the conduct of its affairs, provided only that they are not inconsistent with the Articles of Incorporation of the company, this Charter (as amended from time to time) or any resolution of the Board.

D. Reporting

The Committee will regularly update the Board about Committee activities and make appropriate recommendations. The Chairperson of the Committee will report to the Board, at the Board meeting immediately following a meeting of that Committee, on any matters under consideration by it. At the discretion of the Chairperson and members of the Committee, any relevant matters deemed to be of major importance will be referred to the Board for its attention.

E. Responsibilities and Duties

To fulfill its responsibilities and duties the Committee shall:

1. consider and review the social, environmental and ethical impact of the company's activities and set standards for social, environmental and ethical practices.
2. consider and endorse proposals from management and make recommendations to the Board on enhancements to the company's corporate responsibility policies, principles and practices, and on major strategic initiatives to enhance the company's reputation and sustainability.
3. monitor and consider emerging social, environmental, reputational and other material business risks, and review the effectiveness of the company's policies and systems for identifying and managing material business risks.
4. monitor, on a company-wide basis, compliance with the company's published policies, practices and commitments in relation to social and environmental responsibility and sustainability, including occupational health and safety, relevant matters in the company's supply chain and ethical policy relating to its business activities.
5. monitor management's strategic and operational response to key sustainability issues, such as climate change.
6. review management's progress in enhancing the company's reputation with staff and in implementing sustainable business practices.
7. monitor management performance in differentiating the company on the quality of customer experience and consumer protection policies.
8. review and approve management's annual and longer-term corporate responsibility planning and review and provide for Board approval the annual Corporate Responsibility Report and approve other stakeholder and leading Performance reporting.
9. review annually the adequacy of this Charter and make recommendations on required changes to the Board for approval.
10. retain independent legal, accounting or other advisors to assist it in its work, to the extent the Committee may deem it necessary.

Corporate Responsibility Report Outline

it is imperative that the annual report include a section on the company's corporate governance policies and procedures. In addition to providing a diagram of the company's governance structure, the annual report should contain the company's statement of firm and continuing commitment to corporate governance principles and practices.

In applying the guidelines, a normal Corporate Responsibility Report would consider the following in making their report:

Distinguishing between:

- “occupational safety” (e.g., slips-trips-and-falls, driving safety, etc.) and
- “process safety” e.g., design for safety, hazard analysis, material verification, equipment maintenance, process upset reporting, etc.).

While no list can be considered completely exhaustive, the following items regarding the corporate governance policies and practices should be considered for inclusion in the annual report:

- The company’s statement of firm commitment to the most progressive principles and practices of corporate governance;
- A statement of compliance with the principles of the PSOJ’s Code on Corporate Governance and any other regulatory code or standards of corporate governance, to which the company should adhere;
- Details regarding the composition of the Board, including background information for each member, and a statement as to which directors are independent;
- A statement regarding the company’s remuneration policy, and the details of the individual remuneration of Board members and senior executives during the reporting period;
- A statement regarding the existence and competencies of any Board committees, and details of their relationship and interaction with the company’s Board;
- A disclosure of the company’s risk management and internal control systems, and a statement of compliance therewith;
- A detailed disclosure of all material related or interested party transactions entered into or that were being considered during the reporting period;
- A disclosure regarding the existence and role of the audit committee in ensuring transparency and full information disclosure;
- A disclosure of the process for evaluating the performance of the company’s Board and executives, including information regarding any performance evaluations conducted during the reporting period; and
- A statement regarding the adoption of a code of ethics and adherence thereto.

SECTION 8.1

GUIDELINES FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Basic CSR Policy

To ensure that the Company performs its social responsibilities, establish a CSR Committee consisting of members of the relevant departments. The CSR Committee is responsible for activities such as setting out corporate philosophy, actively implementing CSR-related training programmes and achieving aims regarding specific issues. As a complementary measure, deepen employees' understanding of CSR and ensure a consistently CSR-oriented approach in the course of day-to-day business activities by compiling a CSR Guidebook and printing the key precepts on cards, and then distribute to corporate officers and employees. Conduct presentations explaining the CSR Guidebook for managers.

By establishing a framework which promotes CSR activities, aim to reflect the opinions of our stakeholders in future activities, in individual departments and premises and on a company-wide scale in order to be established as a company on which the public can depend.

Approach to CSR

The business environment is constantly changing; economic development and globalisation often result in negative impacts on the natural environment. It is no longer sufficient for companies to merely abide by the law and provide good quality products. It is now essential for companies to consider their corporate social responsibility, that is, the corporate activities that contribute to society and help make the world a better place.

Basic CSR Policies

Basic CSR policies should be formulated to clearly map out the Company's social responsibilities and ensure that they are fulfilled. Each and every employee is required to abide by the basic policies and fulfill the requirements of CSR in the workplace as part of their everyday duties. Employee conduct guidelines should be formulated in line with the company's basic CSR policies to ensure that all employees, management and supervisory personnel have the right attitude.

Establishing the CSR Promotion Framework and Taking Action

If resources allow, establish a CSR Department to oversee full scale CSR activities. This function is often carried out by the Company's Marketing Department or through a charitable Foundation and should be tasked with reinforcing and promoting additional CSR initiatives.

1. Compliance and activity policy

In addition to complying with and acting in the spirit of laws and regulations, carry out business activities fairly and in good faith.

2. Customers

Strive to develop new technology and products and provide the company's customers with safe, highly reliable products.

3. **Suppliers**
Engage in fair and free competition, build up strong relationships with the company's suppliers and handle all transactions in an appropriate manner.
4. **Shareholders and Disclosure**
Work to develop a sustainable Company to ensure that profits are returned to the shareholders and the company maintains wide-ranging communication with the general public and actively discloses information.
5. **Employees**
Make every effort to respect employee individuality and diversity and create safe, pleasant work places to enable more relaxed working environments.
6. **The environment**
Take environmental preservation and the protection of natural habitats into full consideration as part of the company's efforts to help create a sustainable society.
7. **Society**
Get involved with local communities and actively participate in social contribution activities as a good corporate citizen.
8. **International activities**
Comply with international rules and local laws the world over, make every effort to respect immediate community sub-cultures and customs and contribute to the development of local areas.

SECTION 9

GUIDELINES FOR BOARD EVALUATION

Board evaluation

International corporate governance standards and codes are increasingly emphasising the need for Boards to evaluate their effectiveness. The PSOJ's Code on Corporate Governance states: *"The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors."*

Evaluation criteria linked to Board and committee responsibilities and goals should be set forth in the Board Charter and governance policies. In addition to providing director orientation and education, the Board should consider other ways to strengthen director performance, including individual director evaluations. An evaluation should have clear terms of reference for the:

1. Board
2. Individual directors
3. CEO
4. Chairperson

The evaluation should also state the reasons why it is being undertaken. Typical reasons may include:

- Identifying Board weaknesses and providing the Board with an opportunity to take action to improve itself.
- Allowing the Board to assess the value it creates for the company and the efficiency of its internal functioning.
- Acting as an early warning system, which will allow changes to be implemented before problems set in.
- Identifying and overcoming any differences among Board members.
- Leading some directors to conclude that they are neither able nor willing to invest in the time and effort to add value to the Board, and decide that the company's interests would be better served by a change in Board personnel.

Typical questions that directors should ask prior to an evaluation include:

- Is the Board clear about its function and responsibilities?
- Is each director clear about their role?
- Do the committees understand their roles?
- What performance metrics will be used?
- Who will collect the information?
- How will the information be collected?

A typical evaluation process is led by the chairperson, but frequently outside experts provide assistance. The process comprises:

1. An evaluation instrument.
2. A Board presentation involving a description of the process.
3. A questionnaire, which directors complete individually and privately.
4. One-on-one confidential interviews.
5. Data collection and analysis.

6. A presentation and Board discussion involving the development of a plan to remedy any identified deficiencies

One technique for reducing directors' opposition to the evaluation process is to recast them as "performance improvement plans" (PIPs). These plans emphasise that the exercise's objective is to improve performance rather than criticising performance or behavior. Treating reviews as a forward-looking planning process, rather than a backward looking critique, may make the process appear more goal oriented and positive.

Board evaluations are inevitably challenging for Board members. The evaluation process can be made easier, however, by using facilitators, and by treating it as a forward looking process whose goal is the improvement of the Board's work, rather than an implicit critique.

Common reasons why evaluations do not take place include:

- Some directors may feel uncomfortable about being evaluated
- Day-to-day pressures cause the Board to delay the evaluation
- Evaluation may be perceived as a sign that the Board lacks trust or confidence in the CEO's performance
- The Board feels it lacks the skills and expertise to undertake effective evaluations
- The Board has not been emphasising planning or evaluation
- There are no performance targets for the Board, committees, or executive managers
- The Board is dysfunctional
- The CEO, chairperson, and/or founder may dominate the Board and be concerned about the issues that an evaluation may raise
- Previous Board evaluations were ineffective.

Characteristics of successful evaluations include:

- The purpose, objectives, process, and outcomes have been fully explained and discussed with all concerned parties.
- Strict confidentiality is maintained at all times.
- The chairperson and the CEO play a key role in developing and approving the process.
- Regular, annual review
- Benchmarks of Board, committee, executive, and company effectiveness should be used as performance indicators
- A written format that is discussed by all concerned parties
- The chairperson should provide the full Board with a report
- The process itself should be evaluated for improvements to be undertaken in the following year

Performance Benchmarking

Increasingly, companies are benchmarking their corporate performance against their competition. The main benefits of organisational performance benchmarking include:

- Provides a basis for setting realistic, achievable strategic targets
- Challenges operational complacency
- Creates an atmosphere conducive to continuous improvement
- Allows directors and senior executives to visualise the improvement, which can be a strong motivator for change
- Confirms the belief that there is a need for change and creates a sense of urgency for improvement
- Helps to identify weak areas and indicates what needs to be done to improve performance

Strategic benchmarking is concerned with comparing different companies' strategies and assessing the success of those strategies in the marketplace. In particular, the benchmarks tend to focus upon:

- Strategic purpose
- Core competencies
- Process capability
- Product lines
- Strategic alliances
- Technological capability
- Socially responsible performance
- Environmental performance

Financial Perspective

The benchmarks should, to a large extent, be determined by customers' needs and expectations. This can be achieved through surveys to measure customer satisfaction and the gaps between a company's performance and its customers' standards.

Benchmarking candidates are normally the direct competitors. Although benchmark competitors will not discuss their strategy, there is a great deal of information which can be obtained from customers, common suppliers, and the public domain (e.g., media, government, investment analysts). Initiatives that encourage and standardise corporate information disclosure ensure that the data used to benchmark is broadly compatible.

Some companies use 360-degree questionnaires from the top management team and other key stakeholders to evaluate a CEO's performance. Typical questions may include: Does the CEO:

1. Provide constructive feedback?
2. Seek feedback to improve his/her performance?
3. Share ideas and information with others?
4. Work as a team player?
5. Develop and build relationships?
6. Have good relationships with senior corporate, political, and industry leaders?

7. Achieve business goals and objectives?
8. Participate in developing the company's vision?
9. Challenge the status quo and provide fresh, innovative, and workable solutions?
10. Make tough decisions?
11. Provide leadership?
12. Provide motivation and inspiration?
13. Have personal presence and credibility?
14. Exhibit honesty and integrity?
15. Take responsibility for his/her actions?

Key Performance Indicators (KPIs)

Most companies measure their performance in sales, profitability, and other areas they consider "key." The term "key performance indicator" is used when the measures focus on the business strategy. The benefits of using KPIs include:

- Better corporate governance
- More focused Board decision-making
- Encourages long-term strategic thinking
- Fosters improved corporate control
- Provides basis for executive bonus system, creating an alignment of pay with performance
- Enhances stakeholder relations, since KPIs can be used by the Board to articulate the company's vision and strategy.

SECTION 9.1

MODEL BOARD EVALUATION QUESTIONNAIRE

Use this scale in your response: 1 = Strongly Disagree; 2 = Disagree; 3 = Undecided; 4 = Agree; 5 = Strongly Agree

General	
1. The Board is firmly committed to being held accountable.	1 2 3 4 5
2. The Board has critiqued, questioned, and approved management's corporate strategy.	1 2 3 4 5
3. The Board can clearly articulate and communicate the company's strategic plan	1 2 3 4 5
4. The Board ensures superb operational execution by management.	1 2 3 4 5
5. The Board focuses on management succession and aligns CEO leadership with the company's strategic challenges.	1 2 3 4 5
6. The Board and the Corporate Governance Committee foster an aggressive value- driven and performance oriented culture that aligns officer compensation with long term performance and innovation.	1 2 3 4 5
7. The Board is knowledgeable about competitive factors, including customer satisfaction	1 2 3 4 5
8. The Board ensures that the management team is responsive to market forces.	1 2 3 4 5
9. The Board is strategically involved in merger and acquisition discussions, and ensures management's execution in those areas	1 2 3 4 5
The Right People	
10. The Board's independent directors have a wide range of talents, expertise, and occupational and personal backgrounds.	1 2 3 4 5
11. The company's non-executive directors are independent-minded in dealing with company issues.	1 2 3 4 5
12. The Board is intolerant of mediocrity in management and Board effectiveness	1 2 3 4 5
13. Directors do what is best for the corporation and shareholders regardless of countervailing pressure.	1 2 3 4 5
The Right Culture	
14. The Board encourages a culture that promotes candid communication and rigorous decision making	1 2 3 4 5
15. Directors and managers work together to achieve "constructive interaction"— a healthy atmosphere of give and take.	1 2 3 4 5
The Right Issues	
16. The Board focuses on activities that help the company maximise shareholder value	1 2 3 4 5

17. The Board consistently focuses on corporate strategy.	1	2	3	4	5
18. The Board and management act in concert, while showing fidelity to their respective roles	1	2	3	4	5
19. Directors study and understand relevant information in order to spend their time effectively and make informed decisions.	1	2	3	4	5
20. Director requests for information are reasonable in amount and time frame, enabling thorough and prompt replies.	1	2	3	4	5
The Right Process					
21. The Board has composed a description of specific duties, goals, and objectives, and measures its performance against those responsibilities.	1	2	3	4	5
22. The Board has designated an independent committee to monitor Board composition and operations.	1	2	3	4	5
The Right Follow-Through					
23. The Board effectively follows through on its recommendations developed during the evaluation process.	1	2	3	4	5
24. Evaluation leads to a clearer understanding of what the Board must do to become a strategic asset.	1	2	3	4	5
25. The Board initiates action plans with specific time lines for implementation of recommendations and monitors progress.	1	2	3	4	5
26. The full Board agrees on and approves actions to address areas in need of improvement	1	2	3	4	5

***Adopted from the “Sample Board Self-Assessment Questionnaire” of the Institute of Corporate Directors**

SECTION 10

MODEL CODE OF ETHICS

This model Code of Ethics, originally published by the IFC, has been modified and adapted for Jamaica.

Preamble

The purpose of this Code of Ethics is to:

- Demonstrate the company's commitment to the highest standards of ethical behavior;
- Encourage proper ethical conduct and sanctions for misconduct within the company; and,
- Develop an ethical culture based on such standards and conduct, led by the company's shareholders, directors and management, and followed by all employees.

By adopting, following, and updating this code of ethics on a regular basis, together with the company's charters, the company confirms its desire to demonstrate, lead and promote good ethical behavior and corporate governance. In order to foster the confidence of its shareholders, employees, investors, and the general public, this Code of Ethics goes beyond the legal and regulatory framework that exists in Jamaica today, and embraces both national and internationally recognised principles and practices.

The company's Board and employees understand this Code of Ethics as their obligation and set forth to ensure that its spirit and provisions are respected and acted upon throughout the company and its business partners. This Code of Ethics is reviewed and updated annually. It is published internally in booklet form and is available on the company's intranet and internet sites.

A. The Company's Values

In all internal and external relationships, the company demonstrates its commitment to the company's values.

B. The Company's Ethical Principles

The company is committed to act ethically in all aspects of its business. The company's ethical standards are based on the following principles:

- Honesty;
- Integrity;
- Fairness; and,
- Transparency.

Similarly, the company expects the same in its relationships with all those with whom it does business.

The company's ethical standards focus on the following areas: employees, customers, relations with its business partners, government, society and the wider community. These ethical standards shall also apply to all business areas (for all subsidiaries and dependent companies) both within and outside of Jamaica.

All of the company's ethical standards are based on:

- Respecting the rule of law, Jamaican laws and regulations, and showing respect for human rights;
- Managing the company's financial and operational performance to maximise the long-term value for its shareholders;
- Conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not giving or accepting gifts and entertainment unless they fall under business custom, are immaterial and infrequent;
- Creating mutual advantage in all the company's relationships to build and foster trust; and,
- Demonstrating respect for the community the company operates in, as well as for the natural environment. The company's business plan will include specific measurable targets for improving ethical behavior;
- Taking into consideration the need for corporate and community sustainability, therefore making decisions which will not compromise the quality of life and prosperity potential of future generations.

C. Ethical Standards for the Company's Relationship with its Stakeholders

C.1. Employees and Officers

The company values its employees as the keystone to success. The company is thus committed to treating all employees with dignity, trust, and respect, and to building a long-term relationship based on Jamaica's labour laws and the respect of human rights. The company will not employ child labor.

The company fosters teamwork, believing that diversity in talent, perspectives, and opinions stimulate new and creative business opportunities and innovation. Similarly, the company renounces all forms of bureaucracy and excessive hierarchical structures that impede operational efficiency. It is the company's policy to provide for and regularly improve upon a healthy, safe, and secure working environment for its employees.

Conflicts of interests can, or appear to, compromise the judgment or objectivity of the company's employees and officers. An appropriate policy and disclosure thereof has been developed to this extent. The company is an equal opportunity employer. Its recruitment, promotion and compensation policy is based on merit and free of discrimination. Clear and transparent policies to this extent have been developed and put into practice.

No kind of discrimination or harassment at the workplace will be tolerated and contrary behavior properly investigated and dealt with through the company's ethics officer and/or the human resources manager. Employees are recognised and rewarded for their performance, based on performance objectives, and constructive and regular feedback through face-to-face meetings.

Rewards are given both at the team and individual level. The company has in place a training programme, accessible to all employees, which encourages individuals to formulate personal development plans and provides for coaching, mentoring and formal skill-enhancing training.

Employees are encouraged to become shareholders. The company does not sanction the illegal use of confidential and insider information by any officer or employee, and has developed a detailed procedure to effectively deal with this matter. A regular consultation process between the company's employees and managers has been put in place to effectively deal with employment conditions and other issues that affect the employees work environment. These principles do not limit the right of the company to enforce discipline or to terminate workers in accordance with Jamaica's legislation.

C.2 Customers

Customer satisfaction is very important to the company. Safe and quality products and services, fair pricing and appropriate after sales service shall define the company's relations with its customers. The company always seeks to deliver what it promises.

C.3 Relations with its Business Partners

The company believes that a long-term relationship with its business partners such as suppliers, contractors, participants in joint ventures and others founded on respect, trust, honesty, and fairness is vital to its success. The company will put forth its best effort to only cooperate with those business partners that share the company's ethical standards. The company will respect the sanctity of contracts and business relations:

- Contractual negotiations shall be conducted on the basis of mutual advantage.
- Business relations shall be based on high performance standards, delivering in a timely and qualitative manner with prompt settling of bills.
- In case of a commercial dispute, the company will strive to negotiate and compromise in good faith in order to reach an amicable solution.

The company is committed to complying fully with the Jamaican law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

C.4 Government

The company will pay all taxes that are owed and due, fully and in a timely manner. The company abides by all regulations, including voluntary codes and guidelines, in both spirit and letter.

The company has also legally obtained all licences required to do business. The company seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempt to improperly influence governmental decisions shall be made, and the company will not offer, pay, solicit or accept bribes in any form or shape,

either directly or indirectly, in its dealings with the government, administration or courts. Transparent procedures regarding transactions engaged in by the company with any government agency or official, or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

The company strictly adheres to its policy on making political contributions in cash or in kind.

C.5 Community, Society, and Environment

The company views itself as an integral part of the community in which it operates and is committed to a sound relationship built on respect, trust, honesty and fairness. The company is committed to creating jobs and developing local talent when this is economically sustainable.

The preservation of the environment is of the utmost importance to the company. The company thus strives to minimise any disruption to the environment arising from its activities by reducing waste, emissions and discharges, and by using energy efficiently.

All operations and activities will be carried out according to the highest standards of care and in-line with internationally recognised principles. Company employees are encouraged to engage and commit part of their time to help the local community through a variety of charities, foundations, educational organisations, and similar institutions. Non-governmental organisations (NGOs) are a key element to any society and the company seeks to build constructive relationships with such organisations in building a better society and environment – in an economically sustainable matter. The company promises to engage and consider the specific developmental needs of communities in which it operates, through a process of regular and open dialogue.

D. Implementation

D.1 Means to obtain advice

Many business decisions involve ethical dilemmas and require complex judgments to make the right choice. In cases of uncertainty, all officers and employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue is to be raised with a designated officer to obtain clarification.

All officers and employees have the right to make confidential reports directly to the designated officer who in turn shall decide whether to report the matter to the audit committee, to recommend appropriate action against any director or employee who acts in a manner inconsistent with this code of ethics.

D.2 Processes and responsibility

Each individual is responsible for his/her own ethical behavior. The company has implemented a procedure for all officers and employees to regularly state that they understand and apply the provisions of this Code of Ethics. Adherence to this Code is further made obligatory as it is referenced in all employee contracts and linked to disciplinary proce-

dures. A copy of this Code of Ethics is given to every employee on the first working day.

Department heads are accountable to the CEO and/or executives for implementing this Code of Ethics within their departments, ensuring that all officers and employees understand it, and for providing assurance on compliance. The CEO and/or executives are in turn accountable to the Board. The principles and provisions in this Code of Ethics have been integrated into the company's system of internal control. Rigorous and objective processes to measure performance, identify gaps and implement measures to address ethical gaps are regularly reviewed and modified.

Willful or careless breach or neglect of this Code of Ethics will be treated as a serious disciplinary matter and can lead to the termination of employment. The Board's audit committee periodically reviews and updates compliance with these principles, and formulates proposals for the Board's approval.

D.3 Training programme

The company offers an introductory ethics training course once per year for all new officers and employees. This course offers practical examples of this Code of Ethics in action. Periodic and specialised training courses are further offered to the company's officers and employees, as well as to the company's other stakeholders such as suppliers and other business partners, as part of the company's continuous professional education programme.

SECTION 10.1

CODE OF BUSINESS CONDUCT AND ETHICS

The following outlines a specific and comprehensive set of policies that a company may include in a handbook for Directors and employees, as it sees fit.

Ethical behavior is required and expected of each employee of the Company, whether or not a formal policy governs the matter. This Code of Business Conduct and Ethics (this "Code") is designed to assist you in fulfilling your ethical obligations as an employee of NAME (the Company) by highlighting our policies on some of the more common ethical issues which you may face. Unless otherwise specified, this Code of Business Conduct and Ethics applies to all directors, officers and employees of the Company, collectively referred to in this Code as "employees."

This Code of Business Conduct and Ethics includes policies, which every employee must know regarding the following topics:

1. Compliance with Law
2. Equal Employment Opportunity Responsibility
3. Dishonesty
4. Fair Competition
5. Conflicts of Interest
6. Extension of Credit to Family and Related Interests
7. Regulatory Filings/Public Communications
8. Investments
9. Acceptance of Gifts
10. Money Laundering
11. Contributions
12. Substance Abuse
13. Personal Computers
14. Protection of Assets and Information
15. Employee Protection
16. Communications Systems
17. Electronic mail
18. Internet Use
19. Administration of Standards

Introduction

An organisation's success is directly related to the talents, efforts, and personal behavior of its employees. The Company is committed to the highest standards of honesty, integrity, and impartiality in both business and personal dealings, including the avoidance of situations that may lead to conflicts of interest.

As an employee, you are expected to understand the policies contained in this Code of Business Conduct and Ethics. These policies are intended to guide your actions and working relationships with customers, fellow employees, competitors, government representatives, media, and all others by whom you may be identified as an employee.

In addition, what you may be prohibited from doing under these policies shall not be done indirectly, either knowingly or unknowingly, through friends, acquaintances, relatives, or others. These policies are not an attempt to control your private affairs; rather, they are simply a means of ensuring the success and good name of the Company.

Each subsidiary company has adopted this code as its own. Therefore, all employees are subject to it. It is the responsibility of management/supervisory personnel to ensure adherence to this Code. It is also the responsibility of each employee to promptly report any violations of this Code to the Chairperson of the Audit Committee or to the Company's General Counsel. An Ethics Hotline and an Ethics E-mail Address, overseen by the Company's outside counsel, have been established at (insert phone #) and (email address) and you may report violations or other information, which you believe, should be reported under this Code using either method. Any concerns you may have regarding questionable accounting, internal accounting controls or auditing matters may also be reported to the Company's Ethics Hotline or Ethics E-mail Address and the Company's General Counsel will report such concerns to the Audit Committee. Information may be reported confidentially or anonymously to the Company's Ethics Hotline or Ethics E-mail Address should you feel the need to protect your identity. Non compliance with the policies contained in this Code may result in disciplinary action, up to and including termination of employment and/or legal action.

Because it is sometimes difficult to determine the correct course of action in situations involving ethical or moral judgments, you are encouraged to discuss any questions with your supervisor, senior management, the Chairperson of the Audit Committee or General Counsel. In most cases, complete and timely disclosure of all relevant facts with resulting approval from the appropriate authority will serve to meet your responsibilities with respect to this Code.

The following definitions apply to this Code:

"Senior management" means officers of the Company, of its subsidiary(ies), with the title of _____ or higher.

"Immediate family" means any person who is a relative by blood, marriage or adoption or having the same residence (including any child, spouse, parent, sibling, parent-in-law, brother-in-law, sister-in-law, grandparent, or grandchild).

"Insider Information" or **"Tipping Off"** means information not readily available to the public.

"Material Non-Public Information" means information about the company has not been generally disclosed to the public through a news release, a communication to shareholders or widely reported media coverage; and significantly affects, or would reasonably be expected to have a significant effect on the market price or the value of any securities of the company or that could affect the decision of a reasonable investor.

“Tied Selling” means supplying a particular product or service to a customer, only if the customer also agrees to purchase another product.

Please read this Code of Business Conduct and Ethics carefully and retain it for future reference. Revisions to this Code may be made from time to time.

1. Compliance with Law

It is the Company’s policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each employee to adhere to the standards and restrictions imposed by those laws, rules and regulations. An employee who is unsure of whether a situation violates any applicable laws, rules or regulations should discuss the situation with immediate supervisor, senior manager, the Chairperson of the Audit Committee or General Counsel. Inquiries may also be made via the Company’s Ethics Hotline or Ethics E-mail Address to prevent possible misunderstandings and embarrassment at a later date. Any violation of applicable laws, rules and regulations, including any conflict of interest that rises to such a level, will be dealt with swiftly by the Company and promptly disclosed to the applicable law enforcement and/or regulatory authorities.

2. Equal Employment Opportunity Responsibility

As an employee, you are expected to perform all job duties and interact with other employees and customers without regard to colour, creed /religion or place of origin, gender or gender identity, marital status, age, political opinions, disability, health status (e.g. or HIV positive person), pregnancy or maternity, social status or any other basis prohibited by law. Every employee of the Company who is engaged in the recruitment, hiring or supervision of personnel is responsible for seeing that the Company’s policy of non-discrimination is carried out. Any employee found to have acted in violation of this policy shall be subject to appropriate disciplinary action, up to and including termination.

The Company’s policy of non discrimination must prevail throughout every aspect of the employment relationship including, but not limited to, recruitment, hiring, training, promotion, compensation, benefits, transfer, severance, termination and retirement.

3. Dishonesty

All employees are expected to be scrupulously honest in their work and dealings with others. Dishonest acts will result in disciplinary action, up to and including termination of employment and possible prosecution under the law. Examples of dishonest acts include, but are not limited to, theft of Company or customer funds, making false entries, cheque kiting, and/or removal of Company property without the express permission of management.

Certain laws prohibit the Company from hiring or retaining as an employee anyone who has been convicted of a criminal offense involving dishonesty, breach of trust or money

laundering, including, but not limited to, embezzlement, tax evasion, perjury or forgery.

Credit and Criminal Record Checks/Fingerprinting

The Company reserves the right to check the credit and criminal records of all prospective and current employees.

Embezzlement and False Entry

Because a violation of laws generally results in severe penalties, you should be familiar with such laws and associated penalties.

Reporting Crimes

Anyone who "aids, abets, counsels, commands, induces or procures" the commission of an offense, or who "willfully causes an act to be done which if directly performed by him or another" or conceals and fails to report as soon as possible an offense is liable to the same degree as the person who commits such offense. For your own protection and for the good of the Company, the observation or discovery of any occurrence which is illegal, whether committed by an employee or someone else, must be reported immediately to the Chairperson of the Audit Committee, to the Company's General Counsel, to the Company's Ethics Hotline or to the Company's Ethics E-mail Address.

Obviously, if every bookkeeping error or entry made by mistake were to become the subject of an investigation, it would cause enormous interference with normal business operations. And, since intent or knowledge must usually be shown in order to prove that a crime has occurred, inadvertent or negligent errors that result in false entry are not considered crimes. It is your duty to help determine whether criminal acts have occurred, but restraint and caution must be exercised so innocent parties will not be wrongfully accused. An accusation of a criminal act or criminal intent should be made only after it becomes clearly evident that someone has performed or attempted a criminal act. If you are reasonably certain a criminal act has occurred, contact the Chairperson of the Audit Committee, the Company's General Counsel, the Company's Ethics Hotline or the Company's Ethics E-mail address. Accusations or criminal complaints should be directed only to the above parties. Such information will be kept confidential and provided to others on a need-to-know basis only.

Employee Benefits

You are trusted to provide true and accurate information when filing insurance claims and when requesting sick leave and personal leave. Any situation in which you intentionally violate these guidelines is considered to be a dishonest act.

Expense Reimbursement

You will be reimbursed for personal funds you legitimately spent on behalf of the Company. A false expense claim is considered to be theft of Company funds. A supervisor who knowingly approves a false expense claim is considered to be an accomplice to the theft of Company funds.

Employee Entertainment

You should not entertain other employees at the Company's expense unless authorised by senior management. Senior management may approve special social functions, such as Christmas parties, retirement and service anniversary receptions, and luncheons for business purposes (e.g., recognition of exceptional job performance, business meetings, etc.).

Transactions

You are not permitted to personally process or post business transactions on your own behalf or that of immediate family members. These transactions must be received and processed by someone other than yourself who is authorised to handle such transactions. Furthermore, adjustments and reversals require approval from management who has been granted authority to initiate such entries. Approval is indicated by the initials or signature of the approving officer on the entry document or electronic screen, as applicable.

Authorised company instruments for personal use, such as official cheques, cashier's cheques, money orders, and travelers' cheques, must be acquired through someone, other than yourself, who is authorised to handle such transactions.

Incentive Pay

Some positions provide an opportunity for the employee to earn a bonus and/or commissions. Participation in any incentive plan requires strict adherence to plan guidelines, including true and accurate reporting. You are personally responsible for reviewing and understanding the terms and conditions of each incentive programme in which you participate. The submission of false or inaccurate reporting is considered to be a theft of Company funds.

4. Fair Competition

The Company succeeds through honest business competition and is committed to conducting its business in compliance with the Fair Competition Act (also called "antitrust laws"). The Fair Competition Act covers a wide range of business and competitive conduct and generally prohibits any agreement to restrain or injure competition in a significant way.

The Company does not seek to gain competitive advantages through illegal or unethical business practices. Each employee should endeavor to deal fairly with the Company's customers, service providers, suppliers, competitors and other employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

The Company believes that open and honest competition in the marketplace is healthy and necessary. Collusion with competitors to unlawfully lessen competition is not permitted. It is important, when dealing with employees of other companies, that you say nothing that could be construed as an agreement to cooperate with other institutions in following a common course of action to the detriment of customers, or members of the

public. Specifically, you are expected to comply with the following guidelines:

1. Do not communicate with any competitor about prices or anything related to prices, costs, marketing plans, or any sensitive, competitive data.
2. Do not communicate with any competitor regarding any division of markets. This includes any suggestion, proposal, discussion, or decision to enter, exit, or limit involvement: (1) in any geographic region; (2) in any product or service; or (3) with any particular customer or group of customers.
3. Do not become involved in bid rigging or price fixing.
4. Exercise caution when requested to complete surveys asking for sensitive data.
5. Do not enter into exclusive agreements without review by the Company's legal counsel.
6. Confer with the Company's legal counsel before discussing, negotiating, or entering into any joint venture.
7. Do not enter into any agreement that ties any product or service with another separate product or service without review by the Company's legal counsel.
8. Do not write memoranda or documents that do not accurately reflect the facts.

5. Conflicts of Interest

A "conflict of interest" occurs whenever an individual's private interest, real or perceived, interferes with the interests of the Company or its customers. Conflicts of interest are prohibited as a matter of Company policy, unless the Company has approved them. In particular, an employee must never use or attempt to use position at the Company to obtain any improper personal benefit for himself or herself, for immediate family, or for any other person.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. The only prudent course of conduct in such a situation is to make sure that, in addition to any other approvals required by any applicable laws, rules or regulations, any use of Company property or services that is not solely for the benefit of the Company is approved beforehand by an executive officer of the Company (or, in situations involving an executive officer of the Company, by the CEO or by the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors).

Any employee who is aware of a material transaction, relationship or other situation which may constitute or give rise to a present or future conflict of interest should promptly discuss the matter with an executive officer of the Company (or, in situations involving an executive officer of the Company, by the CEO or by the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors). Since there are many ways conflicts of interest may arise, some of the most common are described below.

Outside Employment

You may not engage in paid employment outside the Company or any other outside activity (whether paid or not) that conflicts with your duties to the Company and remain

employed by the Company. As a precaution, any outside employment must be disclosed in writing to a member of senior management or, if you are a member of senior management, to the officer to whom you report or to the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors.

If the outside employment constitutes a series of unrelated transactions or activities, each must be separately and specifically disclosed. Employment at an unaffiliated firm in the same or significantly related industry will not be permitted. This policy is not applicable to members of the Board of Directors.

Because of the potential liability to the Company, you are not allowed to engage in specific types of outside employment, whether or not you perform similar duties at the Company. Specifically, you may not: state specific areas considered prudent and reasonable base on legal implications.

Outside Activities

While appropriate outside activities and memberships are encouraged, you may not become an officer or accept membership on the Board of directors of any outside entity without prior disclosure in writing to a member of senior management, or, if you are a member of senior management, to the officer to whom you report or to the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors. You may retain Director's fees received for service on an outside Board.

This policy is not intended to be a prohibition against directorships or participation in nonprofit, charitable, religious, educational, civic or political activities that would not conflict with your normal business responsibilities to the Company.

The Company encourages you to volunteer your participation in nonprofit, charitable, religious, educational, civic or political organisations. However, participation in any political organisation is on a personal basis, must be conducted on your own time, and cannot in any way be represented, directly or indirectly, as an expression of endorsement by the Company.

If you intend to become a candidate for any political office, you must first disclose and discuss the matter with senior management or, if you are a member of senior management, with the officer to whom you report or to the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors. Senior management, the CEO or the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors, as applicable, will determine on an individual basis if and when the potential for a conflict of interest may result should you be elected. Candidates must perform campaign activities outside working hours and off the Company's premises and may not use the Company's property or funds to support the campaign.

"Extra" Compensation

You should not accept any form of compensation beyond compensation from the Company for performing your normal work duties. You will be reimbursed only for actual busi-

ness expenses legitimately incurred in connection with Company business.

If you have been authorised by senior management to act as an officer, director, or employee of an outside entity or to engage in any other outside employment, you are permitted to retain all compensation paid to you.

If you have been subpoenaed to act as a witness on behalf of the Company, either for trial, at a deposition, you must notify your department manager and obtain approval. You are not entitled to retain any compensation you receive for acting as a witness on behalf of the Company, unless your department manager approves it due to the complexity of the litigation or other extenuating circumstances.

If you are asked to serve as a consultant representing the Company in any capacity, approval from senior management or, if you are a member of senior management, from the officer to whom you report or from the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors must be obtained. Retention of any fees received also requires approval from senior management, or if you are a member of senior management, from the officer to whom you report or from the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors.

If acceptance of outside compensation is prohibited as described above, any funds you receive must be paid to the Company and processed as miscellaneous income for your cost centre. If otherwise reimbursable personal expenses are incurred, you may submit a claim for such expenses using regular business expense claim procedures.

Personal Financial Interests and Investments

Company and customer confidential and/or proprietary information must never be used in your personal financial affairs, either during or after employment with the Company. You should not directly invest in a customer's business or use non-public information with respect to any customer, except as permitted in the Investments section of this Code.

Ownership of securities issued by a company in which this company is engaged in acquisition discussions presents a real possibility of conflict of interest.

Any executive officer, director or other employee owning equity securities in a company that the company is seeking to acquire, who also is involved in any way on this company's behalf in the pursuit of the acquisition, including participating in due diligence, negotiation, recommendation or approval, should promptly disclose to the CEO or CFO such equity interests.

You may not make an offer to or accept an offer from a customer of the Company to buy securities or anything else of value at terms more favorable than those available to the general public.

Since you are subject to public scrutiny in the handling of your personal financial affairs, it is your responsibility to manage your financial obligations so as not to reflect negatively

on your integrity or the Company's public image.

Business Ventures

You and members of your immediate family should not knowingly invest, either directly or indirectly, in business ventures with the Company's customers, vendors, or competitors without prior written disclosure to a member of senior management or, if you are a member of senior management, to the officer to whom you report or to the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors. However, this applies only where the investment is of such a type that would reasonably be expected to create a real or perceived conflict of interest. This policy is not intended to prohibit your personal investments; rather, it is to ensure that any ownership that could be a matter of concern is also a matter of record.

Corporate Opportunities

Employees owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, employees are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. The only prudent course of conduct for our employees is to make sure that any use of Company property or services that is not solely for the benefit of the Company is approved beforehand by an executive officer of the Company (or, in situations involving an executive officer of the Company, by the CEO or by the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors), in addition to any other approvals required by any applicable laws, rules or regulations.

Confidentiality

Except to the extent permitted by law or the Company's consent, you may not disclose any confidential or proprietary information that you obtain in the course of your relationship with the Company, including, without limitation, information relating to its employees, customers, prospective customers, or vendors. Confidential or proprietary information of the Company, and of other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed. This policy applies both during and after your relationship with the Company.

Any such confidential and/or proprietary information shall not be used in any way for your personal gain or the personal gain of your family, friends, acquaintances or anyone else. Violations of this policy include the acquisition of property in which the Company has, or has had, an interest, as well as the purchase of securities based on non-public information obtained through your relationship with the Company, except as otherwise permitted in this Code.

Inclusion in Customers' Wills

Bequests, devises or gifts from the Company's customers or suppliers under wills, trust instruments or otherwise are not to be accepted by you or members of your immediate family. If such a situation occurs, the circumstances must be promptly reported to senior management or, if you are a member of senior management, to the officer to whom you report or to the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors, regardless of whether the Company is to act in a fiduciary capacity under the will or according to the provisions of a trust instrument held in the Company's Trust Division. You must take steps to have the will or trust instrument amended to remove your name. If unsuccessful in having your name removed, you should renounce the gift, or bequest. This policy applies even if you were unaware that the bequest or gift was provided in the will or trust instrument. It does not apply to bequests or gifts from members of your family, from individuals with whom your relationship arose independent of your employment or position with the Company or from other persons not having a relationship with the Company.

Fiduciary Appointments

Except with respect to the estates or trusts created by members of your immediate family, you may not seek or accept an appointment as executor, trustee, trust advisor, or fiduciary in any other capacity. It is recognised, however, that while it is generally inappropriate for employees to serve in these capacities, occasionally there may be cases where, for legal reasons or because of customer relations, you may be called on to serve as a fiduciary. Such an appointment may be accepted only with written approval from senior management or, if you are a member of senior management, the officer to whom you report or the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors.

Where acceptance of an appointment as a fiduciary, for you to act as a representative of the Company, has been approved by senior management or, if you are a member of senior management, the officer to whom you report or the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors, appropriate advice should be sought from the Company's Trust Division or legal counsel. The general indemnity will apply to you for any liability you may incur while acting in this capacity. Such indemnity shall not apply to your acts or omissions contrary to the advice furnished by the Company's Trust Division.

Company Letterhead

The use of Company letterhead for any personal or non-business purpose is prohibited.

Personal Business

You are not permitted to engage in personal business on Company premises or during hours when you are expected to be engaged in Company business, with the exception of normal personal or family maintenance activities, such as telephone calls to doctors and child care facilities, etc. Even then, such activities should be held to a minimum and conducted primarily during lunch/break time or before/after work hours.

Repossessed or Retired Company Property

Notify your supervisor or, if you are a member of senior management, the officer to whom you report or the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors if you would like to purchase property in which the Company has, or has had, a security interest, whether under repossession provisions of a defaulted security agreement or under execution or foreclosure sale. This policy applies to auctions, but not private sales. If your supervisor, senior manager or the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors approves, you may make a bid on the property. Your bid will be considered along with all other bids submitted in the auction in determining the highest bid.

No Company employee can participate in a sale of property sold at foreclosure that is not a sale conducted as a public auction. Employees of a department responsible for selling any bank or foreclosure property cannot participate in any such sales.

You may purchase retired or obsolete Company equipment and furnishings, but only through the Purchasing Department, and only upon agreement that the items are intended for personal use and will not be resold.

Account Ownership

Generally, you are not permitted to sign on a Company deposit account or Company safe deposit box rental agreement with someone who is not a relative, unless two or more signatures are required on the account or agreement. Exceptions to this policy may be granted for nonprofit organisations if you are an officer of the organisation and the relationship will not result in a conflict of interest. Such exceptions require approval from senior management, or if you are a member of senior management, from the officer to whom you report.

Recommending Outside Providers

During the course of business negotiations or discussions, customers sometimes request the names of qualified providers of financial or legal services, such as attorneys, financial planners, and accountants. Similarly, customers may request the names of other service providers, such as health care professionals, insurance brokers, stock brokers, real estate agents, real estate appraisers, and companies. When this occurs, you should give customers a list of several individuals or firms providing the service. The only exception is when there may be only one acceptable provider of a service in the community. Any subsidiary company that offers a needed service should be included on the list of providers.

Advice to Customers

During the normal course of business, you may be required to provide customers with business-related advice. It is important that you confine your advice to areas relating to your employment obligations, authority, and expertise. You should refer inquiries regarding trust functions, including those from persons who would like to designate the Company as an executor or trustee, to a representative of the Company's Trust Division.

Discrimination

It is the Company's policy that requirements and standards be consistent for all customers, regardless of race, color, age (provided the applicant has the capacity to enter into a binding contract), origin, gender, religion, disability, or marital status. Consequently there should be no discrimination based on the above features.

5. Extension of Credit to Family or Related Interests

You may not involve yourself in any decisions relating to extensions of credit involving yourself, your immediate family, relatives, or related interests.

Borrowing from Vendors and Customers

Except for loans from financial institutions made in the ordinary course of business, borrowing from vendors, customers, and prospective customers is prohibited. The term "borrowing" does not include normal credit granted by merchants for purchases of their products, nor to family relationships where conflict of interest or discrimination is not a factor. It also does not include the purchase of real estate from vendors, customers, prospective customers, and other employees in the normal course of real estate transactions.

Lending Personal Funds

You may not lend your personal funds to customers, prospective customers, vendors, or other employees who are not members of your immediate family. This policy is not applicable to members of the Board of Directors of the Company or any of its subsidiary companies who are not employed by the Company.

Selling Personally-Owned Real Estate

The sale of personally owned real estate to customers, prospective customers, vendors, or other employees in the normal course of real estate transactions is permitted.

Delinquencies

If the Company extends you credit, it should be paid according to its terms. Delinquencies on company offered loans and revolving lines of credit, including credit cards, are not permitted except when they are inadvertent, promptly cured and subject to the same penalties normally imposed on customers for such delinquencies.

Over Credit Limit

Being over-limit on Company-issued revolving lines of credit, including credit cards, is not permitted except when it is inadvertent, promptly cured and subject to the same penalties normally imposed on customers for such an over-limit.

Business Credit Cards

Business credit cards issued in the name of the Company or its subsidiaries are only to be used by authorized employees to charge legitimate business expenses. The following rules apply to the use of such credit cards:

- You are prohibited from using a business credit card to charge personal expenses.
- Any amounts charged on a business credit card are to be processed in accordance with the Company's established procedures.
- If you are personally responsible for the payment of outstanding balances (to

be subsequently reimbursed through normal business reimbursement procedures), any outstanding balance on a business credit card account must be paid off on or before the current payment due date shown on the monthly account statement.

- You may not carry over all or part of an outstanding balance from one billing period to the next.
- Any interest or late fee assessed on a business credit card account, resulting from your failure to meet the payment due date or failure to follow the appropriate process, is your personal responsibility.

6. Regulatory Filings/Public Communications

In the sections that follow, we have outlined important laws, rules and regulations relating to regulatory filings and public communications, insider trading, bribery and money laundering with which every employee should be familiar.

The company is required to file reports with and submit other documents to certain regulatory bodies, including, among others, the Tax Administration and Audit Department, the Bank of Jamaica, the Financial Services Commission, the Jamaica Stock Exchange, the Jamaica Deposit Insurance Corporation, the Companies Office and various other regulatory bodies. It is the Company's policy that any report or other document that the Company files with, or submits to, any such regulatory body, or any other public communication made by the Company, comply in all material respects with all applicable laws, rules and regulations.

8. Investments

Insider Trading

The following policy is applicable to all employees except for executive officers and directors:

It is both illegal and against Company policy for any individual to profit from material non-public information relating to the Company or any other company. Anyone who is aware of material non-public information relating to the Company may not purchase or sell any of the Company's securities. Also, it is against Company policy for any employee who has material non-public information about any of the Company's customers or any other company, to purchase or sell the securities of those companies.

A person found guilty of Insider Trading or "tipping off" may be subject to heavy fines or imprisonment. A public company may also be found guilty of Insider Trading because of the acts of its officers, in which case, the company would be subject to a fine. Directors, designated senior officers and other designated persons who generally have access to "insider information" of the company are specifically required to observe "**Black-out**" periods for trading, in keeping with the rules of the Jamaica Stock Exchange. "Black-out" periods can start fifteen (15) days after the end of each quarter and end twenty-four (24) hours after the release of interim or financial results. All persons, who are in possession of Insider Information at whatever time, are required to comply with the law and refrain from trading in the company's securities no matter where you are placed in the

organisation and how you come to learn about the information.

9. Acceptance of Gifts

In a number of instances, a Company official, without risk of corruption or breach of trust, may accept something of value from someone doing or seeking to do business with the Company. The most common examples are the business lunch or the holiday season gift from a vendor or customer. Also, there is generally no threat of a violation of the statute if the acceptance is based on a family or personal relationship existing independently of any business of the Company; the benefit is available to the general public under the same conditions on which it is available to the employee; or the benefit would be paid for by the Company as a reasonable business expense if not paid for by another party. Described below are guidelines for accepting gifts. Generally, employees may accept:

- Gifts, gratuities, amenities, or favors based on obvious family or personal relationships (such as those between the parents, children, or spouse of an employee) when the circumstances make it clear that such relationships, rather than the business of the Company, are the motive for the gift.
- Meals, refreshments, travel arrangements or accommodations, or entertainment (all of reasonable value and in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions) provided that the expenses would be paid for by the Company, as a reasonable business expense, if not paid for by the other party.
- Loans from other banks or financial institutions on customary terms to finance proper and usual activities, such as residential mortgage loans, except where prohibited by law.
- Advertising or promotional material of reasonable value (a real or perceived value of \$____ or less) such as pens, pencils, note pads, key chains, calendars, and similar items.
- Discounts or rebates on merchandise or services that do not exceed those available to other customers.
- Gifts of reasonable value (a real or perceived value of \$200 or less) that are related to commonly recognised events or occasions, such as promotion, new job, wedding, retirement, Christmas, etc. Civic, charitable, educational, or religious organisation awards of reasonable value for recognition of service and accomplishment.

If you are given a gift in excess of the above guidelines, it should be disclosed in writing to senior management or, if you are a member of senior management, the officer to whom you report or the Chairperson of the Nomination and Corporate Governance Committee of the Board of Directors.

On a case-by-case basis, the Company may approve other circumstances not described above, in which an employee accepts something of value in connection with Company business, provided such approval is made in writing on the basis of a full, written disclosure of all of the relevant facts, and is consistent with the provisions of the relevant laws.

10. Money Laundering

What is Money Laundering?

Generally, money laundering involves any financial transaction or series of transactions using funds derived from criminal activity which is conducted to facilitate or conceal criminal activity or the nature or source of proceeds derived from criminal activity.

In general, money laundering occurs in three stages. Cash first enters the financial system at the "placement" stage, where the cash profits from criminal activity are converted into monetary instruments (e.g., money orders or traveler's cheques) or deposited into accounts at financial institutions. At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to separate further the proceeds from their criminal origin. At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund further criminal or legitimate activities.

The Company's Policy on Money Laundering

The Company is committed to preventing the misuse of its personnel and facilities by persons who seek to launder money. Accordingly, the Company has strict procedures in place to detect, deter and prevent money laundering. The Company requires employees to bring suspicious activity to the attention of supervisors and compliance personnel immediately upon discovery. Any employee who knowingly fosters illegal conduct or who purposefully ignores plainly suspicious circumstances will be subject to inquiry and discipline, including termination of employment.

Criminal Liability for Assisting Money Laundering

Anyone who assists another in money laundering, such as by executing a financial transaction with criminal funds, may be culpable. Culpability depends on the person's knowledge of criminal activity. Clearly, individuals who assist and know that the funds are criminally derived are culpable. "Willful blindness" can also result in a money laundering conviction. If you turn a blind eye to plainly suspicious conduct, you may be just as guilty as a person who has been told explicitly that money laundering is being committed. "Willful blindness" occurs when an individual acts in such a way as to avoid knowledge of criminal activity intentionally. All employees are responsible for complying with all record keeping and reporting requirements under applicable law (e.g., Proceeds of Crime Act).

Money Laundering Penalties

Each instance of money laundering carries a prison term and/or fines. Civil penalties include substantial fines and property forfeitures. There are also separate civil and criminal provisions for violating the record keeping and/or reporting requirements under the law and for structuring or assisting in structuring any transaction to evade such reporting requirements. In addition to the criminal and civil penalties, a money laundering prosecution or even an investigation can severely tarnish and even destroy the reputation of the employee(s) involved and the Company. Finally, violations of the Company's anti-money laundering policies may result in termination of employment.

11. Contributions

Political Contributions

The Company encourages you to become involved in electing qualified candidates for public office. However, this policy does not permit using corporate funds, property, or resources, for running partisan political campaigns or raising campaign funds. The Company is not permitted to give corporate funds, property, or other resources to political parties or candidates unless authorisation to do so was obtained from senior management, the Directors or from the Chairperson of the Board. Furthermore, the Company will not reimburse any employee for such contributions or expenditures.

The Company cannot grant loans to candidates or parties, except when they are made in the ordinary course of business and in accordance with the applicable laws.

Civic/Religious/Charitable Contributions

The Company is frequently asked by civic, religious, and charitable organisations for contributions. All such requests in excess of \$_____ must be in writing and forwarded to senior management for approval. If you request contributions for organisations to which you belong, you must disclose your affiliation with those organisations.

Employee Contributions

The Company does not restrict or discourage you from personally contributing to political parties or candidates or to civic, religious, or charitable causes. However, such contributions are not reimbursable by the Company in any way, either directly or indirectly.

Employee Responsibilities

Because of its visibility in the marketplace, the Company may be a traditional target for fund-raisers and, therefore employees must be scrupulous in adhering to the policies stated above. In addition to properly responding to requests for contributions, supervisors must also be certain that their employees, intentionally or not, do not provide Company funds or resources for illegal or unauthorised purposes. Supervisors should enforce this policy within their own areas of responsibility, with full accountability for their own and their employees' disregard or ignorance of these policies. Employee questions regarding contributions should be directed to senior management.

12. Substance Abuse

The abuse of alcohol and other drugs creates a variety of problems in the workplace, such as increased injuries, increased absenteeism, increased financial burden on health insurance and other employee benefit programmes, increased workplace thefts, decreased employee morale, decreased productivity, and a decline in the quality of products and services. For this reason, the Company has established the following policies regarding substance abuse.

The Company prohibits employees from working under the influence of any type of drug (other than appropriately administered over-the-counter medications), including alcohol, unless that drug has been prescribed by a licensed physician and it has been determined that the drug does not cause side effects which could adversely affect job safety or performance.

The Company prohibits employees from using intoxicants on or off the Company's premises during working hours, including breaks and lunch periods.

Employees are prohibited from driving Company-owned vehicles while under the influence of alcohol or any other drug or medication that may impair safety.

To the extent permitted by applicable law, the Company reserves the right to test employees for illegal drugs or controlled substances, as well as to utilise any medical procedures necessary to determine if illegal drugs or controlled substances are present. If you refuse to provide a sample, or attempt to alter the sample, your employment may be terminated.

Suspected Drug Abuse

Promptly report to a supervisor any employee whom you believe might be in violation of the Company's drug and alcohol policy. You may also report suspected violations directly to Human Resources, to the Company's Ethics Hotline or to the Company's Ethics E-mail address.

Right to Search

While you are on Company premises or conducting Company business, you are subject to search and surveillance at all times, at the sole discretion of the Company and without prior notification. Searches may include the search of your possessions and Company furniture, equipment, and containers.

Criminal Convictions

If you are convicted of a criminal drug violation, you must report this conviction within five calendar days to Human Resources.

Treatment

The Company recognises that drug and alcohol abuse may be a medical problem that can be successfully treated. Employees who believe that substance abuse is a problem for themselves or a family member can obtain confidential help by contacting the Company's Human Resources Department.

13. Personal Computers

The Company has established explicit rules governing the use of its personal computers (i.e., PCs, laptops or desktop workstations), information systems and associated software. A summary of these rules is provided below.

PCs and associated software owned by the Company may be used for personal matters if such use is not excessive or inappropriate. Personal use is limited to:

- a. Assignments associated with work-related classes attended at a university, trade school, in-house course, etc.
- b. Volunteer work associated with nonprofit organisations, user groups, etc.
- c. Self-directed education (i.e., the desire to learn more by on-the-job training).
- d. Managing personal financial affairs, such as Internet Banking, personal

investment and retirement programmes.

- e. Managing employee benefits, e.g. retirement, health and similar plans.

Use of Company-owned PCs for personal gain is strictly prohibited.

All information and files residing on Company-owned PCs and networks are the Company's property. You may not block access to any part of the Company's computers by using passwords not available to the Company. It is not appropriate to connect non-company owned computers to the Company's network, nor is it appropriate for company-owned equipment (such as laptop computers) to be connected to un-trusted networks without the necessary security controls (i.e. firewall software, anti-virus software, etc.), Personal, home Internet connections are considered un-trusted networks, whether via home cable modems, DSL lines, wireless cards or Internet dial-up accounts, etc.

You may not intentionally develop, use, or disseminate programmes that attempt to bypass system security mechanisms, steal passwords or data, or "crack" encrypted passwords. You should immediately report any suspicious activity on your computer workstation to your manager and respective Help Desk.

Personally-owned software may not be installed on the Company's equipment without the approval of the officer or department responsible for information systems. Company-owned software may not be copied for personal use. Company-owned software may not be copied for other Company use if prohibited by agreement with the vendor and/ or applicable law.

Company-owned software may not be shared with anyone outside the Company, whether by loan or copy. Company-owned software may not be taken outside the Company for personal use and may not be retained at termination of employment or retirement. You may not install unauthorised or unlicensed software on Company-owned PCs or networks.

You may not use Company-owned PCs or networks to access pornographic, racist, sexist, or any other inappropriate websites or information. You may not download any copyrighted materials, such as music, films, videos, photographs, or copyrighted writings, from the Internet to your personal computer. The Company may monitor, review, and inspect all information in the Company's computers. You should not assume any expectation of privacy with respect to your use of the Company's computers, networks, or communication systems. The Company reserves the discretion and right to determine whether personal use is excessive or inappropriate.

14. Protection of Assets and Information

All employees have a responsibility to protect the Company's assets and ensure their efficient use. Company assets should be used only for legitimate business purposes, except as otherwise provided in this Code.

Proprietary Company and customer information, computer-generated or otherwise, is

the property of the Company and is only to be used for legitimate business purposes. It cannot be divulged to persons outside the Company without the express approval of an executive officer of the Company, except as is necessary for legitimate business purposes in accordance with the Company's purchasing and privacy protocols for dealing with outside vendors. Even if sensitive information is divulged accidentally or without malicious or criminal intent, the Company's business and reputation could be severely damaged. If you inappropriately divulge such information, you put the Company at risk and are in violation of this policy. Thus, great care should be taken to protect company and private customer information.

Furthermore, the unauthorized, malicious destruction of Company information, computer-generated or otherwise, is illegal since it is considered Company property. Even if you "created" the information, you do not have the right to sell or share it with others outside the Company or to destroy or erase it without prior approval of an executive officer of the Company. The intentional, malicious destruction or erasure of information is a violation of the law that can result in termination of employment and criminal prosecution.

For the protection of these resources, as well as the protection of the Company and its employees, the following rules of conduct must be adhered to by all personnel who access and use the Company's information and computer and microcomputer resources and facilities.

The Company's information and computer programmes are the property of the Company. The Company's information, and computer resources and facilities shall be used only in conjunction with the performance of your specific job function or as otherwise permitted by this Code.

If you are granted computer access, you must be authenticated by appropriate security procedures administered by the Company's Information Systems Division.

You may not disclose your user ID or authentication password to another person. To do so is a violation of the Company's information protection policy. You are accountable for all activities involving your authentication password and user ID, whether internal or external to the Company's facilities.

You are accountable for protecting all information you use or distribute, regardless of the medium on which it is transmitted and/or stored (e.g., paper, fax, diskette, or tape).

15. Employee Protection

You have a responsibility to report any statements and/or actions that are intimidating, harassing, or threatening, if it concerns you, a co-worker, or the Company in any way. Any such statements or incidents should be reported to a Human Resources officer. The Company prohibits firearms, explosives, knives, or any other lethal weapons (or replicas of such weapons) or devices capable of causing bodily harm on any Company property.

You also may not carry on your person or have in your possession a firearm or other

lethal weapon while performing any work related duties for the Company, whether on the Company's premises or not. The Company reserves the right to inspect an employee when there is reason to believe such employee has a firearm or other weapon and reason to believe the employee may cause a violent or potentially violent situation.

The Company will not tolerate harassment of any employee that disrupts or interferes with the employee's work performance or which creates an intimidating, hostile or offensive working environment. Harassment of any kind is not permitted.

16. Communication Systems

The Company provides you with access to its communication systems (e.g., electronic mail, interoffice mail, telephone, fax, Internet, etc.) in order to help you accomplish job-related duties. You are expected to use these communication systems in a professional manner.

The Company reserves the right to monitor, review, and inspect all aspects of its communications systems for training, security, customer service, and other purposes. Such activities may include the recording and/or monitoring of telephone calls, user access privileges and history logs. Your signature on the Statement of Compliance with the Employee Handbook indicates that you understand and acknowledge that the Company monitors and reviews its communication systems and that you consent to the Company monitoring and reviewing your personal and business communications. You should not assume any legitimate expectation of privacy in the Company's communication systems.

The Company reserves the discretion and right to determine whether any personal use is excessive or inappropriate.

The Company's e-mail system, remote e-mail, Internet access, or FTP privileges are subject to change at the sole discretion of the Company.

You are prohibited from altering any equipment configuration to gain access to services or information beyond that granted for your specific job function. Any illegal, unauthorized, or inappropriate use of the Company's communication systems by any employee is not permitted.

Electronic Mail

In addition to the above prohibitions regarding the Company's communication systems, the following rules apply specifically to the Company's electronic mail (e-mail) and remote e-mail systems.

- The Company's e-mail system, as well as the information it contains, is the exclusive property of the Company.
- All messages on Company-provided e-mail systems become Company records. The Company reserves the right to access, monitor, review and disclose, for any purpose, all messages sent over its e-mail system. Views expressed in messages on the Company's e-mail system are not necessarily those of the Company.

- In keeping with the Company's policies against unlawful harassment and discrimination, you may not send e-mail messages that are harassing, intimidating, offensive, obscene, or discriminatory toward anyone.
- To protect against virus infection, you should not open e-mails or file attachments from unknown or un-trusted sources. (File attachments are common sources of computer viruses, worms, and "Trojan Horses", especially attachments with .vbs, .exe, .sys, .scr or .com filename extensions.)
- You are prohibited from creating, using or disseminating any "malware", "spyware", or other code, script, or application designed to replicate itself, attach itself to other programmes, disrupt or deny services, or perform any other malicious activity inside or outside of the Company network.
- Should you receive via e-mail, inappropriate material such as messages containing harassing, intimidating, offensive, obscene, or discriminatory content from any source, you are obligated to report such messages to your immediate supervisor or the Human Resources Senior Manager. Forwarding of such messages is strictly prohibited.
- You may not access someone else's e-mail unless authorised by a manager or department head. The Company, however, has the right to access any e-mail in its systems at any time for any reason, with or without prior notice.
- You should have no expectation of privacy or confidentiality in your use of the Company's e-mail systems and also understand that security controls may log your e-mail activity.
- You are prohibited from using e-mail to transmit customer information or confidential Company information outside of the Company network without proper authorisation. Furthermore, confidential Company or customer information transmitted outside of the Company must be encrypted using the Secure E-mail application or another approved encrypted system.
- You are prohibited from using e-mail accounts like Yahoo, Hotmail, etc. If you need to transmit such information outside of the Company network, you should use the Secure E-mail system or other acceptable software under the direction of the Information Security Department.
- You are prohibited from using Company e-mail systems to transmit "junk mail" or other non-business related advertising material to individuals within or outside of the network.
- You are prohibited from using Company e-mail systems to create or forward "chain letters", "Ponsi" or other "pyramid" schemes of any type.
- Should you become aware of any misuse of the Company's e-mail systems, you are obligated to report such misuse to your manager and to the Information Systems Department.
- Use of Company remote e-mail systems is restricted to the support of legitimate business work. Such access is granted on a case-by-case basis.
- You must receive prior written approval from executive management to obtain remote e-mail access. Remote e-mail access may be monitored or audited by the Information Systems Department.
- You are prohibited from allowing an unauthorised user to gain access to the Company remote e-mail systems by use of your account and password.

Company files transferred during the remote e-mail viewing process should not be saved to non-Company owned computing devices.

Internet

The Internet serves the Company in many capacities and in certain instances, business-critical functions. Overall, the internet can enable our business to be more productive. However, in addition to the benefits, accessing the Internet presents numerous significant risks to the Company (viruses, malicious web sites, potential theft of data, hacking, access to inappropriate content, spyware, etc.) and these risks increase daily. Employees with Internet access are expected to ensure that their Internet activity serves as a business enabler, meets regulatory requirements and protects the corporate environment and customer information. Failure to do so can create unnecessary and unacceptable risk for the Company and its employees. Security controls may log your Internet use.

The following rules of conduct must be adhered to by all personnel who are granted Internet access:

- Use of Internet access should be restricted to business purposes, unless otherwise approved by your manager or supervisor.
- Your Company-provided Internet access shall not involve content, subject matter, or language that falls below standards of professionalism, respectability, and decency. Improper use or access of the Internet includes activity that disrupts work, wastes bandwidth, or may subject the Company to legal liability, including the viewing or downloading of images that might be deemed sexist, racist, vulgar, obscene, or are otherwise below the Company's standards of professionalism and respectability. Any machine provided to you for the purpose of Internet access or any other type of Internet service should have company-installed virus scanning software installed on it, with the most current virus data file. If the computer provided to you does not have virus-scanning software installed on it, you should contact the Information Systems Department immediately. Downloading files from the Internet to a Company machine or network without management authorisation is prohibited. Furthermore, downloading, installing, or participating in file-sharing application/Web site from Company computers is forbidden.
- You are prohibited from changing the configuration of Company computers to gain unauthorised Internet access.
- You are responsible at all times to use Company-provided Internet access in a manner that is ethical, legal, and not to the detriment of the Company or other Internet users.

Administration of Standards

The Nomination and Corporate Governance Committee has the ultimate authority to interpret these policies in any particular situation.

Waivers

From time to time, the Company may waive some provisions of this Code. Any employee who believes that a waiver may be called for should contact an executive officer of the Company including the CEOs of any subsidiary company. Any waiver of this Code for ex-

ecutive officers or directors may be made only by the Board of Directors of the Company, or a committee of such Board of Directors, and must promptly be disclosed to shareholders. It is important to note that inaction on the part of the Company with respect to a reported or known violation of this Code may be deemed to be an implicit waiver.

Enforcement

The Company intends to enforce the provisions of this Code in a consistent manner, regardless of the status of the employee at the Company. Enforcement by the Company shall commence promptly following notice to the Company of any violation or alleged violation of this Code. The Chairperson of the Audit Committee and the Company's General Counsel shall be responsible for receiving such notices and for applying the provisions of this Code to situations that violate or potentially violate this Code. An employee who is unsure of whether a situation violates this Code may discuss the situation with supervisor, senior manager, the Chairperson of the Audit Committee, the Company's General Counsel, the Company's Ethics Hotline or the Company's Ethics E-mail Address to prevent possible misunderstandings and embarrassment at a later date. The responsibility of an employee to report any questionable behavior promptly through any of the above channels is a clear and objective requirement of employment. A failure to observe this requirement will itself be a violation of this Code.

The Company wishes to encourage employees to report questionable behavior, and the Company will, therefore, not tolerate any retaliatory actions toward employees that have made reports in good faith.

To determine whether a violation of this Code has occurred, an initial investigation will be made by or under the direction of the Chairperson of the Audit Committee or General Counsel, and the result of such investigation shall be presented to the executive officer responsible for the applicable business unit or line of business. If deemed necessary, the Chairperson of the Audit Committee, General Counsel or their representatives shall conduct interviews with all employees possessing relevant information.

The Chairperson of the Audit Committee or General Counsel shall then present its findings in writing to the Board of Directors of the Company, or to a committee of such Board of Directors. The Board of Directors or such committee, as applicable, will take further action to enforce the provisions of this Code.

Employee Relationship

This Code of Business Conduct and Ethics is not an express or implied contract of employment and does not create any contractual rights of any kind between the Company and its respective employees. In addition, all employees should understand that this Code does not modify their employment relationship, whether at will or governed by contract.

The Company reserves the right to amend, alter, modify or terminate this Code at any time and for any reason.

Statement of Compliance with Standards

You must review this Employee Handbook periodically and sign a Statement of Compliance with the Employee Handbook to certify that you:

- Have read and understand the policies;
- Are aware that not complying with the policies may result in disciplinary action, up to and including termination of employment;
- Are presently in compliance with the policies and have no exceptions (other than those reported on the Statement of Compliance with the Employee Handbook); and Understand that employment at the Company is on an "at will" basis.

The Statement of Compliance with the Employee Handbook provides you with an opportunity to disclose any matters that may be exceptions to the policies. Your manager must review and sign your completed form. A permanent copy will be retained in your personnel file.

Employee Appeal Process

If your participation in any activity within this Handbook is abridged by virtue of a supervisory denial of permission to engage in such activity, or if disciplinary action is taken against you because of noncompliance with these policies, you have the right to appeal the decision.

SECTION 11

THE COMPANY SECRETARY'S ROLE AND TERMS OF REFERENCE

These terms of reference originally published by the IFC, have been adapted for Jamaica. The model is provided as guidance on some of the standard duties of a company secretary. It is for the Board to define the terms necessary to meet its particular needs. Professional advice should be sought in developing terms of reference that are appropriate for the company's size, industry and stage of development.

Many companies have Board secretaries. The Company Secretary does not simply take notes during Board meetings. Professional company secretaries usually have legal backgrounds, understand corporate and securities law, have sufficient business knowledge to understand the company's business, and have strong interpersonal skills that allow them to help the chairperson steer Boards.

In many companies, the General Counsel doubles as the Company Secretary. The largest companies may have company secretaries that have their own, sometimes large, staff. The Company Secretary can help the Board:

- Work at its highest level of efficiency, by introducing best practice working procedures
- Identify gaps in corporate governance matters and propose ways to address such weaknesses
- Assist in establishing and maintaining clear communication between the various governing bodies of the company in compliance with the company's constitution
- Ensure that the Board follows existing internal corporate rules and policies, and change them, or institute new ones, when appropriate
- Ensure that the Board adheres to all relevant regulatory requirements, both domestic and possibly foreign

Accordingly, the Company Secretary often acts as an advisor to Directors and senior executives on regulatory requirements, listing rules, and legislation related to corporate governance.

To protect the ability of the Company Secretary to act in the interests of the company and its shareholders at all times, they must be shielded from undue influence from management and any other parties. The Company Secretary should thus be accountable to and supervised by the Board. They should devote sufficient time to their duties.

Therefore, large companies with a large number of shareholders, a large Board and numerous Board committees should limit the Company Secretary from concurrently holding other positions within the company or other legal entities.

Terms of Reference for a Corporate Secretary

A. General Provisions

A.1. Complementary to Law and Charter

These terms of reference are complementary to the provisions contained in legislation and regulations and the company charter and rules.

A.2. Website

These terms of reference are posted on the company's website.

B. Election, Term, and Dismissal

B.1. Appointment

The Board shall appoint the Company Secretary.

B.2 Sufficient Qualifications

The Company Secretary must have the necessary qualifications to properly carry out his or her duties.

B.3. Nominations

A candidate nominated for the position of Company Secretary must disclose to the Board the following information:

- education and professional experience.
- personal references.
- such candidate's share ownership in the company.
- any relationship the candidate may have with affiliated parties and business partners of the company; and,
- any other matters that may affect the independence or ability of the candidate to serve as Company Secretary.

B.4. Term

The Company Secretary shall be elected for a term of __ year(s).

B.5. Contract with the Company Secretary

The terms of the contract with the Company Secretary shall be approved by the Board. The contract shall be signed by the chairperson of the Board on behalf of the company. The Board may dismiss the Company Secretary and appoint a new Company Secretary at any time.

C. Duties and Responsibilities

C.1. Duties Generally

The Company Secretary shall:

- a. assist the Board, the executive committee and the Board's other committees in the conduct of their meetings
- b. keep minutes of all meetings of the executive committee, Board, general assemblies and any committees
- c. have possession of and keep current the company's records (including minute books, agendas, notices of meeting, proxies, filings with regulators, reports required by law and correspondence with external auditors)
- d. ensure the company's compliance with corporate and securities laws and regulations, and
- e. develop and periodically review the company's corporate governance policies and practices.

C.2. Continuing Education

The Company Secretary will keep abreast of the latest legal and regulatory developments, as well as internationally recognised best practices, as they relate to corporate governance, and shall provide periodic updates to the company's directors and managers.

The Company Secretary shall work and coordinate closely with the company's legal department in this context.

C.3. Ensure Compliance with Procedure

The Company Secretary shall ensure that the Board and the Board's committees follow the company's rules and policies as determined by the Articles of Incorporation, charters, by-laws and other internal documents, including in the conduct of their meetings. The Company Secretary may recommend changes or additions to such rules and policies. The Company Secretary shall inform the chairperson of the Board of any violations of corporate procedures in a timely manner.

C.4. Annual General Meeting

The Company Secretary shall properly prepare and conduct the Annual General Meetings in accordance with law, Articles of Incorporation, charters, by-laws and other internal documents of the company following the decision on calling an AGM. In the course of preparing and conducting the AGM, the Company Secretary shall:

- a. Ensure that the list of the shareholders entitled to participate in the AGM is properly prepared;
- b. Ensure that shareholders are given proper and timely notice of the AGM and that any required notices in the press are made;
- c. Ensure all other persons who should attend the AGM are notified of it, including the CEO and other senior managers, Board members and the external auditor;
- d. Prepare and ensure unrestricted access for shareholders to all materials made available for the AGM and provide to shareholders copies (certified, if requested) of such materials;
- e. Assist the chairperson of the AGM in determining the validity of any proxies presented at the AGM;
- f. Take the minutes of the AGM;
- g. Inform the shareholders of the results of any votes taken at the AGM, and,
- h. Answer any questions regarding the procedural questions during the AGM, and take measures to resolve any conflicts arising when preparing and conducting the AGM.

C.5. Information Requests

The Company Secretary shall assist members of the Board and any committee in obtaining documents or information they request. The Company Secretary shall provide all members of the Board access to transcripts, minutes and any other documents of Board, and committee meetings, the opinion and management letter of the external auditor and the company's primary accounting documents and financial information.

C.6. Training

The Company Secretary shall help organise induction training programmes for newly elected members of the Board to educate them on their duties and responsibilities, the procedures of the Board and other working bodies of the company, the company's organisational structure and officers of the company, internal documents of the company, decisions of the AGM and the Board that affect their work as members of the Board and other information that may be required by members of the Board for the appropriate discharge of their duties.

C.7. Advise on Legal and Corporate Requirements.

The Company Secretary shall inform and advise members of the Board and any committee on legal requirements, charter and by-law provisions and other internal corporate regulations that regulate their rights and responsibilities.

C.8. Communication

The Company Secretary shall assist in establishing and maintaining clear communication among the various governing bodies of the company. To this extent, the CEO, the chairperson of the Board, and other relevant persons should promptly provide the Company Secretary with any information s/he requests.

C.9. Information Disclosure

The Company Secretary shall ensure the proper disclosure of information about the company. In particular, the Company Secretary shall

- a. ensure compliance with the requirements of law, Articles of Incorporation, the charter, by-laws and other documents on disclosing information about the company and
- b. ensure the timely disclosure by the company of information contained in any securities prospectuses, quarterly reports, annual report or other required reports or filings.

C.10. Company Records

The Company Secretary shall keep the company records and documents as specified under law, make these available to authorised parties, prevent un-authorised access, and make copies of such documents. If requested, the copies of documents shall be authenticated by the Company Secretary.

C.11. Shareholder Requests

The Company Secretary shall ensure that all shareholder requests are properly processed by keeping records of all incoming shareholder requests, transferring the requests to the relevant governing bodies and departments and monitoring the timely and full response to such requests by the governing bodies and departments.

C.12. Resolution of Conflicts

The Company Secretary shall ensure that all conflicts arising from shareholder rights violations are properly examined and resolved by the company.

The Company Secretary shall have the right to request explanations from the company's stock registrar in connection with any shareholder complaints relating to share ownership.

C.13. Right to Information

The Company Secretary shall have the right to obtain any information necessary for the proper discharge of his or her duties.

D. Office of the Company Secretary

[NOTE: This provision is mainly of importance to larger companies.]

D.1. Establishment

To ensure the company secretary's performance of his or her duties, the company shall establish the office of the company secretary ("Office").

D.2. Staff

The staff of the Office shall consist of ___ employees that report directly to the Company Secretary. The staff shall be appointed by the CEO upon the recommendation of the Company Secretary. The staff must have the necessary qualifications to properly carry out their duties and responsibilities.

The staff may not at the same time be directors, managers or employees of any other company.

REFERENCES

1. Corporate Governance Board Leadership Training Resources Kit, International Finance Corporation, Global Corporate Governance Forum, 2121 Pennsylvania Ave., NW Washington DC
2. Draft Code of Governance, Principles for South Africa – 2009; King Committee on Governance; The Business Leaders
3. Corporate Governance Principles & Recommendations – Australia Securities Exchange
4. The Corporate Governance Guide – Family Owned Companies -Pakistan Institute of Corporate Governance
5. Code of Best Practice of Corporate Governance Instituto Brasileiro de Governança Corporativa (IBGC)
6. Improving Corporate Governance of Unlisted Companies - Finland
7. Institute of Chartered Accountants of Jamaica – Research Unit

Internet Sites:

8. <http://www.sionbancorporation.com/cgCodeofConduct.html>
9. [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex1333](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex1333)
10. <http://www.adb.org/publications>
11. <http://www.realbusiness.co.uk/news/corporate-governance/5485336/ten-principles-ofcorporate-governance.thtml>
12. <http://www.osc.state.ny.us/localgov/schoolsfa/accharter.pdf>
13. <http://www.ntn.jp/english/investors/pdf/2008-p8.pdf>
14. <http://www.ifu.dk/dk/Material+Folder/Pdf/CSR+Policy+Feb+2009>
15. <http://www.ala.org/ala/aboutala/offices/oif/statementspols/codeofethics/codeethics.cfm>