



JAMAICA STOCK EXCHANGE CORPORATE GOVERNANCE INDEX MANUAL

AS AT OCTOBER 2021

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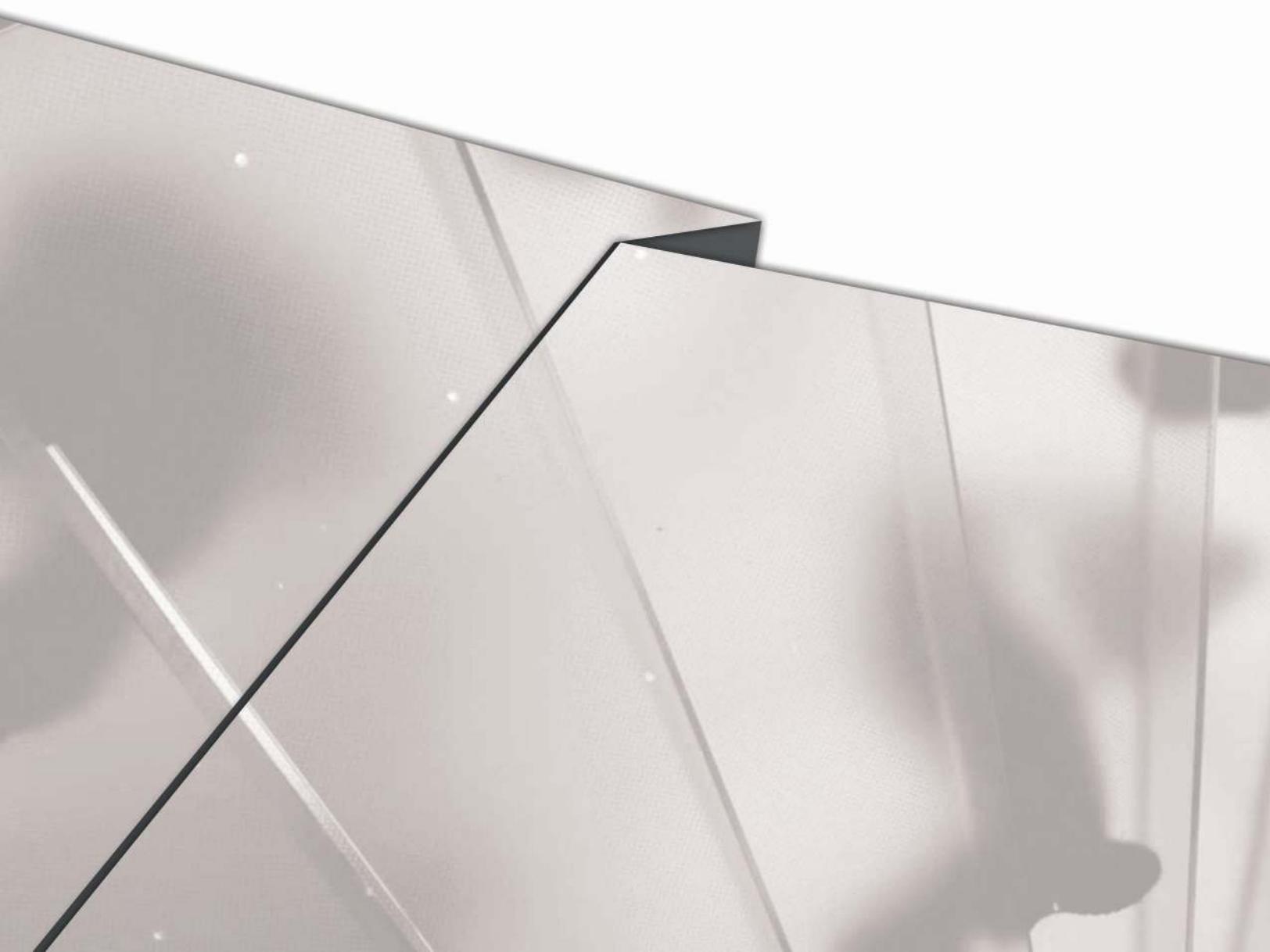


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ABBREVIATIONS AND ACRONYMS

AGMs	Annual General Meetings
BI	Board Index
CEO	Chief Executive Officer
CGI	Corporate Governance Index
Companies Act	The Companies Act Jamaica, 2004
DTI	Disclosure and Transparency Index
ESOP	Employee Share Option Program
ETI	Equitable Treatment Index
ICAJ	Institute of Chartered Accountants of Jamaica
IFRS	International Financial Reporting Standards
IIAJC	The Institute of Internal Auditors Jamaica Chapter
JSE	Jamaica Stock Exchange
JSEI	Jamaica Stock Exchange Corporate Governance Sub-Index
MD&A	Management Discussion and Analysis
MIF	Multilateral Investment Fund
OECD	Organisation for Economic Cooperation and Development
PSOJ	Private Sector Organisation of Jamaica
SI	Stakeholders Index
SME	Small and Medium sized Enterprises
SRI	Shareholder Rights Index
Articles	Articles of Incorporation

OVERVIEW

The Jamaica Stock Exchange (JSE) is committed to “providing a fair, efficient and transparent medium of a viable securities market” and in an effort to increase the capacity of its monitoring and supervision system, the organization has engaged a consultant to design a Corporate Governance Index (CGI), that will be used to provide a measure as to how well an entity conforms to various principles of corporate governance and to aggregate the corporate governance of all listed companies. The CGI will be maintained by the Jamaica Stock Exchange and managed by the Private Sector Organisation of Jamaica (PSOJ) Corporate Governance Monitoring & Evaluation Committee and will reflect the regulations and standards of the JSE, as well as other practices deemed relevant to the local economy. The main objectives of the CGI are:

- i. To supplement the legal and regulatory corporate governance framework and thus raise the overall standard of corporate governance for companies listed on the Jamaica Stock Exchange; and
- ii. To give companies an opportunity to differentiate themselves in the market.

The companies that will be evaluated are constituent stocks of the Jamaica Stock Exchange Junior and Main Market. The evaluation criteria are based on international standards (e.g. OECD corporate governance principle) and will utilize the companies' annual reports, websites, meeting minutes and other documents. The designed survey questionnaire consists of 101 corporate governance questions, broken down into six (6) sections as detailed below.

- A. Rights of Shareholders (SRI)
- B. Equitable Treatment of Shareholders (ETI)
- C. The Role of Stakeholders in Corporate Governance (SI)
- D. Disclosure and Transparency (DTI)
- E. Responsibilities of the Board (BI)
- F. JSE Requirements (JSE)

PURPOSE

The purpose of this document is to detail the scoring method to be applied in determining the score to be assigned to each company for each question detailed in the CGI question list.

The document also provides details regarding the procedures and policies for the maintenance and update of the CGI.

1. LEAD INDEPENDENT DIRECTOR

The lead Director is an Independent Director who provide a sounding board for the Chairman and to serve as an intermediary for the other directors when the Chairman of the Board is not Independent. (Source: PSOJ Corporate Governance Code, 2016)

2. INDEPENDENT DIRECTOR

A director who is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the board and to act in the best interest of the entity and its shareholders generally. (Source: PSOJ Corporate Governance Code, 2016)

3. MINORITY SHAREHOLDER

Equity holder of a firm who does not have voting control of the firm by virtue of his/her below 50% ownership of the firm's equity capital.

4. CROSS-SHAREHOLDING

Cross-shareholdings occur when one company acquires shares in another company for which it has a business relationship or some other form of close connection. Often times we find that one company (A) has shares in another company (B) and that company B has shares in company A.

5. ANTI-TAKEOVER DEFENCES

The main idea behind takeover defences is that they serve to prevent (or make it hard) one company from taking over a target company. Anti-takeover defences thus serve to prevent a company from being taken over e.g. through a hostile bid by another company. There are numerous means by which such defences could be employed. Typically a company could have clauses in its Articles of Incorporation which allows it, for example, to either: (a) have a rights issue on announcement of an hostile bid, (b) institute a voting plan whereby a super majority of shareholders need to agree on a merger/takeover rather than just a simple majority or (c) staggered board in which groups of directors are elected at different times.

6. ANY OTHER DOCUMENTS

Document that are publicly available.

7. POLICY

Where references are made to policies means those that are approved by Board of Directors.

EVALUATION PROCESS

The Corporate Governance Index will be evaluated and published annually. The evaluation/assessment will be published September of each year and will be conducted by the Private Sector Organisation of Jamaica Corporate Governance Monitoring & Evaluation Committee.

The three-tier Committee will ensure that the CGI is accurate, timely and properly maintained within an environment of transparency and independence. The Committee is responsible for reviewing the companies listed on the JSE to determine their CGI scores and influence changes to the overall Index. This Committee draws representatives from the Mona School of Business and Management, the Private Sector Organisation of Jamaica and the Jamaican Bar Association.

THE PROCESS TO REQUEST FOR DECISION REVIEW

A company can request a review of their Corporate Governance Index (CGI) Score. If it is necessary to propose a review against computed Corporate Governance Index Score, including the rating provided for any particular question, the following points outline the process.

1. An individual company, through its Executive Director and/or Corporate Secretary may request a review of its company's Corporate Governance Index.
2. The request must be done in writing, to the Jamaica Stock Exchange, within ten (10) business days from the receipt of the Corporate Governance Index rating. Accordingly, prior to the close of business on the tenth (10th) working day after receipt of the CGI Rating, a written request or the form (Appendix 6.0: Corporate Governance Index – Request for Decision Review) completed to register an objection must be sent or delivered to the attention of:

Mrs. Marlene Street Forrest

Managing Director
 Jamaica Stock Exchange
 40 Harbour Street
 Kingston
 Email: marlene.street-forrest@jamstockex.com

The Jamaica Stock Exchange will submit a copy of the request for Decision Review to the PSOJ Corporate Governance Monitoring & Evaluating Committee. Additionally;

- a. The request(s) must state exactly what is being questioned and the reasons.
 - b. Requests that are not specific as to what is sought or why, will not be accepted and will not be considered as delaying the initial ten (10) business day limit.
 - c. Requests for an extension of time will not be granted.
 - d. Requests must be sent by email or direct mail. Requests sent by facsimile (fax) will not be accepted.
3. If a valid request for review of a decision is received within the ten (10) day time limit, the Jamaica Stock Exchange and the PSOJ Corporate Governance Monitoring & Evaluation Committee has fourteen (14) business days from receipt of the request to provide on a response. All responses to correspondence will be provided in writing.
 4. After a request for review has been presented, the request will be reviewed. However, the Jamaica Stock Exchange and the PSOJ Corporate Governance Monitoring & Evaluation Committee is not obligated to amend or revoke the CGI rating/score of the company that has brought the request.

METHODOLOGY

Each question in the question list will be assigned a score. Most questions in the list will be assigned a number that can take on a value between one (1) and three (3). The idea here is to capture situations where a company has performed worse than average, (i.e. an average score would be 2 and hence worse than average would be 1) as well as above average (in this case the best score that can be achieved would be a 3). One can thus view the odd numbered grading system as capturing the degree to which a company has achieved some desired objective.

In contrast to the above, the method also caters for the fewer cases where responses to questions are binary in nature and result in a two-valued outcome of one (1) or two (2).

FEATURES OF THE INDEX

- Companies will be evaluated based on the Corporate Governance Index Framework. The Index will be published annually.
- The Index is Mandatory for all Listed Companies. Companies listed for less than one (1) year will not be evaluated (Note: The Evaluation will be conducted after the first full year of listing on the Exchange).
- The evaluation process will allow listed companies to voice their concerns about their scoring/rating. The scores will be presented to Listed Companies for their review and delivery of their feedback and concerns to the Jamaica Stock Exchange. The company request for review of their rating/score is expected to be completed within ten (10) business days.
- To facilitate the evaluation process, the JSE will request documents such as the Listed Companies Minutes from Annual General Meetings.
- The Junior Market & Main Market companies will be evaluated using the same Index. However, the companies will be distinguished separately to reflect their standing on the relevant markets.



1.0 RIGHTS OF SHAREHOLDERS

This section covers matters relating to: basic shareholder's rights to access information and participate in shareholder's meetings; the ability of shareholders to question and possibly approve board member remuneration; the extent to which shareholder views are taken into consideration. This section also deals with the control structures of the company.

1.1 DOES THE COMPANY OFFER OTHER OWNERSHIP RIGHTS BEYOND VOTING?

This is a 3 point score question.

Score	Meaning
3	There is evidence in the Articles or other publicly available documents (which do not contravene the Companies Act., and/or JSE rules) allowing (amongst others) shareholders the right (beyond voting) to share repurchase, dividends, obtain relevant and material company information on a timely basis, ask questions, place items on the agenda of meetings etc.
2	There is some evidence that most (but not all as embodied in the Companies Act, or the JSE Rules) that the rights of shareholders are being protected but other rights are being infringed/curtailed.
1	There is no evidence that the company offer other ownership rights beyond voting.

1.2 IS THE DECISION ON THE REMUNERATION OF BOARD MEMBERS APPROVED BY THE SHAREHOLDERS ANNUALLY?

This is a 3 point score question.

Score	Meaning
3	There is evidence in the Articles or other publicly available documents (which do not contravene the Companies Act., and/or JSE rules) allowing shareholders the right to vote on any matter concerning the company including executive/director remuneration. Further there is evidence in previous meeting minutes, annual reports or other publicly available documents that such rights have been exercised.
2	There is some evidence that most (but not all as embodied in the Companies Act., or the JSE rules) of the rights of shareholders, to vote on director/executive remuneration, are being protected but not fully (i.e. there is some restriction). An example of a restriction could be limiting votes to only consider non-executive director remuneration or to exclude any equity component of compensation.
1	There is no evidence that shareholders approve the remuneration of Board Members annually.

1.3 WAS NOTICE OF THE AGM AND RELATED PAPERS SENT TO SHAREHOLDERS WITHIN THE TIME LIMITS STIPULATED BY SECTION 129(1)(A) OF THE COMPANIES ACT??

This is a 3 point score question.

Score	Meaning
3	There is no evidence in the public and/or issues identified by the JSE compliance monitoring which suggests that shareholders do not receive timely notice of matters to be discussed at the AGMs in line with Sections 129(1)(A) and 153(1) of the Companies Act.
2	There is some evidence that shareholders do not receive either timely and/or complete information in regards to AGMs.
1	There is little evidence that the Notices of AGM and Related Papers were not submitted in a timely manner.

1.4 WERE NOTICES OF GENERAL MEETINGS OTHER THAN AGM SENT TO SHAREHOLDERS WITHIN THE TIME LIMITS STIPULATED BY SECTION 129(1) (B) OF THE COMPANIES ACT?

This is a 3 point score question.

Score	Meaning
3	There is no evidence in the public and/or issues identified by the JSE compliance monitoring which suggests that shareholders do not receive timely notice of matters to be discussed at other general meetings in line with Sections 129(1)(B) of the Companies Act.
2	There is some evidence that shareholders do not receive either timely and/or complete information in regard to other general meetings.
1	There is little evidence that the Notices of Other General Meetings and Related Papers were not submitted in a timely manner.

1.5 HOW IS THE REMUNERATION OF THE BOARD PRESENTED?

This is a 3 point score question.

Score	Meaning
3	There is no evidence in the public (e.g. annual reports) and/or issues identified by the JSE compliance monitoring which suggests that shareholders are not presented with the various components of the total compensation of directors. Details to be included could be (i) fee, (ii) profit sharing elements, (iii) share options, (iv) termination guarantees etc.
2	There is some evidence that shareholders do not receive either timely and/or complete information in regards to remuneration of the Board. It might be that there is insufficient details provided on the individual components of total compensation and just the total figure is given.
1	There is little evidence or details provided to shareholders on remuneration of the Board. This is where no figures are given or just a combined figure for a group of individuals is presented.

1.6 WHAT WAS THE QUALITY OF NOTICE TO CALL SHAREHOLDERS' MEETING IN THE PAST 3 YEARS?

This is a 3 point score question.

Score	Meaning
3	There is no evidence in the public (e.g. annual reports, minutes) which suggests that shareholders are not presented with the full details of names/qualifications/skills of all directors to be appointed/re-elected including reasons for re-election or appointment; details of dividend policy providing amounts and explanation; appointment of auditors including their names and fees
2	There is some evidence that shareholders do not receive sufficiently detailed information regarding appointments/re-appointments, dividends and auditors.
1	There is little evidence that shareholders receive sufficiently detailed information regarding appointments/re-appointments, dividends and auditors.

1.7 DO THE ANNUAL REPORTS AND/OR MINUTES OF ANNUAL GENERAL MEETING (AGM) SUGGEST THAT SHAREHOLDERS HAVE AN OPPORTUNITY TO ASK QUESTIONS/RAISE ISSUES?

This is a 3 point score question.

Score	Meaning
3	There is evidence in the annual report or minutes that shareholders have had the opportunity to ask questions/raise issues. Generally, a request would be put to the members present to ask such questions.
2	There is some evidence that shareholders have had the opportunity to ask questions but it is unclear (from the available evidence) that such opportunities were volunteered by the company.
1	There is little evidence that shareholders have an opportunity to ask questions/raise issues.

1.8 DO SHAREHOLDERS HAVE AN OPPORTUNITY TO REQUEST AND/OR ACCESS THE MEETING MINUTES OF ANNUAL GENERAL MEETING (AGM)?

This is a 2 point score question.

Score	Meaning
2	There is evidence in the public (website, annual reports etc.) that details the process to request the minutes of AGMs.
1	There is no evidence or instruction that details the process to request the minutes of AGMs.

1.9 DO THE ANNUAL REPORTS AND/OR MINUTES OF AGMS RECORD THE ATTENDANCE OF DIRECTORS AT AGM?

This is a 3-point score question.

Score	Meaning
3	The minutes show which directors are present. In particular, the Chairman, CEO and other directors. Evidence of this might also be found in the annual report.
2	There is some evidence of the presence of some directors but not of others.
1	There is little to no appropriate documentation.

1.10 DOES THE COMPANY HAVE ANTI-TAKEOVER DEFENCES?

This is a 3-point score question.

Score	Meaning
3	Analysis of the Annual report and related documents might reveal that there are no obvious defenses to a takeover such as cross-shareholdings, pyramid holdings staggered boards and board members holding more than 25% of the shares outstanding.
2	There is some evidence of the presence of anti-takeover defenses. In this case one could assume that either the board have more than 25% (but less than 50%) of outstanding shares or any one of the other mentioned defenses.
1	There is significant evidence of the presence of anti-takeover defenses. This could be where board members have more than 50% of the outstanding shares and/or some combination of the other defenses.

2.0 EQUITABLE TREATMENT OF SHAREHOLDERS

This section covers matters relating to: the different voting rights of shareholders; mechanisms by which minority shareholders can influence board composition; insider dealing and disclosure of related-party transactions; and adequacy of notices of general meetings.

2.1 IS IT EXPLICITLY STATED IN THE ARTICLES THAT THE COMPANY OFFERS ONE-SHARE, ONE-VOTE?

This is a 3 point score.

Score	Meaning
3	Analysis of the Articles and/or other documents might reveal that there are no obvious obstacles to a one-share, one-vote system. More specifically the Articles explicitly states that a one-share, none-vote system applies for the company.
2	The Articles and/or other documents reveal nothing about what is allowed in terms of votes per share.
1	The Articles might imply that certain classes of shares benefit from having, under certain circumstances, more than one-vote per share.

2.2 IS THERE ANY MECHANISM TO ALLOW MINORITY SHAREHOLDERS TO INFLUENCE BOARD COMPOSITION?

This is a 2 point score.

Score	Meaning
3	Analysis of the Articles indicate that there are mechanisms to allow minority shareholders to influence Board composition, such as cumulative voting rights.
2	Analysis of the Articles might reveal that there are no obvious obstacles to a minority shareholder (i.e. someone having less than 50% of the outstanding shares) from either making suggestions for board membership and/or raising objections to board proposed members. More specifically, the Articles explicitly state that shareholders are allowed to raise questions and vote on all types of matters (including board composition).
1	The Articles might imply that only certain shareholders have the right to vote and influence board composition.

2.3 HAVE THERE BEEN ANY BREACHES OF THE SECURITIES ACT OR OTHER REGULATIONS REGARDING INSIDER TRADING OR TRADING BY INSIDER IN PAST 3 YEARS?

This is a 3 point score.

Score	Meaning
3	If there have been no breaches (for the past 3 years), based on the data from the JSE (or public records) concerning regulatory compliance.
2	If there have only been a small number of breaches and not for all three years.
1	If there have been breaches for all three years.

2.4 IS THERE ANY MECHANISM USED FOR DETAILING RELATED-PARTY TRANSACTIONS?

This is a 2 point score.

Score	Meaning
2	If there are any sections mentioning related party transactions, irrespective of whether the section is empty/blank or not, as part of the annual report.
1	If there is no section for detailing related-party transactions.

2.5 DOES THE COMPANY PROVIDE RATIONALES/EXPLANATIONS FOR RELATED-PARTY TRANSACTIONS AFFECTING THE CORPORATION?

This is a 3 point score.

Score	Meaning
3	Types and values of related party transactions are provided.
2	Only type or value of related party transactions are provided.
1	No details of type or value of related party transactions provided.

2.6 HAVE THERE BEEN ANY NON-COMPLIANCE CASES REGARDING RELATED-PARTY TRANSACTION IN THE LAST 3 YEARS?

This is a 3 point score.

Score	Meaning
3	If there have been no breaches (for the past 3 years), based on the data from the JSE concerning regulatory compliance.
2	If there have been no more than two (2) breaches for all three years.
1	If the company has had more than three (3) breaches within the last three years.

2.7 DOES THE COMPANY FACILITATE VOTING BY PROXY?

This is a 3 point score.

Score	Meaning
3	If the Articles are consistent with the Companies Act (on the matter of proxy votes) and there have been no reported breaches of the JSE rules. Further, if there are no burdensome requirements such as needing to have the proxy notarised or burdensome fees.
2	If there are no breaches but additional requirements imposed such as burdensome fees or notarised proxy.
1	If there have been breaches and (possibly) additional burdensome requirements.

2.8 HOW MANY DAYS IN ADVANCE DOES THE COMPANY SEND OUT THE NOTICE OF GENERAL SHAREHOLDER MEETINGS?

This is a 2 point score.

Score	Meaning
2	If consistent with the JSE rules and Companies Act.
1	If not consistent with the JSE rules/Companies Act.

3.0 ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

This section covers matters relating to: the inclusion of the wider set of stakeholders in the governance of the company; the extent to which employee welfare is a part of a company's ethos; details regarding employee membership on boards, whistle blowing policies, environmental issues, and employee share options. This section also examines matters relating to training in ethics and compliance to employees and communication of ethics stance to suppliers and customers of the company.

3.1 DOES THE COMPANY EXPLICITLY MENTION THE SAFETY AND WELFARE OF ITS EMPLOYEES?

This is a 3 point score.

Score	Meaning
3	The Company must have policies as to how they consider their employees to be part of the corporate governance framework that are publicly available (in the annual report, website or other publicly available data source). The policies must be accessible from the company's website.
2	If the articulation is vague/high level (but exists) even if contained in both the annual report and website.
1	If there is no articulation.

3.2 THE MECHANISM BY WHICH THE VIEWS OF NON-EXECUTIVE STAFF IS BROUGHT TO THE ATTENTION OF THE BOARD? EG. MINUTES OF STAFF MEETINGS.

Example: Staff member on Executive Committee or any other Committee that allows for staff member involvement.

This is a 2 point score.

Score	Meaning
2	If the company provides some description of such involvement in its annual report or other publicly available information on its website.
1	If there is no such explicit representation.

3.3 DOES THE COMPANY HAVE A WHISTLEBLOWING POLICY ON ITS WEBSITE OR ANNUAL REPORT?

This is a 3 point score.

Score	Meaning
3	If the company has a written policy on its website or annual report. Further, it must be the case that such a policy does not infringe the rights of individuals as given under the Protected Disclosures Act Jamaica, 2011.
2	If there is vague a high-level articulation of the policy in either the annual report or company website.
1	If there is no articulation.

3.4 DOES THE COMPANY EXPLICITLY MENTION THE ROLE OF KEY STAKEHOLDERS FOR EXAMPLE CUSTOMERS, THE COMMUNITY AT LARGE, CREDITORS OR SUPPLIERS?

The information is usually found in the company's CSR Policy.

This is a 3 point score.

Score	Meaning
3	The Company must have policies as to how they consider their non-employee stakeholders such as customers or community that are publicly available (in the annual report, website or other publicly available data source).
2	If the articulation is vague/high level (but exists) even if contained in both the annual report and website.
1	If there is no articulation.

3.5 DOES THE COMPANY EXPLICITLY MENTION ENVIRONMENTAL ISSUES IN ITS PUBLIC COMMUNICATIONS?

This is a 3 point score.

Score	Meaning
3	The Company must have board-approved policies as to how they consider environmental issues to be part of the corporate governance framework. The policies are publicly available (in the annual report, website or other publicly available data source).
2	If the articulation is vague/high level (but exists) even if contained in both the annual report and website.
1	If there is no articulation.

3.6 DOES THE COMPANY EXPLICITLY MENTION TRAINING PROVIDED TO EMPLOYEES ON MATTERS CONCERNING ETHICS AND COMPLIANCE?

This is a 3 point score.

Score	Meaning
3	The Company provides some articulation as to what training was provided in ethics and compliance. The policies are publicly available (in the annual report, website or other publicly available data source) and accessible from the company's website.
2	If the articulation is vague/high level (but exists) even if contained in both the annual report and website.
1	If there is no articulation.

3.7 DOES THE COMPANY EXPLICITLY MENTION GUIDANCE PROVIDED TO EXTERNAL STAKEHOLDERS IN UNDERSTANDING THE COMPANY'S ETHICAL STANCE AND EXPECTED CODES OF CONDUCT?

Example: This would relate to the company's Corporate Governance Code or Ethics Policy.

This is a 3 point score.

Score	Meaning
3	The Company provides some articulation as to how they provide guidance to external stakeholders in understanding the company's ethical stance and expected codes of conduct. The policies are publicly available (in the annual report, website or other publicly available data source) and accessible from the company's website.
2	If the articulation is vague/high level (but exists) even if contained in both the annual report and website.
1	If there is no articulation.

4.0 DISCLOSURE AND TRANSPARENCY

This section covers matters relating to: the transparency and form of ownership structure of companies; the role of the audit function is also covered as well as qualifications in an audit report. This section also examines the extent to which policies, committees and constitutional matters are disclosure/detailed in documents such as annual reports and or medium such as websites.

4.1 DOES THE COMPANY HAVE A TRANSPARENT OWNERSHIP STRUCTURE?

Example: This relates to the Top Ten Shareholders.

This is a 3 point score.

Score	Meaning
3	If the company provides details of (in annual report and possibly website) breakdown of shareholdings; if it is easy to identify beneficial ownership (i.e. not obscured by holding companies); if director shareholdings are disclosed and if management shareholdings are disclosed. In addition, such disclosures must be, at least consistent with both JSE rules and the Companies Act.
2	If the disclosure does not provide sufficient details and/or there is some breach of the JSE rules or Companies Act.
1	If there is no disclosure.

4.2 DOES THE COMPANY HAVE A DISPERSED OWNERSHIP STRUCTURE BASED ON GENERALLY ACCEPTED BEST PRACTICES?

This is a 3 point score.

Score	Meaning
3	If the company has no single shareholder (including connected parties) holding more than 5% of outstanding voting shares each.
2	If the company has a single shareholder (including connected parties) holding more than 5% but less than 40% of outstanding voting shares each.
1	If the company has a single shareholder (including connected parties) holding more than 40% of outstanding voting shares each.

4.3 IS THE COMPANY'S ACTUAL OWNERSHIP STRUCTURE CHARACTERIZED BY CROSS SHAREHOLDINGS?

This is a 2 point score.

Score	Meaning
2	If the company doesn't have any cross shareholdings.
1	If there are cross shareholdings.

4.4 DOES THE COMPANY HAVE AN INTERNAL AUDIT OPERATION OR EXTERNAL AGENCY TO PROVIDE THIS SERVICE?

This is a 3 point score.

Score	Meaning
3	If the company has an internal audit (or external agency) function. Further the audit function is independent of line management and reports to a board audit committee.
2	If the company has an audit function but it is not independent.
1	If there is no audit function.

4.5 DOES THE COMPANY PERFORM AN ANNUAL AUDIT USING INDEPENDENT AND REPUTABLE AUDITORS?

This is a 3 point score.

Score	Meaning
3	If the audit firm is generally viewed as being reputable and the relationship with the firm is independent. An absence of independence is when the company is already conducting business with the auditor as a consultancy and the company has not provided any credible reason (as might be detailed in the annual report) for using the firm as opposed to another one. Other aspects of non-independence might be where potential conflicts of interests arise such as related/connected parties.
2	If the audit firm is reputable but not necessarily independent.
1	If the audit firm is not reputable and possibly not independent.

4.6 ARE THERE ANY ACCOUNTING QUALIFICATIONS IN THE AUDITED FINANCIAL STATEMENTS APART FROM THE QUALIFICATION ON UNCERTAINTY OF SITUATION?

This is a 3 point score.

Score	Meaning
3	No qualifications
2	Minor Qualifications
1	Adverse

4.7 DOES THE COMPANY DISCLOSE POLICIES (ON WEBSITE OR ANNUAL REPORTS) RELATING TO BUSINESS ETHICS?

This is a 3 point score

Score	Meaning
3	Policies are detailed in the website/or annual reports.
2	Mention is made of the policies, in high-level terms, but insufficient details are provided.
1	Little or no information is provided on the policies.

4.8 DOES THE COMPANY DISCLOSE ITS CORPORATE GOVERNANCE POLICY?

This is a 3 point score.

Score	Meaning
3	The detailed policies are disclosed from the company website and/or included as part of the annual report.
2	Mention is made of the policy, in high-level terms, but insufficient details are provided.
1	Little or no information is provided on the policy.

4.9 ARE THE ARTICLES OF INCORPORATION/ASSOCIATION (“ARTICLES”) AND ANY AMENDMENTS DETAILED IN THE ANNUAL REPORT OR WEBSITE.

This is a 3 point score.

Score	Meaning
3	The Articles and any amendments are detailed on the company’s website.
2	Mention was made of the Articles and/or amendments, but no details were provided.
1	No mention was made in the Annual Report or on the website of the website of the Articles or any amendment, if applicable.

4.10 ARE BOARD AND COMMITTEE CHARTERS DETAILED ON WEBSITE/ANNUAL REPORTS?

This is a 3 point score.

Score	Meaning
3	The board and committee charters are detailed in the annual report/website.
2	A high level summary of the board and committee charters are provided in the annual report and/ or on the company website.
1	Little or no information is provided on the committee and charters.

4.11 DOES THE COMPANY OFFER MULTIPLE CHANNELS OF ACCESS TO INFORMATION?

This is a 3 point score.

Score	Meaning
3	The company offers access to information including combinations of: annual report, company website, analyst briefings, and press conference/briefings.
2	The company does not offer more than annual report and another channel.
1	Only the annual report is used.

5.0 RESPONSIBILITIES OF THE BOARD

This section covers matters relating to key functions of the board including board approved governance, ethics and other policies; matters relating to the quality and coverage of the audit and annual reports. The section also examines various operational aspects of the board such as the frequency of its meetings as well as its constitution such as the inclusion of independent directors, board committees, and board performance evaluation.

5.1 IS THERE ANY INDICATION (ON WEBSITE, ANNUAL REPORT AND/OR ANY OTHER DOCUMENT) THAT THE COMPANY HAS ITS OWN WRITTEN CORPORATE GOVERNANCE RULES APPROVED BY THE BOARD OF DIRECTORS?

This is a 3 point score.

Score	Meaning
3	The company explicitly states on its website, annual report and/or any other document that it has a corporate governance policy, which has been approved by the board of directors. As an alternative, the policy could be on the website and, in the same document; it shows that the board has approved the policy.
2	The company does not state on either its website, annual report and/or any other document or any policy that it has approved the governance policy. However, there is mention of a governance policy and details of it can be accessed online or in the annual report.
1	There is no mention of the board approving a governance policy and no details of the policy can be seen on website, annual report and/or any other document.

5.2 IS THERE ANY INDICATION (ON WEBSITE, ANNUAL REPORT AND/OR ANY OTHER DOCUMENT) THAT THE BOARD OF DIRECTORS PROVIDE A CODE OF ETHICS OR STATEMENT OF BUSINESS CONDUCT FOR ALL DIRECTORS AND EMPLOYEES?

This is a 3 point score.

Score	Meaning
3	The company explicitly states on its website, annual report and/or any other document that it has a code of ethics policy (or statement of business conduct for all directors and employees) which have been approved by the board of directors. As an alternative, the policy could be on the website and, in the same document; it shows that the board has approved the policy.
2	The company either does not state on its website, annual reports and/or any other document that it has approved the code of ethics policy (or statement of business conduct for all directors and employees). However, there is mention of an ethics policy (or statement of business) and details of it can be accessed online or in the annual report. It could also be here that the company has a policy but it does not apply to all directors and staff.
1	There is no mention of the board approving an ethics policy and no details of the policy can be seen on website, in annual report and/or any other document.

5.3 ASSESS THE QUALITY AND CONTENT OF THE AUDIT COMMITTEE REPORT IN THE ANNUAL REPORT.

This is a 3 point score.

Score	Meaning
3	The company explicitly details information pertaining to: attendance of directors, internal controls, management controls, proposed auditors, financial report review, legal compliance, conclusion and/or opinions.
2	The company discusses most aspects as above but does not provide a few details. For example they might not have provided any conclusions/opinions or attendance of directors.
1	The company has not provided any level of detail for one to properly form an opinion about the report.

5.4 DOES THE ANNUAL REPORT STATE THE PERCENTAGE OF THE BOARD MEMBERS PARTICIPATED IN TRAINING ON CORPORATE GOVERNANCE AND DOES IT STATE THE NATURE OF SUCH TRAINING?

This is a 3 point score.

Score	Meaning
3	The company explicitly details the type of training received and the percentage of directors benefitting from training is in excess of 85%.
2	The company has briefly mentioned director training but did not discuss the type of training and/or which directors attended the training or only two thirds (66 $\frac{2}{3}$ %) of directors participated in the training listed.
1	The company has not provided any level of detail for one to properly form an opinion about director training or less than two thirds (66 $\frac{2}{3}$ %) of directors participated in all training.

5.5 DOES THE BOARD HAVE FREQUENT BOARD MEETINGS?

Annual board retreats will be taken into consideration when identifying the appropriate score.

This is a 3 point question.

Score	Meaning
3	If the Board meets at least 7 times per year.
2	If the Board meets at least 5 times per year.
1	If the Board meets less than 5 times per year.

5.6 IS THE CHAIRMAN AN INDEPENDENT DIRECTOR?

This is a 3 point question.

Score	Meaning
3	If yes.
2	If no but some rationale is provided for why he/she should have the role.
1	If no information given or the Chairman is not independent.

5.7 IS THE BOARD AUDIT/CORPORATE GOVERNANCE COMMITTEE CHAIRED BY AN INDEPENDENT DIRECTOR?

Score	Meaning
3	If yes.
2	If no but some rationale is provided for why he/she should have the role.
1	If no information given or the Chairman is not independent.

5.8 IF THE CHAIRMAN IS NOT INDEPENDENT, IS THERE A NAMED LEAD INDEPENDENT DIRECTOR?

This is a 2 point score.

Score	Meaning
2	If yes or the chairman is independent.
1	If no information given or the Chairman is not independent.

5.9 DOES THE COMPANY HAVE DIRECTORS THAT HAVE DEMONSTRATED COMPLIANCE WITH THEIR STATUTORY DUTIES AS SET OUT IN SECTION 174 OF THE COMPANIES ACT 2004?

This is a 2 point score.

Score	Meaning
2	If there are no reported compliance issues as contained in JSE reports/spreadsheets and/or criminal convictions regarding any matters arising from a failure to satisfy fiduciary responsibilities.
1	Otherwise.

5.10 IS THE BOARD DIVERSE IN THE COMPOSITION OF ITS MEMBERS?

This is a 3 point score.

Score	Meaning
3	If the range of qualification, skills and experience/competencies is diverse and spans gender, industry knowledge or age.
2	If members are homogenous in qualifications, skills and experience/competencies is diverse and spans gender, industry knowledge or age.
1	If insufficient information is presented in the annual report, website or any other document in order to form an opinion or if there is no evidence of diversity in composition.

5.11 IS THERE ANY INDICATION IN ANNUAL REPORTS OR OTHER PUBLIC DOCUMENTS THAT THE COMPANY HAS AN OPTION SCHEME WITH INCENTIVES FOR TOP MANAGEMENT?

This is a 3 point score.

Score	Meaning
3	If yes and details of the scheme are provided on website and/or annual reports.
2	If yes but only high-level details are provided.
1	If no details are provided.

5.12 DOES THE BOARD APPOINT COMMITTEES WITH THE MAJORITY BEING INDEPENDENT MEMBERS TO CARRY OUT VARIOUS CRITICAL RESPONSIBILITIES NAMELY AUDIT, COMPENSATION AND DIRECTOR NOMINATION?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If yes but not for all the committees.
1	If no details are provided or the company does not have any such committees.

5.13 ARE THE TERMS OF THE AUDIT COMMITTEE DETAILED IN THE ANNUAL REPORT, WEBSITE, AND/OR ANY OTHER PUBLIC DOCUMENT CONSISTENT WITH THAT OF RELEVANT BEST PRACTICES, STANDARDS/RULES AND APPLICABLE LAWS?

This is a 3 point score.

Score	Meaning
3	If it is consistent with relevant JSE and legal requirements, applicable standards such those of the IIAJC and in substantial compliance with applicable governance codes such as PSOJ/OECD.
2	If it conforms to most aspects of best practice.
1	If no details are provided or the company does not conform to most aspects of best practice.

5.14 ARE THE TERMS OF THE CORPORATE GOVERNANCE COMMITTEE DETAILED IN THE ANNUAL REPORT, WEBSITE OR ANY OTHER PUBLIC DOCUMENTS CONSISTENT WITH THAT OF RELEVANT STANDARDS/RULES, BEST PRACTICES, AND/OR ANY APPLICABLE LAWS?

The functions of the Corporate Governance Committee may be performed by another committee.

This is a 3 point score.

Score	Meaning
3	If it is consistent with relevant JSE and legal requirements and is in substantial compliance with applicable governance codes such as PSOJ/OECD.
2	If it conforms to most aspects of best practice.
1	If no details are provided or the company does not conform to most aspects of best practice.

5.15 ARE THE TERMS OF THE COMPENSATION COMMITTEE DETAILED IN THE ANNUAL REPORT AND/OR WEBSITE, OR ANY OTHER PUBLIC DOCUMENT CONSISTENT WITH THAT OF RELEVANT BEST PRACTICES OR STANDARDS/RULES, AND/OR ANY APPLICABLE LAWS?

The functions of the Compensation Committee may be performed by another committee.

This is a 3 point score.

Score	Meaning
3	It is consistent with standards such as those of the governance codes of the PSOJ and/or OECD.
2	If it conforms to most aspects of best practice.
1	If no details are provided or the company does not conform to most aspects of best practice.

5.16 ARE THE TERMS OF THE NOMINATION COMMITTEE DETAILED IN THE ANNUAL REPORT, WEBSITE AND/OR ANY OTHER PUBLIC DOCUMENT, CONSISTENT WITH THAT OF RELEVANT STANDARDS/RULES, BEST PRACTICES, AND/OR ANY APPLICABLE LAWS?

The functions of the Nomination Committee may be performed another committee.

This is a 3 point score.

Score	Meaning
3	If it is consistent with relevant JSE and legal requirements and is in substantial compliance with applicable standards codes such as PSOJ/OECD.
2	If it conforms to most aspects of best practice.
1	If no details are provided or the company does not conform to most aspects of best practice.

5.17 FROM THE DETAILS CONTAINED IN ITS ANNUAL REPORT, WEBSITE AND/OR ANY PUBLIC DOCUMENTS, DOES THE COMPANY HAVE AT LEAST 50% (EXCLUDING THE CHAIRPERSON) INDEPENDENT DIRECTORS?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If no but the information is contained on the website/annual reports.
1	If no details are provided in order to determine the result.

5.18 ARE OTHER BOARD MEMBERSHIPS OF DIRECTORS DISCLOSED?

This is a 3 point score.

Score	Meaning
3	If Yes and the details of the respective boards for each director is detailed.
2	If yes but no details are provided.
1	If no details are provided.

5.19 DOES THE COMPANY STATE IN ITS ANNUAL REPORT THE DEFINITION OF 'INDEPENDENCE'?

This is a 3 point score.

Score	Meaning
3	If there is a statement of independence and it is consistent with standards such as those of the governance codes of the PSOJ and/or OECD.
2	If yes but it differs, slightly, from generally accepted definitions.
1	If no details are provided.

5.20 DOES THE COMPANY PROVIDE CONTACT DETAILS FOR A POSITION FOCUSED ON INVESTOR RELATIONS?

This is a 2 point score.

Score	Meaning
2	If yes.
1	If no details are provided.

5.21 DOES THE COMPANY HAVE A BOARD OF DIRECTOR'S REPORT IN ITS ANNUAL REPORT?

This is a 2 point score.

Score	Meaning
2	If yes.
1	If no.

5.22 DOES THE COMPANY DISCLOSE HOW MUCH IS PAID TO ITS NON-EXECUTIVE DIRECTORS?

This is a 3 point score.

Score	Meaning
3	If details are provided on each non-executive director
2	If general details relating to a group of non-executive directors are provided
1	If no details are provided.

5.23 DOES THE COMPANY PROVIDE TRAINING TO DIRECTORS (INCLUDING EXECUTIVE AND NON-EXECUTIVE DIRECTORS) OTHER THAN IN CORPORATE GOVERNANCE (SHOWN IN QUESTION 5.4).

This is a 3 point score.

Score	Meaning
3	If details are provided on the type of training received by the Board.
2	If mention is made of the training received by the Board.
1	If no information is provided.

5.24 DOES THE COMPANY STATE (IN ITS ANNUAL REPORT OR WEBSITE) HOW PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND ITS INDIVIDUAL DIRECTORS ARE CONDUCTED?

This is a 3 point score.

Score	Meaning
3	If details are provided on the overall board, its committees, and its individual directors.
2	If details are provided but only in high-level terms.
1	If no details are provided.

5.25 IS THERE ANY INDICATION IN THE ANNUAL REPORT THAT BOARD PERFORMANCE EVALUATION HAS BEEN FACILITATED BY AN EXTERNAL PARTY* (INDIVIDUAL OR ORGANIZATION) AT LEAST ONCE IN THE LAST THREE (3) YEARS?

This is a 2 point score.

Score	Meaning
2	If details are provided.
1	If no details are provided.

* Note: Different from Internal Evaluation

6.0 JSE REQUIREMENTS

This section covers matters relating to the conformity of companies to the regulations of the JSE. Specifically, the section covers financial statements and whether such statements are in keeping with regulations, standards such as IFRS/ICAJ. Disclosure of the top ten shareholders, directors, senior management and connected parties is also covered. The section also covers the communication of announcements (i.e. timeliness and completeness). The company website is covered in terms of matters such as providing details about a company's mission, vision etc. Further details of a company's annual reports are covered as well as its financial performance.

6.1 FINANCIAL STATEMENTS

6.1.1 ARE FINANCIAL STATEMENTS SUBMITTED TO THE JSE EVERY QUARTER (I.E. EVERY 3 MONTHS) AND WITHIN 45 DAYS OF THE END OF THE PERIOD TO WHICH THE STATEMENTS RELATE (EXCEPT FOR WHERE THE OPTION HAS BEEN CHOSEN NOT TO SUBMIT QUARTER 4 STATEMENTS BUT TO SUBMIT AUDITED FINANCIAL STATEMENTS IN 60 DAYS OF THE END OF THE FINANCIAL YEAR)?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If for 2 or 3 quarters
1	Otherwise.

6.1.2 ARE THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS WELL AS RECOMMENDATIONS BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA (ICAJ)?

This is a 3 point score.

Score	Meaning
3	If yes. The metric here is whether the JSE (RMOD or otherwise) reports any discrepancies.
2	If only for some aspects of the report as determined by the RMOD
1	Otherwise.

6.1.3 ARE THE SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGEMENT AND THEIR CONNECTED PERSONS AND THE TOP TEN (10) LARGEST SHAREHOLDERS INCLUDED IN THE UNAUDITED REPORT?

This is a 3 point score.

Score	Meaning
3	If yes. The metric here is JSE compliance data.
2	If only for some but not all 10
1	Otherwise.

6.1.4 ARE THE QUARTERLY FINANCIAL STATEMENTS SUBMITTED IN ACCORDANCE WITH JSE RMOD REQUIREMENTS?

This is a 3 point score.

Score	Meaning
3	If yes. The metric here is JSE compliance data.
2	If only for some but not all quarters.
1	Otherwise.

6.1.5 ARE THE QUARTERLY FINANCIAL STATEMENTS ACCOMPANIED BY EXPLANATORY NOTES?

This is a 2 point score.

Score	Meaning
2	If yes
1	Otherwise.

6.1.6 WERE THE FOURTH QUARTER FINANCIALS SUBMITTED WITHIN 45 DAYS (UNAUDITED) AND 90 DAYS (AUDITED) OR DID THE COMPANY SUBMIT THE AUDITED WITHIN 60 DAYS FOR THE CURRENT PERIOD (YEAR UNDER REVIEW)?

This is a 2 point score.

Score	Meaning
2	If yes
1	Otherwise.

6.1.7 ARE ANNUAL AUDITED FINANCIAL STATEMENTS SUBMITTED WITHIN 90 DAYS OF THE COMPANY'S YEAR-END OR 60 DAYS IF THE OPTION NOT TO SUBMIT QUARTER 4 STATEMENTS HAS BEEN CHOSEN?

This is a 3 point score.

Score	Meaning
3	If yes for the last three 3 years
2	If for two (2) of the last three (3) years
1	Otherwise.

6.1.8 ARE THE AUDITED ANNUAL FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS PROMULGATED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA (ICAJ)?

This is a 3 point score.

Score	Meaning
3	If yes for all aspects.
2	If for most aspects.
1	Otherwise.

6.1.9 ARE THE SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGEMENT AND THEIR CONNECTED PERSONS AS WELL AS THE TOP TEN (10) LARGEST SHAREHOLDERS INCLUDED IN THE AUDITED REPORT?

This is a 3 point score.

Score	Meaning
3	If yes. The metric here is JSE compliance data.
2	If only for some but not all 10.
1	Otherwise.

6.1.10 ARE AUDITED FINANCIAL STATEMENTS APPROVED BY THE BOARD OF DIRECTORS AND SIGNED BY AT LEAST TWO (2) DIRECTORS?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.1.11 ARE COPIES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS, DETAILING THE SHAREHOLDING OF DIRECTORS, SENIOR MANAGEMENT AND THEIR CONNECTED PERSONS AND THE TOP TEN (10) LARGEST SHAREHOLDERS INCLUDED IN A HARD COPY AND/OR SOFT COPY OF THE AUDITED REPORT SENT TO EACH SHARE/ STOCKHOLDER AND 6 PRINTED COPIES (AND 1 ELECTRONICALLY) TO THE JSE WITHIN 120 DAYS OF THE YEAR-END (AS PER JSE RULE 409 OR PART 4, APPENDIX 2 FOR THE JUNIOR EXCHANGE)?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.2 COMMUNICATION OF ANNOUNCEMENTS

6.2.1 ARE TIMELY AND COMPLETE DISCLOSURES RELATING TO MATTERS SUCH AS NOTIFICATION OF DIVIDENDS, PROFITS, ISSUES, EXPANSION PROGRAMMES AND ANY OTHER CHANGES CONSISTENT WITH THE RELEVANT JSE RULE(S)?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.3 TAKEOVERS AND MERGERS

6.3.1 ARE/WERE TAKEOVERS AND MERGERS CONDUCTED ACCORDING TO THE PRINCIPLES DETAILED IN APPENDIX 1 OF THE JSE RULES?

This is a 2 point score.

Score	Meaning
2	If yes or there were no mergers or takeovers.
1	Otherwise.

6.4 LISTING AGREEMENT

6.4.1 HAS THE COMPANY CONFORMED TO THE LISTING AGREEMENT/ONGOING REQUIREMENTS OF THE JSE RULES?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.5 SECURITIES TRANSACTIONS

6.5.1 HAVE THE DIRECTORS/SENIOR EXECUTIVES OF THE COMPANY CONFORMED TO THE JSE LISTING REQUIREMENTS REGARDING SECURITIES DEALING AS PER APPENDIX 7 OF THE JSE RULES?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.6 TIMELY DISCLOSURE

6.6.1 HAVE DISCLOSURES BEEN MADE IN A TIMELY MANNER CONSISTENT WITH JSE POLICY ON TIMELY DISCLOSURE?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.7 MANAGEMENT DISCUSSION & ANALYSIS (MD & A) FOR ANNUAL REPORTS

6.7.1 DOES THE MD & A SATISFY THE PRINCIPLES AND TEMPLATE AS DETAILED IN THE JSE RULE BOOK?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.8 COMPANY WEBSITE

6.8.1 DOES THE WEBSITE PROVIDE DETAILS ABOUT THE COMPANY INCLUDING ITS MISSION, VISION, BOARD OF DIRECTORS & MANAGEMENT STRUCTURE?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If it is provided but not in a single place.
1	Otherwise.

6.8.2 DOES THE WEBSITE PROVIDE AN EXPLANATION OF HOW RELEVANT LOCAL AND GLOBAL EVENTS CAN DIRECTLY AFFECT THE ORGANIZATION?

This information could be included in the annual report which is found on the website

This is a 3 point score.

Score	Meaning
3	If yes and details are provided.
2	If only high-level details are provided which are generally applicable to all types of companies.
1	Otherwise.

6.8.3 DOES THE WEBSITE PROVIDE MANAGEMENT DISCUSSION & ANALYSIS IN RELATION TO THE ORGANIZATION'S LAST ANNUAL REPORT?

NOTE: These could be included as a part of the Annual Report on the Company's Website.

This is a 3 point score.

Score	Meaning
3	If yes and details are provided.
2	If only high-level details are provided.
1	Otherwise.

6.8.4 DOES THE WEBSITE CONTAIN DETAILS OF THE PRODUCTS/ SERVICES PROVIDED BY THE ORGANIZATION?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.8.5 DOES THE WEBSITE CONTAIN DETAILS OF FUTURE EVENTS IN WHICH SHAREHOLDERS/OTHER STAKEHOLDERS MIGHT PARTICIPATE?

This is a 3 point score.

Score	Meaning
3	If yes and details are provided.
2	If only high-level details are provided.
1	Otherwise.

6.8.6 DOES THE WEBSITE FACILITATE DOWNLOADING/PRINTING OF INFORMATION?

This is a 3 point score.

Score	Meaning
3	If documents can be viewed, copied and printed.
2	If only viewing is allowed.
1	Otherwise.

6.8.7 DOES THE WEBSITE ALLOW USERS TO PROVIDE FEEDBACK?

This is a 3 point score.

Score	Meaning
3	If facilities exist for blogs/user feedback etc. allowing sufficient space for comments and/or attachments.
2	If only limited facilities for comments exist or reference to a contact email address is given.
1	Otherwise.

6.8.8 DOES THE WEBSITE CONTAIN A NEWS/ANNOUNCEMENT SECTION THAT PROVIDES INFORMATION THAT CAN HAVE A MATERIAL IMPACT ON INVESTOR DECISIONS?

This is a 3 point score.

Score	Meaning
3	If yes and details are provided.
2	If only high-level details are provided and which are not necessarily meaningful to investor decisions.
1	Otherwise.

6.9 ANNUAL REPORT

6.9.1 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S MISSION, VISION, AND PHILOSOPHY ETC.?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.9.2 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S STRATEGIC DIRECTION?

This is a 2 point score.

Score	Meaning
2	If yes.
1	Otherwise.

6.9.3 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S CORPORATE GOVERNANCE PRACTICES?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If only high-level details but no policies.
1	Otherwise.

6.9.4 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S CORPORATE SOCIAL RESPONSIBILITY PRACTICES?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If only high-level details but no policies.
1	Otherwise.

6.9.5 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S RISK MANAGEMENT PRACTICES?

The risk analysis may be found in the MD&A, Chairman or CEO's Report.

This is a 3 point score.

Score	Meaning
3	If yes and it covers operational, credit market, liquidity, interest rate, currency and any other source of risk.
2	If it does not cover all the areas above in detail.
1	If no details or very high-level information is provided.

6.9.6 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S DIRECTORS AND EXECUTIVES?

This is a 3 point score.

Score	Meaning
3	If yes for all directors and executives.
2	If not for all but for some directors/executives.
1	If no details or very high-level information is provided.

6.9.7 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE FUNCTION AND COMPOSITION OF THE COMPANY'S BOARD COMMITTEES?

This is a 3 point score.

Score	Meaning
3	If function and composition are stated.
2	If some details are provided.
1	No details are provided.

6.9.8 DOES THE ANNUAL REPORT PROVIDE DETAILS OF THE COMPANY'S INDUSTRY SEGMENTS AND THE EFFECTS OF MACRO-ECONOMIC INDICATORS ON THE BUSINESS?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If yes but little details.
1	If no details are provided.

6.9.9 DOES THE ANNUAL REPORT PROVIDE AN ANALYSIS OF TRENDS, CHARTS AND NARRATIVES EXPLAINING FINANCIAL PERFORMANCE?

This is a 3 point score.

Score	Meaning
3	If yes and including trends, charts and narratives.
2	If yes but little details.
1	If no details are provided.

6.9.10 DOES THE ANNUAL REPORT PROVIDE DETAILS OF FINANCIAL RATIOS COVERING THE LAST 5-YEARS OR IF LESS THAN 5 YEARS, SINCE THE TIME OF INCORPORATION?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If less than 5 years where the company has been incorporated or in existence for more than 5 years.
1	Otherwise.

6.9.11 DOES THE ANNUAL REPORT PROVIDE DETAILS OF DISCLOSURE AND DISCUSSION OF EARNINGS?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If yes but little details.
1	If no details are provided.

6.9.12 DOES THE ANNUAL REPORT OR ANY OTHER PUBLIC DOCUMENT EXPLICITLY PROVIDES DETAILS OF THE COMPANY'S HUMAN DEVELOPMENT POLICIES AND PRACTICES?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If yes but no policies.
1	If no mention is made.

6.9.13 DOES THE ANNUAL REPORT PROVIDE DETAILS OF ENVIRONMENTAL POLICIES & PRACTICES?

This is a 3 point score.

Score	Meaning
3	If yes.
2	If yes but no policies.
1	If no mention is made.

6.9.14 WHAT PERCENTAGE OF THE DIRECTORS ATTENDED ALL THE BOARD AND COMMITTEE MEETINGS?

This is a 3 point score.

Score	Meaning
3	The cumulative total attendance at board and committee meetings is greater than 90%.
2	The cumulative total attendance of board and committee meetings is greater than or equal to 75%.
1	The cumulative total attendance of board and committee meetings is less than 75%.

THE EVALUATOR

The term Evaluator here is used to describe the entity (real person or otherwise) whose primary responsibility is to apply the rules to calculate the CGI and its sub-indices.

The corporate governance evaluator is responsible for gathering the following data:

- The Companies Act of Jamaica, 2004 (including any updates).
- Each company's website.
- The Protected Disclosures Act Jamaica, 2011 (including any updates).
- Any other relevant Acts of Jamaica.
- Established best practice governance standards such as the PSOJ, OECD, UK corporate governance code etc.
- Standards/best practices such as the IFRS, or bodies like ICAJ, IIAJC etc.
- Any other public data such as newspaper articles, court rulings etc.

REFERENCES:

- i. G20/OECD Principles of Corporate Governance, September 2015
- ii. Yan-Leung Cheung, Aris Stouraitis and Weiqiang Tan: Does the Quality of Corporate Governance Affect Firm Valuation and Risk? Evidence from a Corporate Governance Scorecard in Hong Kong. Published in: International Review of Finance, 10:4, 2010: pp. 403-432.
- iii. Companies Act Jamaica, 2004
- iv. Jamaica Stock Exchange (JSE) Rules
- v. UK Corporate Governance Code, 2014
- vi. Practices - Institute of Chartered Accountants of Jamaica (ICAJ)
- vii. Standards - International Financial Reporting Standards (IFRS); Private Sector Organization of Jamaica (PSOJ) Corporate Governance Code and Organization for Economic Cooperation and Development (OECD)
- viii. 2012 Review of the Implementation Status of Corporate Governance Disclosures: Case study Jamaica. Produced by Syntegra Change Architects Ltd of Trinidad & Tobago, supported by UNCTAD secretariat, 2012



APPENDIX

The following appendix provides details of the application of the scoring/rating framework via way of an Excel spreadsheet.

I. SCALING OF THE INDICES

Given the above rating/scoring system, for each question, the following details some summary statistics in terms of scores for the index and sub-indices:

Index ->	CGI	SRI	ETI	SI	DTI	BI	JSEI
Max Value	276	29	21	20	32	70	104
Min Value	100	10	8	7	11	25	39

We will normalize all index values so that the overall index as well as the sub-indices ranges from 1 to 100. Consequently, the minimum and maximum values of all indices will be 1 and 100 respectively.

In order to transform the current index min/max values into the 1/100 numbers we note that the minimum and maximum values form two equations, which can be solved simultaneously via the following linear equations:

$$N_s = O_s * A + B$$

Here we are saying that the new score (Ns) is equal to the old score (Os) multiplied by some constant A and then add another constant B. Hence, for the main index we have:

$$100 = 276A + B$$

$$1 = 100A + B$$

The solutions to these equations are:

$$A = 0.56$$

$$B = -55.25$$

The following table summarises the coefficients (to two decimal places) of the simultaneous equations for all the indices:

Index ->	CGI	SRI	ETI	SI	DTI	BI	JSEI
A	0.56	5.21	7.62	7.62	4.71	2.20	1.52
B	-55.25	-51.11	-59.92	-52.31	-50.86	-54.00	-58.40

II. CORPORATE GOVERNANCE RATING SCORE & DEFINITIONS

The Jamaica Stock Exchange (JSE) Corporate Governance Index was designed to measure Listed Companies conformance to various principles of corporate governance and to raise the overall standard of corporate governance of companies listed on the JSE.

In order to bolster the JSE's Corporate Governance Index further, it was recommended that a Rating System be developed to appraise Listed Companies over scheduled review periods. Documented herein is a recommended rating scheme for the JSE's Corporate Governance Index, which is based on the assumption that the overall index and sub-indices will have a score ranging from 1 to 100. **(Please see JSE's Corporate Governance Index Manual – Scaling of the Indices).**

Given the above, the suggested Rating Score and Definitions are detailed as follows:

Table 1: Rating Score & Definitions

RATING SCORE	RATING	DEFINITION
90 - 100	AA	The company's performance was excellent in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index. It was also observed that the company, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and had almost no deficiencies in any of the areas rated.
80 - 89	A	The company's performance was very good in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index. It was also observed that the company, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems.
70 - 79	BB	The company's performance was good in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index. It was also observed that the company, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. During the rating process, minor deficiencies were found in one or two of the areas rated.
60 - 69	B	The company's performance was fair in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index. The company deserved to be included in the JSE's Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the rating process, minor deficiencies were identified in more than two of the areas rated.
50 - 59	CC	The company's performance was weak in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms need to be reviewed and strengthened. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
40 - 49	C	The company's performance was very weak in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in majority of areas rated and may lead to significant material loss and investor concern
Not Rated	NR	This indicated that no rating was applied due to insufficient information on which to base a rating or that the company has listed for less than the stipulated period for which rating would be applicable.

III. CGI PROCEDURE AND POLICIES

This section details the necessary procedures and policies regarding the maintenance and periodic calculation of the JSE Corporate Governance Index.

DATA REQUIREMENTS FOR THE EVALUATION COMMITTEE

The data required as, must have, inputs to the process of determining governance scores include:

- Articles for each listed company (including any updates).
- AGM Meeting Minutes.
- The Companies Act of Jamaica, 2004 (including any updates).
- Each Company's Annual Report.
- Each company's Website Address.
- The JSE Rules/Guidelines for the Main Exchange (including any updates).
- The JSE Rules/Guidelines for the Junior Exchange (including any updates).
- The JSE Companies Regulatory Compliance Data for the last three (3) years for each company.
- The Protected Disclosures Act Jamaica, 2011 (including any updates).
- Any other relevant Acts of Jamaica.
- Established best practice governance standards such as the PSOJ, OECD, UK corporate governance code etc.
- Standards and/or Best practices such as the IFRS or bodies like ICAJ, IIAJC etc.
- Any other public data such as newspaper articles, court rulings etc.
- Each company's website.
- The Protected Disclosures Act Jamaica, 2011 (including any updates).
- Any other relevant Acts of Jamaica.
- Established best practice governance standards such as the PSOJ, OECD, UK corporate governance code etc.
- Standards/best practices such as the IFRS, or bodies like ICAJ, IIAJC etc.
- Any other public data such as newspaper articles, court rulings etc.

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V. SAMPLE FORM

THE PROCESS TO REQUEST FOR DECISION REVIEW - CORPORATE GOVERNANCE INDEX SCORE/RATING

An individual, company, may use this form or a group of companies requesting the review of a decision related to the Corporate Governance Index Score/Rating. The form may be submitted to the delegated representatives. The Jamaica Stock Exchange and the PSOJ Corporate Governance Monitoring & Evaluation Committee will respond to acknowledge receipt of the request and may schedule a discussion of concerns raised.

IDENTIFICATION:

Company Name: _____
Email Address: _____
Mailing Address: _____
Telephone Number: _____

CONTACT REPRESENTATIVE:

Contact Person: _____
Full Name: _____
Email Address: _____
Mailing Address: _____
Telephone Number: _____

STATEMENT OF CONCERN

Provide a general explanation of your concerns, to assist the representatives to identify relevant information for discussion.

ACTION REQUESTED:

Explain what action you are requesting.

Signature:

Date:

 (YYYY/MM/DD)**FOR OFFICIAL USE ONLY:**

Received By: _____

Date Received: ____ / ____ / ____ (YYYY/MM/DD)

Reviewed By: _____

Action Taken:

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Online trading is buying and selling of securities via the Internet.

How Do I Get Funds to Trade Online?

Funds must be in your broker account before you can trade online.

What Kinds of Securities Can I Trade?

You can buy and sell any security that is traded in Jamaican dollars on the JSE.

What Currencies Do I Trade in?

Trading will be done in Jamaican dollars.

Who Can Participate?

Anyone interested in buying & selling stocks for income or investment.

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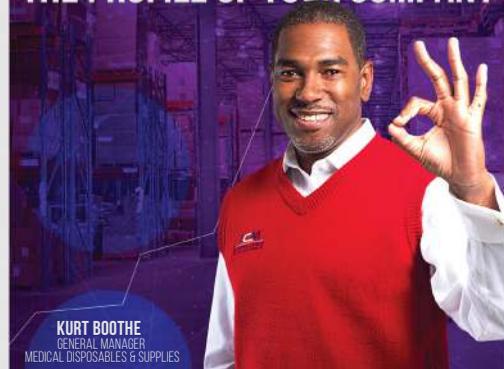
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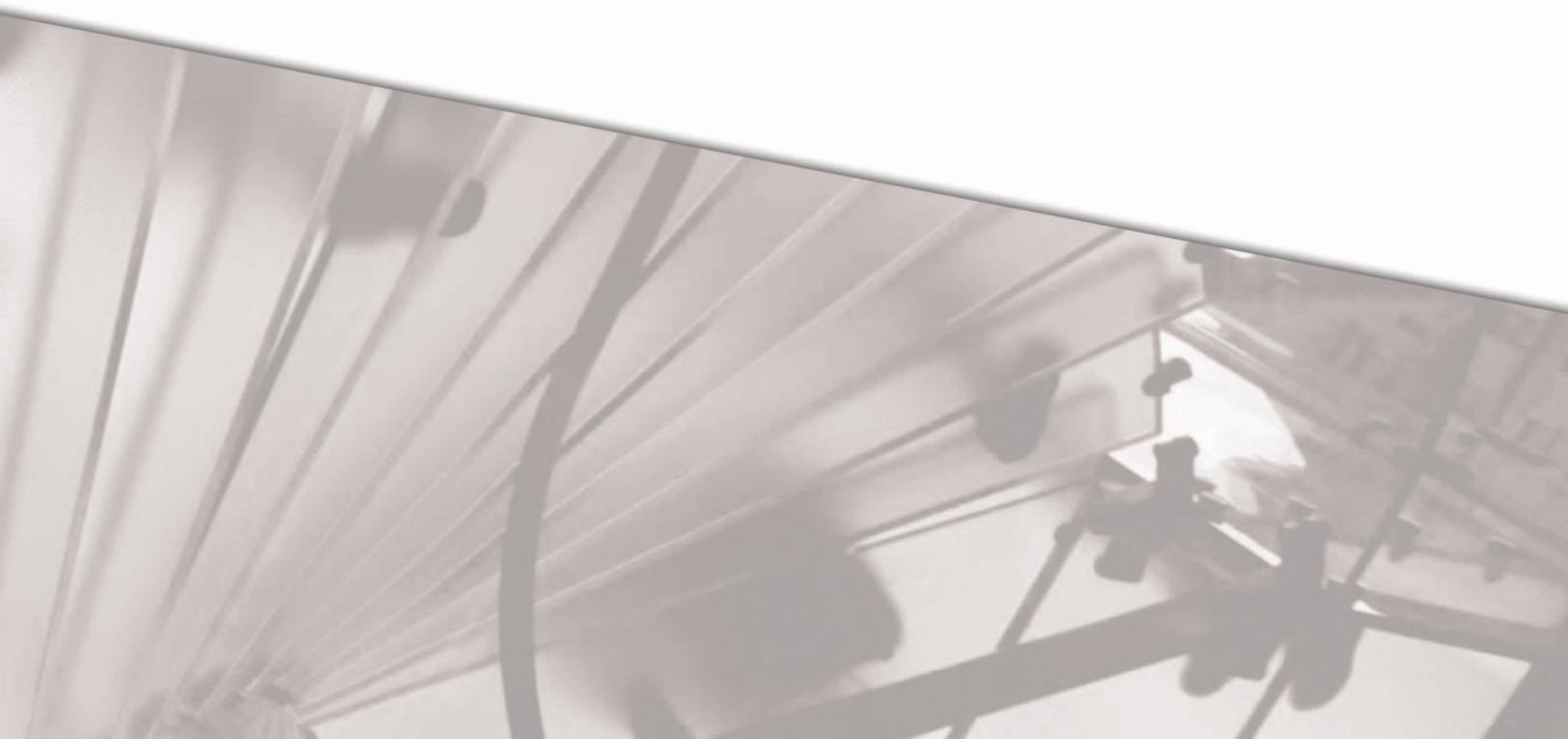
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