

JAMAICA STOCK EXCHANGE

414- Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines.

Commentary: No single set of guidelines may be appropriate for every listed company, but certain key areas of universal importance include director qualifications and responsibilities, responsibilities of key board committees, and director compensation.

The following subjects must be addressed in the corporate governance guidelines:

A. BOARD

- **Director qualification standards.** These standards should, at minimum, reflect the board and committee composition including number of directors on the board and committees and those that are deemed independent.¹ Companies may also address other substantive qualification requirements, including policies limiting the number of boards on which a director may sit, director selection, tenure, retirement and succession.

Commentary: Effective boards of directors exercise independent judgment in carrying out their responsibilities.

- **Director Duties and Responsibilities.** These responsibilities should clearly articulate what is expected from a director, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.

- Board balance and Independence

- **Director access to management and, as necessary and appropriate, independent advisors.**

- **Director compensation.** Director compensation guidelines should include general principles for determining the form and amount of director compensation (and for reviewing those principles, as appropriate). The board should be aware that questions as to directors' independence may be raised when directors' fees and emoluments exceed what is customary. Similar concerns may be raised when the listed company makes substantial charitable contributions to organizations in which a director is affiliated, or enters into consulting contracts with (or provides other indirect forms of compensation to) a director. The board should critically evaluate each of these matters when

¹ Companies may consult with the PSJ Corporate Governance Code for a definition on independence.

determining the form and amount of director compensation, and the independence of a director.

- **Director orientation and continuing education.**

- **Annual performance evaluation of the board.** The board should conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively.

Website Posting Requirement: A listed company must make its corporate governance guidelines available on or through its website.

Disclosure Requirements: A listed company must:

- Submit to the Jamaica Stock Exchange its Corporate Governance policy statement and must immediately inform the Exchange when changes are made.
- Review its Corporate Governance guidelines every two years and advise the Exchange of the outcome.
- State in its annual report that its corporate governance guidelines are available on its website and provide the website address.

B. MANAGEMENT

- **Management succession.** Succession planning should include policies and principles for CEO selection and performance review, as well as policies regarding succession in the event of an emergency or the retirement of the CEO.

C. ACCOUNTABILITY AND AUDIT.

Adapted from NYSE Amended Rules: November 25, 2009 (NYSE 2009-89)

Prepared: August 30, 2010

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