

CORPORATE GOVERNANCE & NOMINATION COMMITTEE

TERMS OF REFERENCE (TOR)

1. Establishment

The Board of Directors (**the “Board”**) of the Jamaica Stock Exchange Limited (**the “Company”**) hereby establishes the Corporate Governance & Nomination Committee (**the “Committee”**), of the Company, Jamaica Central Securities Depository Limited and the JCSD Trustees Services Limited (**the “JSE Group”**) with all the powers and duties set forth in these Terms of Reference and subsequent resolutions of the Board. Certain capitalized or uncapitalized terms used but not defined in these regulations have the meanings given to them in the **Articles of Incorporation, the Rules of the Exchange and or the Jamaica Central Securities Depository (JCSD) (collectively the Group Rules)**.

2. Purpose

- 2.1 The Committee’s purpose is to assist the Board in ensuring that the composition, structure, policies and processes of the JSE Group meet all relevant legal and regulatory requirements and global corporate governance best practice standards.
- 2.2 Its additional purpose is to develop, recommend and review Corporate Governance Principles applicable to listed companies.
- 2.3 It also has the responsibility for the initiation of the evaluation of the Board and its committees and to make recommendations with respect to the structure and effectiveness of each.
- 2.4 To review the above-mentioned evaluation and make appropriate recommendations to the Board

3. Membership

- 3.1 The Committee shall consist of at least three (3) members of the Board chosen for their competence and experience and the majority shall be independent directors as so defined in the Company’s Corporate Governance Principles.
- 3.2 Members of the Committee and the Committee chairperson shall be appointed and removed by the Board in its sole discretion and shall serve until the end of their tenure, resignation or removal.
- 3.3 Members of the Committee shall be appointed for a five (5)-year tenure in the first instance with an option to extend for another two (2) years, provided the director still meets the criteria for membership.

- 3.4 The Committee chairperson shall be an independent director and may serve for a maximum of three (3) consecutive years.
- 3.5 In the absence of the committee chairperson, the remaining members present shall elect one (1) of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Board shall not be chairman of the committee.

4. Secretary

The Company Secretary shall act as the secretary of the Committee. The secretary shall be required to:

- (i) circulate the notices and minutes of the Committee meetings;
- (ii) distribute to the Committee, all agenda of items to be considered, together with supporting papers and/or related documents which are prepared for consideration by the Committee at least five (5) working days before the meeting;
- (iii) keep detailed records of the Committee meetings; and
- (iv) have such other duties as may be assigned by the Committee from time to time.

5. Quorum

The quorum necessary for the transaction of business shall be fifty *per cent* plus one (50% + 1) of its members, the majority of whom shall be independent. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. A member participating in a meeting by video link or audio link shall be counted for the purposes of a quorum.

6. Decisions

- 6.1 Decisions are taken by simple majority.
- 6.2 In the event of equality of votes, the chairperson shall have a second or casting vote.

7. Frequency of Meetings

The Committee shall meet at least four (4) times per year.

8. Notice of meetings

- 8.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairperson or any other member of the Committee.
- 8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be considered, together with supporting papers, shall be forwarded to each member of the Committee and any other person required to attend at least five (5)

working days before the date of the meeting. Circulation of documents may be effected by electronic mail.

9. Minutes of Meetings

- 9.1 The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 9.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.
- 9.3 Minutes will be tabled at the next meeting of the Committee and if approved by the Committee, will be signed by the Committee Chair.
- 9.4 Minutes, whether in draft or after approval by the Committee, should be circulated to all other members of the Board.

10. Annual General Meeting

The Committee chairperson should attend the Annual General Meeting to answer shareholders' questions on the Committee's activities.

11. Duties

In order to fulfill its purpose, the Committee shall carry out the duties below for the JSE Group and for any or all of its subsidiaries, as appropriate.

11.1 Corporate Governance

The Committee shall:

- (i) develop for the Board's approval and review the Company's Corporate Governance Policy.
- (ii) develop for the Board's approval and review the chart of authorities and delegation of authorities to management.
- (iii) 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 Policy.
- (iv) review any change in status (including fulfillment of independence requirements) and professional affiliation of current directors and make relevant proposals to the Board in accordance with the Company's Corporate Governance Policy.
- (v) review, every two (2) years, the JSE's Articles of Incorporation and overall corporate governance policy and practices and submit to the Board any suitable recommendations in relation to its amendment.

- (vi) review at least every two (2) years, the adequacy of the charters of the Board and its various subcommittees and submit to the Board any suitable recommendations in relation to any amendments.
- (vii) oversee the development and implementation of a Board induction process for new directors and a programme of continuing directors' development as needed.
- (viii) develop a process for evaluating Board effectiveness as well as to coordinate the Board effectiveness evaluation.
- (ix) review corporate governance policies and practices of the JSE Group and make relevant proposals to the Board.
- (x) monitor trends and best practices in corporate governance and nomination practices in order to properly discharge its duties.
- (xi) perform any other activities relevant to these Terms of Reference, at the request of the Board or as required by the Company's Corporate Governance Policy.

11.2 **Nomination**

The Committee shall:

- (i) at least once per year review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- (ii) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.
- (iii) keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.
- (iv) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- (v) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- (vi) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
 - a) use open advertising or the services of external advisers to facilitate the search;
 - b) consider candidates from a wide range of backgrounds; and

- c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
- (vii) For the appointment of a chairperson, the Committee should prepare a job specification, including the time commitment expected. A proposed chairperson's other significant commitments should be disclosed to the Board before appointment and any changes to the chairperson's commitments should be reported to the Board as they arise.
- (viii) Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
- (ix) Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside of Board meetings.
- (x) Review the results of the Board performance evaluation process that relate to the composition of the Board.
- (xi) Review the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfill their duties.
- (xii) 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
- (xiii) 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.

11.3 The Committee shall also make recommendations to the board concerning:

- (i) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairperson and chief executive;
- (ii) membership of the audit and remuneration Committees, and any other Board Committees as appropriate, in consultation with the chairpersons of those Committees;
- (iii) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service of contract; and
- (iv) the appointment of any director to executive or other office.

12. Reporting Responsibilities

- 12.1 The Committee shall review the corporate governance framework at least every two (2) years or otherwise determined and submit a report to the Board. On the basis of this review, it may make recommendations to the Board to amend the Group Rules.
- 12.2 The chairperson of the Committee shall report to the Board, at its sitting immediately following the relevant meeting date of the Committee, on its findings and any actions taken by it.
- 12.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.4 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.
- 12.5 Board members shall have access to all records of the Committee.

13. Other Matters

The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access, to the Company secretariat for assistance as required.
- (ii) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- (iii) give due consideration to laws and regulations, the provisions of the Corporate Governance Principles and any other applicable rules, as appropriate
- (iv) arrange for periodic reviews of its own performance and, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

14. Conflict of Interest

- 14.1 Members of the Committee shall avoid circumstances which whether directly or indirectly, constitute a conflict of interest or may result in a conflict of interest with the interest of the JSE Group.
- 14.2 Where a Committee Member is directly or indirectly interested in a matter which may constitute a conflict of interest or may result in a conflict of interest with the interest of the JSE Group, the Committee Member shall:
- (i) disclose the nature of his/her interest at a Committee Meeting; and

- (ii) not take part in any deliberations at the Committee Meeting in respect of that matter.

14.3 Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Committee Meeting through the Committee chairperson and the details of the conflict are to be recorded by the secretary.

15. Authority to Engage Advisors

The Committee is authorized by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

16. Confidentiality of Committee Information

All information received by the Committee is confidential and is the property of the JSE Group and cannot be disclosed to parties outside of the organization without prior approval of the Board.

This Terms of Reference will come into force upon its adoption by the Board and shall supersede all previous versions. It may be amended at any time by a decision of the Board.