



# JAMAICA PRODUCERS GROUP

## CORPORATE GOVERNANCE POLICY

### 1. Introduction

The Board of Directors (“the Board” or “Directors”) of Jamaica Producers Group Limited (“the Company”) represents the owners’ interest in the Company and its subsidiaries and associated companies (the “JP Group”) in maintaining and growing a successful business, including by optimizing long-term shareholders’ financial returns and adhering to the best practices in corporate governance. This is an active and engaged responsibility that requires the Board to regularly monitor the effectiveness of management policies, decisions and strategies and supervise the capable execution of management’s duties.

The Board of the Company accepts that its primary objective of creating shareholder value must be supported by JP Group’s corporate responsibilities towards its customers, employees, suppliers and the communities where it operates. In all actions taken by the Board, the Directors are expected to exercise independent business judgement in what they reasonably believe to be in the best interests of the JP Group. In discharging that obligation, Directors rely on the honesty and integrity of JP Group’s senior management, its outside advisors and auditors.

### 2. Functions of the Board

The Board makes its decisions directly or through its established Sub-Committees, and reviews and approves key policies and supervises the management of JP Group particularly in relation to:

- Business strategy, including annual operating plans and budgets;
- Business development initiatives including major investments and disposals;
- Corporate governance;
- Compliance with applicable laws, regulations and codes of ethical business conduct;
- Corporate citizenship and sustainable environmental practices;
- Corporate financing and treasury related activities;
- Directors’ compensation, executive compensation and overall remuneration policies and practices (including employee benefit plans);
- Risk management and the adequacy of financial controls;
- Organisational structure and succession planning;
- Financial reporting;

- Timely, accurate and balanced disclosure of material information about JP Group to appropriate stakeholders, including the shareholders and the Jamaica Stock Exchange;
- The identification, evaluation and selection of candidates for the Board.

The Board has assigned specific responsibilities for the Chairman, all Directors and the Company Secretary.

#### The Board Chairman

The Chairman of the Board is principally responsible for chairing the Board, overseeing its effective operation, and for ensuring that information that Directors receive is sufficient to make informed judgements. The Chairman shall, in consultation with the Group Managing Director and the Company Secretary, establish the agenda for each Board meeting.

#### Directors

Directors are expected to regularly attend meetings of JP Group's shareholders, Board and meetings of Board Committees on which they serve, and to spend the time needed to prepare for and to meet as frequently as necessary to properly discharge their responsibilities. Prior to a Board or Committee meeting, Directors are entitled to receive information and materials that are important to the Board's understanding of the business to be conducted in order to provide adequate time for review.

During each financial year, there will be a minimum of four regular meetings of the Board. Special Board meetings may occur at such other times as any member of the Board may reasonably request. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for a meeting.

Directors shall be knowledgeable and informed about the business of JP Group and their duties and responsibilities. JP Group shall assist Directors in their education about JP Group and their duties and responsibilities as Directors. The Directors' education programme will include a periodic review of the vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices of JP Group and will provide for meetings with Executive Management. New Directors are provided with written information about JP Group to assist them in their education. All Directors have access to presentations on aspects of JP Group's business and operations and management has a duty to regularly update the Board on changing regulation and practices related to corporate governance.

#### The Company Secretary

The Company Secretary is responsible for recording Board decisions and for administering the Board's agreed policies and procedures so as to support effective decision-making and governance. The Company Secretary is appointed by, and can only be removed by the Board. All Directors have access to the Company Secretary's advice and services in respect of the administration of the functions of the Board. Directors may obtain

independent professional advice in the course of their duties, if necessary, at the Company's expense.

#### Venue

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

### **3. Selection/Composition of the Board and Compensation of Directors**

Directors are required to apply a diversity of skill and expert knowledge in the execution of their responsibilities. This is taken into account in the selection and composition of the Board.

The Board of the Company will have a minimum of ten (10) and a maximum of sixteen (16) Directors. The number of Independent Directors of the Company should equal or exceed fifty per cent of the total number of Directors. An "Independent Director" means a Director who is **not related** to the Company by virtue of the following circumstances i.e. a Director who:

- a) Has been an employee of JP Group within the last three (3) years;
- b) Has or has had within the last three (3) years, a material business relationship with JP Group either directly, or as a partner,

shareholder, director or senior officer of a body that has such a relationship with JP Group;

- c) Is an immediate family member of any Non- Independent Director or Senior Officer of the Company; or
- d) Is employed as a senior officer of another company where any of the Company's Directors or Senior Officers serve on that company's board of directors.

"Senior Officers" of the Company are those persons named as such in quarterly and annual reports of the Company to the Jamaica Stock Exchange.

Election, terms, re-election and retirement of each Board member shall be consistent with the Articles of Incorporation ("Articles") of the Company, Articles 75 and 78 to 84. The Compensation and Human Resources Committee is responsible for keeping under review the composition of the Board and succession to it.

The determination of compensation of Directors is subject to ratification or modification under Articles 76 and 77 of the Company's Articles of Incorporation. The level of compensation of the Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Non-Executive Directors of the quality required. The compensation is competitive and subject to regular review against what is paid in comparable situations elsewhere.

#### 4. Dealings in JP Shares and Conflicts of Interest

Any dealings in the Company's shares by any Director must be promptly reported to the Company Secretary who is obliged to disclose such information on a regular basis to the Jamaica Stock Exchange. No Director should trade in the Company's shares during "black-out" periods which include:

- the period of one month immediately preceding the announcement to the Jamaica Stock Exchange of JP's quarterly financial results;
- the period of two months immediately preceding the preliminary announcement to the Jamaica Stock Exchange of JP's annual financial results;
- any period in which the Directors are in possession of price-sensitive information not available to the public or its shareholders.

A Director who has a personal interest in any transactions with JP which could create or appear to create a conflict of interest must disclose such interests. These transactions include but are not limited to:

- Any interest in contracts or proposed contracts with JP Group or in a firm, which does business with JP Group;
- A transaction involving securities held in JP Group;

- Emoluments received from JP Group;
- Loans or guarantees granted by JP Group to/for the Director.

Disclosure shall be made in writing to the Chairman for disclosure to the Board or at the first opportunity at a Board Meeting in which case such disclosure shall be recorded in the minutes of the Board Meeting. The Director shall then offer to recuse himself or herself from the Board's deliberations over any such contract and shall not vote on any such issue. The disclosure of a Director's interest shall include related party interests of his/her family and business. Each Director is required to submit a Related Party and Conflict of Interest Declaration on an annual basis to the Company Secretary. All transactions in which there are conflicts of interest with Directors shall be agreed on terms that are customary for arms'-length transactions in the Company's business. Decisions to enter into transactions in which there are conflicts of interests with Directors, require the approval of the Board.

#### 5. Board Committees

The Board has established four Committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

##### a. Audit Committee

On behalf of the Board, the Audit Committee shall:

- Monitor the adequacy and effectiveness of JP Group's systems of risk management, internal control and external auditors;

- Review JP Group’s annual and interim financial statements and related accounting policies and assumptions and any accompanying reports or related policies and statements;
- Monitor and review the effectiveness of JP Group’s internal audit function;
- Monitor and review the external auditor’s independence, objectivity and effective-ness;
- Develop and implement policy on the engagement of the external auditor to supply non-audit services;
- Review and approve related party transactions.

The Chairman of the Audit Committee shall be appointed by the Board. The Board Chairman shall not be appointed Chairman of the Audit Committee. The Audit Committee shall consist of no fewer than three (3) Independent, Non-Executive Directors. A majority of the members of the Audit Committee shall be Independent Directors. The Audit Committee shall meet at least four (4) times a year.

**b. Corporate Governance Committee**

The Corporate Governance Committee (“CG Committee”) shall be appointed by the Board and shall be comprised of no more than five (5) members and no fewer than three (3) members, a majority of whom shall be non-executive, independent members of the Board. The Chairman of the CG Committee shall be appointed by the members of the CG Committee. The duties of the CG Committee shall be to:

- i. to address corporate governance issues;
- ii. to review the corporate governance practices and policies of the Company and to ensure that they are up to date and in compliance with the Board’s Corporate Governance Policy, the law and best practices, and to make recommendations to the Board on any changes as necessary to such practices and policies;
- iii. to oversee the development and implementation of a Board induction process for new directors and a programme of continuing director development, as needed;
- iv. to establish and facilitate an effective process for the annual evaluation of Board members, committees, committee chairs and the Chairman of the Board and to make recommendations to the Board arising from the results of the annual evaluation processes as appropriate; and
- v. to review other corporate governance matters when necessary or required by the Board.



The CG Committee shall meet at least two (2) times per year, but as often as necessary to fulfil its mandate.

**c. Executive Committee**

The Executive Committee comprises not more than six (6) Directors. The Executive Committee is responsible for carrying out at short notice a review of critical business decisions for which Executive Management is required or has elected to obtain the support, advice and/or approval of the Board. The Board may delegate its authority, which it is not expressly prohibited from delegating to the Executive Committee, for such times and subject to such conditions as it considers expedient and may revoke or vary any such delegated powers. Articles 85 to 87 and 104 to 106 of the Articles of Incorporation govern the authority and proceedings of the Executive Committee.

**d. Compensation and Human Resources Committee**

The Board shall appoint a Compensation and Human Resources Committee (“CHRC”) of no fewer than two (2) and up to four (4) Directors. In discharging its responsibility for keeping under review the composition of the Board and succession to it, the CHRC makes recommendations to the Board in consultation with the Company’s Chairman and Group Managing Director concerning potential appointments, having regard to the balance and structure of the Board and the required blend of skills and experience. The CHRC serves inter alia to:

- conduct an annual review of the skills matrix of the Board; nominate potential candidates and evaluate the suitability of those candidates for future membership of the Board of the Company and the Boards of its subsidiaries;
- propose suitable candidates to the Board for approval;
- approach the future candidate and upon positive response, introduce the candidate to the Board.

The CHRC shall meet at such times as election and re-election procedures determine and in any event at least once per year.

The CHRC shall also conduct an annual review of the remuneration policies for Executive Directors and Senior Officers of JP Group as well as material employee benefits and compensation plans and programmes. This review will include an assessment of whether the JP Group’s compensation plans are consistent with the sustainable achievement of its business objectives, the prudent management of its operations and the risks to which it is exposed, and will look for adherence to JP Group’s processes, policies, procedures and controls. The CHRC shall review the JP Group’s senior level organisation structure and management succession plan at least annually.



### **Board Performance Evaluation**

The Directors shall conduct an annual review of the Board's performance in accordance with applicable standards of corporate governance. The Chairman should ensure that the Board acts on the results of the performance evaluation by recognising its strengths and addressing any weaknesses identified.

### **Induction Programme and Ongoing Training**

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, its business activities, and the responsibilities of a Director.

The Company should provide the necessary resources to ensure that Directors continually update the skills and knowledge required to fulfil their role both on the Board and Board Committees.

### **Review of Corporate Governance Policy**

The Corporate Governance Policy should be reviewed at least every two years and the outcome of the review advised to the Jamaica Stock Exchange.

### **Publication of the Corporate Governance Policy**

The Corporate Governance Policy shall be made available to the public on the Company's website. The Company's annual report shall indicate that this Policy is available on the Company's website.

BY ORDER OF THE BOARD.

  
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C. B. Johnston Chairman

Date: 8<sup>th</sup> May 2020

Version #	Board Approval Date	Date of Next Review
1	August 12, 2011	August 12, 2013
2	March 18, 2015	March 18, 2017
3	March 15, 2017	March 15, 2019
4	May 11, 2018	May 11, 2020
5	May 8, 2020	May 8, 2022