



CARRERAS LIMITED

CORPORATE GOVERNANCE CHARTER

PREAMBLE

Carreras Limited (*herein after referred to as "the company" or "CL"*) is a company incorporated under the Companies Act of Jamaica and was listed on the Jamaica Stock Exchange (JSE) in February 1968. The company is a part of the British American Tobacco plc (BAT), one of the world's most international businesses, with brands sold in more than 200 markets around the world. CL is the leading marketer and distributor of cigarettes and tobacco related products in Jamaica. As a responsible and transparent listed company, the Board of Directors that provide oversight for the company, consider effective corporate governance practices an important feature for their effective operations. Additionally, CL is required to ensure compliance with JSE Rule 414 which outlines corporate governance requirements for listed companies. The Board of CL has established a Corporate Governance Committee (hereinafter referred to as "CGC" or "the Committee") as a standing committee of the Board. The Corporate Governance Committee of Carreras Limited exercises an independent review function to assist CL in fulfilling its corporate governance oversight responsibilities.

A. PURPOSE

The Corporate Governance Committee of Carreras Limited has the responsibility of assisting the Board of Directors of Carreras Limited ("**the Board**") in ensuring that its composition, structure, policies and processes for managing the Company are in keeping with global corporate governance best practice standards and adhere to the relevant local legal and regulatory framework. The CGC shall also collaborate and work closely with CL's Nomination and Compensation Committee on related governance matters.

The basic guidelines set out herein were mainly extracted from the Combined Code on Corporate Governance issued by the Financial Reporting Council of the United Kingdom, compiled by the Corporate Governance Committee of the Private Sector Organisation of Jamaica and the Corporate Governance and Regulations guidelines issued by the Jamaica Stock Exchange.

B. MEMBERSHIP

- I. The membership of the Corporate Governance Committee shall comprise **at least three (3) members** of the Board, with at least 2 members being independent non-executive directors chosen for their competence and understanding of issues related to corporate governance.
- II. The members and the Chair of the Committee shall be appointed and removed by the Board in its sole discretion and shall serve until their resignation or removal.
- III. The Managing Director, Finance Director, Legal Counsel and the Head of Legal and External Affairs shall be permanent invitees to meetings as required.
- IV. The Company Secretary will be the assigned Secretary of the CGC.
- V. The Committee has the power to request any member of staff of the company to attend meetings as required. Such staff attendance should be scheduled through the Managing director.

C. MEETINGS, QUORUMS & PROCEDURES

- I. The Committee shall meet **at least twice annually**, or more frequently as the members deem fit.

- II. The quorum for a meeting is **two (2) members** with at least one (1) member being an independent non-executive director.
- III. Any member of the Committee may, and the Secretary of the Committee on requisition of any member of the Committee shall, call a meeting of the Committee.
- IV. The Committee shall keep minutes of each meeting which shall be signed by the Chair of the Committee.
- V. Each member of the Committee shall receive a copy of the meeting minutes of the previous meeting before the next meeting of the Committee.
- VI. Notice shall be given to each member of the Committee setting out the venue, time and date of each meeting as well as the requisite agenda of items to be considered at the meeting.
- VII. Where there exists supporting documentation relevant to any agenda item for a meeting, same shall be furnished to each member of the Committee **no less than three (3) working days** before the date of the meeting. Notwithstanding the foregoing, the Committee Members may agree to a shorter time period with respect to them being furnished with supporting documentation to any agenda item for a meeting.
- VIII. An annual Corporate Governance report, which speaks to the state of CL's overall Governance and the board's annual activities, will be included in CL's Annual Report.

D. SPECIFIC RESPONSIBILITIES & DUTIES

The Committee shall support the Board in the administration and exercise of the Board's management of the Company by carrying out the following:

Corporate Governance Principles

- I. Developing, recommending and reviewing corporate governance principles applicable to the Board.
- II. Ensuring that the Board and its committees are in compliance with all legislative and regulatory composition requirements, which shall include requirements for director independence.
- III. Reviewing, 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.
- IV. Reviewing, no less than once annually, the Company's Articles of Incorporation and overall corporate governance policy and practices and submit to the Board any suitable recommendations in relation to its amendment.
- V. Preparing the annual Corporate Governance Report for inclusion in the company's Annual Report to its shareholders.
- VI. Ensuring that there is accurate, timely and full financial governance reporting with strong internal controls and risk management.
- VII. Ensuring that material information regarding the Company's operations are disclosed in a timely manner to the public and regulatory entities.
- VIII. Keeping abreast of the latest regulatory requirements, trends and guidance in corporate governance and updating the Board on corporate governance issues, where necessary.
- IX. To monitor the company's compliance with the BAT Statement of Business Conduct

Governance Structure, Composition, Induction, Training and Evaluation

- I. Ensure that the Company Secretary on behalf of the board formally writes to any board appointees, detailing role, time commitments and outlining approved induction plan.
- II. Overseeing the development and implementation of a Board induction process for new directors.
- III. Monitoring an ongoing programme of continuing director development and training for Directors.
- IV. Establishing and facilitating an effective process for the annual evaluation of the Board and its committees.
- V. Monitoring the satisfactory implementation of a Board Improvement Plan emanating from each annual evaluation.

- VI. Considering possible conflicts of interests of directors and making relevant proposals to the Board in relation to its findings.
- VII. Reviewing any change in status and professional affiliation of current directors, which shall include fulfilment of independence requirements, and making relevant proposals to the Board in relation to its findings.
- VIII. Monitoring the annual JSE CG Index score and make recommendations as required.
- IX. Reviewing and recommending to the board Corporate Social Responsibility initiatives (CSR) in line with the Company's Framework for Social Intervention Investment Policies ensuring that each initiative adds value to the company and supports CL's vision, mission and values.
- X. Monitoring the implementation of CL's Environmental Policy and make recommendations to the Board where required.

E. REPORTING OBLIGATIONS

- I. The Chairman of the Committee shall report to the Board of Directors after each meeting of the Committee and shall ensure the minutes of the meeting and any recommendations are circulated to the Board of Directors at the following Board meeting.
- II. Members of the Board shall have access to all records of the Committee.

F. AUTHORITY

The Committee has the authority to conduct or authorize investigations into any governance matters within its scope of responsibility. In so doing it is empowered to:

- I. Investigate any governance matter brought to its attention with full access to all books, records, facilities, and personnel of CL; financial governance matters will be referred to the Audit Committee for investigation.
- II. Seek any information it requires from any officer or employee of CL and such officers or employees shall be instructed by the Board to respond to such enquiries;
- III. Meet with officers/employees of CL for the purpose of furthering its investigations.

G. COMMITTEE SECRETARY

The Secretary for the Committee shall be the Company Secretary who may assign an in-house staff to take the Minutes of the meetings.

The Committee Secretary is required to:

- I. Circulate the notices and minutes of the Committee meetings;
- II. Distribute to Committee members, **three (3) working days prior to the meetings** of the Committee, all agenda and documents of meetings, reports and/or related documents which are prepared for consideration by the Committee;
- III. Keep detailed records of the Committee's meetings; and
- IV. Have such other duties as may be assigned by the Committee from time to time.

H. SELF EVALUATION

- I. The CGC shall periodically conduct a self-evaluation of its performance.
- II. In conducting this review, the CGC will also evaluate whether this term of reference appropriately addresses the matters including but not limited to attendance and participation of members, or matters which should be within its scope.
- III. Additionally, the CGC will address all matters that it considers relevant to its performance, including at least the following:
 - a) The adequacy, appropriateness and quality of its information and recommendations to the Board;

- b) The manner in which they were discussed or debated; and
- c) Whether the number and length of meetings are adequate for the CGC to complete its work in a thorough and thoughtful manner.

I. REMUNERATION

The Company shall make provision for remuneration of Committee Members in line with the Company’s Board Remuneration Policy

J. CONFLICT OF INTEREST

¹A Director who is directly or indirectly interested in a manner which may constitute a conflict of interest or may result in a conflict of interest with the interests of the company:

- a) Shall disclose the nature of his interest at a meeting of the directors
- b) Shall not take part in any deliberations at the meeting of the directors in respect to that matter.

Where there is a conflict of interest, the Committee Member so affected shall declare his or her interest to the meeting through the Chairman and the details of the conflict are to be recorded by the Committee Secretary.

K. CONFIDENTIALITY OF COMMITTEE INFORMATION

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


L. AUTHORITY TO ENGAGE ADVISORS

The CGC, with the prior approval by the Board, may engage outside advisors as it deems appropriate and necessary to assist it in the effective discharge of its functions.

M. REVIEW AND ASSESSMENT OF TERMS OF REFERENCE

The Board will conduct a review and assessment of the CGC Charter at least every 2 years in such manner as the Board deems fit.

DOCUMENT CONTROL

<i>Version</i>	<i>Date Approved by the Board</i>	<i>Section to which changes are made</i>	<i>Signature of Managing Director</i>
1 st	November 6, 2019		

¹ The Companies (Amendment) Act 2017