

# BLUE POWER GROUP LIMITED

## Corporate Governance Policy

### 1. Introduction

The Board of Directors (“the Board” or “Directors”) of Blue Power Group Ltd (BP Group) represents the owners’ interest in the Company and its subsidiaries and associated companies (the “BP 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 BP 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 BP Group. In discharging that obligation, Directors rely on the honesty and integrity of BP 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 BP 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 BP 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 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 Managing Director and the Company Secretary, establish the agenda for each Board meeting.

Directors are expected to regularly attend meetings of BP 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 BP Group and their duties and responsibilities. BP Group shall assist Directors in their education about BP 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 BP Group and will provide for meetings with Executive Management. New Directors are provided with written information about BP Group to assist them in their education. All Directors have access to presentations on aspects of BP 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 Directors shall conduct a periodic review of the Board's performance in accordance with applicable standards of corporate governance.

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 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.

### 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 maximum of ten (10) 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 BP Group within the last three (3) years;
- b) Has or has had within the last three (3) years, a material business relationship with BP Group either directly, or as a partner, shareholder, director or senior officer of a body that has such a relationship with BP 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, The Compensation and Human Resources Committee is responsible for keeping under review the composition of the Board and succession to it.

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.

#### 4. 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 release of Blue Power Group Ltd.'s quarterly financial results to the Jamaica Stock Exchange.
- the period of two months immediately preceding the preliminary release of Blue Power Group Ltd.'s annual financial results to the Jamaica Stock Exchange.
- 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 BP Group 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 BP Group or in a firm, which does business with BP Group
- A transaction involving securities held in BP Group
- Emoluments received from BP Group
- Loans or guarantees granted by BP 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 interests of his/her family and affiliates.

#### 5. Board Committees

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

**a. Audit and Finance Committee**

On behalf of the Board, the Audit Committee shall:

- Monitor the adequacy and effectiveness of BP Group's systems of risk management, internal control and external auditors
- Review BP 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 BP 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 not less than three (3) members and shall not include more than one (1) Executive Director. The Audit Committee shall meet at least four (4) times a year.

**b. Corporate Governance, Human Resources and Compensation Committee**

The Corporate Governance Committee ("CG Committee") shall be appointed by the Board and shall be comprised of no more than 5 members and no fewer than three 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 Board. 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. review other corporate governance matters when necessary or required by the Board including the nomination of potential candidates for membership of the board and its subsidiaries
- vi. conduct an annual review of the remuneration policies for Senior Officers as well as employee benefits and compensation plans and programmes.

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