

**138 Student Living Jamaica Limited  
and 138SL Restoration Limited**

Corporate Governance Policy  
Manual

April 12, 2023

# **CORPORATE GOVERNANCE POLICY STATEMENT**

## **INTRODUCTION**

This Corporate Governance Code has been drafted by 138 Student Living Jamaica Limited and its 100% subsidiary, 138 SL Restoration Limited (hereinafter “the Company”). The Code documents the corporate governance framework of the group. This ensures that the Company and its subsidiary adhere to a standard corporate governance policy that represents best practices, inclusive of recommendations taken from the Private Sector Organization of Jamaica (PSOJ) Corporate Governance Code and the Jamaica Stock Exchange (JSE) rules.

This Code:

- a. Adopts best corporate governance practices implemented by a public company under the guidance of the Board of Directors;
- b. It defines the procedures and processes to which the group of companies is directed and controlled; and
- c. It specifies the distribution of rights and responsibilities among the different participants in the organization such as the Board of Directors, the management, Shareholders and other stake holders.

138SL has adopted and will enforce the provisions set forth in this Corporate Governance Policy Manual in order to be transparent and compliant with and meet the requirements of the listing rules of the Jamaica Stock Exchange and all relevant laws, rules and regulations.

This Manual is intended to provide the basic standard to which all 138SL Directors and Managers must adhere in their governance role. As part of its Corporate Governance Code, the Board of 138SL has established a number of -Committees to enhance accountability and transparency. These include an Audit and Compliance Committee, a Human Resource and Compensation Committee and a Concession Committee which deals with Concession terms and reporting requirements under the Concessions.

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# **GOVERNANCE POLICY**

## **BOARD RESPONSIBILITIES**

### **General**

All Directors must act in a manner that they reasonably consider to be in the best interests of the Company and consistent with their statutory duties as set out in the Companies Act 2004. All Directors have a duty to promote the long-term success of the Company for the benefit of its members as a whole, and in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The need to foster good working relationship with its Concessionaires and Lessees;
- The need to be in compliance with the terms of the Concessions and Leases;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct.

The Board has reserved the following matters for its direct stewardship and decision making in conjunction with the Audit and Compliance, Human Resource and Compensation and Concession committees and any other committees appointed by the Board.

### **1 Strategy and Management**

- 1.1. Responsibility for the overall supervision of the management of the Company, the provision of effective governance and setting the Company's values and standards.
- 1.2. Approval of the Company's long-term objectives and strategy.
- 1.3. Approval of the annual operating and capital expenditure budgets and any material changes to them.

- 1.4. Oversight of the Company's operations ensuring:
  - Competent and prudent management;
  - Sound planning;
  - Maintenance of sound management and internal control systems;
  - Adequate accounting and other records;
  - Compliance with statutory and regulatory obligations.
- 1.5. Review of performance in the light of the Company's strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken.
- 1.6. Extension of the Company's activities into new business or geographic areas outside of Jamaica.
- 1.7. Any decision to cease to operate all or any material part of the Company's business.

## **2 Structure and Capital**

- 2.1. Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
- 2.2. Major changes to the Company's corporate structure including, but not limited to, acquisitions and disposals of shares which are material relative to the size of the Company in question (taking into account initial and deferred consideration).
- 2.3. Material changes to the Company's senior management and control structure.
- 2.4. Any changes to the Company's listing or its status as a listed Company.

## **3 Financial Reporting and Controls**

- 3.1. Approval of the quarterly report, interim management statements and the final results announcement.
- 3.2. Responsibility for establishing arrangements to provide a fair, balanced and understandable assessment of the Company's position and prospects.
- 3.3. Responsibility for confirming that they consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable and that they provide shareholders with the necessary information for them to assess the Company's position and performance, business model and strategy.

- 3.4. Approval of the Annual Report and Financial Statements, including the Strategic Report, Directors' Report, Corporate Governance Statement and Compensation Report.
- 3.5. Approval of the Dividend Policy, declaration of the interim dividend and recommendation of the final dividend.
- 3.6. Approval of any significant changes in accounting policies or practices, which the auditors have advised are a material change.
- 3.7. Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 3.8. Approval of material unbudgeted capital or operating expenditures outside predetermined tolerances.

#### **4 Internal Controls**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management through its Audit & Compliance Committee including:-
  - Receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
  - Approving procedures for the detection of fraud and the prevention of bribery;
  - Undertaking an annual assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
  - Approving an appropriate statement for inclusion in the annual report

#### **5 Contracts**

- 5.1 Approval of proposed major capital projects.
- 5.2 Approval of proposed contracts above the limits of authority delegated by the Board, which are material strategically or by reason of size, and acquisitions or disposals of fixed assets.
- 5.3 Approval of proposed contracts of the Company or any subsidiary not in the ordinary course of business, including major acquisitions or disposals.
- 5.4 Approval of proposed major investments including the acquisition or disposal of interests of more than 5% in the voting shares of any Company or the making of any takeover offer.

5.5 Approval of all new Concessions by way of a Concession or Lease Agreement.

## **6 Communication**

6.1 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.

6.2 Approval of resolutions and corresponding documentation to be put forward to shareholders at a General meeting.

6.3 Approval of all circulars, prospectuses and listing particulars.

6.4 Approval of press releases concerning matters decided by the Board.

6.5 Ensuring viewing access to important documents and policies on the website

## **7 Board Membership and Other Appointments**

7.1 Changes to the structure, size and composition of the Board, following recommendations from Board members. (The Board shall have a maximum of ten directors of which three should be independent directors).

7.2 Ensuring adequate succession planning for the Board and senior management in order to maintain an appropriate balance of skills and experience within the Company and on the Board.

7.3 Appointments to the Board, following recommendations by Board members to ensure that the requisite skillset and talent is available to the Board.

7.4 Selection of the Chairman of the Board and the CEO.

7.5 Membership and Chairmanship of Board committees following recommendations from Board members.

7.6 Appointment or removal of the Company Secretary.

7.7 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Audit & Compliance Committee.

7.8 Ensuring all Board Members receive the appropriate training.

## **8 Compensation**

8.1 Approval of a formal and transparent procedure for determining the compensation policy for the Chairman, Directors, Company Secretary and other Senior Managers following recommendation from the Compensation Committee.



- 8.2 Determining the compensation of the non-executive directors subject to the Articles of Incorporation and shareholder approval as appropriate.
- 8.3 The introduction of any share and long-term incentive plans or major changes to existing plans, to be put to shareholders for approval.

## **9 Delegation of Authority**

- 9.1 The division of responsibilities between the Chairman, the CEO and other senior Managers should be in writing and agreed by the Board.
- 9.2 Approval of the delegated levels of authority limits which should be in writing.
- 9.3 Approval of terms of reference of Board Committees.
- 9.4 Receiving reports from Board Committees on their activities.

## **10 Corporate Governance Matters**

- 10.1 Undertaking a formal and rigorous review, annually, of its own performance, that of its Committees and individual Directors and the division of responsibilities.
- 10.2 Establish rules and procedures for the election/selection of new Board Chairman.
- 10.3 Establish rules and procedures from removing Board Chairman and Directors.
- 10.4 Conduct formal on-boarding and orientation programs for new Directors. (This process should be carried out by three senior officers of the company).
- 10.5 Ensuring that performance of the Board is externally facilitated at least every three years.
- 10.6 Disclosure of Directors attendance at Board and Sub-Committee meetings to be included in the Annual Report.
- 10.7 Approval of a statement on how performance evaluation has been conducted for inclusion in the Annual Report and Accounts.
- 10.8 Determining the independence of Directors<sup>1</sup>.
- 10.9 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.10 Review of the Company's overall Corporate Governance arrangements.

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<sup>1</sup>See Appendix: Identification of an independent director. (Adopted from PSOJ Corporate Governance Code, June 2015 (Final Draft)).

10.11 Receiving reports on the views of the Company's shareholders.

## **11 Policies**

11.1 Approval of core policies including:

- Ethics and Anti-Bribery Policies
- Health and Safety Policy
- Environmental Policy
- Sustainability Policy
- Whistleblowing Policy
- Accounting Policy and Procedure
- Dealing with price sensitive information.

## **12 Other**

12.1 Approval of any proposed political donations.

12.2 Approval of the appointment of the Company's principal professional advisers.

12.3 Prosecution, commencement, defence or settlement of material litigation outside the scope of authority delegated by the Board.

12.4 Approval of the overall levels of insurance for the Company including Directors and Officers liability insurance.

12.5 Any decision likely to have a material impact on the Company from any perspective including, but not limited to, financial, operational, strategic or reputational.

12.6 To schedule matters reserved for Board decisions.

12.7 Matters which the Board considers suitable for delegation are contained in the Terms of Reference of its Committees.

12.8 In addition, the Board will receive reports and recommendations from time to time on any matter, which it considers significant to the Company.

## **CHAIRMAN AND CEO: TERMS OF REFERENCE**

### **1 Relationship of the Chairman and CEO: Guiding Principles**

- 1.1. The two roles must be complementary. The Chairman is responsible for managing the business of the Board whilst the CEO runs the business. The Chairman and the CEO must ensure that each is appropriately informed of the other's current areas of activities. They must be seen to work closely together as a team.
- 1.2. Their relationship must be based on mutual respect and trust. It must be frank and open, with problem areas being addressed openly.
- 1.3. The Chairman has direct access to Senior Managers, as he/she deems necessary.
- 1.4. The Chairman and the CEO must agree on their respective roles in setting major tasks and in taking new initiatives.
- 1.5. There should be shared vision to promote the long-term success of the Company.
- 1.6. These guiding principles will only be modified by mutual agreement between the Chairman and the CEO and with the prior approval of the Board.

### **2 Terms of Reference for the Chairman**

The duties of the Chairman is to provide the strategic direction arise from his position as the principal officer responsible for presiding over the official business of the Board and the Board Committees and for general leadership of the Company.

The Chairman's duties include, but are not limited to:

- 2.1. Leadership of the Board and ensuring its effectiveness on all aspects of its role including regularity and frequency of meetings.
- 2.2. Managing the business of the Board and chairing its meetings and AGMs.
- 2.3. Setting the agenda for discussion at Board meetings and ensuring that adequate time is available for discussion of agenda items, particularly those of a strategic or critical nature and obtain answers to any questions or concerns that Directors may have to ensure they are not faced with unrealistic deadlines for decision making.

- 2.4. Ensuring that there is appropriate delegation of authority from the Board to senior Managers.
- 2.5. Seeking to ensure that relationships between the Directors are of a positive nature, and that Board Members work as a team to ensure that at all times the outcome of interactions will contribute to the long term success of the Company.
- 2.6. Facilitating resolution of any differences of opinion or approach between Directors and ensuring that Directors have the opportunity, and are encouraged, to participate in open and frank debate and discussion in Board meetings and otherwise and to work to prevent any differing factions emerging and dividing the Board. If despite endeavours, factions amongst the Board do develop they must be dealt with at the discretion of the Chairman in the best interests of the Company and its long-term success.
- 2.7. Promoting a culture of openness and debate; by facilitating the effective contribution of all Directors, in particular Non-Executive Directors and ensuring constructive relations between Executive and Non-Executive Directors.
- 2.8. Ensure that the Board adopts a prompt and constructive approach to making decisions.
- 2.9. Ensuring that all Directors receive the information that is required for the proper performance of their duties, and in particular, ensuring that Non-Executive Directors are kept fully informed of strategic or important developments effecting the Company in a timely manner and that such information is accurate and clear.
- 2.10. Keeping under review with the Board the general progress and long-term development of the Company and ensuring that effective strategic planning for the Company is undertaken by the CEO and endorsed by the Board after discussion, consistent with creating shareholder value and promoting the long-term success of the Company for the benefit of its members as a whole.
- 2.11. Ensuring the submission to the Board by the CEO of objectives, policies and strategies for the Company, including the Company business plan and the annual budget.
- 2.12. Monitoring progress towards the timely and effective achievement and implementation of the objectives, policies and strategies set by the Board and ensuring that appropriate decisions are taken promptly by or on behalf of the Board.
- 2.13. Ensuring that the corporate governance of the Company is maintained in line with appropriate practice policies approved by the Board.

- 2.14. Formally appraising the performance of the CEO and making appropriate recommendations to the Compensation Committee.
- 2.15. As appropriate, reviewing with the CEO his conclusions and recommendations on the performance and compensation of Executive Directors in their capacity as Executives.
- 2.16. Providing advice to the CEO on the allocation of duties individual Senior Managers and assignment of ad hoc responsibilities.
- 2.17. Participating with the CEO, as appropriate, in corporate relations, including relations with the Company's shareholders, customers, government, other public organisations, other companies, the media and stakeholders generally.
- 2.18. Ensuring that the views of shareholders are communicated to the Board as a whole.
- 2.19. Meeting with major shareholders to discuss, amongst other matters, the Company's governance processes and strategy.
- 2.20. Leading the process for the Board's annual performance evaluation and the evaluation of its committees and individual Directors and acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the Board.
- 2.21. Ensuring that the training and development needs of the Directors and the Board as a whole are identified and met and that the Directors continue to regularly update and refresh their skills and knowledge to enhance the effectiveness of the Board including regulatory and legislation updates. This information should be included in the Annual Return and the company's website.
- 2.22. Hold meetings with the Non-Executive Directors without the Executive Directors being present.
- 2.23. Provide direction to the Company Secretary in terms of good information flows within the Board and its Committees and between Senior Management and Non- Executive Directors, as well in respect of the facilitation of induction and professional development of Directors.

### **3 Term of Reference for the CEO**

As the senior officer of the Company responsible to the Chairman and the Board for directing and promoting the profitable operation and development of the Company consistent with the primary objective of creating shareholder value by promoting the long-term success of the Company, the CEO's duties, amongst other matters, include:

- 3.1. Exercising executive stewardship of the Company's physical, financial and human resources.
- 3.2. Being generally responsible to the Board for the development of the Company and its operation, including the profits, cash and costs of all businesses.
- 3.3. Having responsibility for effective implementation of the strategic plan for the Company in accordance with Board policy and consistent with the primary objective of enhancing long-term total shareholder return (share price and dividends) for preparing objectives, policies and strategies, including the Company's rolling business plan and the annual budget and for proposing appropriate corporate vision, values and strategy, for submission to the Board.
- 3.4. Ensuring that such action is taken as is necessary to secure the timely and effective implementation of the objectives, policies and strategies set by the Board and of decisions taken by or on behalf of the Board.
- 3.5. Ensuring that appropriate objectives, policies and strategies are adopted for each of the businesses or divisions of the Company, that appropriate budgets are set for them individually and that their performance is effectively monitored, that guidance or direction is given where appropriate.
- 3.6. Ensuring that the Company complies with all relevant legislation and regulatory requirements.
- 3.7. Managing the Company's risk profile, including health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the Board.
- 3.8. Ensuring appropriate internal controls are in place.
- 3.9. Motivating, reviewing and appraising the performance of the other executive directors, in their capacity as executives and, after reviewing with the Chairman, as appropriate, making appropriate recommendations to the Compensation committee on the compensation payable to them.
- 3.10. Leading the Company's processes for communicating to, and consulting with, employees.
- 3.11. Being responsible, with the participation of the Chairman as appropriate, for corporate relations, relations with the Company's shareholders, customers, governments, other public organisations, other companies, the media and stakeholders generally.

- 3.12. Regularly keeping the Chairman and other Directors (Executive and Non-Executive) informed on all matters that may be of importance to the Company and of relevance to them in the performance of their role as Non-Executive Directors, including its current performance and progress.

## **AUDIT AND COMPLIANCE COMMITTEE TERMS OF REFERENCE**

### **General**

The Audit and Compliance Committee is responsible for overseeing:

- The integrity of the Company's financial statements and the work of the Auditors; and
- The Company compliance with all the relevant Health, Safety and Environment laws and regulations.

### **1 Constitution**

- 1.1 The Committee is established as a Committee of the Board and will act in a way which the Committee considers to be most likely to promote the success of the Company for the benefits of its Members as a whole.

### **2 Membership**

- 2.1. Members of the Committee shall be appointed by the Board.
- 2.2. The Committee shall consist of at least two independent Non-Executive Directors at least one of whom shall have recent and relevant financial experience ideally with a professional qualification from one of the major professional accountancy bodies. The Chairman of the Board can be a Member of the Committee, but he should not also chair the Committee.
- 2.3. Only Members of the Committee have the right to attend Committee meetings. However, the external auditor, the internal auditor and the Chief Financial Officer will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.4. Also, the Company's HSE Manager and such other HSE personnel as the Committee shall determine may be invited to attend all or part of any meeting as and when appropriate and necessary.

- 2.5. The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

### **3 Secretary**

- 3.1. The Secretary of the Company will report to the Chairman of Committee

The Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that to enable full and proper consideration to be given to issues.

- 3.2. The Secretary shall cause proper minutes to be taken of all meetings and keep a register of same.

### **4 Quorum**

- 4.1. The quorum necessary for the transaction of business shall be two Members. 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.

### **5 Meetings**

- 5.1. The Committee shall meet on a quarterly basis, prior to the release of the quarterly financial statements or at appropriate times in the reporting and audit cycle, the HSE operating cycle or otherwise as required by the Chairman of the Committee. Meetings may be held in person or by telephone or videoconference.
- 5.2. Outside the formal meeting programme, the Committee Chairpersons will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the CEO, the Chief Financial Officer, the external lead audit partner and the head of internal audit.

### **6 Notice of Meetings**

- 6.1. Meetings of the Sub –Committees of the Board shall be called by the Secretary of the Committee at the request of any of its Members or at the request of external or internal auditors if they consider it necessary.
- 6.2. Unless otherwise agreed with the Chairman of the Committee, notice of each meeting confirming the venue, time and date together with agenda items to be discussed and supporting papers, shall be forwarded to each Member of the



Committee, and any other person required to attend, no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to Committee Members and to other attendees as appropriate, at the same time.

## **7 Minutes of Meetings**

- 7.1. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2. Draft minutes of Committee meetings shall be circulated promptly to all Members of the Committee, and once approved to all Members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

## **8 Annual General Meeting**

- 8.1. The Chairman of each Committee of the Board shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **A. Audit**

### **1 Duties**

The Committee shall carry out the duties below for the Company, as appropriate:

#### **1.1. Financial Reporting**

The Committee shall:

- 1.1.1. Monitor the integrity of the financial statements of the Company, including its Annual and Quarterly Reports, interim management statements (in conjunction with the Board or relevant Board members), final results announcements and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.
- 1.1.2. Review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 1.1.3. Review and challenge where necessary:
  - The consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company;

- The methods used to account for significant or unusual transactions where different approaches are possible;
- Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
- Tax and treasury management and receive updates of the items of business ;
- The clarity and completeness of disclosures in the Company’s financial statements and the context in which statements are made;
- All material information presented with the financial statements, such as the statements on longer term viability and on the going concern basis of accounting; the business review and the corporate governance statements (insofar as it relates to the audit and risk management); and
- Key profit and loss changes and balance sheet movements.

1.1.4. Review the pension valuation and actuarial assumptions.

1.1.5. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

## **1.2. Longer Term Viability and the Going Concern Basis of Accounting**

The Committee shall:

1.2.1. Assess whether or not it is appropriate for the Company to adopt the going concern basis of accounting in preparing its annual and half yearly financial statements.

1.2.2. Identify any material uncertainties to the Company’s ability to continue to adopt the going concern basis of accounting over a period of at least twelve months from the date of approval of the financial statements.

1.2.3. Assess the prospects of the Company (over an appropriate period of time as agreed by the Board) and consider and confirm to the Board whether or not there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, highlighting any qualifications or assumptions that have been made as part of this assessment.

1.2.4. Ensure that appropriate statements on the going concern basis of accounting and longer term viability are included in the annual and half yearly financial statements.

### **1.3. Fair, Balance and Understandable**

- 1.3.1. Where requested by the Board, the Committee should review the content of the Annual Report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

### **1.4. Internal Controls and Risk Management Systems**

The Committee shall:

- 1.4.1. Keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems.
- 1.4.2. Assist the Board with evaluating the Company's risk appetite, tolerance and strategy.
- 1.4.3. Review reports received from Management on the effectiveness of the systems adopted to identify, assess, manage and monitor risk and the conclusions of any testing carried out by internal and external auditors.
- 1.4.4. Review and approve the statements to be included in the Annual Report concerning internal controls and risk management.
- 1.4.5. Review principal insurance cover (in conjunction with the Board).

### **1.5. Compliance, Whistleblowing and Fraud**

The Committee shall:

- 1.5.1. Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 1.5.2. Review the Company's procedures for detecting fraud and its systems and controls for the prevention of bribery and receive reports on non-compliance.

### **1.6. Internal Audit**

The Committee shall:

- 1.6.1. Monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.
- 1.6.2. Approve the appointment and removal of the head of the internal audit function.

- 1.6.3. Consider and approve the remit of the internal audit function (including the anti- fraud programme and the adequacy of any relevant anti-money laundering measures) and ensure it has necessary resources and access to information to enable it to perform its function effectively and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- 1.6.4. Ensure the function has adequate standing and is free from management or other restrictions.
- 1.6.5. Review and assess the annual internal audit plan
- 1.6.6. Review all reports on the Company from the internal auditors on a periodic basis
- 1.6.7. Review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
- 1.6.8. Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.
- 1.6.9. Ensure that the head of internal audit has direct access to the Chairman of the Board and to the committee Chairman, and is accountable to the committee.

## **1.7. External Audit**

The Committee shall:

- 1.7.1. Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor.
- 1.7.2. Ensure that at least once every five years the audit services contract is put out to tender to enable the committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process.
- 1.7.3. Oversee the selection process for a new auditor and if an auditor resigns without explanation the Committee shall investigate the issues leading to this and decide whether any action is required.
- 1.7.4. Oversee the relationship with the external auditor including (but not limited to):

- Recommendations on their remuneration, the categories of audit related and non-audit work that are prescribed/permitted with pre-approval; whether fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
- Approval of their terms of engagement, including any engagement letter issued at the start of each audit/interim review and the scope of the audit;
- Monitor annual estimated/actual spend for audit and non-audit fees;
- Assessing annually their independence and objectivity taking into account relevant Jamaican professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of the business) which could adversely affect the auditor's independence and objectivity;
- Agreeing with the Board on a policy on the employment of former employees of the Company's auditor and monitoring the implementation of this policy;
- Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- Assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- Seeking, where appropriate, to ensure co-ordination with the activities of the internal audit function; and
- Evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.

1.7.5. Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.

- 1.7.6. Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.
- 1.7.7. Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - The external auditor ‘early warning’ report;
  - A discussion of any major issues which arose during the audit;
  - Key accounting and audit judgments;
  - Levels of errors identified during the audit; and
  - The effectiveness of the audit process.
- 1.7.8. Review any representation letter(s) requested by the external auditor before they are signed by management.
- 1.7.9. Review the management letter and management’s response to the auditor’s findings and recommendations.
- 1.7.10. Develop, implement and review a policy on the supply of non-audit services by the external auditor, to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.
- 1.7.11. Review key regulatory and audit changes.

## **1.8. Reporting Responsibilities**

- 1.8.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
  - The significant issues that it considered in relation to the financial statements (required under paragraph 1.1.1) and how these were addressed;
  - Its assessment of the effectiveness of the external audit process (required under paragraph 1.7.4 bullet point 8) and its recommendation on the appointment or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted;
  - If the external auditor provides any non-audit services, an explanation of how auditor objectivity and independence are safeguarded; and

- Any other issues on which the Board has requested the Committee's opinion.
- 1.8.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 1.8.3. The Committee shall compile a detailed report on its activities signed by the Chairman and to include in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the external audit process; the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and all other information requirements set out in the Code.
- 1.9.** In the compiling of the reports referred to in 1.8.3, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether to continue to adopt the going concern basis of accounting and the prospects of the Committee for the purpose of the longer viability statement. The report to shareholders need not repeat information disclosed elsewhere in the Annual Report and accounts, but could provide cross-references to that information.

#### **1.10. Other Matters**

The Committee shall:

- 1.10.1. Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 1.10.2. 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. Evidence of this training is to be included in the Annual Report.
- 1.10.3. Give due consideration to laws and regulations, the provisions of the Code and the requirements of the Jamaica Stock Exchange and any other applicable Rules, as appropriate.
- 1.10.4. Be responsible for co-ordination of the internal and external auditors.
- 1.10.5. Oversee any investigation of activities which are within its terms of reference.
- 1.10.6. Arrange for periodic reviews of its own performance and , at least annually, review its constitution, agenda and terms of reference (including policy framework and policies allocated to the Audit and Compliance Committee for review) to ensure it is

operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **1.11. Authority**

The Committee is authorised:

- 1.11.1. To seek any information it requires from any employee or agent of the Company in order to perform its duties.
- 1.11.2. To obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its terms of reference.
- 1.11.3. To call any employee or any agent (to the extent permissible by law) to be questioned at a meeting of the Committee as and when required.
- 1.11.4. To have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

## **B. Health, Safety and Environment**

### **1 Duties**

The Committee shall:

- 1.1. Oversee the Company's compliance with the Health, Safety and Environment (HSE) management system.
- 1.2. Review and recommend appropriate policies for the Company related to the protection of the environment and the HSE management system, together with the safety of employees, contractors, customers and the public; and oversee the Company's monitoring and enforcement of these policies and related practices and procedures.
- 1.3. Review with the Company's HSE Manager any significant risks or exposures and assess the steps management have taken to minimise those risks.
- 1.4. Review with the Company's HSE Manager the following:
  - The audit scope and plan for the HSE annual audits;
  - Any significant findings, recommendations, or action plans arising from the HSE audits, together with management's responses thereto;



- Any difficulties encountered in the course of the HSE audits, including any restrictions on the scope of work or access to the information required;
  - Any changes to the HSE audit plans with an investigation of the reasons for deviations;
  - Review the Company's objectives and plans for implementing the Company's HSE policies to promote best practice, to strive to ensure that the Company's performance is best in class for the building construction sector;
  - Review any material non-compliance with HSE laws and regulations applicable to the Company's operations and any material litigation; and
  - Consider and approve the remit of the HSE audit function and ensure it had adequate resources and appropriate access to information to enable it to perform its function effectively in accordance with relevant professional standards.
- 1.5. Meet with the Company's HSE Manager, at least once a year, without management being present to discuss the HSE team's remit and any issues arising from the site audits undertaken. In addition the Company's HSE Manager should be given direct access to the Chairman of the Board.

## **2 Responsibilities**

- 2.1. Overall responsibility for stewardship of the Company's HSE management system, performance and compliance with applicable laws and regulations shall remain reserved to the Board. The Committee Chairman shall ensure that the Board is apprised on the Committee's activities and such reports may include:
- Significant issues that it considered in relation to HSE management styles or policies and procedures and how these were addressed;
  - Its assessment of the effectiveness of the HSE audit process; and
  - Any other issues on which the Board has requested the Committee's opinion.
- 2.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.3. The Committee shall compile a detailed report on its activities signed by the Chairman and to be included in the Company's Annual Report.

## **3 Other Matters**

The Committee shall:

- 3.1. Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 3.2. 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.
- 3.3. Give due consideration to HSE laws and regulations and HSE best practice as appropriate.
- 3.4. Oversee any investigation of activities that are within its Terms of Reference.
- 3.5. Arrange for periodic reviews of its own performance and, at least annually, review its constitution, agenda and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

#### **4 Authority**

The Committee is authorised:

- 4.1. To seek any information it requires from any employee or agent of the Company in order to perform its duties.
- 4.2. To obtain, at the Company's expense, independent legal or other professional advice on any matter within its terms of reference.
- 4.3. To call any employee or any agent (to the extent permissible by law) to be questioned at a meeting of the Committee as and when required.
- 4.4. To have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

## **HUMAN RESOURCE AND COMPENSATION COMMITTEE TERMS OF REFERENCE**

### **1. Constitution**

- 1.1 The Committee is established as a Committee of the Board and will act in a way which the Committee considers to be most likely to promote the success of the Company for the benefits of its members as a whole.

### **2. Membership**

- 2.1 The Committee shall comprise at least two independent Non-Executive Directors. In addition the Chairman of the Board may be a Member of the Committee if he or she was considered to be independent on appointment as Chairman. Members of the

Committee shall be appointed by the Board, and in consultation with the Chairman of the Human Resource and Compensation Committee.

2.2 Only Members of the Committee have the right to attend Committee meetings. However, other individuals such as Members of the Board, Members of Management and external advisers may be invited by the Committee to attend for all or part of any meetings as and when appropriate and necessary.

2.3 The Board shall appoint one of the Independent Members of the Committee as Chairman of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining Members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

### **3. Secretary**

3.1 The Company Secretary or his or her nominee shall act as the Secretary of the committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be two Members. 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.

### **5. Meetings**

5.1 The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require, and may be held in person or by telephone or videoconference.

### **6. Notice of Meetings**

6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman.

6.2 Unless otherwise agreed with the Chairman of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be

discussed and supporting papers, shall be forwarded to each Member of the Committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee Members and to other attendees as appropriate, at the same time.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated promptly to all Members of the Committee. Once approved, minutes should be circulated to all Members of the Board, unless in the opinion of the Committee Chairman it would be inappropriate to do so.

## **8. Annual General Meeting**

- 8.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **9. Duties**

The Committee shall carry out the duties below for the Company as a whole, as appropriate.

The Committee shall:

- 9.1 Determine and agree with the Board, and keep under review, the overall Compensation Policy of the Company, ensuring that there is a formal and transparent procedure in place to develop such policy and that it remains appropriate.
- 9.2 In setting such policy, ensure that compensation promotes the long-term success of the Company and links reward to corporate and individual performance. The Compensation Policy should also have due regard to the need to attract, retain and motivate Directors and Senior Managers of the experience and calibre required to run the Company successfully without paying more than is necessary, having regard to the views of shareholders and other stakeholders. In addition, the Compensation Policy should have regard to the risk appetite of the Company and align to the Company's long-term strategic goals.
- 9.3 Have overall responsibility for setting and maintaining the compensation, including bonuses, incentive payments and share options or other share awards, pension rights and any compensation payments, and service contracts of the:
  - Chairman of the Board;

- Directors; and
  - Other Members of the senior management team.
- 9.4 The compensation of Non-Executive Directors shall be a matter for the Board (or a Committee of the Board to whom such authority has been delegated) and shall be determined within the limits set in the Company's Articles of Association. No Director or Manager shall be involved in any decisions as to their own compensation.
- 9.5 Ensure levels of compensation for Non-Executive Directors reflect the time commitment and responsibilities of the role and do not include share options or other performance-related elements.
- 9.6 When designing all schemes of performance-related pay:
- Ensure there is an appropriate balance between fixed and performance-related, immediate and deferred compensation;
  - Ensure performance conditions, including non-financial metrics, where appropriate, are relevant, stretching and designed to promote the long-term success of the Company;
  - Ensure that compensation incentives are compatible with risk policies and systems;
  - Ensure that upper limits are set and disclosed appropriately; and
  - Consider the directors' eligibility for annual bonus and/or benefits under long-term incentive schemes.
- 9.7 In terms of Share-based compensation:
- Ensure traditional share option schemes are weighed against other kinds of long-term incentive scheme;
  - Ensure share options are not offered at a discount save as permitted by the Listing Rules or other applicable regulations;
  - Ensure all new long-term incentive schemes are approved by shareholders and preferably replace any existing schemes, or at least, form part of a well-considered overall plan incorporating existing schemes;
  - Ensure total rewards potentially available are not excessive;

- Ensure shares granted or other forms of deferred compensation do not vest or are not paid, and options are not exercisable, in less than three years (longer periods may be appropriate); and
  - Where possible, Arrange for executive share option and other long-term incentive schemes to be phased rather than awarded in one large block.
- 9.8 Obtain reliable, up-to-date information about compensation in other companies in Jamaica. To help fulfil its obligations, the Committee shall have full authority to appoint compensation consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board.
- 9.9 Be exclusively responsible for establishing the selection criteria, for selecting, appointing and setting the Terms of Reference for any compensation consultants who advise the Committee.
- 9.10 Oversee any major changes in employee benefit structures throughout the Company.
- 9.11 Agree the policy for authorising claims for expenses from the Directors.
- 9.12 To undertake appropriate discussions as necessary with institutional investors on policy or any other aspects of senior management compensation.
- 9.13 Work and liaise, as necessary, with other Board Committees.

## **10. Reporting Responsibilities**

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate in any area within its remit where action or improvement is needed.

Through the Chairman of the Board, ensure the Company maintains contact as required with its principal shareholders about compensation.

- 10.3 If the Committee has appointed compensation consultants, the annual report of the Company's Compensation Policy shall identify such consultants and state whether they have any other connection with the Company.

## **11. Review Performance**

- 11.1 The Committee shall, at least once every three years, review its own performance, 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.

## **12. Authority**

- 12.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 12.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction for new members and on an ongoing basis for all Members. Evidence of such training should be included in the Annual Report.
- 12.3 In discharging its duties the Committee may obtain at the companies' expense such legal or other professional advice it considers necessary on any matters within its terms of reference.
- 12.4 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the compensation of Directors of listed/non-listed companies and formation and operation of share schemes including but not limited to the provisions of the Code, the requirements of the Jamaica Stock Exchange.

## **CONCESSION COMMITTEE TERMS OF REFERENCE**

### **1. Constitution**

- 1.1 The Committee is established as a Committee of the Board and will act in a way which the Committee considers to be most likely to promote the success of the Company for the benefits of its Members as a whole.

### **2. Membership**

- 2.1 The Committee shall comprise at least two independent Non-Executive Directors. In addition the Chairman of the Board may be a Member of the Committee. Members of the Committee shall be appointed by the Board. The Chairman of the Board whilst being a Member of the Committee should not also Chair the Committee.
- 2.2 Only Members of the Committee have the right to attend Committee meetings.

However, other individuals such as Members of the Board, Members of management and external advisers may be invited by the Committee to attend for all or part of any meetings as and when appropriate and necessary.

2.3 Appointments shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as the Member (other than the Chairman of the Board if he is a Member of the Committee) continues to be independent.

2.4 The Board shall appoint one of the Independent Members of the Committee as Chairman of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining Members present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

### **3. Secretary**

3.1 The Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### **4. Quorum**

4.1 The quorum necessary for the transaction of business shall be two Members. 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.

### **5. Meetings**

5.1 The Committee shall meet at least quarterly and at such other times as the Chairman of the Committee shall require, and may be held in person or by telephone or videoconference.

### **6. Notice of Meetings**

6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman; and

6.2 Unless otherwise agreed with the Chairman of the Committee, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each Member of the Committee, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee Members and to other attendees as appropriate, at the same time.



## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings of the Committee, including recording the names of those present and in attendance; and
- 7.2 Draft minutes of Committee meetings shall be circulated promptly to all Members of the Committee. Once approved, minutes should be circulated to all Members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

## **8. Annual General Meeting**

- 8.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **9. Duties**

The Committee shall carry out the duties below for the Company as a whole, as appropriate.

The Committee shall:

- 9.1 Determine and obtain the approval of the Board, and keep under review, the various concessions and leases in operations ensuring that there is a formal and transparent procedure in place to develop such policy and that it remains appropriate.
- 9.2 Ensuring that reporting requirements are complied with by receiving a report annually from the CEO stating that all reports under each Concession have been submitted to each Concessionaire and whether the Company is in compliance or not.
- 9.3 Have overall responsibility for approving each concession and lease for Company.
- 9.4 Have overall responsibility for agreeing to terms and conditions in each concession or lease.
- 9.5 Have overall responsibility for ensuring the financial model associated with each concession or lease improves the Company's overall return on investment.
- 9.6 The Concession Committee compensation of Non-Executive Directors shall be a matter for the Board (or a Committee of the Board to whom such authority has been delegated) and shall be determined within the limits set in the Company's Articles of Incorporation.

## **10. Reporting Responsibilities**

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate in any area within its remit where action or improvement is needed.

## **11. Review Performance**

- 11.1 The Committee shall, at least once every three years, review its own performance, 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.

## **12. Authority**

- 12.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 12.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction for new members and on an ongoing basis for all members. Evidence of such training should be included in the Annual Report.
- 12.3 In discharging its duties the Committee may obtain at the companies' expense such legal or other professional advice it considers necessary on any matters within its Terms of Reference.