



## **CORPORATE GOVERNANCE GUIDELINES**

The Board of Jamaica Public Service Company Limited (“JPS”) has adopted the following Corporate Governance Guidelines in furtherance of its corporate responsibility and as an illustration of its commitment to good corporate governance. These Guidelines are in keeping with the Company’s Articles of Incorporation, Shareholders’ Agreement, the Jamaica Stock Exchange Rules, best practices and other applicable rules, regulations and/or laws.

### **A. Duties and Responsibilities Board of Directors**

- i. The Board is responsible for overseeing the management of JPS and ensuring that the shareholder’s interests are served by maintaining and enhancing the success of JPS’ business.
- ii. The Board is responsible for:
  - a) ensuring that management maintains an effective system of financial and other internal controls;
  - b) ensuring that JPS is compliant with applicable legislation, regulations, standards and codes;
  - c) reviewing JPS’s long-term strategic plans and ethical standards; and,
  - d) ensuring the protection of JPS’s assets.
- iii. The Board should in its decision making always consider the interests of JPS’ other stakeholders, including customers, employees and members of communities in which JPS operates, all of whom are essential to the success of JPS’ business.
- iv. Directors must fulfil their responsibilities in compliance with all applicable laws and regulations.
- v. Directors are to exercise their business judgment in good faith and to act in what they reasonably believe is in the best interests of JPS.
- vi. Directors, in fulfilling their duties, are entitled to reasonably rely on the honesty and integrity of JPS’s senior management, outside advisors and auditors.
- vii. Directors have a responsibility not to put themselves in a position in which their duties to JPS conflict with their personal interests. In the event that a conflict of



interest (potential or actual) arises, whether through the Director or his close family members, said Director has a responsibility to disclose, in writing or otherwise, such conflict of interest to the Chairperson of the Board and excuse him/herself from any deliberation and/or final decision of the matter giving rise to the said conflict interest.

- viii. Directors are expected to prepare for, attend and participate in Board meetings and meetings of Committees on which they serve.
- ix. Directors have full access to senior management and to other employees of the JPS through the appropriate channels. The Board also has access to outside professional and independent advice as it determines necessary to assist it in the performance of its functions
- x. Directors have a duty to abide by all tenets of JPS's Code of Ethics and must complete the company's Annual Code of Ethics Questionnaire.

#### **B. Board Composition & Selection**

- i. The Board shall consist of a minimum of three (3) and a maximum of nine (9) Directors, unless otherwise determined by the Board.
- ii. Prospective Directors and their respective alternates are nominated by the Prime Shareholders namely, MaruEnergy JPSCO I, SRL (MaruEnergy), EWP (Barbados) 1 SRL (EWP) and the Government of Jamaica, and are then elected or ratified to the Board by the shareholders at the Annual General Meeting. Each prime shareholder has the right to nominate a total of three (3) Directors and their alternates to the Board.
- iii. Directors are elected for a term of three (3) years in accordance with the Articles of Incorporation. A retiring Director is eligible for re-election and there is no limit on the number of terms that a Director can serve on the Board as same is within the discretion of the shareholders.
- iv. The Board will have at least two (2) Independent Directors. An Independent Director is a Director who:
  - a) has not been employed with JPS within the last 5 years
  - b) has not had any material business relationship with JPS (outside of being a customer of JPS) either directly, or as a partner, or as a significant



shareholder, director or officer of a body that has had such a relationship with JPS within the last 5 years.

- c) is not affiliated with any non-profit organisation that receives significant funding from JPS
  - d) is not employed as senior management of another company where any of JPS's Directors or senior management serve on that company's Board
  - e) has not received additional remuneration from the JPS apart from Board or Board Committee related fees
- v. Independent Directors who experience any changes in circumstances that could affect their status as an Independent Director should disclose such change in writing to the Chairman for disclosure to the Board.

#### C. **Board Meetings**

- i. The Board meets approximately once per quarter however special meetings may be convened as needed and particularly when urgent and critical issues need to be addressed between scheduled meetings.
- ii. The Chairman of the Board is responsible for presiding over Board meetings and establishing the agenda for each Board meeting in consultation the Chief Executive Officer (CEO) and Corporate Secretary.
- iii. The CEO, Chief Financial Officer (CFO) and Corporate Secretary shall attend all Board meetings. Other key senior management employees may be invited to Board meetings for the purpose of presenting various matters to the Board in an effort to advise Directors of the operations of JPS especially as it relates to technical operations and allowing them the opportunity to pose questions to and interact with senior management.

#### D. **Chairman Selection**

- i. The Chairman shall be a Director of the Board nominated by the Majority Shareholders and appointed by the shareholders of the Company at a general meeting in accordance with the Articles of Incorporation.



#### **E. Company Secretary**

- i. The Company Secretary is responsible for ensuring that Board processes and procedures are appropriately followed and support effective decision-making and governance. All Directors have access to the Company Secretary's advice and services.

#### **F. Director Compensation**

- i. Directors shall serve in such a capacity without compensation; provided however, that each Director (or alternate) who is not an employee of a Majority Shareholder (or any of its Affiliates) shall receive from JPS payment equal to the equivalent of One Thousand United States Dollars (US\$1,000.00) for any regular or special meeting of the Board that such Director (or alternate) attends, in person or otherwise in accordance with the Articles of Incorporation.
- ii. All Directors shall be paid their reasonable business expenses, if any, of attendance at meetings of the Board so long as such meeting shall take place in either Jamaica or the United States of America.
- iii. No such payment shall preclude any Director from serving JPS in any other capacity and receiving compensation therefor.
- iv. Directors may grant special remuneration to any Member of the Board who being called upon shall be willing to render and shall render any special or extra services to JPS.

#### **G. Director Orientation and Education**

- i. The Company Secretary ensures that each newly appointed Director is oriented on the Articles of Incorporation and all other relevant and material company documents and is:
  - a) informed of the JPS's strategic plans, financial statements and key issues, policies and practices; and
  - b) provided with all relevant corporate establishment documents and written guidelines and information regarding membership on the Board.
- ii. Directors are afforded continuous education about the company, whereby they periodically provided materials and updates on issues and subjects that would



assist them in fulfilling their responsibilities inclusive of technological developments in the electricity industry, new energy products and business opportunities in the Energy Sector.

#### H. **Annual Performance Evaluation of the Board**

- i. Directors shall conduct a periodic review of the Board's and its Committees performance in accordance with applicable standards of corporate governance.

#### I. **Committees of the Board**

- i. The current Committees of the Board are the Audit Committee, and the Operations Committee. The Board however has the power to designate more committees. Each Committee has its own Terms of Reference or Charter by which it is governed and these are reviewed from time to time and, where appropriate, revised by the Board.

##### ii. **Audit Committee**

- a) The Audit Committee is primarily responsible for assisting the Board in carrying out its duties as it relates to JPS' accounting policies, internal controls and financial reporting practices. It has oversight responsibility specifically in relation to:

- i. the reliability and integrity of accounting policies and practices and JPS' financial statements;
- ii. ensuring compliance with legal and regulatory requirements;
- iii. the performance of the internal audit functions;
- iv. qualification, independence and performance of the external auditors of JPS;
- v. system of internal controls and procedures established by management and reviewing their effectiveness;
- vi. risk management functions and processes of JPS

- b) The Board appoints the members and the Committee Chair. The Audit Committee will consist of at least three (3) members of the Board who should be non-executive directors, the majority of whom should be identified as independent.



c) The Committee is encouraged to meet at least four (4) times a year on dates set by the Committee Chair. The CEO, Company Secretary and other senior management along with internal and independent auditors are encouraged to attend each meeting or portions thereof as may be determined by the Chairman of the Committee.

iii. **Operations Committee**

a) The Operations Committee is responsible for overseeing and monitoring the day-to-day management of the Company. In discharging this function the Committee may provide technical advice to the Officers of the Company, subject to the powers, authority, direction and control of the Board and the terms of the Articles of Incorporation.

b) The Committee shall consist of six (6) representatives appointed as follows: (1) two (2) members appointed by the Minority Shareholder; (2) two (2) members appointed by the MaruEnergy Shareholder; and (3) two (2) members appointed by the EWP Shareholder.

c) The Committee may meet approximately four (4) times a year. The CEO, Company Secretary and other senior management are encouraged to attend each meeting or portions thereof as may be determined the Committee.

J. **Committee Reporting**

i. Each Committee is expected to report and/or advise the Board on the issues considered at meetings and of the Committee's recommendations.

K. **Board Responsibility for Committee Action**

i. The Board remains collectively responsible for the decisions and actions taken by any Committee.

ii. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a Committee.



**L. Management Succession**

- i. The CEO is designated by the Majority Shareholders and ratified by the Board.
- ii. The CEO is responsible for managing the affairs of JPS, subject to the powers, authority, direction and control of the Board and the terms of the Articles of Incorporation.
- iii. The Majority Shareholders are responsible for:
  - a) determining the policies and principles for the selection of the CEO;
  - b) the policies and principles for the CEO's performance review; and
  - c) the policies relating to succession in the event of an emergency or retirement of the CEO.

Signed:

**THE BOARD OF THE  
JAMAICA PUBLIC SERVICE COMPANY LIMITED**