



# KINGSTON WHARVES LIMITED

## Corporate Governance Policy

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### 1. Definitions and Interpretation

Within this Corporate Governance Policy, and for all affairs of the Company, the following terms are intended to bear the following meanings:

“Affiliate”	with respect to the Company, means any other person or entity that has direct or indirect ownership interest in or is directly employed by the Company, and “affiliated” shall be construed accordingly.
“Executive Director”	A Director who is a member of the executive management team of the company.
“Non-Executive Director”	A Director who is not an Executive Director.
“Independent Director”	A Director who has been so classified based on the classification criteria set out in Section 4 of this Policy.
“Non-Independent Director”	A Director who has been so classified based on the classification procedure outlined herein.

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“Related Party”	with respect to the Company, any person or entity that controls, is controlled by or is under common control with the Company, where “control” means owning 21% or more of the issued share capital of the Company.
“Senior Officers”	in relation to the Company means the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer, and such other executive officers of the Company named as such, by the Board.

### **2. Introduction**

The Board of Directors (“the Board” or “Directors”) of Kingston Wharves Limited (“the Company”) represents the owners’ interest in the Company and its subsidiaries and associated companies (“KW”) 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 KW’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 KW. In discharging that obligation, Directors rely on the honesty and integrity of KW’s senior management, its outside advisors and auditors.

### **3. Functions of the Board**

The Board makes its decisions directly or through its established Committees, and reviews and approves key policies and supervises the management of KW 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 KW to appropriate stakeholders, including the shareholders and the Jamaica Stock Exchange
- The identification, evaluation and selection of candidates for the Board



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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 ensuring that information that Directors receive is sufficient to make informed judgements. The Chairman shall, in consultation with the Chief Executive Officer and the Company Secretary, establish the agenda for each Board meeting.

Directors are expected to regularly attend meetings of KW'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 within sufficient time for review.

During each financial year, there will be a minimum of four (4) 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 KW and their duties and responsibilities. KW shall assist Directors in their education about KW 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 KW and will provide for meetings with Senior Officers. New Directors are provided with written information about KW to assist them in their education. All Directors have access to presentations on aspects of KW's business and operations and management has a duty to regularly update the Board on changing regulations 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, and can only be removed by the Board. All Directors have access to the Company Secretary's advice and services in respect of the administration of the functions of the Board. Subject to the approval of the Board, Directors may obtain independent professional advice in the course of their duties, if necessary, at the Company's expense.

#### **4. 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 minimum and maximum numbers of Directors on the Board of the Company shall be determined in accordance with the Articles of Incorporation. The number of Independent Directors of the Company should equal or exceed fifty per cent of the total number of



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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) Is an employee of KW or has been an employee of KW within the last three (3) years;
- b) Has or has had within the last three (3) years, a material trading relationship with KW either directly, or as a partner, shareholder, director or senior officer of a body that has such a relationship with KW, where “material trading relationship” means one in which the director or the company or business in which the director is involved or interested has earned more than 5% of its profit before tax from its dealings with KW in any financial year;
- c) Receives or has received from KW within the last three (3) years fees or other remuneration other than Board or Board Committee related fees amounting to more than 5% of such director’s income;
- d) Is an immediate family member of any otherwise non-Independent Director or Senior Officer of the Company or of any person who meets criteria b) and c) above; or

Directors shall have no term limits and election, re-election and retirement of each Board member shall be consistent with Articles 86A and 107 to 112 (inclusive) of the Articles of Incorporation of the Company. The Compensation and Leadership Development Committee is responsible for keeping under review the composition of the Board and succession to it.

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

### **5. Trading in Company Securities and Conflicts of Interest**

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

- the period thirty (30) days prior to the end of a reporting period-end and the date of release of its 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 KW or with any other party which could create or appear to create a conflict of interest with KW must disclose such interests. These transactions include but are not limited to:

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

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- Emoluments received from KW
- Loans or guarantees granted by KW to/for the Director
- Charitable contributions by KW to organisations in which a Director serves on the board or as an employee.

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 him 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.

**6. Board Committees**

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

**a. Audit Committee**

On behalf of the Board, the Audit Committee shall:

- Monitor the adequacy and effectiveness of KW's systems of risk management, internal control and external auditors
- Review KW'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 KW's internal audit function
- Monitor and review the external auditor's independence, objectivity and effectiveness
- Develop and implement policy on the engagement of the external auditor to supply non-audit services
- opine on related party transactions and make recommendations to the Board regarding the approval thereof, when called on to do so.

The Chairman of the Audit Committee shall be appointed by the Board. The Board Chairman shall not be appointed Chairman of the Audit Committee. The Audit Committee shall consist of no fewer than three (3) and no more than seven (7) directors, a majority of whom shall be Independent Directors. The Audit Committee shall meet at least four (4) times a year.

**b. Executive Committee**

The Executive Committee shall comprise a minimum of three (3) and a maximum of seven (7) Directors, and the Chairman of the Executive committee shall be appointed by the Board. The Executive Committee is responsible for carrying out at short notice a review of critical business decisions for which the Senior Officers are required or have the support, advice and/or approval of the Board. The Board may delegate any authority which it is not expressly prohibited from delegating to the Executive Committee for such times and



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subject to such conditions as it considers expedient and may revoke or vary any such delegated powers.

The Executive Committee shall aim to meet quarterly but the Chairman of the Board shall be empowered to require that a meeting of the full Board replace a meeting of the Executive Committee when it is considered necessary for the full Board to discuss specific capital expenditure or overall strategy decisions.

### **c. Compensation and Leadership Development Committee**

The Board shall appoint a Compensation and Leadership Development Committee ("CLDC") of no fewer than three (3) and no more than seven (7) Directors, and the Chairman of this Committee shall also be appointed by the Board. In discharging its responsibility for constantly reviewing the composition of the Board and succession to it, the CLDC shall make recommendations to the Board in consultation with the Company's Chairman and Chief Executive Officer concerning potential appointments, having regard to the balance and structure of the Board and the required blend of skills and experience. The CLDC shall serve inter alia to:

- identify potential candidates and evaluate the suitability of those candidates for future Board membership
- propose suitable candidates for the Board to approve for recommendation to the shareholders
- approach future candidates and upon positive response, introduce them to the Board

The CLDC shall meet at least quarterly, and as and when necessary to facilitate election and re-election of Board Members, and at such other times as any member of the CLDC may request. Under Article

105 the Board may appoint any such person either to fill a casual vacancy or as an addition to the Board so long as the total number of Directors does not exceed the maximum permitted by the Articles or determined by the Company in General Meeting.

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

BY ORDER OF THE BOARD.  
November 12, 2019