

**CORPORATE GOVERNANCE GUIDELINES  
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## **CORPORATE GOVERNANCE GUIDELINES**

### **1.0 INTRODUCTION**

FosRich Company Limited (“FosRich or the Company”) has adopted a corporate governance framework to institutionalize clear, robust, and effective governance practices in serving the interest of its *stakeholders*. This framework is comprehensive and gives an overview of the practices, structures, processes, charters and policies approved by the Board of Directors (the “Board”) for management. The document provides guidance on good corporate governance practices engaged by the Company to achieve its mission.

### **2.0 CORPORATE GOVERNANCE**

Corporate governance is a framework of rules, procedures and informal guidelines determined by the Board to assist management in ensuring the business is kept structured, sustained and regulated. A governance framework supports the processes used to control and direct the core operations of business to achieve its objectives.

#### **2.1 PURPOSE & IMPORTANCE OF CORPORATE GOVERNANCE**

The rights of shareholders are protected, their confidence boosted and their interest advanced when good corporate governance practices are engaged by a Company. Corporate governance fosters efficiency, effectiveness, stability and growth to yield long-term success, maximize the wealth of the company and balance the claims of its stakeholders.

The Board recognizes that, in order to achieve sustainability, it must balance the interests of its shareholders and other stakeholders. FosRich shall work to keep its shareholders interested and their co-operation intact by implementing global accepted best practices, principles and policies on corporate governance. The company is aware, that a carefully managed business is critical to its growth and sustenance and adapting good corporate governance practices shall ensure protection from legal, financial and ethical risks.

The Company shall implement policies and practices to:

- help create competitive advantages;
- enhance access to investment opportunities;
- provide a framework for stronger risk management;
- improve sustainability;
- ensure accountability;
- protect the interest of shareholders and other stakeholders; and
- improve share value.

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**2.2 GUIDING PRINCIPLES**

FosRich’s corporate governance guiding principles stand on five pillars:

- i. ensuring transparency,
- ii. ensuring accountability,
- iii. ensuring responsibility,
- iv. ensuring fairness, and
- v. ensuring security.

These principles engaged (see figure 1), shall implemented to achieve greater efficiency, integrity, support and sustain financial growth for the business to gain the right interests.



*Figure 1 - FosRich’s Guiding Principles*

**3.0 FOSRICH’S CORPORATE GOVERNANCE MODEL**

FosRich’s corporate governance model, interconnects the dynamic relationship of the Board, policies, procedures, legal and regulatory framework (see figure 2) with the vision, mission, strategies, goals and core objectives of the company. This model supports reports flowing from management to the Board for discussion, analysis and decision making then onto the stakeholders for their perusal and comments at general meetings or through the secretariat.



*Figure 2 - FosRich’s Corporate Governance Model*



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### 3.1 THE VISION, MISSION, GOALS & OBJECTIVES

The company's Vision and Mission Statements are clearly defined and explains the current and future objectives. The *Vision Statement* helps to stimulate the right business attitude, latitude and focus for the management and staff who shall be committed to give focus to the *goals* in moving the *mission* to achieve the *vision*.

#### ▶ *The Vision Statement*

FosRich shall provide value to its customers through quality electrical lighting, energy and engineering solutions.

The company's *vision* is to:

- i. improve the lives of all Jamaican and to be dominant in the market by 2025;
- ii. become the best place to work; and
- iii. deliver superior products to customers and shareholders.

#### ▶ *The Mission Statement*

The company's *mission* is to improve people's lives through high-quality products and to foster a commitment to act on the *vision* by giving daily focus to the *mission*.

#### ▶ *Goals & Objectives*

The company's goals and objectives shall vary over time. The long, medium- and short-term *goals* of the company shall be geared towards moving the mission to achieve the vision.

FosRich's primary goal is to *Stay Ahead and Go Beyond its Competitions*.

The company's defined *objectives* are to:

- i. maximize shareholders' values;
- ii. provide superior and affordable products for customers;
- iii. improve customer service relationship;
- iv. foster a healthy working environment;
- v. optimize staff's potential through continuous training and mentorship;
- vi. obtain low risk investment opportunities; and
- vii. conform to good corporate governance practices.

### 3.2 CORE BUSINESS

FosRich's core business is *retail sales* of electrical products, energy products, lighting products, industrial products and hardware products. In 2019 a sixth product line was added when FosRich commenced operation in the manufacturing of polymerizing vinyl chloride (PVC) pipes and conduits for the domestic market.

The company partners with overseas suppliers: Siemens, Nexans, GE, Victron and Philips, to provide its consumers with rich customers service.

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*Figure 3 - Overseas Suppliers & Partners*

FosRich's branded products are registered with Jamaica Intellectual Properties Office (JIPO) and the company operates under the following trade names:

- \* The Lighting World by FosRich
- \* Trust Copper Wires
- \* Better Home Depot
- \* MGF Lighting
- \* Solid PVC
- \* RichLight
- \* FosRich Energy



*Figure 4 - FosRich's Trademarks*

### 3.3 CORE VALUES

FosRich is committed to the pursuit of its vision and mission by sensitizing its workforce to embrace a *First in Class Best in Class* culture. The core values of the company shall be used to guide the behaviour of the staff, towards a healthy working environment. The management of FosRich shall work along with its staff, to inculcate the right core values of: integrity, trust, respect, honesty, open- mindedness, dedication, and accountability to attain a *First in Class Best in Class* mode of operation.

### 4.0 STRATEGIC MANAGEMENT & GOVERNANCE STRUCTURE

The resources of the company shall be skillfully and carefully managed by a team of managers. The strengths, weaknesses, opportunities and threats of the company shall be identified by

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management and the Board shall develop policies and procedures to determine the strategic path and governance framework of the company. The policies developed shall help with the smooth day to day operations of the company and assist with steering the behaviour of the staff in the desired direction.

### **► Strategic Management**

The strategic management of the company is executed by a *team*. This team is comprised of the CEO, senior managers and the Board. It shall be necessary for the team to conduct constant assessment of the strategic plans in order to meet the goals and objectives of the company in a constantly changing business environment.

The *team's* responsible shall include:

- i.** Managing the company's strategies;
- ii.** Setting the goals and objectives;
- iii.** Analyzing the competitions in the business environment;
- iv.** Analyzing and implementing internal controls;
- v.** Analyzing the business culture, employees' skills and competencies;
- vi.** Engaging the staff to achieve growth.
- vii.** Evaluating the strategies; and
- viii.** Ensuring strategies are implemented.

### **► Governance Structure**

FosRich's governance framework shall be used to strengthen accountability. The framework outlines the structures, processes, roles and responsibilities of the Board and management in decision making as well as the development of policies and processes to be engaged in accomplishing the goals and objectives of the company.

## **5.0 POLICIES & PROCEDURES SUPPORTING THE FRAMEWORK**

The Board shall develop policies and procedures to ensure conformity to the relevant legal and regulatory framework while management shall sensitize staff on the specific laws, rules, and regulations by which the company must operate. The main rules and regulations applicable to the governance framework shall include:

- FosRich's Articles of Incorporation (**the Articles**);
- The Companies Act of Jamaica 2004 (Amended 2018) (**the Act**);
- Jamaica Stock Exchange Junior Market Rules & Regulations (**JSE Rules**);
- The JSE Regulatory Market Oversight Division (**RMOD**);
- the Financial Services Commission of Jamaica (**FSC**) Securities Act of Jamaica 2013; the government agency which monitors the financial stability of the company;
- Private Sector Organization of Jamaica (**PSOJ**), Corporate Governance Code;

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- International Financial Reporting Standards (**IFRS**) which provides the global framework by which the company shall prepare and disclose its financial statements;
- The Occupational Safety & Health Laws and the Labour Laws of Jamaica which governs the common laws of employment; and
- Tax Administration Jamaica (**TAJ**) Rules & Regulations as it relates to Income Tax, General Consumption Tax, Stamp Duty, Custom Duty and Manufacturing.

FosRich has developed a number of policies and implemented processes to foster the company's compliance with the afore mentioned rules and regulations and to make the governance framework more effective.

The policies and procedures developed and implemented include:



- i. A Code of Ethics & Business Principles;
- ii. A Board Charter; and
- iii. Standing Committees Charter

### 5.1 CODE OF ETHICS & BUSINESS PRINCIPLES

Corporate governance framework shall place much emphasis on the ethics and corporate fiduciaries. The directors and management's trust cannot be regulated but must be earned by the shareholders, employees, customers, suppliers and other stakeholders. FosRich's code of ethics and business principles (the "*code*") sets out policies relevant to the legal and ethical standards relevant to the company and its employees in the execution of their duties and responsibilities. The *code* shall be used to direct the affairs of the company through five fundamental principles that shall underpin the company's *modus operandi*. These values shall assist management to promote staff's: integrity, objectivity, competence, confidentiality and professionalism in the working environment. Embracing of the *code* shall serve to strengthen relationship between FosRich and its stakeholders.



### 5.2 THE BOARD CHARTER

The term of reference for a *Board Charter* shall be developed and shall entail the key *principles* and *values* of FosRich. The chairperson, directors, committee members and the company secretary shall operate within the scope of this charter subject to the provisions of the legal and regulatory



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framework of the company. The charter shall be in consistent with FosRich's *vision, mission, goal, objectives, and core values* to give the prerequisite guidelines to Board in achieving and sustaining the stakeholders' long-term interest.

The *charter* shall serve to identify the role, responsibilities and powers of the Board and its members within a framework, to foster best practice standards in leadership and good governance. It shall be defined by the Board and reviewed annually to ensure relevance.

### **► Board Composition**

FosRich recognizes and embraces the benefits of a diverse Board, as a positive attribute. The Board shall reflect an appropriate mix of age, gender, skillset, experience, competence, expertise and qualifications relevant to direct the affairs of the company. There is no maximum age limit for Board members however a person must have attained the age of 18 years to serve as a member.

The Board shall consist of:

- i. **A board chairman**, who shall commandeer and guide the affairs of the Board. The board chair shall be an ex-officio member at all committee meetings and shall be charged with separate roles and responsibilities than that of the company's CEO;
- ii. **A CEO or managing director**, who shall manage the day to day affairs of the company;
- iii. **A company secretary**, who shall be appointed by the Board in accordance with the *Companies Act*. This officer shall assist the Board in the execution of critical administrative and governance functions;
- iv. **Directors**, who shall be members serving in the capacity of either non-executive or executive directors. These officers shall also serve as Board committee members; and
- v. **A mentor**, who shall be appointed by the Board in accordance with the JSE regulations to provide guidance on JSE matters.

### **► Directors' Access to Management And Independent Advisor**

FosRich acknowledges the need for independent Board decisions and the directors shall be free to solicit external professional advice when required.

### **► Directors' Compensation**

The members of the Board and the standing committees shall be compensated for their time and effort in attending meetings and a fee structure shall be in place for non-executive or independent chairpersons and members. Executive directors shall receive a monthly salary and benefit package.

### **► Directors' Orientation & Continued Education**

Persons appointed to the Board shall be provided with the pre-requisite information to enable their performance. It is the duty of the CEO to ensure that the directors are continuously updated with new developments and the protocol of the business.

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### **5.2.1 THE PRINCIPAL ROLES OF THE BOARD**

The principal roles of the Board shall be governed by its charter and the members shall perform an advisory and oversight functions through well-structured, independent and assigned committees. The expertise of each Board member shall be integral to the issues recommended, discussed and resolved.

The key functions of the Board shall be to ensure prosperity of the company by continuously assessing the overall direction and strategies of the business whilst meeting the interest of its stakeholders.

The following roles shall be the principal functions of the Board:

#### **i. Accountability to the Shareholders / Stakeholders**

It shall be necessary for the Board to build relationship, promote goodwill and lend support to the shareholders/ stakeholders. The Board shall be accountable to the stakeholders and shall take into account their interests by carefully monitor, gather and evaluate the appropriate information for reporting to them.

#### **ii. The Vision, Mission, Goal, Core Values, Policies & Procedures**

The Board shall determine the vision and mission of the company to clearly identify the main focus of the business. The goals, objectives and core values of the company shall be consequent to the vision and mission and the Board shall develop policies and procedures to effectively guide management in the implementation of the various strategies for the success of the business.

#### **iii. Board Strategy and Structure**

The Board shall be instrumental in approving the corporate strategies and performance objectives of the company and shall give proper direction to management on the strategies to be engaged. The strategy options engaged to sustain and grow the business operations shall be within an acceptable risk parameter and shall be decided by the Board. The role of the Board shall be to ensure that the company's organizational structure and capability are appropriate for the implementation of its business strategies. Management shall be assisted by the Board to recognize the existing and future; opportunities, threats, risks, strengths and weaknesses in the business space. Management shall present to the Board for discussion and approval an annual business plan and the inherent risk associated with the plan. The Board shall also approve all new projects to be undertaken by management.

Adhering to the ethical and moral standards shall be monitored by the Board to ensure compliance with the company's corporate governance guidelines.

#### **iv. Board's Delegation to Management**

The Board shall delegate its authority to management to implement policies and strategies for the growth of the business. The Board shall be instrumental in monitoring and evaluating the policies and strategies implemented and frequent communication by management to and from the Board to disclose any addition or change to the strategic plans.

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### **5.2.2 THE PRINCIPAL RESPONSIBILITIES OF THE BOARD**

The Board shall owe a duty of care, good faith and trust to its shareholders and shall make decisions as a fiduciary on the shareholders' behalf. The affairs of the company shall be managed by the Board and the member shall be charged with the undermentioned responsibilities as specified in this corporate governance guidelines. These responsibilities are supported by *section 174 of the Companies Act* and the *JSE Rule 506* to assist the Board to efficiently and effectively execute its duties.

The Board responsibilities shall include:

#### **i. Governance & Fiduciary Duties**

The Board shall understand its fiduciary duties it performs on behalf of the shareholders. Board members / directors shall be responsible to attend meetings, review meeting materials in advance of a meeting, exercise reasonable care in the conduct of their duties, to be diligence and to exercise skill in performance of their duties.

Directors shall ensure the company has at its disposal, adequate and well-managed resources at all times. The Board shall responsible to conduct periodical review of: financial reports, new projects, borrowings, operational plans, targets, budgets and the appoint of an independent auditor

The Board shall establish committees of directors and where necessary co-opt or invite additional persons with the relevant expertise to serve.

#### **ii. Election, Retirement & Removal**

The Board shall be responsible for the election, retirement or removal of its members. It shall determine the competence and compatibility of all appointees by carefully examining their qualifications, expertise, experiences and skillsets to establish if they meet with the JSE's fit and proper criteria.

All directors' changes shall be conveyed to the shareholders at an annual general meeting (AGM) and these changes shall conform with the provisions set out in the company's articles of incorporation and the Companies Act. Every change in directorship shall be registered with the Companies Office of Jamaica (COJ) and the JSE.

The Board shall be responsible for appointing or removing the key officers of the company, including the CEO. The expectations of the CEO shall be clearly defined and the Board shall hold this officer accountable for achieving the set goals and objectives.

The Board shall appoint a company secretary with the pre-requisite qualification and skill to assist with the execution of the relevant administrative Board duties. It is the Board that is responsible to make a change of the secretary and such change shall be registered at the COJ and JSE. The shareholders shall be duly informed of a change of the company secretary.

A mentor shall be identified and appointed by the Board to lend support and guidance on JSE

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regulatory matters. The mentor shall be fit and proper in pursuant to the JSE’s requirement and any change of the mentor shall be communicated in a timely manner to the JSE.

**iii. Performance Measurement Systems**

The directors shall be responsible for instituting performance objectives and performance measurement systems to foster an efficient and effective annual performance review of the Board and committee members. The Board shall also assist with the development of policies and procedures for identifying and measuring management and staff’s performance.

**iv. Internal Controls**

The Board shall assess the adequacy of the systems in place for risk management, internal controls, regulatory compliance and environmental controls.

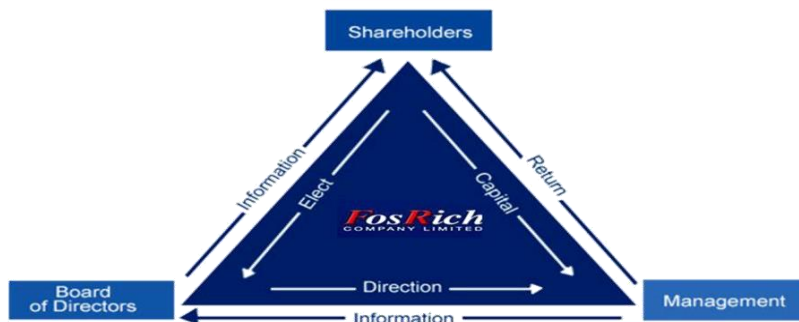
**v. Business Decisions**

All material financial restructurings, financing and changes in the authorized capital of the company shall be monitored and approved by the Board. Management shall require the approval of the Board to, enter into or withdraw from all line of business or service. The annual budgets and the recommendation of a dividend payment shall also be ratified by the Board.

**vi. Management Succession Planning**

The Board shall ensure that a succession plan is in place for key positions at every level of the business.

**vii. Information Flow**



*Figure 3 - FosRich’s Information Flow*

Information flow among the management, the Board and the shareholders shall be critical to the success of FosRich. The management team shall provide the Board with the prerequisite information for the development of strategies and intern the Board shall provide information to management, in the form of policies and procedures, to implement the strategies developed to



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achieve sustained growth and wealth. The Board shall report to the shareholders in a timely manner to provide precise information to support transparency and trust. The aim of the Board shall be to increase the wealth of the company and to give the shareholders the best return on their investment.

The shareholders and other stakeholders shall be updated, annually, on the company's achievements and performances for each financial year. The annual report shall be made available to the shareholders in both hard copy and soft copy, electronic posting, to the JSE and FosRich's websites.

The company in conforming to the *Companies Act* and its *Articles* convene an annual general meeting (AGM) to report on the activities of the company for each financial year. This meeting shall be a shareholders meeting which may include or exclude other stakeholders and visitors.

The meeting shall discuss the ordinary business of the company which include:

- \* Presentation of the audited financial statements, report of the Auditors and the report of the Directors for the financial period under review;
- \* Re-election of the director(s) retiring by rotation;
- \* Re-appoint or change the independent auditor and fixing their remuneration; and
- \* Declaration of a dividend.

An extraordinary general meeting (EGM) shall be called to transact shareholders' business of a special or extraordinary nature. This meeting shall be necessary to handle matters which falls outside the scope of an AGM or which cannot be put off until the next AGM.

Shareholders/stakeholders shall be appraised of new developments in the company as they unfold. These developments shall be material enough to impact the financial position of the company. Notifications shall be sent to the JSE in a timely manner for posting material information. The FosRich's website shall also be used to communicate new developments to its shareholders.

A website shall be developed to support information flow to:

- \* Inform and keep shareholders abreast on existing and new developments;
- \* Communicate effectively with the shareholders/stakeholders;
- \* Invite comments and feedback from shareholders and stakeholders; and
- \* Build shareholders relationship and confidence.

The website shall be user friendly, relevant and interesting and shall be reviewed periodically to maintain its effectiveness.

### **5.2.3 POWER OF THE BOARD**

The Board shall be empowered by its *Articles of Incorporation* and shall by way of a resolution approve the following actions:

- i. Investing the company's money;
- ii. Borrowing monies to finance new projects or the existing business operation; *Articles 80*;
- iii. Issuing new securities; (*shares or bonds*);
- iv. Grant loans or provide guarantee or collateral in respect of a loan;

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- v. Approving all reports going to the JSE for the shareholders' perusal;
- vi. Diversifying the company's business portfolio;
- vii. Approving any reconstruction of the company;
- viii. Approving the takeover or acquiring control or substantial stake in another company;
- ix. Appointing or removal of key managers; and
- x. Appoint or changing the independent auditors, CEO, directors, the company secretary or the mentor;

### **5.3 STANDING COMMITTEES**

The Board shall establish standing committees that shall function independently of each other, to assist with the execution of its duties.

There shall be three (3) standing committees, namely:

- \* Corporate Governance & Nomination (CGN) Committee;
- \* Audit, Compliance & Risk (ACR) Committee; and
- \* Human Resource & Compensation (HRC) Committee.

#### **▶ Committee Composition**

Board members shall be selected, based on their expertise and skillsets, to serve on committees and independent professionals shall be invited or co-opted from time to time, to strengthen the committees. Each committee shall be comprised of a minimum of three directors with a majority of independent directors. The chairman of a committee shall be an independent director and the committees shall be provided with sufficient authority, resources, and assigned responsibilities to perform effectively.

#### **5.3.1 CORPORATE GOVERNANCE & NOMINATION COMMITTEE**

The Corporate Governance and Nomination (CGN) Committee shall be an arm of the Board and shall execute the following duties:

- \* Guiding the process for the development and revision of the term of reference or charter for the Board and its committees;
- \* Guiding the process for the development and revision of the CGN guidelines;
- \* Oversight of the Board, committees, directors, chairpersons, CEO and management on corporate governance principles and practices to ensure conformity;
- \* Assisting the Board with evaluation and nomination processes; and
- \* Giving focus, at all times, to the relevant legal, regulatory, social, political and economic requirements of a Junior Stock Market listed company.

#### **▶ The CGN Committee Composition**

The CGN Committee shall be comprised of:

- i. *A chairman*, selected by the chairman of the Board from the independent directors;
- ii. *Board members*, with a majority of independent directors;

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- iii. *A company secretary*, who shall be the secretary of the Board; and
- iv. The Board chairman shall be an ex-officio member of this committee on the nomination matters;
- v. *Invitees*, shall include the CEO, professional advisors, consultants and other persons or group of persons that shall give support in areas of their expertise.

Committee members shall be required to attend meetings and shall be fully prepared for each meeting. The members shall be expected to remain in attendance for the duration of a meeting unless excused by the chairman. It shall be necessary for all members to give meaningful time and be flexible to properly discharge their duties.

### **► Performance Evaluation Review**

The CGN Committee shall review and revise all charters periodically and channel through its chairman, recommendations on governance and nomination matters to the Board. The committee shall provide a report of each meeting to the Board and the essence of this report shall form a part of the next Board meeting.

The roles of CGN Committee shall include:

- i. *Performance evaluation* - The performance of the Committee shall be compared with the roles set out in its charter;
- ii. *Reporting the outcome* - The performance evaluation conducted for the CGN committee shall be reported to the Board chairman.
- iii. *Give assistance* – The CGN committee shall assist the Board with the performance evaluation for the other committees in such manner as shall be deemed appropriate.

### **5.3.2 AUDIT, COMPLIANCE & RISK (ACR) COMMITTEE**

The ACR Committee shall assume vigilance and diligence in probing the company's financial position over the financial quarters and the financial year. The committee chairman shall report the findings, discussions and recommendations arising from each committee meeting to the Board for consideration and/or approval.

The ACR Committee shall be committed to:

- i. Review the adequacy of the internal controls in place;
- ii. Review the unaudited financial statements and the management discussions and analysis report for each quarter;
- iii. Report to the Board on substantial matters put forth by the independent auditors;
- iv. Review updates on accounting and reporting matters and identify the impact of these updates on the financial statements;
- v. Ensure the company is kept compliant with all its statutory obligations;
- vi. Review accounting policies and procedures for the company;
- vii. Review and update the ACR committee charter as the need arise; and
- viii. Ensure good treasury management and debt management strategies are developed and implemented.

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### ▶ **The ACR Committee Composition**

The ACR committee shall be composed of independent directors, executive director and the company secretary. The committee is at liberty to co-opt independent member or invite advisors, consultants and other professionals to committee meetings as the need arise. The committee chairman shall be an independent director and shall be appointed by the Board. The CEO shall be permitted to attend ACR committee meetings as an invitee.

### ▶ **Audit, Compliance & Risk (ACR) Committee Meetings**

The ACR Committee members shall no less than four times during the financial year to discuss issues surrounding the audit, compliance and risk management. Members are required to attend and actively participate in discussions. Meetings shall also be held impromptu to give focus to new financial developments.

### **5.3.3 HUMAN RESOURCE & COMPENSATION (HRC) COMMITTEE**

The HRC Committee shall be responsible for creating, monitoring systems and improving the human resource and compensation policies of the company. This committee shall ensure conformity to existing HRC regulations and best practices and the consistent development of more suitable policies to achieve enhance performance, skillsets and professional development in all member of staff.

The HRC policies and procedures shall target the working environment, to make it more conducive and enjoyable for work. The processes developed shall support teamwork and eliminate stress. The company shall continuously train its staff, at every level, to develop right attributes and zeal. The HRC policies shall also give focus to retaining staff and attracting suitable persons.

The roles and responsibilities of the HRC committee shall include:

- i. Assisting the Board with its duties relating to human resources, staff performance, compensation and succession planning.
- ii. Recommending policies and procedures on salaries, employment terms and conditions, fringe benefits, leave of absence, grievances, layoffs, whistleblowing and training;
- iii. Reviewing the structure of the organization to ensure it is compatible with the business operation and recommending changes for improvement;
- iv. Reviewing the company's succession planning process, especially for, key members of staff;
- v. Reviewing the compensation packages for the management team and the independent directors' fee and make recommendations to the Board where necessary;
- vi. Assisting with the development of performance management tools;
- vii. Identifying staff evaluation tools to assist the Human Resource department in its assessment of staff's performance;
- viii. Ensuring that the policies, procedures and practices developed are implemented and assessed;



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- ix. Conducting all duties within the scope of its charter, the company's articles and other regulations governing HRC.

### **► HRC Committee Composition**

The HRC Committee shall be comprised of a majority of independent directors, executive directors and the company secretary. The chairman presiding over the committee shall be an independent director, elected by the Board. The committee shall be free to co-opt or invite persons with the pre-requisite skillset to advise, assist or serve on the committee. The CEO shall be an invitee to the meetings.

### **► HRC Committee Meetings**

The Committee shall meet to discuss HRC matters in each financial quarter. Committee members shall meet and discuss issues outlined in an agenda structured by the chairperson and the company secretary. The agenda shall give the date and time of the meeting and shall accompany reports and other information required for the meeting. Prior to each meeting the members must be availed with the necessary information prior to adequately prepare them for the meeting.

The persistent absence of a member shall not be tolerated and shall be dealt with by the committee chairman or the Board chairman. An apology for absence shall be conveyed to the chairman or the company secretary or another member prior to the start of a meeting.

## **6.0 OTHER POLICIES SUPPORTING THE FRAMEWORK**

The CGN framework shall be supported by other policies to enhance its effectiveness. These policies shall include:

- \* Conflict of Interest Policies;
- \* Communication Policies;
- \* Environmental, Safety & Occupational Health Policies; and
- \* Corporate Social Responsibilities Policies.

### **6.1 CONFLICT OF INTEREST**

The directors, senior officers and employees of the company shall be encouraged to maintain the highest level of integrity at all times. A conflict of interest is a significant issue that will affect the ethical principles, distort decision making and generates consequences that will impact the credibility of the company in the eyes of the shareholders. It shall be necessary directors and staff members to avert this predicament, in the best interest and survival of the company by revealing to the Board in a timely manner compromising positions that can lead to a conflict of interest.

## **CORPORATE GOVERNANCE GUIDELINES**

Disclosure shall therefore be required, by key officers who are:

- parties to contracts or proposed contracts; or
- have interests in other bodies that are parties to contracts or proposed contracts with FosRich; or
- associates of persons who are parties to contracts or proposed contracts or has an interest in other bodies that are connected with the company.

### ▶ **Corporate Opportunities**

Employees, key officers and agents of the company shall not use their position or the company's property or opportunities derived from the company, for personal gains.

### ▶ **Competition and Fair Dealing**

FosRich shall compete fiercely and fairly to outperform its competitors. Employees, officers and agents of the company shall respect the rights of customers; suppliers; and competitors. Unfair disadvantage through manipulation, concealment, abuse of privileged information, misrepresentation of facts, intentional or unfair dealings of any sort, shall not be condoned.

### ▶ **Trading on Insider Information**

The company's policies relating to the trading of securities shall conform with *Section 51, of the Securities Act*. A director or persons in the employment of FosRich shall not trade the company's securities when in possession of price sensitive information. FosRich shall give adequate notice to the JSE of all key officers' trading in its securities in conforming with the JSE Junior Market Rule, *Appendix 2, Part 8*.

## **6.2 COMMUNICATION POLICY**

### ▶ **Public Disclosures and Media Relations**

Due care and professionalism shall be exercised when interacting with stakeholders. The company shall develop and implement communications policies that shall give guidance on the communication of material information to the public. The media, shareholders and other stakeholders shall receive clear, precise, timely and consistent information in order to maintain and encourage shareholders' confidence and relationship. Timely disclosure shall be a key component to FosRich's growth so the company shall endeavour to communicate judiciously to its stakeholders through the JSE and its website on the following issues:

- \* Recommendations of a dividend payment, capitalization, rights issue or shares allotment;
- \* New appointments / resignations of a Board member or a senior manager;
- \* New business ventures or business lines; and
- \* All material information that impact the financial statements.

## **CORPORATE GOVERNANCE GUIDELINES**

### ► **Protection of Confidential Proprietary Information**

Confidential information entrusted to the Board, management and staff shall be kept secure. The company's policies and procedures shall be communicated to all key persons and staff, as part of the company's orientation process and shall be reinforced through ongoing training.

### **6.3 ENVIRONMENTAL, SAFETY & OCCUPATIONAL HEALTH (ESOH) POLICIES**

FosRich shall in the conduct of its business, commit to all the environmental, safety and occupational health practices. Management shall develop and implement new and improved safety and security policies, over time. These policies shall embrace the highest regard for the environment and the well-being of all its employees, customers and the general public.

The staff education shall be key to the company's health and safety practices and employees shall be encouraged to abide by all safety regulations. The Board shall be responsible to approve the company's ESOH policies that management implements.

It shall be necessary for management to report all accidents, injuries, unsafe equipment, unsafe or hazardous substances, unsafe practices or conditions to the Board. The Board shall be assisted by the reports in developing more effective measures to implement.

### **6.4 CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company's social responsibilities (CSR), shall be driven by moral, ethical and philanthropic practices that shall impact its long-term profitability and sustainability. FosRich's CSR shall be based on a voluntary integration with its surrounding communities, customers and other stakeholders throughout the Island of Jamaica. The company shall commit to investing in opportunities that strengthen communities for the present and future generations to achieve improved shareholders' earnings.

The Board shall work through its CGN committee and FosRich's management team, to identify and strategize its social responsibilities. Giving back shall be used to empower the less fortunate in communities in and around the company's location.

The company CSR shall be used to:

- i. provide educational, social, environmental and economic support to aid development;
- ii. volunteer time, money and other resources to empower people and communities;

FosRich Foundation, was established in 2019 and shall be instrumental in the execution of the various programs and projects identified that can support nation building. FosRich shall continue to support a number of charitable causes and especially the *Good Samaritan Inn* which is located in the Kingston Garden community. FosRich shall continue to provide support to this institution in the form of food, clothing, shelter, health care and counselling as this shall form an integral part of its corporate social responsibility.

## CORPORATE GOVERNANCE GUIDELINES



Mr. Cecil Foster, is the CEO of FosRich and the co-founder of the Good Samaritan Inn which was established in 2007 to provide much needed assistance to the homeless and indigent, in and around the Kingston Garden community.

### 6.5 REVIEW & UPDATE OF THE GOVERNANCE FRAMEWORK

FosRich's corporate governance framework shall be continuously revised to maintain its efficacy. The Board through its CGN Committee shall be responsible for reviewing and revising the document every two years or as is necessary. The revised version shall be uploaded to the FosRich website for stakeholders' perusal.

**CORPORATE GOVERNANCE GUIDELINES**

**A-Z  
GLOSSARY**

**TERMS AND DEFINITIONS LISTED ALPHABETICALLY**

<b>A</b>	
Accountability	Means an assurance that an individual or an organization will be evaluated on their performance or behaviour related to something for which they are responsible.
Accounting	Means the quality reflects the degree to which accounting figures precisely measure a company’s change in financial position, earnings, and cash flow during a reporting period.
AGM	Means Annual General Meeting
An Insider	Means a person who possesses, or has access to, material information concerning
Articles of Incorporation	Means the Articles of Incorporation of the Corporation and all amendments thereto
Authority	Means the right or mandate to control, command, act or determine the actions of others and to punish for violations. It is either assigned (usually because of rank or office) or delegated.
<b>B</b>	
Best Practices	Means practices, procedures, or routines which are shown to improve financial and nonfinancial outcomes.
Board Charter	Means a written policy document that sets out the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) and management in setting the direction, the management and the control of the organization.
Board Composition	Means the number of Directors and their diversity—skills, qualifications, experience and ages, gender balancing considerations.
Board Diversity	Means the degree to which individual directors on board represent a wide range of personal or professional backgrounds, experiences, or viewpoints.
Board Evaluation	Means the process by which the entire board, its committees, or individual directors are evaluated for their effectiveness in carrying out their stated responsibilities. In the United States, annual board evaluations are a listing standard of the Jamaica Stock Exchange (JSE), which requires that the corporate governance and nominating committee “oversee the evaluation of the board and management.” Furthermore, each committee (audit, compensation, and nominating and governance) is required to perform its self-evaluation. The quality of board evaluations varies widely across companies.
Board of Directors or Board	Means the governing body elected by the stockholders and exercises the corporate powers of a corporation conducts all its business and controls its properties.
Business	Means the business of the company
<b>C</b>	



## CORPORATE GOVERNANCE GUIDELINES

CEO	Means the Chief Executive Officer of or Managing Director; the company
CFO	Means Chief Financial Officer of the company
Chairman / Chair /Chairperson	Means the director who presides over meetings of the full board or committees and chairperson may be used in a gender-neutral sense. The chairperson is responsible for setting the agenda, scheduling meetings, and coordinating actions of board committees. Because of his or her prominent position, the chairperson is considered the most powerful board member and also the public “face” of the board. Traditionally, the CEO has served as the chairperson. In recent years, however, it has become more common for a nonexecutive director to serve as chair.
Committee	Means a group of people appointed or elected by the Board to administer, discuss, or make reports concerning matter on which they are authorities by the board.
Committee Charter	Means an internal document defining the policies of the corporation or the regulations of a specific function or department within the corporation that helps committees deliver and uphold effective governance.
Committee Member(s)	Means a member of a committee mandated to carry out specified functions, programs, or projects assigned by the board.
Compliance	Means how the company ensures its activities conform with all relevant mandatory and voluntary requirements. Successful compliance management involves clearly defining applicable laws, regulations, codes, best practices, and internal standards, and so on. It must demonstrate how the organization ensures that it is in strict adherence with all relevant laws and regulations.
Confidential Information	Means all non-public information relating to the business and affairs of the company or another party (where the context demands, whether publicly-traded or not) that might be of use to competitors, or harmful to the company or the other party, if disclosed. Confidential information includes undisclosed material information.
Conflict of Interest	Means a breach of an obligation to the company that has an effect or intention of advancing one’s interest or the interest of others that is grossly disadvantageous to the interest or potentially harmful to the Company.
Connected Persons	Means persons who are considered to be connected with the company or its directors, a person is connected with a director if they are a member of the director's family (that is, the director’s spouse, civil partner.
Corporate Governance	Means the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations towards stakeholders.
<b>D</b>	
Directors	Means the individuals who, acting as a group known as the board of directors, manage the business and affairs of a corporation.
Dividend	Means the distribution of a portion of the company's earnings, decided and managed by the company's board of directors, and paid to a class of its shareholders as a reward for investing their money into the company.
Duty of Care	Means a fiduciary duty under the corporate law. The duty of care requires that a director make decisions with due deliberation. See “Fiduciary Duty.”
<b>E</b>	
EGM	Means Extraordinary General Meeting
Employee (s)	Means a person who performs activities that are core to, and integrated with, the company’s activities, and includes recognized individuals who are either on a temporary leave of absence approved by the company or who have been temporarily seconded by the company to a third-party under terms which expressly continue to recognize such person as an Employee of the company.
Executive Director	Means a director who has executive responsibility of day-to-day operations of a part of the whole of the organization
<b>F</b>	



## CORPORATE GOVERNANCE GUIDELINES

Fiduciary Duty	Means that under corporate law, the board of directors has a legal obligation to act in the “interest of the corporation.” In legal terminology, this is referred to as a fiduciary duty to the corporation. Although somewhat ambiguous — since a corporation is simply a legal construct that cannot have its interests — the courts have interpreted this phrase to mean that a director is expected to act in the interest of shareholders. Court decisions often refer to a fiduciary duty to “the corporation and the shareholders” or even just to the shareholders. The fiduciary duty of the board includes three components: a duty of care, a duty of loyalty and a duty of candour.
Fit and Proper Person	Means a person who when subjected to the criteria of the Guideline together with any other criteria prescribed by the Board of directors, presents the likelihood of his being in a position to discharge his responsibilities in a competent, honest and correct manner in the best interests of the Company.
FosRich	Means FosRich Company Limited or the company
FSC	Means Financial Services Commission of Jamaica
<b>G</b>	
Governance	Means the processes and structures used to direct and manage an organisation's operations and activities. It defines the division of power and establishes mechanisms to achieve accountability among stakeholders, the board of directors and management. <i>(Also, see “Corporate Governance.”)</i>
IFRS	Means International Financial Reporting Standards
Independent Director	Means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director
Insider information	Means the affairs, operations, or financial position of the company that has not been released to the public.
Internal Control	Means a process designed and affected by the board of directors, senior management and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management information; and compliance with applicable laws, regulations and the organization’s policies and procedures.
<b>J</b>	
JCSD	Means Jamaica Central Securities Depository Limited, Registrar Service Unit
JSE	Means the Jamaica Stock Exchange Limited
<b>M</b>	
Majority Shareholder or Majority Stockholder	Means a person, whether natural or juridical, owning more than fifty per cent (50%) of the voting stock of a company.
Management	Means the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.
Material Information	Means any information relating to the business or another party (where the context demands, whether publicly-traded or not) that results in, or would reasonably be expected to result in, a significant change in the market price or value of the company's securities or securities of such other party (where the context demands).
Members	Means members of the Board of Directors
<b>N</b>	
Non-Executive Director	Means a director who has no executive responsibility and does not perform any work related to the operations of the company. A non-executive director is expected to be more independent than executive directors because they have no reporting lines to the



## CORPORATE GOVERNANCE GUIDELINES

	CEO and do not rely on the company for their livelihood. They are expected to draw on their professional backgrounds and lend functional expertise to advise on the company strategy and business model. However, outside directors are also likely to be less informed about the company than inside directors (creating an “information gap”). When an information gap occurs, organizational decision making can suffer.
<b>O</b>	
Officers	Means the Chairperson, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Executive Directors, Non-Executive Directors, Company Secretary, and others mentioned as officers of the company, or those whose duties as such are defined in the by-laws, or are generally known to be officers of the company.
<b>P</b>	
Performance Management	Means the approach to individual and collective Board evaluation and professional development, performance management of the Chief Executive and management of both these processes.
Policy	Means a clear and concise statement by the organization’s executive leadership indicating the Corporation’s intentions, principles and performance expectations relative to the Constitution and to its legal, regulatory, legislative, social and/or governance responsibilities which are approved by FosRich’s Board of Directors.
Practice	Means a universally applied standard defining the Corporation’s execution expectations relative to one or more corporate policies and/or FosRich’s Constitution which is approved by one or more members of FosRich’s Executive Team.
<b>R</b>	
Record(s)	Means the information recorded in any physical or electronic media which is created or received in the course of business activities and provides legal evidence of those activities.
Resolutions	Means an official decision that is made after the members of a corporation has voted
Risk	Means the likelihood and severity of loss from unexpected or uncontrollable outcomes. This includes both the typical losses that occur during the course of business and losses from extremely unlikely and unpredictable. Risk arises naturally, both from the nature of the activities that a corporation participates in and from the manner in which it pursues its objectives. Risk cannot be separated from the strategy and operations of the firm but instead is an integral feature of organizational decision making.
Risk management	Means the process by which a company evaluates and reduces its risk exposure. This includes actions, policies, and procedures that management implements to reduce the likelihood and severity of adverse outcomes and to increase the likelihood and benefits of positive outcomes.
RMOD	Means Regulatory & Market Oversight Division
<b>S</b>	
Security/Securities	Means all forms of shares and debt obligations issued including, but not limited to, common shares, preferred shares, bonds, notes, debentures, convertibles, options, rights, warrants, issuer derivatives (such as share appreciation rights, common shares granted under a deferred share unit program or restricted share units), and other forms of securities as defined in applicable securities legislation.
Sensitive Information	Means any information classified confidential or restricted within the company’s Information Classification Guidelines.
Shareholders	Means any shareholders of record in the books of the Company, acting personally, or through an attorney-in-fact; or any other person duly authorized by him or through a trustee designated pursuant to a proxy or voting trust or other similar contracts, whose shareholders in the Company, individual and/or collectively with the shareholders of: (i) his spouse and/or relative within the first degree by consanguinity or affinity or legal





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	adoption; (ii) a partnership in which the shareholder and/or the spouse and/or any of the aforementioned relatives is a general partner; and (iii) corporation, association or firm of which the shareholder and/or his spouse and/or the aforementioned relatives own more than fifty per cent (50%) of the total subscribed capital stock of such corporation, association or firm, amount to one per cent (1%) or more of the total subscribed capital share of the Company.
Shares	Means cash (or stock) awards granted only after specified financial and nonfinancial targets are met during a three- to the five years. Performance units and performance shares work the same way, the difference being whether the final award is paid in cash or in stock. The size of the award is generally based on a percentage of base salary, similar to the method used to calculate the annual cash bonus. The maximum award is usually 200 per cent of the target. In many ways, performance plans are simply a longer-term version of the annual bonus plan. The performance criteria generally include a profit measure (such as earnings-per-share growth or return on assets) or total shareholder return.
Stakeholders	Means those individuals or organisations that have an impact upon or are impacted by the activities of a corporation.
Succession Planning	Means the systematic process by which a board of directors plans for and selects a new CEO or another executive when they leave the company due to retirement, resignation, termination, transfer, promotion or death.
<b>T</b>	
TAJ	Means Tax Administration Jamaica
The Act	Means the Companies Act of Jamaica (Amendment) 2018
The Code	Means Code of Business Conduct and Ethics
The Company	Means FosRich Company Limited
The Secretary	Means the Company Secretary
Transparency	Means the degree to which a company provides details that supplement and explain accounts, items, and events reported in its financial statements and other public filings. Transparency is important for shareholders to properly understand a company's strategy, operations, risk, and performance of management. It is also necessary when shareholders make decisions about the value of company securities. As such, transparent disclosure plays a key role in the efficient functioning of capital markets.
<b>V</b>	
Vote	Means a formal expression of preference for a candidate for office or for a proposed resolution of an issue, by or as if by some recognized means, such as a ballot.