



# BOARD COMPENSATION COMMITTEE CHARTER

## 1. CONSTITUTION

The Board having so resolved established a Board Committee known as the Compensation Committee

## 2. PURPOSE

The Compensation Committee was organized to assist the Board of Directors of the Company in approving and monitoring guidelines and practices with respect to the compensation and benefits of officers as well as administering the Company's compensation plan. Its members shall have a broad understanding of the role of compensation in attracting, motivating and retaining senior executives in particular and all employees in general. The Committee shall assist the Board in the following:

- Determining appropriate compensation for the Company's executives;
- Evaluating officer compensation plans, policies and programs and ;
- Overseeing, administering and reviewing compensation , equity and benefit plans and programs for officers and employees

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the committee shall exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time, consistent with the Company's Articles of Incorporation and other legislations and regulations.

The Committee will assist the Board in fulfilling its fiduciary responsibilities relating to:

- The fair and competitive compensation of the non-employee Directors;
- The compensation, bonuses, incentives and other Compensation issues of the Chief Executive Officer, other Executives and other key employees of the Company, and;
- The administration of the general employee welfare plans of staff.

The Board Compensation Committee is not a policy making body, but assists the Board by implementing Board policy.



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### **3. INFORMATION AND INDEPENDENT ADVICE**

The Compensation Committee, through its Chairman, is authorized to seek any information that it requires from any employee and shall have unrestricted access to company documents and company information.

The Compensation Committee is authorized to obtain outside legal or independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

If the Compensation Committee makes use of the services of a Compensation consultant in carrying out its duties, the Consultant concerned shall at any time be independent from and shall not provide any advice to any of the members of the Company's executive board. The Consultant concerned may accept other assignments from the Company only with the prior consent of the Compensation Committee or the Board. When the occasion arises, this does not prevent another Consultant, working from the same organization, from accepting an assignment from the Company, provided that there is sufficient assurance that the two individual Consultants operate independently of each other.

### **4. COMPOSITION, TERM AND INDEPENDENCE OF THE COMMITTEE**

The Compensation Committee comprises four members, the majority of whom should be Non-Executive members. The Chairman of the Compensation Committee must be a Non-Executive member. Should an Executive be a member of the Compensation Committee, this member may not attend discussions pertaining to his/her own Compensation.

The duties and responsibilities of a member of the Committee will be in addition to those duties set out for a Director of the Board.

In addition to the Committee members, the Chief Executive Officer (CEO) and/or the Company's Senior Human Resources Executive will function as Management Representatives, and will attend meetings as required, except those meetings where deliberations concerning their own and that of the CEO's compensation are being held; and when the Compensation Committee determines their attendance is not appropriate.



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### **5. CHAIRMAN**

The Committee will recommend a Chairperson and the appointment of the Chairperson shall be approved by the Board.

The Chairman shall be primarily responsible for the proper functioning of the Compensation committee. He/she shall act as the spokesperson of the Compensation Committee and shall be the main contact for the Board.

### **6. SECRETARIAT DUTIES**

The Company Secretary or his or her nominee shall act as the secretary of the committee. The Secretary's duties and responsibilities shall be to keep full and complete records of the proceedings of the Committee for the purposes of reporting Committee activities to the Board of Directors.

### **7. RESPONSIBILITIES**

The responsibilities of the Compensation Committee shall include:

- a) To determine and agree with the board the framework or broad policy for the Compensation of the company's Chairman, chief Executive officer, the Executive Directors, the company secretary and such other members of the Executive Management as it is designated to consider. The Compensation of Non-Executive Directors shall be a matter for the Chairman and the Executive members of the board. No Director or manager shall be involved in any decisions as to their own Compensation;

The objective of such policy shall be to ensure that members of the Executive Management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;

- b) To review the senior level organization structure and staffing of the company and make recommendations to the Board in that regard;
- c) To decide the targets for performance for any performance related pay schemes operated by the company;



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- d) To propose the Compensation policy of the Company, including incentive bonuses, stock options and employee loyalty incentive programs for the Board to adopt;
- e) Within the framework of the agreed remuneration policy, to determine the remuneration package of each individual Executive Director, including bonuses incentive payments and share options if applicable.
- f) Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer , as appropriate, prepare proposals on individual annual salary, performance-related Compensation, pension plan and severance package of the Chairman, each Executive Director, company secretary and other designated senior executives, which will include: (i) the Compensation structure and (ii) the amount of fixed Compensation, the number of shares and/or option rights, incentives/bonuses, pension rights, severance pay and other forms of compensation to be awarded;
- g) To review and recommend to the Board annually, compensation to be paid to Senior Executives and other Board appointed officers of the Company;
- h) To review with the Company's Management, at least annually, the Company's health care costs.
- i) To review the Chief Executive Officer's recommendation regarding Compensation for the Company's staff;
- j) To discuss with the Audit and Compliance Committee and make recommendations regarding Compensation of the Internal Auditor;
- k) To ensure staff Compensation is aligned with market trends;
- l) To review the general criteria and design of the Company's incentive/bonus schemes and the basis of distribution of incentives;
- m) To monitor and review the Chief Executive Officer's and the Chief Financial Officer's performance and key performance indicators for the determination of the annual bonus components;
- n) To review the Chief Executive Officer annual recommendation for the incentive pay awarded to staff under the Company's incentive/bonus scheme for final approval by the Board of Directors;
- o) To review and recommend any ex-gratia payments to the Chief Executive Officer;



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- p) To ensure that the Company's Compensation and incentive policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives and are appropriately designed to:
- motivate the Company's staff and the Chief Executive Officer to pursue the long term growth and success of the Company;
  - demonstrate a clear relationship between achievement of the Company's objectives and the Chief Executive Officer's and the Company's staff performance and Compensation;
- q) To ensure that the approved Compensation philosophy and programs are applied in a consistent way throughout the organization;
- r) To ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- s) To oversee any major changes in employee benefits structures throughout the Company or group;
- t) To agree the policy for authorizing claims for expenses from the Directors;
- u) To review the ongoing appropriateness and relevance of the compensation policy;
- v) To obtain reliable, up-to-date information about compensation in other companies;
- w) To oversee the total cost of the approved compensation programs;
- x) To prepare and publish on an annual basis a report of its deliberations and findings;
- y) To help it fulfill 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;
- z) To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any compensation consultants who advise the Committee;

In discharging their responsibilities the Committee members have a duty to act in the best interests of the Company as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.



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### **8. QUORUM**

The quorum necessary for the transaction of business shall be the majority of the members of the committee, inclusive of the Independent Non-Executive Director. 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.

### **9. MEETINGS**

The Compensation Committee shall hold at least one meeting per year and meetings are convened at the invitation of the Chairman as deemed necessary or by the member(s) requesting the meeting.

The Compensation Committee will agree on an annual schedule of meetings and the principal items to be discussed at the meetings.

The Compensation Committee meetings are generally held at the offices of the company, but may also take place elsewhere. Meetings of the Committee may be held face-to-face or through any technological means by which members can participate in a discussion.

The Compensation Committee may invite the CEO, the member of the corporate executive board responsible for HR, the Chief HR Officer and other officers to the meetings. The Committee may invite any such other persons to attend as it sees fit, and consult with other persons or seek any information it considers necessary to fulfill its responsibilities.

### **10. VOTING**

Any matters requiring a decision will be decided by a majority of votes of members present.

### **11. NOTICE OF MEETINGS**

Meetings of the committee shall be called by the secretary of the committee at the request of committee Chairman or by the member(s) requesting the meeting.



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

### **12. MINUTES OF MEETINGS**

The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. The minutes will be ratified by members in attendance/discussion and signed by the Committee Chair.

The minutes of Committee meetings shall be circulated within twenty (20) days of the meeting to all members of the committee. The Committee Chair will prepare/ produce a report to be tabled at the next scheduled meeting of the Board of Directors.

### **13. REPORTING RESPONSIBILITIES**

The Committee Chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

The committee shall produce a report of the Company's Compensation policy and practices to be included in the Company's annual report.

### **14. ANNUAL GENERAL MEETING**

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.



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### **15. REVIEW OF CHARTER**

The Committee should arrange for periodic review of its own performance and its charter, at least annually, to:

- Provide assurance that it remains consistent with the Board's objectives and responsibilities;
- Ensure its constitution and terms of reference is operating at maximum effectiveness;
- To recommend any changes it considers necessary to the board for approval.

The Board shall approve or further review the charter.

The text of the Committee charter shall be published on the website of the Company.

### **16. OTHER MATTERS**

The committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the Company's Corporate Secretariat for assistance as required;
- 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;
- Give due consideration to laws and regulations, the provisions of the PSOJ Code on Corporate Governance, the requirements of the Jamaica Stock Exchange (JSE) Rules and any other applicable Rules, as appropriate.