



## TERMS OF REFERENCE CORPORATE GOVERNANCE COMMITTEE

### Governance Statement

**Derrimon Trading Co. Ltd.** (*hereinafter referred to as **Derrimon** or the Company*) is one of Jamaica's leading distributors of consumer products. The company was incorporated in 1998 as a public company with limited liability under the Companies Act of Jamaica. During 2013 the company became listed on the Junior market of the Jamaica Stock Exchange (JSE). As a listed entity the company is required to maintain compliance with the JSE rules. The Board of Directors is responsible for ensuring full compliance with the JSE Rules and the Companies Act.

The Board of **Derrimon Trading Co. Ltd.** has established a Corporate Governance Committee (hereinafter called "the Committee") as a standing committee of the Board. The Committee exercises an independent review function to assist Derrimon in fulfilling its corporate governance oversight responsibilities including remuneration. The Committee evaluates and monitors the Company's adequacy of and compliance with all governance matters pursuant to the Company's governance policies. Additionally, the Committee acts to ensure that Derrimon adheres to its Corporate Governance (CG) mandate as outline in its Board Charter, the Companies Act (2004) other applicable laws, regulations and the Jamaica Stock Exchange (JSE) Rules.

The Committee reports directly to the Board on its assessment of Derrimon's governance and compliance and provides advice and guidance to the Board on matters brought to the Committee's attention or on its own volition. The Committee is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will monitor the maintenance of high ethical standards of all employees and directors of Derrimon.

### **A. PURPOSE**

The Board will appoint a Corporate Governance Committee to:

1. Monitor compliance with applicable laws and regulations including the JSE Rules.
2. Oversee the selection, appointment, performance evaluation and succession planning of the Chief Executive Officer (CEO).
3. Develop and recommend amendments on the board's corporate governance policies and practices.
4. Review the organization and operational performance of the board and its Committees.
5. Review and recommend short development programmes which can positively impact the overall performance of the Directors of DERRIMON. This must be done in line with budgetary requirements.
6. Ensure all new directors go through an appropriate orientation programme.
7. Monitor DERRIMON's Corporate Social Responsibility (CSR) policies.

8. Monitor ethical conduct of DERRIMON's operations to ensure adherence to principles of good corporate citizenship and that all operations add value for DERRIMON's corporate sustainability.
9. Review annually the competency profile for Directors of DERRIMON.
10. Monitor DERRIMON's JSE corporate governance index review and make recommendations to the board where appropriate.
11. Review annually, succession planning for the board and make recommendations to the Board.
12. Review and recommend the annual remuneration of all Directors, Executive and Senior Management.
13. Any other duties that may be assigned by the board from time to time.

#### **B. MEMBERSHIP**

1. The COMMITTEE shall be comprised of a **minimum** of three (3) non-executive directors.
2. The Board shall appoint the Chairman of the committee who at all times must be an Independent non-executive director as defined in the Company's Board Charter.
3. Members will be appointed by the Board and may also be removed from the committee by majority vote of the Board of Directors.
4. The Company Secretary will be the assigned Secretary for the COMMITTEE. In the absence of the Company Secretary, the Chair of the COMMITTEE may make alternate arrangements with the Chief Executive Officer (CEO) for a member of the Company's staff to act as Secretary to the Committee.
5. The CEO **shall be invited** to all Committee meetings if not appointed to the Committee.
6. The Committee has the power to require any member of staff of the Company to attend meetings as required. Such staff attendance should be scheduled through the CEO.

#### **C. MEETINGS, QUORUM AND PROCEDURES**

1. The COMMITTEE will determine its own rules of procedure, provided they are consistent with the JSE Rule 506, DERRIMON's Code of Ethics and Board Charter that governs DERRIMON board operations.
2. The COMMITTEE will meet at **least twice per year** and more frequently as circumstances require.

3. The Chair of the COMMITTEE or a majority of the members of the committee may call a special meeting of the COMMITTEE through the Company Secretary who will ensure that adequate notice is provided.
4. **The Committee's quorum will be fifty percent (50%) membership plus 1.** This must include at least 1 independent non-executive director. The COMMITTEE Chairman shall have a casting vote as required.
5. Meeting agendas and documents will be prepared for each meeting and provided within a minimum of **3 working days** in advance to the Committee members along with appropriate briefing materials.
6. Senior Management or other persons, whose advice and counsel are sought by the COMMITTEE, may be invited to meetings of the Committee to provide such pertinent information as the COMMITTEE request.
7. The COMMITTEE shall keep written minutes of its meeting, which minutes shall be maintained with the records of the Board.
8. All committee members are expected to attend and participate at each meeting in person or via teleconference or video conference electronically.
9. An annual Corporate Governance report, which speaks to the state of DERRIMON's overall Governance and the board's annual activities, will be included in DERRIMON's Annual Report.

#### **D. SPECIFIC RESPONSIBILITIES AND DUTIES**

The COMMITTEE will have the following duties and responsibilities:

##### ***a) Monitor Adherence to Laws & Regulations***

1. To ensure that the Board is, and remains in compliance with the Companies Act; the Jamaica Stock Exchange Rules, especially Rule 506; the DERRIMON Board Charter and all other applicable and relevant laws and regulations.

##### ***b) Recommend and Review Policies***

2. To ensure development of required governance policies and periodically review and recommend changes to the Board Charter and committee's terms of reference that will guide the Board in the execution of its governance responsibilities. The COMMITTEE will ensure that such policies are appropriate to DERRIMON's business, and comply with applicable laws, and regulations and are in line with governance best practices.
3. To review, and recommend to the Board, a Code of Business Conduct for Directors and employees, and to periodically review such Code and recommend any changes, to the Board.

4. Monitor and address complaints as required under the DERRIMON Whistle Blowing Policy and the Code of Conduct.
5. To consider all directors conflict of interests and related party transactions and make recommendations to the board as required.
6. To monitor the annual JSE Corporate Governance Index score of DERRIMON and make recommendations to the board as required.
7. To annually review and recommend Executive and Senior Management Compensation in accordance with Industry best practices and Company performance.
8. To consider any other corporate governance issues that arises from time to time, and to develop appropriate policy recommendations for the Board.

***c) Selection; orientation; development and evaluation of Board & Committees***

9. To promote the qualities and characteristics needed by DERRIMON to effectively execute its corporate governance responsibilities, especially when recommending to the Board changes to directorships and the Board's sub-committees. These will include but are not limited to:
  - a) Maturity of judgment
  - b) Management & leadership experience
  - c) Diversity of Professional Skills
  - d) Integrity & professionalism
  - e) Time Available to the DERRIMON
  - f) Networking/Contacts
  - g) Degree of Independence
10. With a view to supporting the board in discharging its responsibilities for maintaining an annual competency profile, the COMMITTEE will do an annual review of the existing skills and competencies of the Board, identifying gaps and submit same to the Board for review and action.
11. To oversee evaluations of the performance of the Board and all its committees.
12. To support the Chairman with the assessment, performance and contribution of directors, and to provide the Chairman with guidance and support to those who are not performing at the required level.
13. To recommend to the Chairman, those directors to be selected for chairmanship and/or membership on, or removal from, the various Committees based on performance.

14. To recommend appropriate related short professional development programmes for director's, within budget, that will assist the Board to effectively perform its function.
15. To ensure appropriate orientation of new directors, in order to improve each member's ability to contribute effectively to the deliberations of the Board.
16. To develop and annually review a succession plan for directors, the Chairman and the Chief Executive Officer(CEO).

***d) Corporate Social Responsibility (CSR)***

17. The COMMITTEE will review and recommend to the Board CSR initiatives in line with the Board' CSR Policy ensuring that each initiative adds value to the relevant community and supports the vision, mission and values of DERRIMON and is within budget.
18. To review all donations made within DERRIMON policy guidelines.
19. Ensure that DERRIMON has established appropriate sustainable policies including policies to address responsible environmental practices.

**E. SELF-EVALUATION**

- a) The COMMITTEE shall periodically conduct a self-evaluation of its performance.
- b) In conducting this review, the COMMITTEE will also evaluate whether this term of reference appropriately addresses the matters within its scope including but not limited to attendance and participation.
- c) In conducting this review, the COMMITTEE will address all matters that it considers relevant to its performance, including at least the following:
  - i. The adequacy, appropriateness and quality of its information and recommendations to the Board;
  - ii. The manner in which they were discussed or debated; and
  - iii. Whether the number and length of meetings are adequate for the COMMITTEE to complete its work in a thorough and thoughtful manner.

**F. COMMITTEE SECRETARY**

The Secretary for the Committee shall be the Company Secretary who may assign an in-house staff to take the Minutes of the meetings. The Committee Secretary is required to:

- a) circulate the notices and minutes of the Committee meetings;
- b) distribute to Committee members, **3 working days prior to the meetings** of the Committee, all agenda and documents of meetings, reports and/or related documents which are prepared for consideration by the Committee;
- c) keep detailed records of the Committee's meetings; and



d) have such other duties as may be assigned by the Committee from time to time.

#### **G. REPORTING RESPONSIBILITIES**

The Committee shall submit reports to the Board on the Committee's activities, findings and related recommendations.

#### **H. CONFLICT OF INTEREST**

Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Committee and the details of the conflict are to be recorded by the Committee Secretary.

The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter or exert any influence on the voting on the resolution in respect of the transaction, and will excuse himself/herself from the discussions in respect of those interests during the period of discussion of the matter.

#### **I. CONFIDENTIALITY OF COMMITTEE INFORMATION**

All information received by the Committee is confidential and is the property of DERRIMON and cannot be disclosed to parties outside of the Company without prior approval of the Board.

#### **J. AUTHORITY**

The Committee has the authority to conduct or authorize investigations into any governance related matters within its scope of responsibility. In so doing it is empowered to:

- a) Investigate any governance matter brought to its attention with full access to all books, records, facilities, and personnel of DERRIMON; financial governance matters will be referred to the Audit & Risk Management Committee for investigation.
- b) Seek any information it requires from any officer or employee of DERRIMON and such officers or employees shall be instructed by the Board to respond to such enquiries; and
- c) Meet with officers/employees of DERRIMON for the purpose of furthering its investigations.

#### **K. AUTHORITY TO ENGAGE ADVISORS**

The COMMITTEE, with the prior approval by the Board, may engage outside advisors including the retaining of outside counsel as it deems appropriate and necessary to assist it in the effective discharge of its functions.

#### **L. REMUNERATION**

The Company shall make provision for remuneration of Committee Members in line with the Board's compensation policy.

#### **M. REVIEW AND ASSESSMENT OF TERMS OF REFERENCE**

The Board will conduct a review and assessment of the COMMITTEE Terms of Reference at least every 2 years in such manner as the Board deems fit.



**DOCUMENT CONTROL**

<i>Version</i>	<i>Date</i>	<i>Date Approved by Board</i>	<i>Area Changes made</i>
1 <sup>st</sup>	December 2020		