OVERVIEW

Factories Corporation of Jamaica Limited (FCJ) is at the forefront of industrial development in Jamaica, playing a critical role in fostering economic growth while safeguarding the environment and promoting social well-being. Recognising the urgent need for sustainable practices, FCJ has developed this Environmental, Social, and Governance (ESG) Policy as a blueprint for integrating sustainability principles into its operations, tenant partnerships, and stakeholder engagements.

Why is ESG Important for FCJ?
As the premier provider of industrial space in Jamaica, FCJ's operations significantly impact the environment, local communities, and the economy. Adopting an ESG policy is vital to:

1. **Addressing Climate Change**

With Jamaica's vulnerability to climate change, FCJ has a responsibility to reduce greenhouse gas emissions, enhance climate resilience, and protect natural resources.

2. **Support National Development Goals**

This policy aligns FCJ's operations with Jamaica's **Climate Change Policy Framework** and **Vision 2030 Jamaica - National Development Plan**, ensuring that our work contributes to the nation's sustainable development goals.

3. **Enhance Social Equity**

By fostering community partnerships, supporting employees' well-being, and encouraging ethical business practices, FCJ creates long-term benefits for society.

4. **Promote Accountability**

ESG policies ensure transparency and ethical governance, attracting investment, strengthening trust with stakeholders, and building resilience against regulatory and market risks.

5. **Lead by Example**

As a public sector entity, FCJ is uniquely positioned to model sustainable practices, influencing tenants, suppliers, and partners to adopt similar commitments.

GUIDING PRINCIPLES

FCJ's ESG Policy is informed by:

- **Jamaica's Climate Change Policy Framework**

Promoting climate resilience, low carbon development, and public awareness.

- **Vision 2030 Jamaica - National Development Plan**

Supporting sustainable economic growth, social equity, and environmental protection.

- **International Commitments**

Upholding the goals of the **Paris Agreement** and aligning with global sustainability frameworks to reduce environmental impact and foster inclusivity.

Partnership with the Ministry of Finance and Public Service

FCJ operates under the auspices of the Ministry of Finance and Public Service, which provides strategic oversight and policy direction. This partnership strengthens FCJ's ESG mandate, as the Ministry is deeply committed to national development, fiscal responsibility, and environmental stewardship.

Key Collaborations with the Ministry:

- **Alignment with National Policies**

FCJ works closely with the Ministry to ensure its ESG initiatives align with Jamaica's economic and sustainability goals, such as improving energy efficiency and fostering public-private partnerships for sustainable development.

- **Support for ESG Mandate**

The Ministry advocates for ESG integration across government agencies, including implementing ethical business practices, climate adaptation strategies, and community empowerment programs.

- **Resource Mobilisation**

Through its partnership with the Ministry, FCJ gains access to financial, technical, and policy resources to implement impactful ESG projects.

This collaborative approach ensures that FCJ's ESG policy complements the Ministry's broader vision for sustainable growth, fiscal stability, and national resilience.

Commitment to Corporate Governance Standards

FCJ is dedicated to upholding the highest standards of corporate governance, transparency, and ethical leadership in accordance with Jamaica's national governance frameworks. As a public-sector entity, FCJ operates within the governance framework established by the Public Bodies Management and Accountability (PBMA) Act, while also aligning with the Jamaica Corporate Governance Code, which promotes responsible business conduct, sustainability, and stakeholder engagement.

To ensure full compliance with these frameworks, FCJ formally integrates the following governance principles into its operations and ESG Policy:

1. **Board Oversight and ESG Leadership**
    - The **Board of Directors** is responsible for strategic oversight of FCJ's ESG Policy, ensuring it aligns with national and international sustainability standards.
    - The Board appoints and empowers the ESG Committee, which is responsible for setting annual ESG targets, monitoring compliance, and driving continuous improvement.
    - Board members receive annual ESG training to ensure governance decisions reflect evolving sustainability challenges and opportunities.
2. **Risk Management and Compliance**
    - ESG risk assessments are conducted annually to identify environmental, social, and governance-related risks that could impact FCJ's operations.
    - FCJ maintains strict compliance with the PBMA Act, ensuring ethical financial management, risk mitigation, and regulatory adherence.
    - ESG policies are embedded in tenant lease agreements and supplier contracts, ensuring that all business partners comply with FCJ's sustainability standards.
3. **Transparency and Reporting**
    - FCJ commits to publishing an annual ESG Report, detailing compliance with Jamaica's Corporate Governance Code, ESG performance indicators, and areas for improvement.
    - Financial and ESG performance disclosures are audited and submitted to the Ministry of Finance and Public Service, reinforcing accountability and regulatory compliance.
    - Stakeholder engagement initiatives ensure regular dialogue with employees, tenants, suppliers, and the wider community, strengthening corporate transparency.
4. **Ethical Business Practices and Anti-Corruption Measures**
    - FCJ enforces a zero-tolerance policy on corruption, bribery, and unethical business conduct, in line with Jamaica's Anti-Corruption Laws.
    - Ethical business clauses are incorporated into all procurement agreements, lease contracts, and partnership agreements.
    - All FCJ employees, tenants, and suppliers must complete mandatory ethics and compliance training to ensure alignment with governance and ESG principles.

FCJ's adherence to these corporate governance frameworks ensures that the organisation remains accountable, ethical, and compliant with national and global best practices. By embedding these principles into its ESG Policy, FCJ strengthens its long-term sustainability, builds stakeholder trust, and ensures alignment with Jamaica's vision for responsible public-sector governance.

ANNUAL REVIEW AND UPDATING OF THE ESG POLICY

To remain effective and relevant, FCJ's ESG Policy will be subject to an annual review and updating process, ensuring alignment with:

- **Emerging Sustainability Trends** - incorporating advancements in technology, updated global frameworks, and evolving best practices.

- **National Priorities** - adapting to changes in Jamaica's policies, economic landscape, and climate resilience goals.

- **Stakeholder Feedback** - engaging with tenants, employees, and community partners to refine strategies and address on-the-ground challenges.

The review process will be spearheaded by the ESG Committee, in collaboration with FCJ's Board of Directors and the Ministry of Finance and Public Service. Annual updates will be published in FCJ's Annual Report, ensuring transparency and stakeholder accountability.

How this Policy is Structured

ESG Policy is built on three pillars - **Environmental**, **Social**, and **Governance**. The **Environmental** pillar addresses waste management, water conservation, construction of green spaces, and building of climate-resilient infrastructure. The **Social** pillar focuses on employee well-being, tenant support, and community empowerment through health, education, and equitable opportunities. The **Governance** pillar ensures transparency, accountability, and ethical operations, supported by an ESG Committee to monitor progress and ensure compliance. Together, these pillars align FCJ's operations with national and global sustainability goals while delivering value to all stakeholders.

ENVIRONMENTAL

FCJ prioritises environmental stewardship through sustainable practices that align with national and global goals. We are committed to addressing environmental challenges through comprehensive strategies that focus on resource efficiency, climate resilience, and sustainable development. The following initiatives outline our commitment to water conservation, green infrastructure, and climate adaptation, aligning with Jamaica's Climate Change Policy Framework and Vision 2030 Jamaica.

1. Proper Waste Disposal and Recycling
FCJ is dedicated to implementing comprehensive waste management strategies across its operations and tenant spaces. Initiatives include:

- **Recycling Partnerships**: FCJ will continue its collaboration with Recycling Partners of Jamaica to facilitate proper recycling of plastics. The aim is to ultimately expand this to include other partners (once available) to conduct recycling of paper, aluminium and other metals and composting materials.

- **Safe Waste Disposal**: All FCJ properties will adopt measures to ensure the safe disposal of non-recyclable materials, reducing harmful environmental impacts.

- **Integrated Waste Management Systems**: By 2030, all FCJ properties will be equipped with modern waste management facilities, enabling tenants to segregate and dispose of waste responsibly.

2. Water Conservation

Water is a vital resource, particularly in the context of climate change and Jamaica's susceptibility to droughts and variable rainfall. FCJ will adopt innovative and sustainable water management practices to reduce consumption and promote efficiency across its facilities.

- **Rainwater harvesting** and **greywater recycling systems** will be integrated into new and existing facilities.
- **Low-flow fixtures** and water-efficient technologies will be standard across all FCJ properties.

3. Increasing Forest Cover and Creating Green Spaces
Recognising the role of trees and green spaces in improving air quality, sequestering carbon, and enhancing biodiversity, FCJ is dedicated to increasing forest cover and incorporating green spaces into its developments. Tree-planting programmes will be initiated on FCJ properties and surrounding communities, contributing to national reforestation and biodiversity efforts.

- **Urban green spaces**, including landscaped areas and community gardens, will be integrated into property designs.

4. Climate Adaptation Goals
FCJ's infrastructure will be designed to withstand climate-related challenges:

- Hurricane-resistant building designs and elevated foundations in flood-prone areas will become standard in new developments.
- Coastal properties will include natural barriers such as mangroves and other man-made infrastructure to mitigate the effects of sea level rise.

- Community-based projects, such as flood management systems and climate-resilient housing, will be supported to enhance community capacity.

SOCIAL

FCJ is committed to empowering its employees, tenants, and the broader community by fostering equity, well-being, and opportunity through sustainable practices. Recognising that people are central to its mission, FCJ prioritises initiatives that enhance employee welfare, support tenants, and uplift communities. This commitment reflects the organisation's belief that fostering social development strengthens relationships, builds resilience, and ensures long-term success.

Through health and wellness programs, educational initiatives, and community-based projects, FCJ creates meaningful social impact. Employees benefit from gym membership subsidies*, participation in the HOPE Programme, and regular feedback surveys to drive continuous improvement. FCJ also collaborates with tenants on community development efforts and invests in projects that empower underserved groups and enhance local infrastructure. These efforts align with Jamaica's national goals and reinforce FCJ's role as a catalyst for social and economic progress.

1. Employee Welfare and Engagement

- **Health and Wellness**: FCJ provides subsidies for gym memberships and supports employees' overall well-being through wellness programs.
- **Housing Opportunity Production and Employment (HOPE) Programme**: FCJ annually supports this government initiative, contributing to affordable housing and employment opportunities.
- **Employee Feedback Surveys**: Conducted annually, these surveys ensure that employees' voices shape workplace policies and initiatives.

2. Community Engagement and Social Investments

- **Education and Training**: FCJ invests in programs that build skills for sustainable practices among employees, tenants, and community members.
- **Community-Based Projects**: FCJ collaborates with tenants to implement initiatives that benefit local communities, such as green energy projects and educational workshops.
- **Sustainable Investments**: Donations and community investments focus on projects that create long-term benefits, aligning with Vision 2030 Jamaica's goals.

3. Responsible Marketing:

- **Honest and Transparent Communications**: FCJ ensures that all marketing communications are honest, transparent and accurate avoiding misleading or deceptive claims. This will be in keeping with the Broadcasting and Telecommunications Act and Consumer Protections Act.

- **Environmental Responsibility**: FCJ considers the environmental impact of our marketing activities, minimising waste, reducing energy consumption and promoting sustainable practices.

GOVERNANCE

Transparency is at the core of FCJ's governance practices, ensuring accountability and ethical operations. Guided by its **Board of Directors**, FCJ will establish an **ESG Committee** to set annual goals, monitor progress, ensure compliance, and drive continuous improvement in alignment with national and global sustainability objectives. This committee will work closely with tenants, suppliers, and employees to implement robust systems for tracking ESG performance and addressing challenges. Through annual ESG reports and active stakeholder engagement, FCJ strengthens its position as a leader in sustainable industrial development and a model of responsible governance in Jamaica.

1. Governance Structure

FCJ is governed by a **Board of Directors** appointed by the Government of Jamaica. This board is responsible for overseeing FCJ's strategic direction and compliance with regulatory requirements.

2. ESG Committee

The Board of Directors will nominate and establish an **ESG Committee**, tasked with:

- **Setting Annual ESG Goals**: The committee will define specific, measurable targets to align with national and global sustainability goals.
- **Monitoring and Compliance**: Ensuring all stakeholders, including employees, tenants, and suppliers, comply with ESG standards and policies.
- **Evaluation and Reporting**: Regularly evaluating the performance of ESG initiatives and publishing annual reports to maintain transparency and accountability.

RECOMMENDED COMMITTEE COMPOSITION

To ensure a well-balanced and informed approach to ESG governance, the ESG Committee should consist of a diverse group of stakeholders with expertise in governance, sustainability, legal compliance, and corporate strategy. Recommended composition includes:

1. **Board Representatives (2-3 members)**

- Selected from the FCJ **Board of Directors**, including at least one independent non-executive director.
- Provide high-level governance oversight and ensure ESG strategies align with FCJ's corporate goals and regulatory requirements.

2. **Senior Management Representatives (2-3 members)**
   - Key members from **Operations, Compliance, Finance, and Human Resources** to ensure ESG principles are integrated across departments.
   - Responsible for implementing ESG initiatives and policies within their respective areas.
3. **Independent ESG Advisors (1-2 members, optional)**
   - External sustainability or corporate governance experts who bring industry best practices, insights, and objectivity.
   - Help FCJ stay aligned with global ESG standards and evolving regulatory frameworks.
4. **Employee and Tenant Representatives (1-2 members)**
   - **One employee representative** to ensure ESG initiatives align with workplace sustainability and staff welfare.
   - **One tenant representative** to provide input on how ESG policies impact businesses operating within FCJ properties.
5. **ESG Committee Chairperson**
   - Ideally a **Board Representative** or **Senior Management Member** with expertise in sustainability and governance.
   - Responsible for leading meetings, ensuring action items are followed up, and reporting to the Board.

Decision-making Authority of the ESG Committee

1. **Advisory Responsibilities:**
   - Recommend ESG policies, strategies, and initiatives to the Board of Directors for approval.
   - Provide guidance on ESG risks and opportunities to ensure FCJ remains compliant with national and international sustainability frameworks.
   - Collaborate with management to develop ESG key performance indicators (KPIs) and track progress.
2. **Enforcement Authority:**

- Ensure compliance with ESG policies across FCJ, including by tenants and suppliers.
- Conduct periodic ESG audits and risk assessments to measure adherence to sustainability commitments.
- Recommend corrective actions or penalties for non-compliance, such as termination of contracts for suppliers who fail to meet ESG criteria.
- Monitor the integration of ESG principles in lease agreements, procurement processes, and financial investments.

3. **Robust Compliance Mechanisms**

A strong **compliance enforcement framework** is vital to ensure that FCJ's **ESG Policy** is effectively implemented across all levels of the organisation, including employees, tenants, suppliers, and stakeholders. Establishing **clear repercussions for non-compliance** reinforces accountability, drives adherence to ESG commitments, and safeguards FCJ's reputation as a responsible corporate entity.

- Lease agreements will require tenants to adopt environmentally sustainable and ethical business practices.
- Suppliers and partners will also be held to these standards, extending FCJ's ESG impact throughout its value chain.
- Non-compliance will result in corrective actions, including potential termination of contracts.

ESG Compliance Monitoring and Enforcement

FCJ will establish a multi-tiered compliance framework that applies to:

- **Internal Compliance** – Employees, management, and the ESG Committee.
- **Tenant Compliance** – Businesses operating within FCJ properties.
- **Supplier Compliance** – Contractors, service providers, and procurement partners.

Compliance will be monitored through the ESG Committee and assessed using:

- Regular ESG audits and reviews (quarterly for high-impact areas, annually for full reviews).
- Self-reporting mechanisms for tenants and suppliers to disclose sustainability performance.
- Stakeholder feedback channels to report ESG concerns or violations.
- On-site inspections and evaluations of FCJ properties to ensure compliance with waste management, energy efficiency, ethical labour practices, and governance standards.

Repercussions for ESG Non-Compliance

To uphold FCJ's sustainability commitments, clear repercussions will be enforced based on the severity and frequency of non-compliance.

Internal Compliance (Employees and Management)

Failure of employees or management to adhere to ESG policies will be addressed through:

- **Verbal Warning** – For minor breaches, employees will receive a formal discussion and guidance on corrective actions.
- **Written Warning** – Repeated non-compliance will result in documented warnings placed in the employee's HR file.
- **Corrective Training** – Employees found in breach of ESG protocols may be required to undergo additional ESG training.
- **Performance Reviews and Disciplinary Action** – Non-compliance impacting FCJ's ESG goals may be reflected in performance evaluations and could result in suspension or reassignment.
- **Termination for Gross Violation** – Severe or intentional violations, such as unethical business practices or environmental negligence, could result in dismissal in accordance with FCJ's disciplinary procedures.

Tenant Compliance (Businesses Operating in FCJ Spaces)

To ensure that businesses leasing FCJ properties align with sustainability goals, ESG compliance will be embedded into lease agreements. Non-compliance will result in:

- **First Notice – Advisory Warning and Compliance Plan**

A tenant found in breach will receive a formal advisory notice and be given a timeframe (e.g., 30–60 days) to implement corrective measures.

- **Second Notice – Financial Penalty or Corrective Action Mandate**

Continued non-compliance will result in fines or mandatory investment in corrective measures, such as waste disposal upgrades or energy-efficient retrofits.

- **Third Notice – Lease Suspension or Non-Renewal**

Repeated violations without corrective action may lead to suspension of lease benefits, increased rent as a penalty for non-compliance, or non-renewal of the lease agreement.

- **Severe Breaches – Lease Termination**

Major violations, such as illegal dumping of hazardous waste or unsafe working conditions, will result in immediate lease termination and potential legal consequences.

Supplier Compliance (Procurement Partners, Contractors, and Service Providers)

FCJ's procurement policies will enforce ESG compliance through:

- **Pre-Qualification and Certification**
    1. All suppliers must demonstrate ESG compliance before being approved for contracts, such as proof of ethical labour practices and environmental certifications.
- **Contractual ESG Obligations**
    1. ESG compliance clauses will be embedded in contracts, specifying sustainability requirements and ethical business practices.
- **Non-Compliance Stages**
    1. **First Infraction** – Written warning and required corrective action within 30 days.
    2. **Second Infraction** – Penalty fees or withholding of payments until ESG breaches are resolved.
    3. **Third Infraction** – Termination of contract and blacklisting from future procurement opportunities.
- **Severe Violations**
    1. Immediate contract termination for violations such as corruption, fraud, or environmental destruction.

ESG Whistleblower Protection and Reporting Mechanisms

To strengthen compliance monitoring, FCJ will implement:

- Anonymous whistleblower channels for employees, tenants, and suppliers to report ESG violations confidentially.
- A stakeholder complaint process to formally address ESG-related concerns.
- Protections against retaliation to ensure individuals reporting violations are safeguarded from discrimination or punitive actions.

Governance and Oversight

- The ESG Committee will be responsible for overseeing compliance enforcement and reporting violations to the Board of Directors.

- Annual ESG reports will include compliance performance data, outlining non-compliance cases, corrective actions taken, and enforcement statistics.
- Collaboration with government authorities will ensure legal compliance with ESG regulations, including partnerships with the National Environment and Planning Agency (NEPA), the Ministry of Finance, and the Public Procurement Commission.

4. Transparency and Accountability

- **Annual ESG Report**

These will detail the successes, challenges, and future plans of FCJ's ESG initiatives, ensuring stakeholders remain informed.

- **Stakeholder Engagement**

FCJ will actively seek feedback from employees, tenants, and community members to refine its ESG strategies.

5. Privacy and Data Protection

- **Data Protection**: FCJ will only collect, store and process personal data in accordance with the Data Protection Act 2020 and any other laws, regulations or policies.
- **Confidentiality**: FCJ will maintain the confidentiality of personal data and sensitive information and ensure that access is restricted to authorised personnel.
- **Security Measures**: FCJ will maintain robust technical and organisational security measures to protect personal data against unauthorised access, disclosure, alteration or destruction.

6. Responsible Procurement

- We are committed to prioritising procurement from local business, including small and medium sized businesses. FCJ is committed to considering the environmental impact of our procurement process.

CONCLUSION

FCJ's ESG Policy underscores its dedication to sustainable development, social equity, and ethical governance. By integrating environmental stewardship, fostering employee and community well-being, and maintaining robust governance practices, FCJ is committed to leading Jamaica's industrial sector into a sustainable and resilient future. Through collaboration with tenants, suppliers, and communities, FCJ aims to deliver meaningful and far-reaching impacts that align with Vision 2030 Jamaica and global sustainability efforts.

REVISION HISTORY

Version	Description	Reviewed by	Date Reviewed
1	New ESG Policy submitted to the Committee for review and acceptance.	Corporate Governance Committee	February 12, 2025

APPROVAL HISTORY

Version	Approved by	Date Approved	Date Effective
1	Board of Directors	May 1, 2025	May 1, 2025