Factories Corporation of Jamaica Limited

TERMS OF REFERENCE FOR THE CORPORATE GOVERNANCE COMMITTEE

GOVERNANCE STATEMENT

The Corporate Governance Committee (CGC) of the Factories Corporation of Jamaica Limited (FCJ) exercises an independent review function to assist the FCJ in fulfilling its oversight responsibilities. The Committee evaluates and monitors the adequacy of and compliance with, all governance matters pursuant to the Corporation's Policies. The CGC acts to ensure that the FCJ adheres to its Corporate Governance mandate in line with the Public Bodies Management and Accountability Act (PBMAA), the Companies Act (2004), the Corporate Governance Framework for Public Bodies (2012), and other applicable laws, regulations and government guidelines.

The CGC reports directly to the Board on its assessment of the FCJ's governance and compliance and provides advice and guidelines to the Board on matters brought to the Committee's attention or on its own volition.

The CGC 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 FCJ.

A. PURPOSE

The Board will appoint a Corporate Governance Committee to:

1. Monitor compliance with applicable laws and regulations.

2. Oversee the performance evaluation of the Board.

3. Develop and recommend amendments to the Board's corporate governance policies and principles.

4. Review the organization and operational performance of the Board's Committees.

5. Review and recommend short development programmes related to new standards or regulatory developments, including but not limited to, corporate governance and accounting standards, which can impact the overall performance of the FCJ. This must be done in line with budgetary requirements.

6. Ensure all new Directors go through an appropriate orientation programme.

7. Ensure that the appropriate interface exists and is maintained between the Board and Operating Management.

8. Monitor conduct of FCJ's operations to ensure adherence to principles of good corporate citizenship and that all operations are in line with the Public Sector Corporate Governance Framework.

9. Review annually the competency profile of the FCJ for submission to the Permanent Secretary.

B. MEMBERSHIP

1. The CGC shall be comprised of a minimum of five (5) members with at least three (3) members being Directors.

2. The Board, through the Chairman, shall appoint the Chairman of the committee who at all times must be a sitting Director.

3. Members will be appointed by the Board and will serve until resignation or until the termination of their appointment to the Board. Members may also be removed by majority vote of the Board of Directors.

4. The Board may co-opt, to perform the duties of the Committee, individuals who are not Directors, but who possess a broad range of governance related qualifications relevant to the functions of the Committee.

5. Co-opted members should not constitute more than forty percent (40%) of the committee's membership.

6. Every co-opted individual shall have all the rights and responsibilities of the other members of the Committee, with respect to the work of the Committee.[1]

7. The Corporate Secretary will be the assigned secretary for the CGC. In the absence of the Corporate Secretary, the Chair of the CGC may make alternate arrangements for a member of the Corporation's staff to act as Secretary to the Committee.

8. The Managing Director **may be invited** to all Committee meetings.

9. The Committee has the power to require any member of staff of the Corporation to attend meetings.

C. MEETINGS, QUORUM AND PROCEDURES

1. The CGC will determine its own rules of procedure, provided they are consistent with the regulations that govern FCJ and the organization, generally.

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1. [1] *(Section 8(8) – PBMA Act)*

2. The CGC will meet at **least quarterly** and more frequently as circumstances require.

3. Failure to attend at least three (3) consecutive meetings without acceptable reasons to the Committee Chairman, will give rise to consideration of continued membership.

4. The Chair of the CGC or a majority of the members of the Corporate Governance Committee may call a special meeting of the CGC.

5. **The Committee's quorum will be fifty percent (50%) membership plus 1.** This must include at least two (2) appointed Directors.

6. The CGC may form sub-committees for any purpose that the CGC deems appropriate and may delegate to such sub-committees such power and authority as the CGC deems appropriate. No sub-Committee should consist of fewer than two (2) members.

7. Meeting agendas and documents will be prepared for each meeting and provided within a minimum of three (3) working days in advance to the Committee members, along with appropriate briefing materials.

8. Senior Management or other persons, whose advice and counsel are sought by the CGC, may be invited to meetings of the Committee to provide such pertinent information as the CGC requests.

9. The CGC shall keep written minutes of its meeting, which shall be maintained with the records of the Board.

10. An annual Corporate Governance statement, which speaks to the state of the FCJ's overall Governance and the Board's annual activities, will be included in the FCJ's Annual Report.

D. SPECIFIC RESPONSIBILITIES AND DUTIES

The CGC 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 Public Bodies Management & Accountability Act 2001; the Companies Act and the Corporate Governance Framework for Public Bodies and all other applicable and relevant laws and regulations.

b) Recommend and Review Policies

2. To develop and recommend to the Board, and periodically review and recommend, changes to the Corporate Governance Principles and Policies that will guide the Board in the execution of their responsibilities. The CGC will ensure that such

principles and policies are appropriate to FCJ's business, and comply with applicable laws and regulations.

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 FCJ Whistle Blowing Policy.

5. To consider any other corporate governance issues that arises from time to time, and to develop appropriate policy recommendations for the Board.

c) Assessment / Evaluation of Board & Committees

6. To promote the qualities and characteristics needed by the FCJ to effectively execute its corporate governance responsibilities, especially when recommending to the Chairman changes to the Board's Sub-Committees. These will include:
   a) Maturity of judgment
   b) Experience
   c) Range of Professional Skills
   d) Accountability
   e) Integrity
   f) Financial Literacy
   g) High Performance Standards
   h) Time Available to the FCJ
   i) Governance Knowledge
   j) Networking/Contacts
   k) Degree of Independence

7. With a view to supporting the Permanent Secretary in discharging his/her responsibilities for a competency profile, the CGC will do a periodic review of the existing skills and competencies of the Board, identifying gaps and submitting same to the Board for approval. The CGC review should take into consideration the following technical experience and skills in areas such as:
   a) Human Capital and Industrial Relations
   b) Finance and Accounting
   c) Marketing
   d) Information and Communications
   e) Legal
   f) Corporate Communications
   g) Risk Management
   h) Corporate Governance
   i) Government Operations
   j) General Management
   k) Project Management
   l) Engineering

8. To develop and oversee evaluations/assessments of the performance of the Board and all committees.

9. 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 under-performing.

10. 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 evaluation.

11. To recommend appropriate FCJ related short professional development programmes for Director's, within budget that will assist the Board to effectively performance its function.

12. To ensure appropriate orientation of new Directors, in order to improve members' ability to contribute effectively to the deliberations of the Board.

E. SELF-EVALUATION

a) The CGC shall periodically conduct a self-evaluation of its performance.

b) In conducting this review, the CGC will also evaluate whether this terms of reference appropriately addresses the matters including, but not limited to, attendance and participation, or should be within its scope.

c) In conducting this review, the CGC 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 CGC to complete its work in a thorough and thoughtful manner.

d) The CGC will provide the Board with a written report of the results of its self-evaluation, including any recommended amendments to this term of reference.

F. COMMITTEE SECRETARY

The Secretary for the Committee shall be the Corporate Secretary who shall 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.

G. REPORTING RESPONSIBILITIES

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

H. REMUNERATION

The legislation makes provision for remuneration of Committee Members and this is determined according to prescribed rates as formulated by the Minister responsible for Finance.

I. CONFLICT OF INTEREST

Where there is a conflict of interest, the Committee Member so affected shall declare his interest to the Chairman 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 and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

J. CONFIDENTIALITY OF COMMITTEE INFORMATION

All information received by the Committee is confidential and is the property of the Factories Corporation of Jamaica Ltd and cannot be disclosed to parties outside of the organisation without prior approval of the Board.

K. AUTHORITY

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

a) Investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the FCJ;

b) Seek any information it requires from any officer or employee of FCJ and such officers or employees shall be instructed by the Board to respond to such enquiries;

c) Meet with officers/employee of the FCJ for the purpose of furthering its investigations; and

L. AUTHORITY TO ENGAGE ADVISORS

The CGC, with the prior approval by the Board, may retain outside counsel or other experts as it deems appropriate and necessary to advise the Committee, assist in the conduct of an investigation or effective discharge of its functions.

M. REVIEW AND ASSESSMENT OF TERMS OF REFERENCE

The Board will conduct a review and assessment of the CGC terms of reference at least every two (2) years in such manner as the Board deems fit.

DOCUMENT CONTROL

REVISION HISTORY

Version	**Description**	**Reviewed by**	**Date Reviewed**
1	Reviewed and amended	Consultant	March 2019
2	No amendments made	Corporate Governance Committee	March 2021
3	Reviewed and amended	Corporate Governance Committee	March 2, 2023
4	Reviewed. The TOR is in keeping with the requirements for good corporate governance. No amendments made.	Committee Chairman and Corporate Governance Committee.	February 12, 2025

APPROVAL HISTORY

Version	Approved by	Date Approved	Date Effective
1	Board of Directors	September 2016	Septemebr 2016
2	Board of Directors	March 2019	March 2019
3	Board of Directors	March 30, 2023	March 30, 2023
4	Board of Directors	May 1, 2025	May 1, 2025