

**HONEY BUN (1982) LIMITED**  
 CORPORATE GOVERNANCE POLICY/GUIDELINES

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## **BOARD MISSION**

Honey Bun's Board of Directors represents the owners' interest in maintaining and growing a successful business, including optimizing long term financial growth. The mission of the Board is to be accountable and transparent in increasing long term value for the stakeholders. The Board is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business.

The Board is responsible for ensuring that Honey Bun is managed in such a way to achieve this result. The Board has the responsibility to ensure that management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies.

In addition to fulfilling its obligations for increased stockholder value, the Board has a responsibility to deliver holistic performance embracing corporate responsibility towards Honey Bun's stakeholders all of whom are essential to a successful business.

## **BOARD CHARTER**

The Board makes decisions, reviews and approves key policies and decisions of the Company in particular in relation to:

1. Corporate governance
2. Compliance with laws, regulations and the Company's code of business conduct
3. Corporate citizenship, ethics, environment
4. Strategy and operating plans
5. Business development including major investments and disposals
6. Financing and treasury
7. Appointment or removal of Directors
8. Remuneration of Directors and Executives
9. Risk management
10. Financial reporting and audit
11. Pensions

## **SPECIFIC RESPONSIBILITIES**

### **Chairman**

The Chairman is principally responsible for the effective operation and chairing of the Board and for ensuring that information that it receives is sufficient to make informed judgments. He also provides support to the CEO, particularly in relation to external affairs.

### **Company Secretary**

The Company Secretary is responsible for ensuring that Board processes and procedures are appropriately followed and support effective decision-making and governance. She is appointed by, and can only be removed by the Board. She is also responsible for ensuring that new Directors receive appropriate training and induction into Honey Bun. She ensures compliance with laws, rules and regulations and timely filing of all documents with the respective bodies including the JSE.

### **Company Mentor**

Each company that joins the Junior Market is required to appoint a mentor who acts as a compliance adviser to the Board of Directors. The mentor must be a suitably experienced person, and he must enter into the standard form Mentor Agreement and be approved by the JSE for the purposes of the Company's admission to the Junior Market.

The duties and the responsibilities of the mentor as it relates to governance include overseeing of establishing procedures and controls for the purposes of compliance with good standard of corporate governance, among them: holding regular board meetings, establishment of board committees - audit and remuneration, good fiscal discipline, and adhering to junior market rules

### **Board Members**

Each Board Member is expected to commit sufficient time for preparing and attending meetings of the Board and its Committees. Regular attendance at Board meetings is a prerequisite unless explicitly agreed upfront; a Director should not miss two consecutive regular Board meetings. Because in-depth knowledge of the particulars of the Company's business is vital for each Director in making informed and objective decisions, management is to allow direct involvement and review of operational activities. Similarly, management also is to communicate to Board members opportunities to interact in strategy

and day-to-day business settings. Board members are strongly encouraged to take advantage of such opportunities as frequently as feasible. The Directors have complete access to the Leadership of the Company. The quorum for the Board meetings is three (3) directors of whom two must be independent directors.

The company maintains a record of the attendance of each Board Member at all meetings.

### **SELECTION AND COMPOSITION OF THE BOARD**

The Board is responsible for the over viewing of the interest of all stakeholders on the matters as outlined above. The composition of the Board should be such that these interests are best served and therefore the Directors require diversity in skills and characteristics.

The Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Director so appointed shall hold office only until the next following annual general meeting, when he shall retire but shall be eligible for re-election. New Directors are considered for appointment based on:

1. The boards determination that there is a need for appointment based on resignations, death, rotation or to enlarge the knowledge base of the company.
2. The diversity of experience they provide to the board
3. The experience they possess in their field
4. Shall not be involved in another capacity which might be considered a conflict of interest

New Directors considered for appointment must:

1. Provide professional CV for the boards consideration
2. Provide references from professional bodies

Each newly appointed Director of the company shall be inducted by the Secretary as outlined by the Company in the Orientation Procedures of Directors.

### Size of the Board

Unless otherwise determined by a general meeting, the number of directors of the Company shall be not more than ten (10) in numbers.

### Executive and Non-Executive/Independent Directors

An Executive Director is one who is employed to the Company and is normally responsible for aspects of the its day-to-day operations. At any time the number of Executive Directors should not exceed 50 % of the total number of Directors. Non-Executive/Independent Directors are expected to be free of any interest or relationship that might influence their independent judgement in executing their responsibilities.

### Conflicts of Interest/ Disclosure

A Director who has an interest in the Company or in any transactions with the Company which could create or appear to create a conflict of interest must disclose such interests to the Company. These would include:

1. Any Interest in contracts or proposed contracts with the company
2. General disclosure on interest in a firm, which does business with the company
3. Interest in securities held in the Company
4. Emoluments received by the Company
5. Loans or Guarantees granted by the Company to/for the Director.

Disclosure shall be made at the first opportunity at a Board Meeting and such disclosure shall be recorded in the Minutes of the Board Meeting. The Director shall then excuse himself from the Board meetings when the Board is deliberating over any such contract/matter and shall not vote on any such issue. The disclosure of Director's interest shall include interests of his family and affiliates.

### Disclosure on Related Party Transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity")

**(a) A person or close member of that person's family is related to a reporting entity if that person:**

- i. has control or joint control over the reporting entity;
- ii. has significant influence over the reporting entity ; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

**(b) An entity is related to a reporting entity if any of the following conditions applies:**

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others.)
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity
  - v. The entity is associated with a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
  - vi. The entity is controlled or jointly controlled by a person identified in (a)
  - vii. A person identified in (a)i above, has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The financial statements of the company shall report on detailed financial transactions with any related party and the balances.

### **Trading in Securities**

A director/officer should not deal in any of the securities of Honey Bun at any time when he is in possession of unpublished price-sensitive information in relation to those securities.

After the end of each accounting quarter and the year, the directors and officers of the company shall not purchase or sell shares of the company until after the release of the financial results to the Jamaica Stock Exchange.

Further details are covered in the company document on Code on Trading in Securities.

### **Election, Terms, Re-election and Retirement**

Election, terms, re-election and retirement of each Board member is conducted in line with the articles of association of the Company, articles 92 to 100. Equally the maximum number of terms of the Chairman should not exceed 10 successive years, unless a resolution of exemption of this rule is passed by the Board.

### **Board Compensation**

The level of compensation of the Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Non-Executive Directors of the quality required. The compensation is competitive and subject to regular review to what is paid in comparable situations elsewhere. A review by the Board of the remuneration policies for all Directors and the members of the management team will take place during a regular Compensation and Nomination Committee meeting annually.

### **Director Induction and Training**

The Board and Management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to the Company's facilities. The Board recognizes the importance of training for its Directors. It is the responsibility of the Company Secretary to advise the Directors about their training, including corporate governance issues. Directors are encouraged to participate in continuing Director training programs.

All Directors will make continuous efforts to keep themselves up to date regarding economic, social and corporate developments, laws/rules/regulations, stock market, accounting and financial matters, etc affecting the company's operational and future plans. The Company Secretary will provide necessary up dates/documents to the Directors on a continuous basis to help them to keep abreast of the developments. The company will, from time to time, sponsor the directors/secretary for attending appropriate training courses/seminars to enable them to keep abreast of the developments.

### **Access to Outside Advisors and Funds**

The Company will make such funds available to the Board and in particular the Non-Executive Directors as is reasonably required for those Directors to objectively make decisions. This may include providing

funds to access outside advisors and cover cost associated with travel and the gathering of relevant information for the execution of their responsibilities.

### **Code of Conduct**

The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all Honey Bun's codes and policies. The Board will not permit any waiver of any of these policies for any Director or Executive officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman. If a conflict exists and cannot be resolved, the Director should resign.

### **BOARD COMMITTEES**

The Board has established 2 Committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

#### **Audit and Risk Management Committee Charter**

On behalf of the Board, the Audit and Risk Management Committee shall:

1. Monitor the adequacy and effectiveness of the Company's systems of risk management and control, the Business Risk Assurance function and external auditors.
2. Review the Company's annual and interim financial statements and related policies and assumptions and any accompanying reports or related policies and statements.
3. Review and recommend approval of the Company's annual Operational and Capital Budgets.
4. Review and recommend approval of the Audited Financial Statements for release to the Jamaica stock exchange.
5. Monitor and review the effectiveness of the Company's internal audit function.
6. Monitor and review the external auditor's independence, objectivity and effectiveness.
7. Develop and implement policy on the engagement of the external auditor to supply non-audit services.
8. Implement and enforce Corporate Governance best practices.
9. The Audit and Risk Management Committee shall consist of Non-Executive/Independent Directors of the Company duly appointed by the Board. The Chairman of the Audit and Risk Management Committee shall also be appointed by the Board. The Board Chairman and CEO

shall not be a member of the Committee. The Committee shall consist of not less than three members.

The Audit and Risk Management Committee shall meet at least four times a year following the end of each quarter and at such other times as any member of the Committee or the external/internal auditors may request.

The members of the Committee, as appointed by the Board of Directors are listed on the schedule of the Board and Committee members (REF: Schedule of Directors and Committee Members)

### **Compensation and Nomination Committee Charter**

On behalf of the Board, the Compensation and Nomination Committee shall:

1. Review the compensation of board members and the senior management of the company.
2. Approve policy related to compensation and incentives.
3. Consider Directors for appointment.
4. Facilitate evaluations to assess the Board's functioning and performance.

The Compensation and Nomination Committee shall be appointed by the Board. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three members. At least two of them shall be non-executive directors.

The Compensation and Nomination Committee shall meet at least once for the year to review budgets related to compensation and incentives.

## **BOARD MEETINGS**

### **Frequency of Meetings**

During each financial year, there will be a minimum of 4 regular Board meetings. Special Board meetings may occur at such other times as any member of the Board may request. These meetings are held after the quarterly financial reports are available but before submission to the JSE. A calendar of dates for board meetings should be circulated to the board members at the beginning of each financial year by the Company Secretary.

### **Operational Review**

To further engage the Board and strengthen its in-depth knowledge of the particulars of the Company's business a monthly Income Statement is prepared for the board by the 15<sup>th</sup> of each month. A detailed quarterly management report is also provided by the CEO and each department head describing the achievements and challenges within their department for that period. From these reports the Non Executive Directors may request further information to allow for direct involvement and review of operational activities.

### **Discussions and Decisions**

At all meetings of the Board and its Committees, the members are expected to express their opinions/views frankly and openly. Decisions will be taken after hearing and discussing the views of all members. Efforts will be made to arrive at a consensus but when it is not possible to do so, decisions will be taken based on the majority votes. Minutes of the meeting will record the votes cast.

### **Strategy and Operating Plan Setting Meeting**

The Board is consulted on a regular basis on matters which are of strategic importance to the Company. Annually at the company budget and strategic planning sessions the board members meet with the company executive and management team to review the Company's strategy in depth prior to final agreement of such strategy and annual operating plans.

### **Selection of Agenda Items for Board Meetings**

The Chairman and Company Secretary will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of item(s) on the agenda. Information important to the Board's understanding of the business will be distributed electronically and or in writing to the Board before the Board meetings. As a general rule, presentations on specific subjects should be sent to the Board members in advance to save time at Board meetings and focus discussion on the Board's questions. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

### **Additional Attendees to the Meeting**

The Board encourages the Management to, where it can assist the ability of the Board members to execute their responsibilities, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

## **BOARD EVALUATIONS**

In order to meet the set responsibilities and obligations to the Company's goals and objectives, the board shall develop a system for assessing the Board's functioning and performance. An evaluation system will address the areas of critical importance and should include, but is not limited to, the following:

1. Appraising the basic organization of the Board of Directors;
2. Survey the effectiveness and efficiency of the operation of the Board and its committees;
3. Assess the Board's overall scope of responsibilities;
4. Evaluate the flow of information; and
5. Validate the support and information provided by management.

Evaluations will be facilitated on an annual basis. The board shall review the results and consider any recommendations to assist in the development of the Board and its members.

Information obtained or disclosed during the evaluation process shall be confidential.

## **EVALUATION OF CHAIRMAN, DIRECTORS AND CHIEF EXECUTIVE OFFICER**

It is the policy of the Board of Directors that the non-executive Directors meet in an executive session no less than once per year to review and evaluate the performance of the board members. The evaluation will be based on objective and subjective criteria, including an assessment of the performance of the business, accomplishment of long-term strategic objectives, and management development. A clear understanding between the non-executive Directors and the Chief Executive Officer regarding the Company's expected performance and how that performance is to be measured is critical to the process.

## **ANNUAL GENERAL MEETINGS**

General meetings with shareholders are held annually and communication with shareholders in corporate decisions are shared on a timely basis. The agenda for the meeting is structured to allow shareholders to give input and have their queries answered. The Directors convene for an AGM debrief

during which shareholders' concerns and views are discussed to determine actions. Minutes of the Annual General Meetings are posted on the Company's website.

## VERIFICATION

New Directors sign off on the Induction checklist within 30 days after appointed

## REFERENCE(S)

Document ID	Title/Description
	REF: Schedule of Directors and Committee Members

## DOCUMENT CONTROL

Date	Prepared By	Approved By	Description
7 February 2013	Michelle Chong	Board of Directors	New
9 May 2013	Michelle Chong	Board of Directors	Numbered sections, TOC and evaluation of board and evaluation of CEO
22 May 2013	Michelle Chong	Board of Directors	Updated Compensation Committee to Compensation and Nomination Committee.  Updated Audit Committee to Audit and Risk Management Committee.
21 Dec. 2013	Sushil Jain	Michelle Chong	Minor corrections to terms used
14 Dec. 2014	Michelle Chong	Board of Directors	Included responsibilities of the company Mentor
4 July 2015	Michelle Chong	Board of Directors	Updated section on Related Party Consideration for new directors appointment
21 June 2015	Michelle Chong	Board of Directors	Increased size of board from 6 to 10 by Round Robin effected 6 October 2015 at EOGM
31 May 2018	Michelle Chong		Made board and committee members available on a separate reference document. Changed evaluation of CEO to evaluation of board, chair and CEO Changed company secretary and Chair from agenda setting to Chair and CEO
3 August, 2020	Michelle Chong	Board of Directors	Updated Executive and Non-Executive/Independent Directors. Updated Compensation and Nomination Committee Charter. Updated Audit and Risk Management Committee Charter with Corporate Governance responsibilities. Addition of convening AGMs.