

BOARD CHARTER

INTRODUCTION:

The Port Authority (PAJ) is a statutory body established under the Port Authority Act 1972. PAJ is the principal maritime agency responsible for the regulation and development of Jamaica's port and shipping industry. The PAJ is also responsible for the safety of all vessels navigating the ports of entry, regulations of the tariffs charged on vessels navigating the ports of entry and regulation of the tariffs charged on goods passing through the public wharves.

As a statutory body the principal law governing the Port Authority is the Port Authority Act (1972); the Public Bodies Management & Accountability Act (2001); the Corporate Governance Framework for Public Bodies (2012) and the Financial Administration and Audit Act. The Board of Directors of the PAJ provide strategic oversight of the operations of the entity and they are supported in their work by four (4) sub -committees. The Board of Directors are appointed by the relevant Responsible Minister. The board is the primary decision-making authority of the PAJ and its roles and responsibilities vis-à-vis executive management are clearly documented to avoid any misunderstanding between the Board's role and that of executive management.

This Board Charter is therefore prepared on the basis of and incorporates certain provisions of the Port Authority Act (1972), Public Bodies Management and Accountability Act (2001) and the Corporate Governance Framework for Public Bodies (2012). This Charter is to be read in tandem with the Terms of Reference (TOR) of the various committees of the PAJ.

1. CORPORATE GOVERNANCE FRAMEWORK¹:

The Corporate Governance Framework for Public Bodies in Jamaica provides that:

"The Board is collectively responsible for strategic management and oversight, serves as the focal point for Corporate Governance and is accountable to the Responsible Minister & Shareholder representatives.

The Board is responsible to ensure compliance with the Public Bodies Management & Accountability Act, and other applicable legislation and Government of Jamaica policies."

2. GOVERNANCE STATEMENT:

- 2.1. The operations of the PAJ are structured to ensure compliance with the Corporate Governance Framework and the Public Bodies Management and Accountability Act.
- 2.2. The PAJ, through the Chairman, works closely with the Responsible Minister of Government who has the power to issue general directions on matters of policy.

¹See section 6 of the Public Bodies Management & Accountability Act which requires Boards of Directors to establish appropriate corporate governance policies and procedures.

- 2.3. The PAJ is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will ensure the maintenance of high ethical standards by all members and employees of the PAJ which are in tandem with the organization's core values of:
- Integrity
 - Accountability
 - Professionalism
 - Innovativeness
- 2.4. Each Director is required to act honestly and in good faith and to ensure that the Organisation carries out activities within its prescribed purpose. Additionally, the Directors have **collective responsibility** for all strategic decisions made by the Board of Directors.

3. BOARD'S MANDATE:

The Board shall provide strategic leadership and oversight over the management of the PAJ's business and affairs while actively participating in the development of the PAJ's strategic direction. More specifically, the PAJ' mandate includes:

- (a) setting the PAJ's values and ethical standards and ensuring that its obligations to stakeholders are understood and met;
- (b) regularly reviewing with Management, the strategic environment, the emergence of new risks and opportunities and the implications for strategic direction;
- (c) approving strategic and corporate plans that take into account the PAJ's major risks and opportunities and overseeing the management of those risks;
- (d) facilitating discussions and approval of financial operations, policy issues, corporate governance principles and all other matters relating to the effective and efficient operations of the PAJ;
- (e) facilitating effective governance of the affairs of the PAJ;
- (f) putting policies in place to ensure the PAJ is duly diligent in meeting all requirements and obligations under law;
- (g) appointing, monitoring and assessing the performance of the President & CEO; charging the President & CEO with the general management and direction of the business and the affairs of the PAJ;
- (h) ensuring the formulation, development and implementation of succession planning and evaluation for all senior management;
- (i) ensuring that adequate and effective policies and systems are in place to monitor financial reporting, internal controls processes and there is a reliable framework to continuously identify, prioritise, control and mitigate risk that can impact PAJ;

- (j) reviewing and approving the administrative and operational structure of the Organisation;
- (k) providing systematic reviews of systems and structures in place at the PAJ;
- (l) establishing and monitoring annual targets for the PAJ in line with the long-term goals of the organisation and maintaining oversight of the general business of the PAJ;
- (m) approving the annual budget and financial statements/accounts and monitoring financial performance to ensure the financial viability of the PAJ and the efficient and effective use of its resources;
- (n) ensuring that the integrity and core values of the Organisation are maintained;
- (o) establishing and maintaining a policy of Directors orientation for all new board members and board evaluation; and
- (p) providing Director development programmes as required.

4. BOARD COMPOSITION; APPOINTMENT, TERM, QUORUM & TRAINING:

4.1. BOARD PROFILE, SIZE, AND INDEPENDENCE:

4.1.1 Board Profile:

The Board, shall support the President & CEO by preparing a profile of its composition, considering the nature of the PAJ's business, and the desired expertise and background of the directors (the "PAJ Competency Profile"). The Board Competency Profile shall be submitted to the Permanent Secretary.

4.1.2. Number of Members:

The Board shall consist of not more than ten (10) members to be appointed by the Responsible Minister.

4.1.3. General Comportment:

The Board shall use its best efforts to ensure that:

- (a) its members can act critically and independently of one another;
- (b) each director can assess the broad outline of the PAJ's overall policy;
- (c) each director's expertise is fully utilized in the performance of his or her role as a director;
- (d) the board competencies match the competency profile of the PAJ as outlined in the Competency Profile Instrument for the Board of Public Bodies; and
- (e) the board has adequate independent non-executive and non-executive directors.

4.1.4. Independent Board member:

An independent director is someone who:

- (a) is not, and has not been, employed by the PAJ or any of its related entities at any time during the past three years;
- (b) is not, and has not been affiliated with an entity that acts as an advisor or consultant to the PAJ, nor is not and has not acted in such capacity at any time during the past three years;
- (c) is not and has not been affiliated with any significant supplier or contractor of the PAJ at any time during the past three years. A significant supplier or contractor is one that makes payments to or receives payments from the PAJ for goods or services in an amount to be agreed upon.
- (d) does not currently have, nor has had any personal service contracts with the PAJ or its senior management at any time during the past three years;
- (e) does not receive and has not received any additional remuneration from the PAJ apart from a Director's remuneration, nor participates in the PAJ's performance-related payment plans;
- (f) is not a member of the immediate family of any individual who is, or had been at any time during the past three years, been employed by the PAJ as a senior executive officer; and
- (g) is not, nor has been at any time during the past three years, been affiliated with or employed by a present or former auditor of the PAJ.

4.2. BOARD APPOINTMENT, TRAINING, QUORUM AND TERM:

4.2.1. Appointment of Directors:

- (a) All Directors shall be appointed by the Responsible Minister after consultation with the Cabinet.
- (b) In accordance with the Port Authority Act each director must satisfy the "Fit and Proper" criteria determined by the Financial Services Commission (FSC).
- (c) Upon being selected for appointment, each Director shall receive a letter of Appointment from the Responsible Minister stating the period of his or her appointment.
- (d) After appointment, each Director shall receive from the PAJ an introductory letter detailing his or her responsibilities and other matters relating to the operations of the PAJ.

4.2.2. INDUCTION PROGRAMME, ONGOING TRAINING AND EDUCATION:

Director Induction Programme:

- (a) Upon appointment, each Director shall participate in an induction programme that covers the PAJ's strategy, general financial and legal affairs, financial and regulatory reporting by the Board, any specific aspects unique to the PAJ and its activities, and the responsibilities and expectations of a Director.
- (b) The training of Directors is critical to ensure the maintenance of good governance. The Board through the Chairman and Corporate Secretary, will recommend such training for Directors as is necessary for them to maintain the knowledge and expertise required to understand the operations of the PAJ and to properly discharge their role and function as Directors. The cost of such training shall be as agreed by the Board and be included in the budget for the year.

Annual Review of Training:

- (c) The Board shall conduct an annual review to identify any area where the Directors require further training or education.

Costs to PAJ:

- (d) The costs of the induction course and any training or education shall be paid for by the PAJ.

4.2.3. Quorum:

The quorum at any meeting of the PAJ shall be not less than one-third of the members of the Authority including the Chairman.

4.2.4. Tenure of Office and Reappointment:

The appointment of a member of the board shall be for a period not exceeding three (3) years, and every appointed member shall be eligible for re-appointment

4.2.5. Resignation:

- (a) A member of the Board, other than the Chairman, may at any time resign his or her office by instrument in writing addressed to the Minister and transmitted through the Chairman and from the date of receipt by the Responsible Minister of such instrument, the Director shall cease to be a member of the board.
- (b) The Chairman may at any time resign his office through instrument in writing addressed to the Responsible Minister and the resignation shall take effect from the date of receipt by the Responsible Minister.

5. CHAIRMAN OF THE BOARD:

The Chairman is appointed by the Minister as head of the Board. There should be a clear demarcation between the functions of the President & CEO and the Chairman. The Chairman is the leader of the Board and is always recognized in law. It is necessary that he/she sets the tone at the top and articulates his/her vision and style and lead by example.

5.1 The Chairman of the Board is primarily responsible for the activities of the Board and its committees; and is the principal contact for the President & CEO who shall meet regularly with the Chairman.

5.2 The Chairman of the Board is also responsible for maintaining communication protocols with the Responsible Minister, Permanent Secretary and other stakeholders as established by the Ministry of Finance & Planning.

5.3 The Chairman presides over the meetings of the PAJ and in the absence or inability of the Chairman to act, the members present and constituting a quorum shall elect one of the members present to perform the functions of the Chairman.

5.4 The Chairman ensures that:

- (a) Directors, when appointed, participate in an orientation programme and, as needed, additional education or training programmes;
- (b) the Directors receive all information necessary for them to perform their duties;

- (c) the Directors have sufficient time for consultation and decision-making;
- (d) the committees function properly and according to their respective Terms of Reference;
- (e) the performance of the overall board, individual directors and committees are evaluated at least once every year;
- (f) the Board establishes and maintains the agreed protocols for communication with the organisation's business office;
- (g) the Board establishes operating procedures for its meetings;
- (h) he/she provides adequate direction to the Corporate Secretary;
- (i) the Board fulfils its duties to all key stakeholders and promotes sustainability;
- (j) the agendas of Board meetings are in order and that minutes are kept of such meetings;
- (k) internal disputes and conflicts of interest concerning individual Directors are addressed and resolved.

6. DIRECTORS:

6.1. Role of a Director:

As a member of the Board, each Director shall:

- (a) through the exercise of due diligence, fulfil the legal requirements and obligations of a Director in discharge of his/her fiduciary duties, namely: to act honestly and in good faith in the best interests of the PAJ and to exercise the due diligence and skill that a reasonably prudent person would exercise in comparable circumstances;²
- (b) recognize the Board's accountability to stakeholders in the governance of the PAJ and ensure that the best interests of the PAJ are considered paramount;
- (c) devote sufficient time to the PAJ's affairs;
- (d) assist the PAJ in the achievement of corporate strategic objectives;
- (e) ensure that he or she and the Board as a whole act in the best interests of the PAJ rather than in the interests of an individual Director or any other interests;
- (f) monitor his or her continued ability to meet these expectations; and
- (g) shall, if requested, join the Committees of the PAJ.

6.2. Specific Conduct as a Director:

To enable the Board to discharge its collective responsibilities for stewardship, including oversight and strategic leadership, each Director shall:

- (a) conduct himself or herself honestly, fairly, ethically and with integrity;
- (b) contribute views based on his or her unique skills and experience;
- (c) address any requests of Senior Management to the President & CEO;
- (d) monitor potential conflicts of interest he or she may have regarding any matters before the Board;
- (e) declare any potential conflicts promptly to the Board and abstain from discussion and voting on any related matter; and

² Section 17 of the Public Bodies Management & Accountability Act.

(f) Adhere to the PAJ's Code of Ethics (being developed)

6.3. Duty to act properly:

A Director who becomes aware of circumstances which are or are likely to be perceived as likely to detract from his or her ability to act in accordance with his or her fiduciary duty, shall forthwith report such circumstances to the Board through the Chairman or the Corporate Secretary. The need to take such action may arise in the following circumstances:

- (a) a change in affiliation or employment;
- (b) being appointed to any position that creates, or appears to create inherently conflicting responsibilities;
or
- (c) being unable to attend or participate in Board and Committee meetings consistent with the established standard.

6.4. Potential Conflicts of Interest:

Potential conflicts of interest include a personal or business interest in a matter requiring Board decision, arising either directly (e.g. through an ownership or employment interest) or indirectly (e.g. through potential benefit from participation in a sector).

6.5 Notice of Outside Positions:

Directors must inform the Board of their other positions which may be of importance to the PAJ or affect the performance of their duties as a Director. If the Board determines that there is a risk of a conflict of interest, the matter shall be fully discussed by the Board in accordance with the appropriate section of this Charter. The Corporate Secretary shall keep a list of the outside positions held by each Director.

7. CONFLICTS OF INTEREST OF DIRECTORS:

7.1. Duty to Disclose:

Upon appointment, each Director shall complete a Declaration of Interest form which will be maintained by the Corporate Secretary and a copy of which shall be sent to the Responsible Minister through the Permanent Secretary. A Director shall immediately report to the Board, any conflict of interest or potential conflict of interest and shall provide all relevant information, including but not limited to, information concerning spouse, registered partner or other life companion and the details of the conflict must be recorded by the Secretary. The Director concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

7.2. Related Party Transaction:

A potential conflict of interest exists if the PAJ intends to enter into a transaction with a Related Party. A 'Related Party' includes the following:

- (a) A Director of the PAJ;
- (b) the President & CEO and Senior Managers of the PAJ including anyone who reports directly to the Board or the President & CEO;
- (c) the father, mother, sons, daughters, husband, or wife of any of the natural persons listed herein; and

- (d) any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs a-c above.

7.3. Abstention by Conflicted Party:

Where conflicts of interest do occur, Directors must recuse themselves from the discussions in respect of those interests and shall not take part in any discussion or decision-making regarding any subject or transaction in which there is a conflict of interest with the PAJ or exercise their right to vote in respect of such matters

7.4. Requirements to Approve Conflicts of Interest:

All transactions in which there are conflicts of interest with Directors shall be agreed on terms that are customary for 'arm's-length' transactions in the PAJ's business. Decisions to enter into transactions in which there are conflicts of interest with Directors require the approval of the Board.

8. CONFIDENTIALITY:

8.1. Principle of Confidentiality:

Confidential Information means all data and information relating to the business, management and affairs of the PAJ, its customers and partners, which are, or come to be, in the possession of the PAJ by virtue of his or her office as Director and which is not in the public domain.

- 8.2. As a general rule, each Director shall keep all Confidential Information confidential and no Director shall use Confidential Information for personal gain or use. This obligation survives the termination or resignation of a Director as a Director of the PAJ.

- 8.3. Unless required to do so by law, no Director shall, during membership on the Board or afterwards, disclose any information of a confidential nature regarding business of the PAJ, that came to the person's knowledge in the capacity as a Director and which the person knows or should know to be of a confidential nature.

- 8.4. A Director may disclose such information to fellow Directors as well as to staff members of the PAJ who, in view of their activities for the PAJ should be informed of the information.

- 8.5. A Director shall not use such Confidential Information for personal benefit.

8.6. Notice of Disclosure:

If a Director intends to disclose to third parties' information which the person has become aware of in duties and which may be confidential, the Director must inform the Board of the intent and the identity of the person who is to receive the information with sufficient notice for the Board to assess the situation and take a decision. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board.

9. REMUNERATION OF DIRECTORS:

Directors are remunerated in accordance with Ministry of Finance & Public Service Circulars in effect.³

³ Section 20 of the Public Bodies Management & Accountability Act.

10. CORPORATE SECRETARY:

10.1. Appointment:

The Board shall appoint and remove a Secretary who shall report directly to the Board through the Chairman of the Board and will have an indirect operational reporting relationship with the President & CEO.

The Corporate Secretary should be subjected to similar requirements of “Fit and Proper” requirements as a new director, being an officer of the company and a key governance fiduciary.

The Corporate Secretary is fully accountable to the Board where the position does not carry with it the responsibility of Legal Counsel. Where there is a duality of position (Secretary and Legal Counsel), the holder would therefore have a dual reporting function and should be evaluated accordingly.

The position of Legal Counsel reports directly to the President (Chief Executive Officer).

10.2. Role:

The Secretary is the secretary of the Board and its Committees and assists the Board in the execution of critical administrative and governance functions which demand a high degree of compliance and ethical conduct.

10.3. General Access:

All Directors may go to the Secretary for advice.

10.4. Key Responsibilities:

- (a) The Secretary sees to it that the Board follows correct procedures and that the Board complies with obligations under law.
- (b) The Secretary shall assist the Chairman of the Board in developing the annual Board work plan, co-ordinating the evaluation of the Board and its members; and organizing the Board’s activities (including providing information, preparing agendas, reporting of meetings, evaluations and training programmes).
- (c) The Secretary should prepare and circulate Board minutes and board papers.
- (d) The Secretary is to act as the chief governance advisor to the board and will guide the board on all matters related to corporate governance, effective operations of the board regulatory compliance and ethical standards.

11. COMMITTEES, MEMBERSHIP & REPORTING:

11.1. Establishment of Committees:

- (a) To support the Board in effectively performing its duties the Board may from time to time establish Sub-Committees and the Board shall determine the members of any such committees.
- (b) The Board has established the following committees to govern areas of its operations:
 - Audit
 - Finance

- Projects
- Pilotage

- (c) Notwithstanding the provisions of clause 11.1(b) the Board may establish additional committees as deemed necessary.
- (d) The Chairman of Board Committees shall be chosen by the Board and shall be members of the Board.
- (e) The Chairman of the Board is an ex-officio member of all committees except the Audit Committee.
- (f) A Committee may include persons who are not Directors (hereinafter referred to as Co-opted Committee Members) but at least one half of the members of such committee shall be Directors.⁴
- (g) The validity of the proceedings of a committee shall not be affected by any vacancy among the members thereof or any defect in appointment of a member thereof.

11.2. Co-opted members & Invitees:

- (a) The Board, may co-opt such persons as it deems fit to serve on Committees established by the Board.
- (b) Co-opted Committee Members have the same rights and privileges at Committee meetings as other members of the Committees including the right to vote.
- (c) The admission to a meeting of persons other than co-opted members, directors, the President & CEO, the Secretary and (if invited) other executives, shall be decided by majority vote of the Committee members present at the meeting.
- (d) Invitees to meetings shall not constitute part of the quorum and shall not be entitled to vote⁵.

11.3. Board Responsibility for Committee Action:

- (a) The Board remains collectively responsible for the decisions and actions taken by any committee.
- (b) A committee may only perform the tasks delegated to it by the Board and its powers may not exceed powers of the Board as a whole.
- (c) Decisions that by law must be taken by the Board may not be delegated to a committee.

11.4. Committee Reporting:

- (a) Each committee must promptly inform the Board of major developments of which it becomes aware.
- (b) Each Director shall have unrestricted access to all committee meeting records.
- (c) The board shall, as set forth in the Terms of Reference of the committee concerned, receive a report from the committee describing the committee's actions and findings.

⁴ The Corporate Governance Framework for Public Bodies, Principle 2(9).

⁵ The Corporate Governance Framework for Public Bodies, Principle 6(1).

11.5. **Committee Terms of Reference:**

- (a) The Board shall establish, and may by resolution, amend the Terms of Reference (TOR) for each committee.
- (b) The TOR shall indicate the role and responsibilities of the committee, its composition, structure, quorum requirements and how it should perform its duties.
- (c) The TOR of a committee shall require that the committee has no less than two board members.

12. **DUTIES AND PERFORMANCE OF THE BOARD:**

12.1. **General Duties of Board:**

The general duties of the Board include duties imposed by law, the Board's Governance Framework and this Charter.

12.2. **Responsibilities of Board:**

The Board oversees the general business of the PAJ. The entire Board is responsible for such supervision and oversight.

12.3. **The Directors act in the best interest of the PAJ:**

The Directors shall act in the best interests of the PAJ and its business, taking into consideration the interests of the PAJ's stakeholders. Directors shall perform their duties independent of any particular interest in the PAJ and should not support one interest without regard to the other interests involved.

12.4. **Provision of Information:**

To assist the Board to fulfil its duties, the Chairman and the President & CEO shall see to it that management, in a timely manner, provides the Board and its committees with the information they need to properly function.

12.5. **Responsibility for Securing Information:**

- (a) The Directors each have responsibility for obtaining all information from management and the internal and external auditor needed to carry out their duties.
- (b) If the Board thinks it is necessary it may obtain information from officers and external advisors of the PAJ.
- (c) The Board may require certain officers and external advisors to attend, but never to vote, at its meetings.

12.6. **Access to Records:**

Each Director has access to the relevant books and records of the PAJ as necessary to discharge his or her function as a Director; requests for such books and records must be routed through the President & CEO and copied to the Corporate Secretary.

12.7. **Use of Experts:**

- (a) The Board may hire experts to assist or advise them and the cost of such experts shall be agreed to by the Board and shall be paid by the PAJ.

- (b) A board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.⁶

13. PRESIDENT & CEO ROLE

The President who is the CEO, is accountable to the Board through the Chairman for the overall achievement of PAJ's national impact, financial and customer satisfaction objectives. The Board should hire, appoint, evaluate and determine the tenure of the President, whose primary role should be to manage the day to day operation of the PAJ. The President should be held accountable by the Board for the performance of the organization and the implementation of the Board's strategy and policy in accordance with "mutually agreeable and written performance objectives"⁷ which are outlined in the Corporate Plan. The President's contract should be void of any ambiguity whatsoever, with the clear definition of roles and responsibility for management, inclusive of the authority delegated from the Board.

13.1 Role of the President & CEO

The President & CEO shall:

- 13.2 Appropriately delegate strategic activities to team members and monitor their implementation.
- 13.3 Ensure adherence to the level of authority recommended by the Board in the performance of his or her duties.
- 13.4 Submit the main strategic options to the Board and undertake the implementation of the decisions taken by the Board.
- 13.5 Liaise with important stakeholders and relevant agencies of the Government, international cargo and cruise shipping lines, overseas financial institutions, etc. which are involved in the maritime sector and submits to the Board any strategic options relevant to PAJ's development objectives.
- 13.6 Provide all relevant information to the Board to enable it to exercise its responsibilities.
- 13.7 Ensure the preparation and submission of reports e.g. annual reports and audited financial statements, in accordance with the relevant laws, acts and regulations.
- 13.8 Operate as the chief spokesperson for the PAJ and will communicate with shareholder and stakeholders as prescribed by law or as necessary."⁸
- 13.9 Establish an appropriate reporting relationship between the Permanent Secretary and himself as well as between himself and the Responsible Minister.
- 13.10 Ensure that the organizational structure is supported by adequate human resources with complimentary development programmes.

⁶Section 19 of the Public Bodies Management & Accountability Act.

⁷ Corporate Governance Framework for Public Bodies, October 2012

⁸ Corporate Governance Framework for Public Bodies, October 2012

14. DUTIES REGARDING THE SUPERVISION OF MANAGEMENT:

14.1. Nature of Supervision

In supervising the management, the Board shall consider:

- (a) the achievement of the Board's objectives as set out in the Corporate Plan;
- (b) the strategy and risks in the PAJ's activities;
- (c) the structure and operation of the internal risk management and audit and control systems;
- (d) the financial reporting process;
- (e) whether expenditure has been in-keeping with the approved budget;
- (f) compliance with law and regulations; and
- (g) any other matters the law requires the board to consider.

14.2. Financial Reporting:

The Board supervises the financial reporting in accordance with Section 15 below.

14.3. Annual Risk Review:

At least once a year, the Board shall discuss the PAJ's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to such systems.

15. ANNUAL EVALUATION:

15.1. Board & Director Evaluation:

The Board will conduct an annual performance evaluation of each Director, the board on a whole the Chairman and its committees. The evaluation process will be conducted in accordance with procedures established by the board which are guided by the Ministry of Finance & Public Service board evaluation systems. The performance evaluation shall be in line with the PAJ's set goals and objectives and may also include setting out the goals and objectives of the PAJ for the upcoming year.

15.2. President & CEO & Secretary Evaluation:

The performance of the President & CEO and the Corporate Secretary are to be evaluated annually by the board led by the Chairman.

16. SUPERVISION OF FINANCIAL REPORTING:

16.1. General Supervision Responsibilities:

- (a) The Board, in consultation with the Audit Committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly and semi-annual financial reports and any other financial information.
- (b) The Board, through the Audit Committee, also supervises the internal control, risk and audit mechanisms for external financial reporting.

16.2. Discussion of Financial Reports:

- (a) The Audit Committee shall facilitate the financial reporting requirements under the Public Bodies Management Act and regularly, and in any event as soon as possible, provide the Board with reports on the annual report and accounts, and the quarterly and semi-annual financial reports, which will then be discussed at a meeting of the Board.

- (b) The annual report and audited accounts for the year just ended shall be discussed in a meeting with the Board and submitted to the Responsible Minister within four months of the year-end.
- (c) The semi-annual and quarterly (if any) financial reports of the PAJ for the respective period just ended shall be discussed in a meeting with the Board within two months of the end of the period.

17. DUTIES REGARDING APPOINTMENT AND ASSESSMENT OF EXTERNAL AUDITOR:

Appointment of External Auditor:

- 17.1. The external auditor of the PAJ shall be appointed by the Board and must be a registered Public Accountant under the Public Accountancy Act.

Representation by External Auditor:

- 17.2. When appointed, the external auditor shall indicate its awareness of the PAJ's policies and other matters provided for in this Charter and the Terms of Reference of the Audit Committee and shall agree to abide by and promote such policies.

Compensation of Auditor:

- 17.3. Compensation of the external auditor and instructions to the external auditor to provide non-audit services shall be closely reviewed and approved by the Board on the recommendation of the Audit Committee, thus ensuring the auditor's independence.

Attendance of External Auditor:

- 17.4. The PAJ shall ensure that the external auditor attends the meeting of the Board at which the report of the auditor with respect to the audit of the annual accounts is discussed and at which the Board decides whether or not to approve the annual accounts. The external auditor shall receive any financial information underlying the quarterly and/or semi-annual financial reports and other interim financial reports and shall be given the opportunity to respond to all information.

Contact with External Auditor:

- 17.5. The Board's principal contact with the external auditor is through the Chairman of the Audit Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities in the financial reports should be between the Audit Committee and the external auditor.

17.6. Recommendations by External Auditor:

The Board shall carefully consider and, if accepted, put into effect any recommendation by the external auditor. This will include recommendations made by the external auditor on the PAJ's internal control, as expressed in the 'management letter.'

17.7 Reports to the Board:

The Audit Committee shall report its dealings with the external auditor to the Board on an annual basis, including its assessment of the external auditor's independence.

17.8 Assessment of External Auditor:

At least once every three years, the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Board so it may assess the nomination for the reappointment of the external auditor.

17.9 Conflicts of Interest – External Auditor:

Conflicts of interest and potential conflicts of interest between the external auditor and the Board shall be resolved in accordance with the Audit Committee’s TOR laid down or as determined by the Board on the recommendation of the Audit Committee. Directors shall inform the Chairman of the Audit Committee of any matters they know of that may compromise the independence of the external auditor or that may result in a conflict of interest between the external auditor and the PAJ.

18. STRUCTURE OF BOARD MEETINGS:

18.1 Notice, Agenda and documents:

To ensure proper review of all materials being used at the Board meetings a notice of each meeting together with an agenda and meeting documents shall be circulated to all Directors at **least five (5) clear days prior to the meeting.**

18.2 The Chairman shall consult with the President & CEO prior to convening the meeting on the content of the agenda and the President & CEO and Directors shall have the right to request that an item be placed on the agenda for a Board meeting provided that the item is notified to the Chairman at least ten days prior to the meeting.

19. VENUE, FREQUENCY OF MEETINGS & ATTENDANCE:

Venue of meetings:

19.1 Board meetings are generally held at the offices of the PAJ but may also take place at such places and times and on such days as the Board may determine.

19.2 In addition, meetings of the Board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

Frequency of Meetings:

19.3 The Board shall meet at least eight (8) times for the year.

19.4 An annual schedule of Board meetings for the following year shall be agreed by the Board and circulated to Directors at the start of each year.

19.5 Each year the Board reserves at least one (1) full day to discuss and develop strategic policies and to assess or review the Corporate Plan.

Special Meeting:

19.6 It is within the power of the Chairman to convene a meeting outside of scheduled meeting times as may be necessary and expedient for the transaction of business. The Chairman may therefore at any time call a special meeting of the Board and shall call a special meeting to be held within seven (7) days of a written request for that purpose addressed to him by any two Directors.

20. MEETING ATTENDANCE & PREPARATION:

Attendance of Directors:

20.1 Directors are expected to attend and actively participate in meetings of the Board and the committees on which they serve, and to meet as frequently as necessary to properly discharge their duties.

20.2 Attendance at the meetings by the Board must be recorded.

20.3 Extended Absence:

A Director who needs to be absent from Board meetings for more than three consecutive meetings, shall be required to explain to the Chairman of the Board or the Committee (as applicable) the reason for such absence.

20.4 COMMUNICATION:

The Board is committed to providing timely, accurate and balanced information on the operations of the PAJ.

21. MINUTES, RESOLUTIONS & PREFERENCE FOR UNANIMITY:

Minutes & Records:

21.1 The Corporate Secretary is charged with the responsibility of recording accurate minutes of meetings and the decisions which are made at every Board meeting.

21.2 The minutes of the meeting must be confirmed by the Board and then signed by the Chairman of the meeting and the Secretary and added to the Board's records.

21.3 Each Director shall receive a copy of the minutes.

Resolutions & Adoption at Meeting:

21.4 At a meeting, the Board may only pass resolutions if a quorum is present.

21.5 Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

21.6 The Directors shall try to arrive at unanimous decisions. However, Directors are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

Round Robin Resolutions:

21.7 In the event that an urgent decision is required before the next scheduled meeting of the Board, a round robin may be circulated to all Directors for comment and/or voting. All comments and/or votes shall be recorded.

21.8 A decision made by round robin shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and shall be noted at the subsequent meeting.

21.9 All resolutions approved by round robin should thereafter be noted at the next regular Board meeting.

Objection to Resolutions:

21.10 A Director who objects to any resolution adopted by the Board shall have his or her objection recorded in the minutes.

21.11 Directors who have taken part in a meeting may not object to resolutions adopted at the meeting on the grounds of an invalid notice.

21.12 Directors absent from meetings will be taken to have accepted any decisions made if no objections are made within 7 days of becoming aware of the decision.⁹

⁹Section 18 of the Public Bodies Management & Accountability Act.

Individual Vote:

21.13 Each Director has the right to cast one vote.

Majority Vote:

21.14 Where unanimity cannot be reached and the law does not prescribe a larger majority, all resolutions of the Board shall be adopted by a majority of the votes cast. In the event of a tie, the Chairman of the Board has the deciding vote.

22. MISCELLANEOUS:

Restriction on Loans and Guarantees:

22.1 The Board does not grant personal loans, guarantees or the like to Directors.

22.2 Agreement to be bound by Charter:

Anyone who is appointed as a Director must, upon assuming office, declare in writing to the PAJ that the person accepts and agrees to comply with the provisions of this Charter. A corresponding reference to this extent is included in a Director's introduction letter.

22.3 Indemnity:

No action, suit, prosecution or other proceedings shall be brought or instituted personally against any member of the Board in respect of any act done *bona fide* in pursuance or intended execution of the Director's functions.

22.4 Seal:

The Seal of the PAJ shall be authenticated by the Chairman of the Board or any Director authorized to act in that behalf and the secretary of the PAJ.

22.5 Website Disclosure:

The Board's Charter and the Terms of References and the composition of the committees shall be posted on the PAJ's website.

22.6 Interpretation:

In case of uncertainty or difference of opinion on how a provision of this Charter should be interpreted, the Board shall make a decision in relation thereto.

22.7 Entire Charter & Amendment:

This document represents the entire Charter; and may, subject to the Act be amended by the Board at its sole discretion.

22.8 Charter Review:

The Board shall review this Charter at least every two years.