



BARITA INVESTMENTS LIMITED

CORPORATE GOVERNANCE CHARTER

Revised August 28, 2018
Approved by the Board of Directors on June 27, 2019

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CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

Barita Investments Limited (Barita), recognizes that as a financial advisory organization with a goal to preserve and grow investor wealth, it must embrace and practice sound corporate governance. These principles and the attendant structures should serve the best interest of all stakeholders and emphasize the highest standards of transparency, oversight and independence.

The intent is to protect the investing clients while advancing the interests of owners and staff.

These practices are consistent with world best practices and adhere to the relevant legal and regulatory framework. The corporate governance core practices of Barita are rooted in the acceptance of the following principles:

- ❖ Corporate Governance should establish a clear foundation for Management and Board oversight. The role and responsibilities of Board and Management should therefore be clearly outlined to facilitate accountability.
- ❖ The Board of Directors should be structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
- ❖ Ethical standards and responsible decision-making should be promoted.
- ❖ Governance should ensure that there is accurate, timely and full financial and governance reporting with strong internal controls and risk management.
- ❖ Material information regarding the company's operations should be disclosed in a timely manner to the relevant regulatory entities.
- ❖ There should be regular reviews of Board and Management performance to enhance effectiveness.
- ❖ Remuneration should be fair to attract and retain competent skills, and rewards consistent with performance objectives.
- ❖ The interests of stakeholders should be carefully balanced, protected and promoted.
- ❖ Ensure the quality and independence of the external and internal audit processes.

Statement Of Principles & Practices

BOARD ISSUES	DESCRIPTION/PRINCIPLE
Accountability to shareholders/stakeholders	Barita is a public company with a fiduciary responsibility. It must balance the interest of all stakeholders to foster growth.
Mission and Responsibility	The Board members have the responsibility to attend meetings and familiarize themselves with, and make decisions on, issues within their purview.
Elections	The provisions for elections of members are set out in the Memorandum & Articles of Barita and stipulate election of members on an annual basis.
Orientation and Training	Training is made available to directors upon appointment to the Board. Barita will organize orientation and training for any director within three (3) months of appointment to the Board if needed.
Access to Information	The Board considers the provision of good quality, timely and accurate information as a significant priority in company procedures. Management has the responsibility to provide the Board with any information that will allow members to properly carry out its responsibilities.
Disclosure of Directors' Biographical Information	Disclosure should be in keeping with the requirements of the Fit and Proper Criteria.
Composition	Representation should reflect the diversity of stakeholders and the needs of the Company. The Board is currently comprised of seven (7) persons; six Directors and a Chairman
Committees	<p>Composition There are provisions for both mandatory and non-compulsory committees of the Board. The mandatory committee of the Board is the Audit and Finance Committee.</p> <p>Each Committee is to have a written charter outlining its purpose and responsibilities and reporting format. Committees must meet at least twice annually.</p> <p>Review Process The Board of Barita conducts regular reviews of the performance of the Committees. Chairmen of Committees are required to develop and present their key performance indicators.</p>
Audit and Finance Committee	The Audit and Finance Committee assists the Board with oversight responsibilities in regards to the integrity of the company's financial statements. It also serves as the communication link between the Board, the management team and the auditors. The Audit and Finance Committee ensures that the Company complies with the legal and regulatory requirements. This Committee meets at least four (4) times per year.
Other Committees	These are formed as the directors see fit.
Board Meetings	<p>There are formal scheduled meetings of the Board at which matters are specifically reserved for discussions. Matters must be addressed within a reasonable time in order to prevent an overrun of pending items.</p> <p>Meetings shall be held at least six (6) times per year.</p>

	<p>Procedure at Board Meetings In the interest of promoting and ensuring transparency, all directors must excuse himself/herself from discussions in, and in making decisions on any matter in which he/she has a personal or business interest or companies on whose Board he/she sits or is connected.</p>
Performance	<p>Evaluation of Board members and Senior Executives The Board recognizes the importance of evaluating the performance of each director, senior executives and the Board as a whole.</p>
Term Limits	Term limits may from time to time be set for the Chairman and the Deputy Chairman, however, there are no term limits imposed at this time.
Age Limits	Barita has no maximum age limit for members sitting on the Board. However, the minimum age limit should be 18 years.
Accounting Standards	The Board is governed by the standards as communicated from the Institute of Chartered Accountants of Jamaica.
Ethics	Barita has implemented a Code of Ethics which governs both the conduct of staff and Board members.

Board Responsibilities

To implement the above mentioned Principles, the Board will guide and monitor the business and affairs of the Barita to ensure that the interests of all its stakeholders are protected. The Board is therefore responsible for:

- General corporate governance of Barita, which shall include legal and regulatory compliance ensuring the adherence to high ethical standards, and realizing the Core Values of Barita;
- Planning the general strategy and direction of Barita, including formulating, monitoring and reviewing strategic, financial and operational plans;

In order to achieve these responsibilities the Board shall reserve to it and exercise the following powers:

- Reviewing Barita's strategic plan annually;
- Approving the annual budgets;
- Reviewing financial results;
- Dealing with all matters which are not delegated to the Managing Director;
- Determining the terms and conditions of appointment and removal of the Managing Director;
- Establishing Board Committees wherever this would enhance its effectiveness in fundamental/strategic areas;
- Establishing targets for and evaluating the performance of the Managing Director;
- Reviewing Board compensation annually;
- Evaluating the effectiveness of the Board;
- Delegating responsibility to a standing or ad-hoc Committee where necessary or appropriate.

Board Composition

- There should be a balance of independence, skills, knowledge, experience, and perspectives among Directors to allow the Board to work effectively;
- The appointment and retirement of Directors shall be governed firstly by the Articles of Association of Barita and thereafter by any standards or criteria imposed by the Board.

Board Disclosure of Interest

- Directors taking on other directorships shall disclose this to the Board;
- Where directors have interests that conflict with issues under discussion by the Board those directors should declare this and leave the meeting.

Independence

- A Director will meet the formal criteria for independence where he or she does not represent a substantial shareholding and where he or she is not a close relative of a significant shareholder or where he or she does not have an employment relationship with Barita.
- All Directors of Barita shall act independently and bring an independent mind to bear on matters coming before the Board;
- Directors shall notify the Board of any changes in status which will affect their independence, and once so notified the Board will conduct its own reevaluation of the said director's independence;
- The Board will ensure that it has access to professional advice, both inside and outside of Barita in order for it to perform its duties.

Directors and Board Meetings

- The Board shall normally meet once every two months and otherwise as required with the management;
- Directors shall attend Board and committee meetings and prior to such meetings review the relevant preparatory material;
- The non-management Board members may periodically meet in executive sessions in order to review appropriate topics;
- The Board shall conduct the orientation of new Board Members and ensure the continual training and professional development of all Board Members;
- Every Director is entitled to receive Notice of Meetings of Directors in accordance with the Articles of Association;
- The quorum for any meeting of the Board of Directors is 3;
- Non-directors inclusive of management may be invited by the Chairman to be present at Board Meetings;
- Directors are expected to attend Annual General Meetings of Barita;
- The Board believes that confidentiality is essential to the deliberative process and therefore information and deliberation in Board and Committee meetings shall not be disclosed.

Committees

While the Board recognizes that it is responsible as a whole for the oversight of management on behalf of the stakeholders, in order to do so more effectively the Board has established the following standing committee to assist in the execution of its responsibilities:

- Audit and Finance Committee
- Risk Management Committee

Each Committee has its own terms of reference.

Each Committee will generally report to the Board at the next scheduled Board Meeting after a Committee's meeting by providing copies of the minutes of the said Committee meeting to the Board. Each Committee shall be afforded an opportunity to present to the Board Meeting on any pertinent issues arising from the execution of its responsibilities.

The Board will annually review the membership of each Committee, and make any necessary changes based on

committee requirements, director availability, interest, and experience as well as any legal or regulatory qualifications that may be applicable to the specific committees.

BOARD OF DIRECTORS OF BARITA INVESTMENTS LIMITED

As at August 28, 2019

Maximum number of Directors: 9
Minimum number of Directors: 3
Quorum for Board Meetings: 3

Directors

1. Chairman
2. Deputy Chairman
3. Director
4. Director
5. Director
6. Director
7. Director
8. Director
9. Director/Company Secretary

TERMS OF REFERENCE FOR BOARD COMMITTEES

(1) **AUDIT AND FINANCE COMMITTEE**
(Quorum: 2)

(Meetings are held quarterly)

Membership

The Audit and Finance Committee shall consist of at least three and no more than six members of the Board of Directors. The majority members of the Committee shall be non-executive and independent. The Chairman and members are appointed by the Company's Board. Each member of the Committee shall be financially literate, as defined by applicable regulation and the Board of Directors. At least one member shall have expertise in financial reporting.

Audit and Finance Committee Chairman
Director
Director
Director
Director

Recording Secretary

By Invitation:

Managing Director/Company Secretary
2 representatives from the Company's Internal Auditors
Such other person as the Committee may from time to time see fit to invite.

In accordance with the requirements of the recently amended Stock Exchange Listing Agreement that the majority of Committee members should be identified by the Board as independent, the Board has identified four (4) directors as independent:

Functions

The Audit and Finance Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the company's process for monitoring compliance with laws and regulations and the Code of Conduct. (See the Audit and Finance Committee Charter).

The Committee reviews the company's financial statements, prior to same being referred for the Board's approval, and liaises as necessary, with the external auditors.

The Audit and Finance Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility.

The Committee meets at least four times a year with authority to convene additional meetings as circumstances require.

(2) MANAGEMENT INVESTMENT COMMITTEE
(Quorum: 4)

(Meetings are held bi-monthly)

TERMS OF REFERENCE

SCOPE

The Management Investment Committee (“MIC” or “the Committee”) consisting of members of the Barita Investments Limited (“BIL”) and Barita Unit Trusts Management Limited (“BUT”) management teams together with representatives of Cornerstone United Holdings Jamaica Limited (“Cornerstone” or “the Group”), is responsible for oversight of the execution of the broad investment management mandate of BIL and BUT. The MIC is responsible for assessing the development and execution of investment strategies for the portfolios of BIL and BUT that are consistent with the strategic objectives approved by the boards of BIL, BUT, and the Group that are fully aligned with the companies’ stated risk appetite and risk management objectives (please refer to Schedule #1 – Risk Appetite Statement). The MIC will be assisted by operating level employees who will be responsible for analysing and monitoring the investment portfolios and preparing and submitting pre-defined reports into the Committee.

The Committee is responsible for providing strategic direction and setting appropriate limits, within the parameters determined by the respective boards, in the management of investment related risks of BIL and BUT with specific focus on the following matters:

- Capital structure and related matters
- Funding Risk
- Liquidity Risk
- Interest Rate Risk
- Credit Risk
- Net Interest margin on the company’s Assets and Liabilities
- Foreign Exchange Risk
- Pricing of assets, liabilities and all funding Products
- The development and execution of investment strategies designed to maximize portfolio returns within stated risk limits

The Committee will advise management and recommend actions it considers necessary or desirable to establish that the companies’ balance sheet matters and risks associated therewith are suitably understood and managed.

By way of minutes of meetings the Committee will report key recommendations and provide information to the Boards of BUT and BIL together with the Investment Committee of the Cornerstone Board.

AUTHORITY

The Committee is a management committee established by the President & CEO of Cornerstone with advice and counsel from the Chief Investment Officer of the Group.

The Chairman of the Committee is empowered to establish working sub-groups with a specific task and a finite life to assist the Committee. In consultation with the President & CEO of Cornerstone, the Chairman may from time to time invite officers of BIL and BUT to meetings of the Committee, where the Chairman does not also hold office as the President & CEO.

The Chairman of the Committee will brief the boards of BIL, BUT, and Cornerstone on significant risk issues arising as necessary.

The Committee will review presentations from the management of BIL and BUT for new products and services and will forward recommendations to the respective boards for approval.

The Chairman or Deputy Chairman may invite other members of the management teams of BIL and BUT to attend for specific items or as permanent invitees to the meeting. The Group CEO or CIO may invite other personnel from the Group to attend the meeting as they see necessary.

RESPONSIBILITIES

The key responsibilities of the Committee will be:

- 3.1 Ensure that asset and liability management strategies conform to the Group's risk appetite and levels of exposure as determined by the Board of Directors and set out in the respective investment policies of the companies;
- 3.2 Establish process and guidelines to ensure a suitable asset and liability mix, proper implementation of liquidity strategies, and funding and trading activities;
- 3.3 Review the investment policies periodically and recommend changes to the Management Investment Committee to ensure they remain consistent with the Group's risk management philosophy, the company's current business activities and the changing economic environment;
- 3.4 Discuss and comment on the global economic and political environment, or other official forecast related thereto and any risk exposures that could result from volatility in these areas and whether current strategies are appropriate;
- 3.5 Evaluate alternative asset liability management strategies and their impact on the companies' performance objectives, marketing objectives and financial condition or position;
- 3.6 Determine the overall implications of changes in volumes and interest rates associated with major asset and liability categories and formulate business strategies to support profitable growth;
- 3.7 Assess liquidity strategies, key new business development activities and funding programmes;
- 3.8 Monitor and analyze the rate-sensitivity of net interest income and regulatory capital, under various interest rate scenarios;
- 3.9 Assess current risk positions and monitor management's development of suitable risk management objectives and policies;
- 3.10 Monitor BIL's and BUT's performance against agreed targets;
- 3.11 Monitor Board approved trading activities by BIL and BUT for compliance with targets, limits, stop

loss applications, and profitability;

- 3.12 Recommend changes to policy where such is necessary to meet regulatory or other standards to which BIL/BUT is required to comply;.
- 3.13 Monitor the annual review of the investment policies before presentation to the respective boards of BIL and BUT and the Investment Committee of the Group for approval; and
- 3.14 Assess on an ongoing basis the companies' compliance with regulatory legislation, rules and regulations affecting the companies' investment activities.

MEMBERS

The selection of the members will be by the President & CEO of the Group with advice and counsel from the Group CIO and will include the following officers:

- Group CIO
- CEO BIL
- Manager Trading & Investment, BIL
- Manager Risk & Compliance, BIL/BUT
- Manager, Operations BUT
- Financial Controller, BIL/BUT
- Manager, Operations BIL
- Equity Trader
- Portfolio Analyst – BIL
- Portfolio Analyst – BUT
- Cambio Trader

Other members of the management team may attend for specific items or may be permanent invitees to the meeting.

Members who are unable to attend are required to send a representative.

CHAIRMAN

The President & CEO of the Group will appoint the Chairman and a Deputy Chairman of the Committee.

QUORUM

The quorum for a meeting shall be a minimum of 5 members one of whom must be the Chairman or the Deputy Chairman. A representative of Risk & Compliance (or designate) must be in attendance to complete a quorum.

SECRETARY

The Meeting Recording Secretary.

REPORTING PACKAGE

The MIC package shall include the following reports as a minimum along with other reports that may be requested by the Chairman from time to time.

- Agenda
- Minutes of previous meeting
- Market Report an overview of the economy and its implications for the Group including comments on inflation economic growth, fiscal and monetary policies and specifically:
 - Interest rate outlook
 - Exchange rate outlook
 - Inflation Rate outlook
- Impact of the foregoing on BIL/BUT and strategic responses
- Market Risk Reports
- Interest Margin Reports
- Monitoring of all investment and other policy limits
- Business performance against targets
- Any other matters relating to assets and liability management monitor performance against regulatory ratios
- Delinquency management reporting and non-performing loan status
- Recovery management in relation to non-accruing loans

MINUTES

Minutes of the Committee meetings will be circulated to the respective boards of BIL and BUT and the Investment Committee of the Group. The Recording Secretary will also circulate the Matters Arising Tracking Report within one week of the previous meeting to the responsible officers to ensure timely follow up and completion.

NOTICE AND FREQUENCY OF MEETINGS

The Committee meets once every fortnight or more often if in the opinion of the Chairman or the Group President & CEO market events or the portfolios' performances so dictate, with those members attending being given an Agenda and supporting papers at least five business days in advance.. Ad-hoc Committee meetings can be convened at short notice, assuming a quorum is available.

CHANGES TO THE TERMS OF REFERENCE

The boards of BIL and BUT must approve changes to the Terms of Reference and these must be notified to Secretariat.



RISK APPETITE STATEMENT

INTRODUCTION

Barita Investments Limited and Barita Unit Trusts Management Company Limited (hereinafter referred to as BARITA or the Organisation) operate in an environment where risk is an inherent component of doing business. Taking risk is core to the financial business, and the operational risks are inevitable consequence of being in business. The Organisation's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Organisation's financial performance. Hence, the ability to effectively identify, assess, measure, respond to, monitor and report on risk in activities is critical to the achievement of the Organisation's mission and strategic objectives. BARITA's risk appetite framework describes the levels and types of risk that the Organisation is prepared to accept to achieve its strategic objectives.

Risk Types Faced by the Organisation

The Risk Appetite Statement establishes risk tolerance in the following categories:

- 1) Credit Risk - the risk that clients or counterparties will cause a financial loss for the Organisation by failing to discharge their contractual obligations.
- 2) Liquidity Risk - the risk that the Organisation is unable to meet its payment obligations associated with its financial liabilities when they fall due and is also unable to replace funds when they are withdrawn. The consequence may be failure to meet obligations to repay investors and fulfil commitments to lend.
- 3) Market Risk - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates.
- 4) Reputation Risk - the risk of possible damage to the Organisation's brand and reputation and the associated risk to earnings, capital or liquidity arising from any association, action or inaction which could be perceived by stakeholders to be inappropriate, unethical or inconsistent with the Organisation's values and beliefs.
- 5) Strategic Risk - the risk that arise from the fundamental decisions that directors take concerning the Organisation's objectives. Essentially, strategic risks are risks of failing to achieve these business objectives. Strategic risks are determined by board decisions about objectives and direction of the Organisation.
- 6) Operational Risk - the risk that people, processes, systems or external events impede the Organisation's ability to meet its objectives. This risk is a function of internal controls, employee conduct, process efficiency, third-party oversight, physical security and business continuity planning. Operational risk also includes the breakdown of processes to comply with law and regulations.
- 7) Compliance Risk - the risk that Organisation may face legal and regulatory sanctions as a result of its failure to comply with applicable regulations, codes of conduct and best practice standards.
- 8) Human Resource Risk - the risk that resource use and employment practices do not align with the Organisation's mission and strategic objectives. This risk includes talent management and is a function of hiring, training, retention, career and leadership development, succession planning, performance management and compensation. Human resource risk also includes compliance with Equal Employment Opportunity laws and workplace safety laws and regulations.

- 9) External Risk - the risk that political, geo-political or external stakeholder events affects the Organisation's ability to achieve its objectives. This includes legislative, regulatory and industry changes and domestic and international issues.

Overall Risk Appetite Statement

BARITA has an overall conservative risk appetite and will act in accordance with the Risk Appetite Statement to achieve strategic objectives and remain a premier investment services organisation. The Organisation has a cautious risk appetite with respect to all risk categories. The Organisation will take risks that have been carefully considered and where controls have been implemented to reduce the likelihood of risk occurring or the impact if it did occur.

- **BARITA** has a very low appetite for accepting risks that will damage its reputation, but will tolerate risk taking where there is a low chance of a significant impact, and appropriate steps or plans are in place to minimize exposure. The Organisation will:
 - ✓ avoid any situation and action resulting in a negative impact on its reputation
 - ✓ if and when an undesirable situation arises, will manage it aggressively to protect its reputation and brand
 - ✓ promptly take action to address customer complaints and regulatory concerns
- **BARITA** will not engage in any activity that will put its long-term value at risk. The Organisation will meet customers' expectations of providing efficient, considerate, cost-effective services.
- **BARITA** has zero appetite for any breaches in statute, regulation, professional standards, ethics, bribery or internal fraud activities.
- **BARITA** has a low appetite for operational risk and will manage its operational activities and exposures to avoid an event resulting in a financial loss of more than \$1.5M.

ERM Risk Appetite by Risk Category

RISK CATEGORY	INHERENT RISK	RISK APPETITE*
Credit Risk	Moderate - High	Low - Moderate
Liquidity Risk	High	Low
Market Risk	High	Moderate
Reputation Risk	High	Low
Strategic Risk	Moderate	Moderate
Operational Risk	High	Low
Compliance Risk	High	Low
Human Resource Risk	Moderate	Moderate
External Risk	Moderate	Moderate

Risk Appetite Key**

- Low - The Board will not tolerate any risk that results in a financial loss of more than \$1.5M
- Moderate - The Board will not tolerate any risk that results in a financial loss of more than \$2.5M
- High - The Board will not tolerate any risk that results in a financial loss of more than \$6M

DEFINITIONS

Risk Appetite - the amount/level and types of risk that an organisation is generally prepared to accept in order to achieve its financial and strategic objectives.

Risk Category - the types of risks that may occur as a result of carrying out activities in support of achieving specific goals and objectives of an organisation

Inherent Risk - the risk that an activity would pose if no controls or other mitigating factors were in place.

BARITA INVESTMENTS LIMITED AUDIT AND FINANCE COMMITTEE CHARTER

Purpose

The purpose of the Audit and Finance Committee (the Committee) of the Board of Directors (the Board) of Barita Investments Limited (Barita) is to assist the Board in its oversight of:

1. The integrity of the Financial Statements of the Company.
2. The adequacy of Barita's internal controls and financial reporting systems.
3. The adequacy of compliance with legal and regulatory requirements.

This Charter identifies the composition, functions and operating principles of the Committee.

Audit and Finance Committee Composition

1. The Committee will consist of not fewer than two (2) members of the Board who have been designated as independent Directors.
2. The members of the Committee shall be appointed annually by the Board and may be removed or replaced by the Board.
3. Each member of the Committee should be familiar with the financial industry as determined by the Board in its business judgment or shall become financially literate within a reasonable period of time after appointment to the Committee.

Audit and Finance Committee Functions

The Committee's primary duties and responsibilities are to:

1. Monitor the integrity of the financial statements of the Company and review significant financial reporting judgments contained in them and ensures that they reflect appropriate accounting principles.
2. Review the Company's internal control systems regarding finance and accounting to ensure integrity and effectiveness.
3. Review the Company's risk management processes and evaluate the effectiveness of the system.
4. Monitor and review the effectiveness of the Company's initial audit function.
5. Make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors.
6. Review and monitor the external auditors' independence, objectivity and the effectiveness of the audit process.
7. Provide for appropriate communication among the external auditors, management, the internal audit

department and the Board.

8. Report to the Board on the Committee's activities and findings, identifying matters within its mandate which require action or improvement.
9. Establish appropriate policies and monitor their implementation to ensure that the staff of Barita, may in confidence, raise concerns about possible improprieties in matters of financial reporting.

Audit and Finance Committee Activity

The Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities as outlined in this Charter. It is empowered to:

1. Retain outside counsel, accountants or other experts to advise the Committee or assist in the conduct of an investigation.
2. Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests in the proper exercise of its function.
3. Meet with the company's officers, internal auditors and external auditors at least once per year after the final audit is completed.

Audit and Finance Committee Meetings

1. The Committee shall meet at least four (4) times each year or more frequently if deemed necessary.
2. The Committee shall meet at least once each year with the head of the internal auditing and also with the external auditors.
3. The quorum for each meeting shall be two members.
4. The Committee shall prepare minutes of each meeting which shall be circulated to the Board of Directors of Barita Investments Limited, as well as the quarterly reports submitted by the Internal Auditors.
5. The minutes of the Audit and Finance Committee Meetings and the quarterly reports submitted by the Internal Auditors shall be circulated to the External Auditors on a timely basis.

Responsibilities and Duties

- **Review Financial Statements**

The Committee is responsible to:

1. Review Barita's quarterly and annual financial statements prior to filing or distribution. The review shall include discussions with management and the external auditors of any significant issues regarding accounting principles, practices and judgments.
2. In consultation with management, the external auditors and the internal auditor, discuss the integrity of Barita's financial reporting processes and internal controls.

3. Review significant financial risk exposures and the steps management had taken to monitor, control and report such exposures.
4. Review significant issues identified by the external auditors and the internal auditor together with management responses.

- **Internal Audit**

The Committee shall be responsible to:

1. Review the internal audit plan.
2. Review the internal auditors risk assessment process including any identified risk issues.
3. Review significant issues identified by the internal auditor together with management's response and follow up on these issues.
4. Review the appointment, performance and replacement of the senior internal audit officer.

- **Procedures for Staff Confidential Submission**

The Committee shall:

1. Establish procedures for the receipt, retention and treatment of complaints or information from employees regarding accounting, internal accounting controls or auditing matters.
2. Establish procedures for the confidential and anonymous submission by employees of Barita (and its subsidiaries) of concerns regarding questionable accounting or auditing matters.

- **Oversight of External Auditor**

The Committee is responsible to:

1. Review the independence and performance of the external auditors, and on an annual basis recommend to the Board the external auditors to be proposed to the shareholders for appointment or re-appointment.
2. On an annual basis, review and discuss with the external auditors all significant relationships they have with Barita that would impair the auditors' independence.
3. Review the external auditors' engagement letter and audit plan including discussion on scope, staffing, reliance upon management and internal audit and the general audit approach.
4. Pre-approve in advance any non-audit services as well as audit services (falling outside the scope for which shareholders appointed the external auditors) to be performed.
5. Agree the compensation payable to the external auditors.
6. Evaluate the external auditors' judgments on the quality and appropriateness of Barita's accounting principles as applied in the financial reporting.

BARITA INVESTMENTS LIMITED

ETHICS AND CONFLICT OF INTEREST POLICY

BACKGROUND

Directors, committee members and employees of Barita Investments Limited hold positions of trust and respect within the organization. Barita Investments Limited requires that each director, committee member and employee maintain the highest standards of dealings with respect to the interest of Barita Investments Limited. These persons have the fiduciary, legal and moral responsibilities to conduct the affairs of Barita Investments Limited in the best interest of its stakeholders.

The board of Barita Investments Limited recognizes that from time to time situations arise that can lead to conflict of interest violations by the directors, committee members and employees of Barita Investments Limited in their dealings with vendors or others doing business or associated with Barita Investments Limited. The directors, committee members, and employees of Barita Investments Limited are not permitted to take advantage of their position directly or indirectly, for private gain, or to advance personal interests, or to obtain favors or benefits for themselves, their immediate family members, or any other individual. Immediate family members mean spouse, parents and children.

RATIONALE

The purpose of this policy is to define the minimum standards of conduct required of directors, committee members and employees. Each director, committee member and employee will receive and be required to comply with this policy at all times.

New directors, committee members and employees will be provided with a copy of this policy upon employment or appointment. On an annual basis each person is required to confirm compliance with this policy, indicate any exceptions and also confirm that any breaches or potential breaches of which the person is aware have been reported.

Any breach of this policy is considered a serious matter and can result in disciplinary action up to and including termination of employment and removal from office.

CONDUCT EXPECTED OF DIRECTORS, COMMITTEE MEMBERS AND EMPLOYEES

Barita directors, committee members and employees are required to:

1. Act fairly and reasonably at all times. To be truthful and not to mislead directly or indirectly in words or deeds.
2. Conduct the business of the organization in full compliance with both the letter and spirit of the applicable laws and all applicable regulations and within the requirements of this and all other policies of the organization.
3. Maintain the confidentiality of Barita and Clients and employee information unless required to do so by law.
4. Recognize and avoid conflicts of interest.
5. Properly manage personal finances so that they do not interfere with the director, committee member or employee's duties and responsibilities.
6. The acceptance of fees (including special discounts of any direct or indirect payment of money or property) and other items of value in return for service Barita Investments Limited renders or is purchasing are generally prohibited. The following exceptions are allowable:
 - Payments of bona fide salary, wages and fees or other compensation when these are made in the usual course of business.

- There is no suggestion whether implied or expressed that the giver of the gift or benefit is trying to improperly influence the director, committee member or employee subject to the dollar value limitations below.
 - Acceptance of meals, refreshments or entertainment not to exceed US\$100.00 per individual in the course of a meeting or occasion provided that these expenses are otherwise reimbursable by Barita Investments Limited as a justifiable business expense.
 - Acceptance of unsolicited promotional materials and inexpensive advertising items of nominal value limited to US\$100.00 per item per person.
 - Acceptance of discounts or rebates on merchandise or services, provided they do not exceed those that are available to other persons or to the general public.
 - Acceptance of gifts limited to US\$100 per item per person.
 - Acceptance of civic, charitable, educational, or religious awards in recognition of a service performed or an accomplishment.
 - Other activities not identified may be acceptable on a case-by-case basis with prior written approval from the board.
7. Board members, committee members and employees are prohibited from soliciting, offering, promising, or accepting anything of value in connection with any transaction or business conducted by Barita Investments Limited if that person expects to be rewarded for performing the transaction. The following are always considered unacceptable:
- No director, committee member or employee of Barita Investments Limited will solicit or accept anything of value including but not limited to gifts, gratuities, fees, amenities, travel or related expenses in connection with any transaction or business of Barita Investments Limited.
 - Barita directors, committee members and employees are prohibited from having expenses paid for trips or other extensive entertainment by clients or suppliers or potential suppliers of goods and services to Barita Investments Limited, except where the director or committee member is a director of that organization and these trips are business related to their affiliation.
 - No director, committee member or employee may accept a personal fee or monetary consideration for arranging a loan with, deposit or investment from Barita Investments Limited.
 - No director, committee member or employee or immediate family may receive a loan or place a deposit or investment with Barita Investments Limited that is made with preferential rates, terms or conditions. Where preferential loan terms are offered to employees these must be a part of the overall compensation package offered to staff.
 - No director, committee member or employee may be delinquent on a credit obligation with Barita Investments Limited.
 - Confidential information regarding any client or any transaction or business with Barita Investments Limited obtained in the course of business must not be used for personal gain nor must it be revealed to any person outside Barita Investments Limited without the consent of the Managing Director or as otherwise permitted by law.

A gift or benefit to a director's, committee members or employee's spouse, child or parent (immediate family member) may be considered inappropriate and may under the circumstances be treated as if the gift was to the director, committee member or employee for the purpose of this policy.

8. Relationships-

- No director or supervisory committee member may be related to any employee of Barita Investments Limited.

- No other committee member may be related to any employee of Barita Investments Limited unless the employee performs a function that is separate from the activities of the committee.
- No director or committee member may have a contractual relationship with Barita Investments Limited.
- Persons appointed as auditors of Barita Investments Limited must not be a director, committee member, employee or family member of any of these persons or be financially associated with Barita Investments Limited.
- Barita Investments Limited will not use the professional services of companies or partnerships that have any financial association with a director, committee member, employee or immediate family member of any of these persons. Approval may be given in exceptional cases where the conflict is not considered to be significant or where it is considered in the best interest of Barita Investments Limited. Prior approval must however be sought from the Board and where granted any conditions associated with such approval must be strictly complied with.
- Barita Investments Limited will not invest in a company that is financially associated with any of its directors, committee members, employees or immediate family members of any of these persons without the prior approval of the Board of Directors. Financially associated means has a major financial stake or interest in the company, occupies a position of influence in the company, and has the ability to control or influence the actions of the company.

CONFLICT OF INTEREST

Directors, committee members and employees must avoid conflicts of interest. Conflicts of interest are defined as a distraction, an obligation or interest that would interfere with or even appear to interfere with the independent exercise of judgment in Barita Investments Limited's best interest.

For the purposes of conflict of interest the activities and actions of immediate family members are considered to be actions of the director, committee member or employee.

1. Employees must obtain prior approval from the Chairman, or designate before acceptance of a directorship or other committee position in any other company.
2. Employees owe their primary business loyalty to Barita Investments Limited. They must avoid situations in which any interest that is private would or could conflict with their duties and responsibilities to the organization.
3. Employees must not acquire or participate in any business interest or activity outside the organization, without the prior approval of the Board of Directors or the Management.
4. Every director, committee member or employee is required to declare his interest directly or indirectly in any contract or transaction to which Barita Investments Limited is a party. The nature and the extent of any benefit or consideration which will derive, directly or indirectly because of such contract or transaction so that such information is within his knowledge be disclosed.
5. Barita Investments Limited requires that any conflict of interest be revealed at the earliest possible time and that any director, committee member or employee refrain from voting or making a decision in respect of that contract or transaction.
6. All the details of a conflict of interest disclosure relating to a director or committee member must be recorded in the relevant minutes as well as the record of the concerned person absenting himself from the discussion and from voting on the transaction or contract.
7. Where an employee is concerned, the conflict must be reported to the Managing Director and documented as well as the employee's non-participation in the discussion or decision relating to the transaction or contract.
8. Failure to declare a conflict is sufficient grounds for removal from office or dismissal.
9. If the relevant party fails to disclose a conflict of interest the contract or transaction may be void by Barita Investments Limited. This clause to be stipulated in all contracts negotiated by Barita Investments Limited.
10. The extent and materiality of a conflict of interest and required remedial action shall be determined as follows:

- For the Managing Director by the Board of Directors
- For other employees by the Managing Director

REVIEW AND DISCLOSURE

This policy is to be reviewed and reaffirmed annually by the Board of Directors. Such review and reaffirmation will be recorded in the board minutes. In addition each board member, committee member and employee will annually be required to execute a disclosure statement. The Managing Director's office is responsible for the completion and filing of these disclosure statements.

CONFLICT OF INTEREST DISCLOSURE STATEMENT

Annually each director, committee member and employee of Barita Investments Limited is required to sign the attached disclosure statement.

CONFLICT OF INTEREST DISCLOSURE STATEMENT

I _____ hereby acknowledge that I have received a copy of the Ethics and Conflict of Interest Policy and I have fully read and understood this policy. I agree to comply with the requirements of this policy. I agree to make a full and complete disclosure of any conflict of interest, which I have or may have in the future.

Dated _____ Signed _____

Name (Print) _____

Title/Position _____

BARITA INVESTMENTS LIMITED FRAUD AND WHISTLEBLOWING POLICY AND PROCEDURES

INTRODUCTION

Barita Investments Limited (hereinafter referred to as BARITA or the Organisation), is committed to the highest standards of honesty, openness and accountability. The Organisation's reputation for honesty and integrity is reflected in the way it conducts business as well as the integrity of its financial reporting. At BARITA employees are encouraged to raise their concerns of irregularities, criminal offences, including fraud, and other failures to comply with applicable regulations, laws or internal standards (collectively referred to as 'Wrongdoings') to which the employee might become aware.

PURPOSE

The purpose of this policy is to provide a reliable process through which breaches, irregularities or concerns over any wrongdoing occurring within the Organisation, may be reported without fear of loss of job or other reprisals. The Fraud and Whistle Blowing Policy protects employees who, **in good faith**, report actual or perceived breaches, irregularities or wrongdoings within the Organisation.

SCOPE

This Policy applies to any fraud, suspected fraud, or other wrong doing, or suspected wrongdoing involving employees and directors of BARITA.

This Policy is a supplement to the Corporate Governance Charter, Ethics & Conflict of Interest, the Human Resource Manual the Anti-Money Laundering (AML)/Counter-Financing of Terrorism (CFT) Policy, the Data Security Policy; and is not intended to replace them.

This Policy is not designed to question financial and business decisions taken by the Organisation, nor should it be used to reconsider matters which have already been addressed under other procedures.

This Policy applies to all directors and employees of Barita Investments Limited and Barita Unit Trust Management Company Limited.

ACTIONS THAT MAY CONSTITUTE FRAUD

Fraud may be defined as intentional misrepresentation, concealment or omission of the truth for the purpose of deception or manipulation to the detriment of a person or organisation. In other words, fraud refers to any intentional dishonest act committed to secure an unfair or unlawful gain.

The Policy seeks to address different types of improprieties or wrongdoings that may occur within BARITA, but for the purposes of guidance, actions constituting fraud may include, but are not limited to:

- i. Forgery or alteration of any document or account belonging to the Organisation
- ii. Forgery or alteration of cheque or any financial document
- iii. Misappropriation of funds, supplies or other assets
- iv. Impropriety in the handling or reporting of money or financial transactions
- v. Financial fraud - which includes falsification or destruction of business or financial records, misrepresentation or suppression of financial information and non-adherence to financial reporting standards and policies
- vi. Other fraudulent activities such as theft, defalcation and unlawful or improper payments
- vii. Any similar or related conduct

OTHER INAPPROPRIATE OR WRONGFUL CONDUCT

- i. Profiteering as a result of insider knowledge of the Organisation's (insider trading). Directors, employees of BARITA and other designated persons who generally have access to "insider information" of the company are specifically required to observe "black-out periods" for trading in keeping with the rules of the Jamaica Stock Exchange.
- ii. Disclosing confidential and proprietary information to outside parties
- iii. Breach of AML/CFT laws, and other such regulatory Guidelines
- iv. Any breach of Conflict of Interest or Conduct Expected of Directors and Employees as stated in **BARITA's Corporate Governance, Ethics and Conflict of Interest Policy**.
- v. Destruction, unauthorised removal or inappropriate use of the Organisation's records, furniture, fixtures and equipment
- vi. Any similar or related conduct

CONFIDENTIALITY

BARITA will aim to treat all disclosures and information regarding any action taken under this policy in a confidential and sensitive manner. In particular:

- a) **Individual making a disclosure (whistle blower)** - the identity of the individual making the allegation will remain confidential, unless otherwise agreed with that individual, as long as it does not hinder or frustrate the investigation. However, the investigation process may at some stage need to reveal the source of the

information, and the individual making the disclosure may at that stage need to provide an attributable statement as part of the evidence to be presented.

- b) **Named Individual** - during the course of any investigation BARITA will, as far as is reasonably possible without prejudicing that investigation, endeavour to maintain confidentiality regarding the names of any person(s) named in an allegation.
- c) All participants in a fraud or other investigation shall treat all information received as confidential. Any employee who suspects dishonest or fraudulent activity shall immediately notify the appropriate person as defined in this Policy.
- d) The complainant (otherwise known as whistle-blower), should not attempt to personally conduct investigations, interviews or interrogations related to any suspected fraudulent or other act of wrongdoing.
- e) Investigations results or status must not be disclosed or discussed with anyone other than those who have a legitimate need to know.
- f) Any alleged fraud, wrongdoing or investigation must not be discussed with the media.
- g) At no time should an employee report suspected cases of fraud directly to the police. All reports should be made using the appropriate reporting channels (refer to section on **Reporting Channels**).

PROTECTION of the WHISTLEBLOWER

The **Fraud and Whistle Blowing Policy and Procedure** is intended to protect persons who, in good faith, report actual or suspected breaches, irregularities or wrongdoings within the Organisation by another employee. The Policy offers protection against dismissal, retaliation or other penalty by the Organisation to those individuals who disclose any relevant concerns, provided that the disclosure is made:

- i. in good faith, without malice or other improper motive
- ii. in the reasonable belief that what is disclosed is true and may help identify fraud or wrongdoings
- iii. to the appropriate person in a confidential manner (see Reporting Procedure)

NOTE:

- ❖ No Director or employee who in good faith reports a violation or suspected violation of this Policy shall suffer harassment, retaliation or adverse employment consequence. Anyone covered under this Policy who retaliates against an employee who has reported a violation or suspected violation in good faith in accordance with this Policy is subject to disciplinary action which may include termination of employment.
- ❖ If an individual makes what are subsequently determined by the Investigator to be malicious or vexatious allegations, or made for personal gain, disciplinary action will be taken against such individual. A disclosure may be deemed malicious or vexatious at any stage of the procedure.

RESPONSIBILITIES

Management

Members of management are responsible for establishing and maintaining a system of internal control to ensure the detection and prevention of fraud, waste, abuse and other irregularities in their area of responsibility. It is important, therefore, that Managers:

- i. be reasonably familiar with the types of fraud or other wrongdoing that might occur within their department
- ii. be alert of any indication of fraud or other wrongdoing
- iii. communicate and reinforce the Fraud & Whistle Blowing Policy and Procedures
- iv. direct concerns raised regarding irregularities or wrongdoing to the appropriate person for investigation and resolution
- v. create and document procedures for functions performed in their unit as a means of internal controls
- vi. ensure that their staff protect the Organisation's assets at all times, that includes cash, negotiable instruments (cheques), physical property, supplies, equipment, computer systems, including internet access, product formulation and software developed by employees or purchased from a third party and most importantly, information entrusted to the Organisation by our customers.
- vii. support and co-operate with all investigation involving fraud or any other wrongdoing

Employees

- i. Any employee of BARITA who knows or has reason to believe that a fraud or other wrongdoing has occurred is responsible for notifying his/her Manager or by using a method identified in the Reporting Channels to report such breach.
- ii. Employees are expected to co-operate fully with management and other investigators during the course of an investigation.
- iii. Employees are expected to act with integrity and honesty in all financial reporting and other duties.

Audit Committee and Board of Directors

The Audit Committee and the Board of Directors have key oversight roles as evidenced in the **Corporate Governance Charter**. They must ensure that management assesses the risk for fraud and other wrongdoing and have control in place to monitor, prevent, deter and detect such activities. They must also ensure that management adheres to stated guidelines for resolving all cases of fraud and other wrongdoing as set out in this Policy.

REPORTING CHANNELS

There are several channels through which all directors and employees may report concerns regarding fraud, suspected fraud, or other wrong doing, or suspected wrongdoing involving employees and directors of BARITA. Consideration should be given to the nature of the concern/allegation in choosing the most appropriate channel.

- 1) **Chain of Communication** - this is the hierarchy of reporting relationships in the Organisation, that is from the bottom to the top. This should be the channel of choice for most concerns. (i.e. Direct Supervisor or Head of the Department)
- 2) **Directly to the Chairman or Managing Director** - concerns may be raised in writing, via email or other correspondence directly to the Managing Director.
- 3) **To the Chair of the Audit Committee** - concerns may be raised in writing, via email or other correspondence directly to the Chair of the Audit Committee.
- 4) **To the Human Resources Manager** - concerns relating to human resources matter.
- 5) **To the Compliance Team** - concerns relating to breaches of AML/CFT regulatory policies and guidelines.

NOTE: BARITA will investigate all credible complaints. However, employees should be aware that reporting anonymously can limit the ability of the Organisation to thoroughly investigate a report if insufficient information is provided.

PROCEDURES FOR MAKING A DISCLOSURE

The Whistle Blowing Policy provides that employees should generally make the reports of suspected fraud or wrongdoing by using the "**Chain of Communication**". If an employee is not comfortable using the usual chain of communication, the employee may make the report directly to:

- ✓ The Chairman or Managing Director
- ✓ The Chairman of the Audit Committee

Note: Refer to Section on *Reporting Channels*

Careful consideration must be taken in the investigation of suspected cases of fraud or other wrongdoing so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

- 1) An employee who discovers or suspects fraudulent or other wrongful activity shall contact his/her immediate Manager immediately.
- 2) If an employee suspects that his/her immediate Manager is involved, the employee shall immediately notify the Chairman or the Managing Director.
- 3) If the Managing Director, Financial Controller or any Director of the Organisation is suspected of being involved in fraudulent or other wrongdoing, the matter should be reported to the Chairman or the Chairman of the Audit Committee.

INVESTIGATION

- 1) Upon receipt of a concern/allegation, the recipient must make an immediate screening of the report presented for the purpose of determining whether the report is unfounded, false or subject to further investigation.
- 2) Where the wrongdoing reported is assessed to be suitable for further investigation, action must be taken to have such investigation initiated.
- 3) Once a suspected fraud or other wrongdoing is reported, immediate action must be taken to prevent the alteration and/or destruction of relevant records, both physical and electronic. All evidence relating to the investigation must be securely protected.
- 4) Persons exposed to any risk of conflicts of interest and/or having any personal relationship with the individual(s) referred to/named in the Whistle Blower report, must not be involved in the investigation at any time.
- 5) All investigation must be conducted and finalised as soon as possible.

- 6) Once the investigation has been completed, the key findings from the investigation and the outcome of the investigation must be documented. This must include the name of the person responsible for implementing appropriate and relevant action to be taken (if any).

REVIEW AND DISCLOSURE

This policy is to be reviewed and reaffirmed annually by the Board of Directors. Such review and reaffirmation will be recorded in the Board minutes.

STATEMENT OF ADOPTION

The foregoing Fraud and Whistle Blowing Policy and Procedures datedhas been adopted by the Board of Barita Investments Limited.

Dated.....

SIGNATURES

Chairman -

Director and Chairman of the Audit Committee

Director

Director

Director

Director

Director