



CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

CORPORATE GOVERNANCE POLICY

MARCH 30, 2022

This Corporate Governance Policy was approved and adopted by the Board of Directors on:

Date of Policy	Date Board Approved	Annual Review Date
March 30, 2022		March 30, 2023

INTRODUCTION

Caribbean Flavours and Fragrances Limited (“**Caribbean Flavours**” or the “**Company**”) is a publicly listed Company and is the premier supplier of quality flavours and fragrances for beverage, baking, confectionary and ice cream manufacturers across the Caribbean. The Company is Safe Quality Food (“SQF”) certified and is dedicated to providing local and regional customers with flavours and fragrances of the highest quality and efficacy.

This Policy document outlines the corporate governance framework to be approved and adopted by the Board of Directors of the Company. This Policy incorporates best practices from the Private Sector Organization of Jamaica (PSOJ) Corporate Governance Code and the Jamaica Stock Exchange (JSE) Rules.

This Policy:

- a. Adopts best corporate governance practices under the guidance of the Board of Directors.
- b. Defines the procedures and processes by which the Company is directed, managed and controlled.
- c. Specifies the distribution of rights and responsibilities among the different participants in the organization such as the Board of Directors, the management, shareholders and other stake holders.

The Company has adopted and will enforce the provisions set forth in the Corporate Governance Policy for transparency and in compliance with all relevant laws, rules and regulations. The Board of Directors is bound to ensure that in pursuit of its vision, the Company operates in accordance with the principles of corporate governance stated in this document.

1. THE BOARD OF DIRECTORS

The Board of Directors mandate shall be the oversight of Management in furtherance of achieving the Company’s strategic objectives and includes without limitation the following: -

- 1.1. Evaluating the performance of the Chief Executive Officer (“CEO”) or the Managing Director (“MD”), Chief Financial Officer (or similar roles within the Company) and the Company Secretary, (hereinafter, “officers of the Company”).
- 1.2. Selecting, evaluating and fixing the compensation of officers of the Company and establishing policies regarding compensation of other management personnel.
- 1.3. Reviewing succession plans and management development programs for Senior Management.

- 1.4. Reviewing and approving strategic and business plans and monitoring corporate performance against such plans.
- 1.5. Reviewing the existing, new and emerging risks facing the Company and approving appropriate risk management policies designed to address these risks.
- 1.6. Reviewing and approving a Code of Conduct (applicable to the Board of Directors and staff), policies relating to Corporate Governance, Data Protection of employees and customers risk management, remuneration of director and officers of the Company and generally ensuring appropriate policies are approved to ensure compliance with applicable laws, rules and regulations.
- 1.7. Ensuring that Management maintains proper accounting records and documented polices and procedure relating to accounting, financial and other controls, and the adequacy of compliance systems and internal controls.
- 1.8. Evaluating the overall effectiveness of the Board and the individual directors on an annual basis.
- 1.9. Reviewing succession plans for the Directors of the Company on an annual basis.

2. INDEPENDENT DIRECTORS

- 2.1. A Director will not be considered independent if: -
 - 2.1.1. The Director has been an employee of the Company within the last five (5) years.
 - 2.1.2. The Director is affiliated with a company that acts as an advisor or consultant to the Company or its related parties, or has acted in such capacity at any time during the past five years.
 - 2.1.3. The Director has any personal service contracts with the Company, its related parties or its senior management at any time during the past five (5) years.
 - 2.1.4. The Director receives additional remuneration from the Company apart from director's fee and any performance related pay scheme.
 - 2.1.5. The Director is employed as an executive officer of another Company where any of the company's executive serve on that company's Board.
 - 2.1.6. The Director represents a significant shareholder.
 - 2.1.7. The Director is a member of the immediate family of any individual who is, or has been at any time during the past five (5) years, employed by the Company or its related parties as an executive officer.

- 2.2. Directors shall notify the Board of any changes in status which will affect their independence, and once so notified, the Board will give consideration to how this may affect its functioning.

3. THE ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

- 3.1. The Board shall elect a Chairman of the Board of Directors. The role of the Chairman of the Board is to preside over meetings of the Board of Directors and ensure the smooth functioning of the Board in the interest of good governance. The Chairperson's responsibilities include:
 - 3.1.1. Providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions.
 - 3.1.2. Determining, in conjunction with the Chief Executive Officer or the Managing Director and the Company Secretary, the development of an annual work plan for the Board against agreed objectives and goals as well as playing an active part in setting the agenda for each Board meeting and the annual Strategy Meeting.
 - 3.1.3. Acting as the liaison between the Board and management and particularly between the Board and the Chief Executive Officer or the Managing Director, ensuring that all Directors have a constructive role in the affairs of the Company and taking a lead role in recommending the removal of non-performing or unsuitable directors from the Board through the Annual Board of Directors Evaluation Exercise or any applicable provision within the Company's Articles of Incorporation.
 - 3.1.4. Ensuring that Management presents and provides the relevant information to the Board to enable Directors to arrive at informed decisions.
 - 3.1.5. Participating in board discussions regarding succession planning for the Chairman (where applicable) of the Board, recruitment of new directors and management succession planning.
 - 3.1.6. In conjunction with the Board approve corporate strategic objectives, establish key performance metrics for the Chief Executive Officer or the Managing Director and conducting annual or semi-annual assessments of the Chief Executive Officer or the Managing Director towards achieving established targets
 - 3.1.7. Performing representative duties on behalf of the Company including external communication with regulators and other stakeholders as required.
 - 3.1.8. Chairing the Annual General Meeting of the Company and fielding questions from shareholders on the Company's performance.

4. THE ROLE OF CHIEF EXECUTIVE OFFICER OR MANAGING DIRECTOR

- 4.1. The role of the Chief Executive Officer or Managing Director is to keep the Board fully apprised about the business and its operations and to support the Board of Directors in its oversight role. The Chief Executive Officer or the Managing Director is required to provide the Board with up-to-date information, make recommendations for new Board members, participate in Board orientation and participate in a self-evaluation.
- 4.2. The responsibilities of the Chief Executive Officer or the Managing Director include:
 - 4.2.1. Collaborate with the Board of Directors and keeping them advised and informed on execution of the strategic objectives of the Company and being the intermediary between the Board and the Company's Team. This requires the Chief Executive Officer or Managing Director to attend board meetings and engage with the Chairman or other Board of Directors as required.
 - 4.2.2. Responsible for leading the development and execution of long-term strategies with the goal of increasing shareholder value.
 - 4.2.3. Maintain awareness of the competitive market landscape, expansion opportunities and industry developments while assessing associated risks to the Company and ensuring they are monitored and minimized.
 - 4.2.4. Recommends to the Board yearly budget for approval and prudently manages the Company's resources, the annual budget, financial and physical resources and ensures that the Company is in continual compliance with current laws and regulations.
 - 4.2.5. Oversees design, marketing, promotion, delivery and quality of programs, products and services for customers of the Company.
 - 4.2.6. Leads and manage the Company's Team effectively in accordance with predetermined performance metrics and appropriate job position description for each post within the Company's organizational chart.
 - 4.2.7. Alerts the Board in advance of any forthcoming complex contentious, sensitive issues, legal claims, major litigation, written demands for action, court orders or corporate decisions as soon as practical, prior to regularly scheduled Board meetings.

5. BOARD APPOINTMENT AND REMUNERATION

- 5.1. Upon being appointed to the Board of Directors, the Board Chairman or the Company Secretary shall issue each board member with an Appointment Letter accompanied by relevant policies/procedures of the Company including the Board Mandate, Corporate Governance Code, Code of Conduct for Directors), to familiarize each new Director with his or her powers, duties, responsibilities and accountabilities and other matters

relating to his or her appointment. The Appointment Letter and the Code of Conduct will be countersigned and acknowledged by each newly appointed director.

- 5.2. The structure and amount of Director compensation are determined by the Board of Directors on the recommendation of management and included in the Appointment Letter.
- 5.3. Upon receipt of the executed Letter of Appointment the Company Secretary will arrange orientation for each newly appointed director.

6. BOARD COMPOSITION AND SKILLS

- 6.1. The Board's composition shall be seven (7) Directors.
- 6.2. The Board must be comprised of a majority of non-executive members (including at least four (4) independent non-executive members.
- 6.3. The Board recognizes the need for its composition to reflect a fair mix of diversity, independence, skills and expertise and facilitate objectivity in decision making and to execute the Company's strategic direction. High levels of professional skills and appropriate personal qualities are pre-requisites for directorship.
- 6.4. Candidates for the Board must be considered in accordance with the qualifications acceptable by the Board, taking into consideration the overall composition and diversity of the Board and areas of expertise that new directors might be able to offer.
- 6.5. There will be separation and clear division in the roles and responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer or Managing Director.

7. BOARD MEMBERSHIP AND ATTENDANCE

- 7.1. The Director shall retire from the Board at each Annual General Meeting in accordance with Articles 97 of the Company's Articles of Incorporation. This means that Directors will automatically retire from the Board after serving for a term of one (1) year.
- 7.2. Retiring directors may be reappointed for further term as policy and governance allows.
- 7.3. Directors are expected to devote sufficient time and attention to prepare for, attend and participate in Board meetings, including advance review of board papers previously circulated prior to each meeting.
- 7.4. All Directors must attend all Board meetings. Where a Director is unable to attend a Board meeting, his or her absence shall be noted in the minutes. A schedule of Board meetings will be circulated in advance for the year.

8. BOARD ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

- 8.1. Directors shall have open access to officers of the Company, the management team and independent advisors, such as attorneys or auditors. The Board shall encourage senior management to invite managers to Board meetings where they can: (a) provide additional insight into matters being considered or (b) introduce managers with future potential whom senior management believe should be given exposure to the members of the Board.

9. THE COMPANY SECRETARY

- 9.1. The Company Secretary is appointed by and reports to the Board of Directors. He/She may be removed by affirmative resolution of the Board of Directors.
- 9.2. The Company Secretary ensures that the Board adheres to the correct meeting procedures, complies with its obligations under applicable laws and the Company's Articles of Incorporation.
- 9.3. The Company Secretary shall assist the Chairperson of the Board in organizing the Board's activities including without limitation, preparing Meeting Notices, Agendas, Minutes of all Board Meetings, Action Items for Management, Memoranda to the Board, compiling and submitting in a timely manner information required for all Board meetings, organizing Director Training, Board Evaluation, Annual General Meetings, establishing an annual Board Meeting Schedule and ensuring that all company filings are current and filed in a timely manner annually. *The Company Secretary can reference a detailed list of roles and responsibilities in the PSOJ Toolkit on Corporate Governance.*
- 9.4. The Company Secretary shall ensure that Board of Directors receives all board material no later than seven (7) days prior to the date of the Board Meeting to allow sufficient time for review and deliberation.
- 9.5. The Board shall approve a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the year.
- 9.6. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for inclusion or reserved for discussion under Any Other Business on the Meeting Agenda.
- 9.7. As far as is practicable the Company Secretary shall utilize technology in the management of the Board administration and use applicable board portals or a secure means of providing information to the Directors to protect the Company's proprietary and sensitive information.

10. MEETINGS AND QUORUM

- 10.1. Board meetings will be held quarterly or such other frequency as the Board determines.
- 10.2. The Company Secretary shall prepare and distribute to Directors a Master Schedule of Board Meetings for the fiscal year and send to each Director a calendar invites for each meeting so and to populate the calendars of the Directors and Invitees ahead of time.
- 10.3. The quorum of the Board of Directors shall be three (3).
- 10.4. The Chairman will chair all sessions of the Board. In absence of the Chairman, another Director approved by the Board shall chair the meeting.
- 10.5. Board Meeting may be held by telephone or by videoconference as permissible by the Company's Articles of Incorporation.
- 10.6. The internal or external Auditor or any other member of the management may be invited to attend for particular items within his or her responsibility. The Board may also invite external parties such as attorneys or consultants as required.

11. BOARD RESOLUTIONS AND MINUTES

- 11.1. The Company Secretary shall minute the proceedings and resolutions passed at all Board meetings and record Action Items arising from the Meeting for Management.
- 11.2. Draft Minutes will be circulated for review prior to the following regularly scheduled Board Meeting and tabled for approval at the subsequent regular meeting of the Board of Directors.
- 11.3. A Director who objects to any resolution being passed or dissents to same in a robust discussion on the issue shall have his or her objection recorded in the minutes.
- 11.4. A Director may appoint an alternate (director) to attend and vote in his place at any meeting of the Board. Any such proxy must be in writing to the Chairman of the Board before the Board meeting in which the proxy is activated.
- 11.5. All resolutions approved by Round Robin (that is a memorandum in writing signed by all Directors) should be noted at the next regular Board meeting. Round Robin Resolutions should be used in exceptional and urgent circumstances and not as a routine manner for the Board approval process.

12. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

- 12.1. The Company shall provide an orientation session for all newly appointed directors so as to inform them of the Company's expectations regarding a director's role, duties and responsibilities, and compliance with the Company's corporate governance policy and practices. The orientation is intended to help new directors to better understand the business and operations of the Company and to provide them with additional information such as summary of directors' compensation and benefits, industrial outlook, new technology and innovation as well as corporate governance to assist them in the effective performance of their duties.
- 12.2. All Directors are encouraged to participate in continuing education programs to increase their knowledge of corporate governance and enhance their effectiveness as a board member. The Company shall reimburse all reasonable and customary expenses incurred for this purpose provided that such training in education sots were previously approved by the board.

13. BOARD EVALUATION

- 13.1. The Board shall perform an evaluation of its performance on an annual basis. The Board shall review this Corporate Governance Policy every two (2) years or as required for its own effectiveness and composition and initiate suitable steps for any adjudged mitigation.
- 13.2. The evaluation process shall also cover the review of the performance of each individual Board member, or his or her attendance and his or her constructive involvement in discussions and decision making.

14. INDEPENDENCE OF THE DIRECTORS

- 14.1. The Board shall discharge its duties and exercise its discretion independently from Management and major shareholders. Each Director has a duty to ask questions, express opinions or make objections and vote as he or she sees fit in relation to all matters affecting the interests of the Company and the shareholders.

15. SENIOR OFFICERS AND SENIOR MANAGEMENT

- 15.1. The Board shall ensure that a succession plan for the position of Chief Executive Officer or Managing Director and other senior managers are in place to ensure the Company can be managed with the appropriate competence and skills. The Chief Executive Officer or Managing Director shall report on succession plans to the Board of Directors as required. The succession plans must be reviewed at least once per year.

- 15.2. The Chief Executive Officer or Managing Director shall on an annual basis evaluate the performance of the Management Team. The Chairperson and two (2) other Directors shall on an annual basis evaluate the performance of the Chief Executive Officer or Managing Director. The criteria for such evaluation must be related to outcomes pertaining the Strategic Plan and the Annual Business Plan and will be used in the determination of remuneration and incentives.
- 15.3. The Chairperson and Directors of the Board shall on an annual basis review the succession plan for the Chief Executive Officer or Managing Director and in the event of an emergency or retirement of the Chief Executive Officer or Managing Director, shall execute a process to select and recommend to the Board a replacement for that post from a list of potential candidates.
- 15.4. All senior officers, senior management and Directors who are integral in the decision-making process of the Company are obliged to disclose any shareholdings and directorship they hold in other companies. Prior to appointment to a board outside the Company, the director shall notify the Chairperson in writing, copying such notification to the Company Secretary. The Company Secretary shall notify the other Directors who shall have the opportunity to indicate any objections to such appointment.

16. DUTY OF CARE AND CONDUCT

- 16.1. The Directors have a responsibility and a duty to act in the best interest of the Company and its shareholders. The Board is accountable to the owners of the Company, its shareholders for the manner in which they have carried out their functions and the performance of the Company.
- 16.2. Each director has a fiduciary duty to the Company and is expected to act honestly and in the best interest of the Company.
- 16.3. Directors should not compete with the Company and must avoid any role or activity that creates or appears to create conflict between personal interests and the interests of the Company, including holding Board or executive positions in competing companies.
- 16.4. A director has a duty of skill and care to the Company. A director is expected to demonstrate the technical skills that would reasonably be expected from someone of his or her experience and expertise.
- 16.5. All directors have the same duty of skill and care. However, it is recognized that a non-executive director, by the nature of their position will have less knowledge of the Company's affairs. It is the responsibility of each non-executive director to arrive at a position on what is necessary in particular circumstances to comply with the duty of skill, care and diligence they owe as a director of the Company; such as being informed in a timely manner, seeking clarification from management or external professional advisors, and raising an in-depth discussion on the issue at the Board meeting.

17. OVERSEE MANAGEMENT

- 17.1. The Board shall establish the business objectives of the Company, oversee a planning process and approve the Company's business strategy and its plans for significant operations annually.
- 17.2. The Board shall obtain reasonable assurance, on a regular basis that there is an ongoing and effective process in place for ensuring appropriate strategic management of the Company.
- 17.3. The Board shall on a quarterly basis evaluate the Company's actual operating, financial statements and financial results against the Company's business objectives.

18. OVERSEE CAPITAL MANAGEMENT

- 18.1. A sound system of capital management is critical to the profitability and ongoing viability of the Company. Directors must understand the capital needs of the Company and shall establish appropriate and prudent capital management policies for the Company with the assistance of the officers of the company.

19. OVERSEE INTERNAL AUDIT FUNCTION

- 19.1. The Board must maintain a sound system of internal control to safeguard the Company's assets. The Board is responsible for the Company's system of internal control and for reviewing its effectiveness in providing a responsible assessment and mitigation of risks. The Board should establish procedures to identify, evaluate and manage specific risks (including new and emerging risks) faced by or which could potentially face the Company. These procedures include the review of financial, operational and compliance controls and risk management procedures.
- 19.2. The Board must constitute an Audit Committee and on the recommendation of the Audit Committee, shall establish the mandate thereof and allocate sufficient resources for the Company's independent internal audit department and approve its annual plan. The independent internal audit department shall have full access to the Company's records, information and personnel.
- 19.3. The Board shall seek from the independent Auditor, on a regular basis, validations that the Company's processes, policies, procedures and controls are being monitored and adhered to, and that appropriate action is being taken to address any significant weaknesses or breakdowns that have been identified.

20. OVERSEE RISK MANAGEMENT

A sound system of risk management is critical to the profitability and ongoing viability of the Company. Directors must understand the significant risks to which the Company is exposed. The Board shall, with the assistance of the officers of the Company establish appropriate and prudent risk management policies.

21. OVERSEE FINANCIAL REPORTING

The Board is responsible for maintaining proper accounting records in accordance with International Financial Reporting Standards (“IFRS”). The Board, Officers, Senior Management and other employees preparing financial statements are required to conduct themselves with integrity and honesty in accordance with the ethical standards of their profession and business. They must promote full, fair, accurate, timely and understandable disclosures in compliance with the applicable laws, rules and regulations in all financial statements.

- 21.1. The Board is responsible for establishing and maintaining internal control over financial reporting to provide assurance regarding the reliability of financial statements. The Board shall take such steps as are reasonably available to them to safeguard assets and to prevent and detect fraud and other irregularities by conducting an annual review of the effectiveness of the Company’s system of internal controls.

22. OVERSEE LIQUIDITY AND FUNDING MANAGEMENT

Directors must understand the liquidity and funding needs of the Company in furtherance of the viability and profitability of the company. The Board shall establish appropriate and prudent liquidity and funding management policies for the Company with the assistance of the senior officers.

23. CONFIRM ADEQUACY OF CONTROL ENVIRONMENT

- 23.1. The Board shall obtain reasonable assurance, on a regular basis, that the Company has a sound control environment that supports the appropriate, effective and prudent management of the Company’s operations and the risks to which it is exposed and that contributes to the achievement of the Company’s business objectives. The internal audit department, the external auditors and senior management shall report frequently to the Board on the state of the Company’s internal control environment.

24. DISCLOSURE AND COMMUNICATION

- 24.1. The Company is committed to providing timely, accurate and balanced disclosure of all material information about the Company and to providing fair and equal access to such information to all its shareholder.

- 24.2. The Board requires that management has processes in place to support its policy of full, true, plain and timely disclosure of financial results, significant developments and other material information to appropriate stakeholders such as shareholders, regulators, employees as required from time to time.
- 24.3. For transparency, management may take steps to publish approved Corporate Governance Code on its website.

25. CONFIDENTIALITY

- 25.1. Confidential information refers to all data and information relating to the business, management and affairs of Caribbean Flavours and Fragrances, its customers and partners, which are, or come to be, in possession of Directors by virtue of his or her office as Director and which is not in the public domain.
 - 25.1.1. Each 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 Caribbean Flavours and Fragrances.
 - 25.1.2. 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 the business of Caribbean Flavours and Fragrances 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.
 - 25.1.3. A Director may disclose such confidential information to fellow Directors as well as to staff members of Caribbean Flavours and Fragrances who, in view of their activities for Caribbean Flavours and Fragrances, should be informed of the information.
 - 25.1.4. A Director shall not use such Confidential Information for personal benefit.

26. DISCLOSURE OF CONFLICT OF INTEREST

- 26.1. A "Conflict of Interest" occurs whenever an individual's private interest, real or perceived, interferes with or could be reasonably adduced to interfere with the interests of the Company or its customers.
 - 26.1.1. Before the Board action on a contract or transaction involving a conflict of interest, a Director having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.

- 26.1.2. A Director who plans not to attend a meeting at which he or she has reason to believe that the Board will act on a matter in which the director has a conflict of interest shall disclose to the Chairman of the meeting all facts material to the conflict of interest. The Chairman shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- 26.1.3. A Director who has a conflict of interest shall not participate in or be permitted to hear the Board's discussion of the matter except to disclose material facts and to respond to questions. Such directors shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- 26.1.4. A Director who has a conflict of interest with respect to a contract or transaction shall not vote on the contract or transaction and shall not be present in the meeting room when the vote is taken.

THE END OF THE CORPORATE GOVERNANCE POLICY