

Board Charter

A. INTRODUCTION

A.1. Complementary to Law and Articles

These provisions are complementary to the requirements regarding the board and board members contained in The Republic of Trinidad and Tobago's legislation and regulations, the articles of association of the Authority and the provisions governing the relationship between the committees and the board as contained in the terms of reference of the committees (which have been adopted by the board).

A.2. Charter on Website

This charter is posted on the Authority's website.

B. COMPOSITION OF THE BOARD; POSITIONS; COMMITTEES

B.1. Board Profile, Size and Composition

a) Board Profile.

The board shall prepare a profile of its size and composition, considering the nature of the Authority's business and its subsidiaries, and the desired expertise and background of the board members (the "Board Profile").

b) Number of Members.

The number of board members shall be determined by the President of the Republic of Trinidad and Tobago in accordance with Section 3 (1) of the Act.

c) General Composition.

The board shall use its best efforts to ensure that:

- i) Its members can act critically and independently of one another;
- ii) Each board member can adequately assess the broad outline of the Authority's overall policies;
- iii) Each board member has sufficient expertise to perform his or her role as a board member within the Board Profile;
- iv) The board matches the Board Profile;

- v) At least one board member is a financial expert, meaning he/she has expertise in financial administration and accounting for organizations similar to the CDA in size and sophistication;

B.2. (Re) Appointment; Term of Office; Resignation

a) Appointment and Term in Office

- i) As per Section 3(2) of the Act, the President of the Republic of Trinidad and Tobago shall appoint as Chairman and Deputy Chairman and as other members of the Authority, persons who are fit and proper for carrying out the objectives of the Act by reason of their qualifications and experience.
- ii) As per Section 3(9) of the Act, the name of all the members of the Authority as first constituted and every change in the membership thereof shall be published in the Gazette.
- iii) As per Section 3(3) of the Act, a member of the Authority shall hold office for such period as specified in his instrument of appointment but shall be eligible for reappointment.
- iv) As per Section 3(8) of the Act, (notwithstanding Section 3(3) of the Act), the President of the Republic of Trinidad and Tobago may in his absolute discretion revoke the appointment of a member.

b) Leave of Absence

- i) As per Section 3(7) of Act, the Minister may on the application of a member of the Authority, grant such member leave of absence for a period not exceeding six months.
- ii) As per Section 3(5) of the Act, where a member other than the Chairman is granted leave of absence in accordance with Section 7 or is otherwise unable to perform the functions of his office, the President of the Republic of Trinidad and Tobago may appoint some other person to act as a temporary member during such absence or inability.

c) Resignation

- i) As per Section 3(6) of the Act, a member of the Authority may at any time resign his office by instrument in writing addressed to the Chairman who shall cause it to be forwarded to the Minister and the Chairman may resign his office by instrument in writing addressed to the Minister. Resignation shall take effect on the day of the receipt of the instrument by the Chairman or the Minister as the case may be.
- ii) As per Section 2.2.6.2 of the State Enterprises Manual, a Director who fails to attend three consecutive Board Meetings without an excuse shall be deemed to have vacated his/her office.

B.3. Chairman and Deputy Chairman

(a) Appointment and Term in Office

- i) As per Section 3(2) of the Act, the President of the Republic of Trinidad and Tobago shall appoint as Chairman and Deputy Chairman, persons who are fit and proper for carrying out the objectives of the Chaguaramas Development Authority by reason of their qualifications and experience.
- ii) As per Section 3(4) of the Act, where for any reason the Chairman is unable to carry out his functions under the Act, the Deputy Chairman may act in his place until the Chairman is again able to carry out such functions or until another person is appointed as Chairman.
- iii) The Chairman and Deputy Chairman shall hold office for such period as specified in his instrument of appointment but shall be eligible for reappointment in accordance with Section 3(3) of the Act.

(b) Duties

- i) The Chairman of the board is primarily responsible for the activities of the board and its committees. He/She shall act as the spokesman for the board and is the principal contact for the Chief Executive Officer (CEO). The CEO and the Chairman of the board shall meet as often as necessary.
- ii) As per section 2.2.6.1 of the State Enterprises Manual, the Chairman 'shall not be a member of the Audit Committee or the Tenders Committee of a company'. However, the Chairman is free to attend any committee meeting.

(c) Responsibilities

The Chairman⁵:

- i) Ensures that Board members, when appointed, participate in an induction program and, as needed, additional education or training programs;
- ii) Ensures that board members receive all information necessary for them to perform their duties;
- iii) Ensures that the board has sufficient time for consultation and decision-making;
- iv) Ensures that committees function properly;
- v) Ensures that the performance of the board members is evaluated at least once every two years;
- vi) Ensures that the board has proper contact with the executive of the organization.
- vii) Ensures that the board satisfies its duties;
- viii) Determines the agenda of board meetings, chairs such meetings and ensures that minutes are kept of such meetings;

⁵ See also Section 2.2 (6.1) of the State Enterprises Manual

- ix) Consults with external advisors appointed by the board or the President(see Section 9 of the Act);
- x) Addresses problems related to the performance of individual board members; and,
- xi) Addresses internal disputes and conflicts of interest concerning individual board members and the possible resignation of such members as a result.

B.4. Corporate Secretary ⁶

(a) Appointment, Supervision and Removal from Office

The board is responsible for the appointment and supervision of the corporate secretary and any question of the removal of the corporate secretary should be a matter for the board as a whole.

(b) Role

The corporate secretary assists the board and acts as an advisor to directors and senior management on matters of board procedure and protocol, legislation and regulatory requirements and corporate governance. The corporate secretary keeps the records of the company and assists in establishing and maintaining clear communication between the various governing bodies of the company.

(c) General Access

All board members may go to the corporate secretary for advice or to use his/her services.

(d) Responsibilities

- i) The corporate secretary sees to it that the board follows correct procedures and that the board complies with its legal and statutory obligations.
- ii) The corporate secretary assists the Chairman of the board in organizing the board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs).
- iii) The corporate secretary is the custodian of the records of the Authority including (but not limited to) legal and statutory documents, the minutes of the board of directors' and board committee meetings as well as the company's seal (subject to Section 5 (1) of the Act).
- iv) The Corporate Secretary is secretary to the Board and its Committees and an officer of the Authority.

⁶ See also Section 2.2.6.7 of the State Enterprises Manual

B.5. Committees

(a) Establishment of Committees

- i) The board may appoint committees from among its members to perform specific tasks in keeping with its scope of responsibilities
- ii) The board shall determine the size and composition of its committees and shall appoint members of any committee.
- iii) The board shall establish an audit and finance committee, a human resource committee, a tenders committee, a health, safety, security and environment⁷ committee, a projects committee, a legal and leasing committee, and a corporate governance and ethics committee.

(b) Board Responsibility for Committee Action

- i) The board remains collectively responsible for the decisions and actions taken by any committee.
- ii) A committee may only perform the tasks delegated to it by the board and may not exceed the Authority or powers of the board as a whole.
- iii) Decisions that, by law, must be taken by the board may not be delegated to a committee.

(c) Committee Reporting

- i) Each committee must promptly inform the board, through its Chair, of the actions it has taken and major developments of which it becomes aware.
- ii) Each board member has unrestricted access to all committee meeting minutes and records.
- iii) 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.

(d) Committee Terms of Reference

- i) The board shall establish (and may amend) terms of reference for each Committee.
- ii) The terms of reference shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties.

(e) Website Disclosure

The terms of reference and the composition of the Committees shall be posted on the Authority's website.

⁷ A change in name is recommended from the Security Committee to the Health Safety, Security and Environment Committee

C. DUTIES AND POWERS

C.1. General Duties and Powers

(a) General Responsibilities

The board oversees the general business of the Authority. The entire board is responsible for such supervision and oversight.

(b) The Board Acts in the Interest of the Authority

- i) The board shall act in the best interests of the Authority, taking into consideration the interests of the Authority's stakeholders.
- ii) Board members shall perform their duties independent of any particular interest in the Authority. Members should not support one interest without regard to the other interests involved.

(c) Quality of Performance

The board is responsible for the quality of its own performance.

(d) Action in Concert

As much as they can, within their individual responsibilities as members of the board, members shall act and speak in concert with respect to important affairs and matters of principle.

(e) Provision of Information

The Chairman and the CEO shall see to it that the management, in a timely manner, provides the board and its committees with the information they need to properly function.

(f) Responsibility for Securing Information

- i) The board and its individual members each have responsibility for obtaining all information from the management and the internal and external auditors needed to carry out their duties.
- ii) If the board thinks it is necessary, it may obtain information from officers and external advisers of the Authority. The Authority shall aid the board in obtaining such information. The board may require certain officers and external advisers to attend, but never to vote at its meetings.
- iii) Unless the charter of a committee states otherwise, all requests for information shall be made through the Chairman of the board.

(g) Access to Records

- i) Each member of the board has access to the books and records of the Authority, if useful to perform his or her duties.
- ii) Unless the charter of a committee states otherwise, board members shall consult with the Chairman of the board and the Corporate Secretary before exercising their rights under this provision.

(h) Use of Experts

- i) The board may hire experts to assist or advise them.
- ii) The cost of such experts shall be agreed to by the board and shall be paid by the Authority.
- iii) 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.

C.2. Duties Regarding the Supervision of Management

(a) Nature of Supervision

In supervising the management, the board shall consider:

- i) The achievement of the Authority's objectives;
- ii) The strategy and risks in the Authority's activities;
- iii) The structure and operation of the internal risk management, and audit and control systems;
- iv) The financial reporting process;
- v) Compliance with law and regulations; and,
- vi) Any other matters the law requires the board to consider (see especially Sections 15(1) and 15(2) of the Act).

(b) Financial Reporting

The board supervises the Authority's financial reporting in accordance with Section C.5 below.

(c) Annual Risk Review

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

(d) Resolutions Subject to Approval

The following resolutions are subject to the approval of the board:

- i) Determining and amending the operational and financial strategic objectives of the Authority;
- ii) Determining and amending key performance indicators in support of the strategic objectives (including, for example, any financial ratios);
- iii) The resolutions listed in Annex 1 of this charter; and
- iv) Any other matters that the laws of the Republic of Trinidad and Tobago or any rules or regulations applicable to the Authority requires the board to approve.

C.3. Duties Regarding the Members and the Performance of the Board

(a) Duties Regarding Board

The duties of the board (in consultation with the appropriate board committees) in relation to the members of the board include:

- i) The establishment of committees and defining their role;
- ii) The evaluation of the board, its individual members and its committees (including an evaluation of the of the Board Profile and the induction, education and training program);
- iii) The approval of other positions of board members to the extent required under Section E.4. of this charter]; and,
- iv) Addressing any conflicts of interest issues between the Authority and members of the board.

(b) Board Self-Assessment

At least once a year, the board shall discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the board.

C.4. Certain Other Duties of the Board

(a) Duties Generally

The other duties of the board include:

- i) Duties regarding the external auditor as described in Section C.6. of this board charter and the charter/terms of reference of the finance and audit committee; and,
- ii) Other duties imposed by law, rules or regulations governing the Authority, this charter and the charter/terms of reference of a committee.

(b) Annual Report and Accounts

The board shall draw up a report describing its activities in the financial year, and containing the statements and information required by law or governing rules or regulations.

- i) As per Section 25 of the Act, the Authority shall make an annual report of its proceedings to the Minister which shall be laid before the Parliament of the Republic of Trinidad and Tobago.
- ii) The annual report of the Authority may be published on the Authority's website or otherwise be made publicly available.

C.5. Supervision of Financial Reporting

(a) General Supervision Responsibilities

- i) The board, in consultation with the finance and audit committee, supervises compliance with written procedures for the preparation and publication of the annual report and

- accounts, the quarterly (if any) and semi-annual financial reports and any other financial information.
- ii) The board, through the finance and audit committee, also supervises the internal control and audit mechanisms for external financial reporting.
 - iii) As per Section 29(1) of the Act, all decisions, orders and rules relating to the financial operations of the Authority shall be made by resolution of the Authority's board at a meeting thereof and shall be recorded in the minutes of the Authority.
 - iv) As per Section 29 (3) of the Act, after the end of each financial year, the Authority shall as soon as its accounts have been audited, cause a copy of the state of accounts to be submitted to the Minister together with a copy of any report made by the Auditor General.

(b) Discussion of Financial Reports

- i) The finance and audit committee shall regularly, and in any event as soon as possible, provide the board with reports on the annual report and accounts, and the quarterly (if any) and semi-annual financial reports, which will then be discussed at a meeting of the board.
- ii) The annual report and accounts for the year just ended shall be discussed in a meeting with the board within four months of the year-end.
- iii) The semi-annual and quarterly (if any) financial reports of the Authority for the respective period just ended shall be discussed in a meeting with the board within two months of the end of the period.

(c) External Auditor

- i) The board shall ensure that the accounts of the Authority are audited by the Auditor General in accordance with the provisions of the Exchequer and Audit Act.

(d) Finance and Audit Committee is Principal Contact with External Auditor

- i) The board's principal contact with the auditor is through the Chairman of the finance and audit committee.
- ii) If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the finance and audit committee and the auditor.

(e) Recommendations by External Auditor

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

A copy of any report made by the Auditor General on that statement of accounts shall be forwarded to Minister.

C.6. Relations with Stakeholders

(a) Equal and Simultaneous Information

- i) Where appropriate, the board shall provide all stakeholders and other parties with equal and simultaneous information.
- ii) Information shall be disseminated in accordance with the Authority's/board's communication policy.

D. Board Meetings; Decision-Making

D.1. Frequency, Notice, Agenda and Venue of Meetings

(a) Frequency

- i) As per sub section 6 (1) of the Act, the Authority shall meet at least once in each month and at such other times as may be necessary for the efficient performance of its functions.
- ii) If possible, meetings shall be scheduled annually in advance according to an annual board calendar.
- iii) Per Section 6(2) of the Act, the Chairman may at any time call a special meeting of the Authority and shall call such a meeting within seven days of the receipt by him of a request in writing addressed to him by any member of the Authority.

(b) Notice and Agenda

- i) Meetings of the board shall be called by the Chairman.
- ii) Save in urgent cases, as determined by the Chairman, the agenda for a meeting shall be sent to all board members at least five (5) calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided and related documentation will be attached. The Chairman shall consult with the CEO prior to convening the meeting on the content of the agenda.
- iii) Each board member and the CEO has 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.
- iv) Board members who have taken part in a meeting may not object to resolutions adopted at the meeting on grounds of an invalid notice.

(c) Venue

- i) Board meetings are generally held at the offices of the Authority but may also take place elsewhere.
- ii) 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.

D.2. Attendance of and Admittance to Meetings

(a) Attendance by CEO

The CEO, even where s/he is not a member of the board, shall attend board meetings unless the board instructs him/her not to attend. If requested by the board, other executives shall also attend meetings of the board in whole or in part.

(b) Undue Absence

If a board member is frequently absent from board meetings, s/he shall be required to explain such absences to the Chairman.

(c) Attendance by Non-Members

The admission to a meeting of persons other than board members, the CEO, the Corporate Secretary and (if invited) other executives shall be decided by majority vote of the board members present at the meeting.

D.3. Chairman of the Meeting; Reports

(a) Chairman

Board meetings are presided over by the Chairman of the Board or, in his/her absence, the Deputy Chairman. If both are absent, one of the other board members, designated by majority vote of the board members present at the meeting, shall preside.

(b) Reports

- i) The Corporate Secretary (or any other person designated for such purpose by the Chairman of the meeting) shall prepare a report of the meeting (referred to as the minutes). The report shall describe the decision-making process at the meeting.
- ii) The report shall be adopted by the board at the next meeting.

D.4. Decision-Making within the Board

(a) Preference for Unanimity

- i) The board members shall try to unanimously adopt resolutions.
- ii) Board members are however encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

(b) Individual Vote.

- i) Each board member has the right to cast one vote.

(c) Majority Vote

- i) Where unanimity cannot be reached and the law, the Authority's standing orders or this charter do not prescribe a larger majority, all resolutions of the board are adopted by a majority of the votes cast.

ii) In the event of a tie, the Chairman of the board has the deciding vote.

(d) Quorum

As per Section 6 (3) of the Act, a quorum of the Authority shall consist of the Chairman or in his absence the Deputy Chairman and three other members of the board.

(e) Adoption at Meeting

Resolutions of the board shall be adopted at a board meeting.

(f) Written Consent

- i) Board resolutions may also be adopted in writing provided the proposal concerned is submitted to all board members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all the board members.
- ii) A statement from a board member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that s/he does not object to this form of adoption.

(g) Emergency Procedures

- i) The board may deviate from the provisions of Sections D.4.e and D.4.f if this is deemed necessary by the Chairman of the board, considering the urgent nature and other circumstances of the case, provided that all board members are allowed the opportunity to participate in the decision-making process.
- ii) The Chairman of the board and the Corporate Secretary shall then prepare a report on a resolution so adopted, which shall be added to the documents for the next meeting of the board.

(h) Minutes

- i) Minutes must be drawn up for every board meeting and for every resolution adopted outside of a meeting.
- ii) The minutes are to be signed by the Chairman of the meeting and then added to the Authority's records.
- iii) Each member of the board shall receive a copy of the minutes and may demand a note explaining how s/he voted or that a formal declaration by him be included in the minutes.
- iv) Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.
- v) The signed copy of the minutes shall be forwarded to the Line Minister.

(i) Certification of Resolutions

- i) A resolution adopted by the board may be publicly disclosed only through a statement from the Chairman of the board and/or the Corporate Secretary.

E. Other Provisions

E.1. Conflicts of Interest of Board Members

(a) Duty to Disclose

- i) As per Section 7 (3) of the Act, a member of the Authority shall be deemed to have an interest in a transaction if he is a member of a company or is in the employment of or employed by a person or a company or is married to a person who transacts or proposes to transact or undertakes to execute or carry out any works or services which are the subject of consideration by the Authority.
- ii) As per Section 7 (1) of the Act, a member of the Authority who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Authority or in any other matter whatsoever in which the Authority is concerned, shall declare the nature of his interest at the first meeting of the Authority at which he is present after the relevant facts have come to his knowledge.
- iii) As per Section 7 (5) of the Act, a disclosure under Section 7 (1) of the Act shall be recorded in the minutes of the Authority.
- iv) In the event of any query as to whether a conflict of interest exists, the board member concerned shall not take part in the assessment by the board of whether a conflict of interest exists.
- v) As per Section 7 (4) of the Act, a member who fails to comply with Section (7) of the Act, is liable on summary conviction to a fine of two thousand dollars unless s/he proves that s/he did not know that a contract, proposed contract or other matter in which he had pecuniary interest was the subject of consideration at the meeting

(b) Related Party Transactions

- i) A potential conflict of interest exists if the company intends to enter into a transaction with a related party, and the Authority shall develop a policy on how to ensure that the rights of stakeholders are protected during such transactions. A related party includes the following:
 - (1) The board members of the Authority, affiliated or sister companies and associates.
 - (2) A parent company and any subsidiary or affiliated company that is not wholly owned.
 - (3) The CEO or General Manager, and key officers, including anyone who directly reports to the Board or the CEO.
 - (4) The father, mother, sons, daughters, husband, or wife of any of the natural persons listed herein.
- ii) 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 Clause b.(i).

(c) Abstention by Conflicted Party

As per Section 7 (2) of the Act, a member shall not take part in any deliberation or decision of the Authority with respect to any transaction with the Authority or any other matter with which the Authority is concerned in which he has directly or indirectly any interest.

(d) Requirements to Approve Conflicts of Interest

- i) Decisions to enter into transactions in which there are conflicts of interest with board members require preliminary approval of the board and final approval by the Minister.
- ii) All transactions in which there are conflicts of interest with board members shall be agreed on terms that are customary for arm's-length transactions in the company's business.

E.2. Compensation of Board Members and Officers of the Authority

(a) Remuneration of Board Members

- i) As per Section 4 of Act, the Chairman, the Deputy Chairman and other members of the Authority shall be paid remuneration and allowances as may be determined by the President of the Republic of Trinidad and Tobago.
- ii) Travel and other allowances shall be paid to board members in accordance with established guidelines.(see section 3.1.9 of the State Enterprises Manual)

(b) Remuneration of Management and other Officers

- i) As per Section 8 (1) of the Act, the Authority may appoint at such remuneration and on such terms and conditions as it thinks fit, a general manager, a secretary and such other officers and employees as it considers necessary or appropriate for the efficient performance of its functions.
- ii) As per section 8 (2) of the Act, an annual salary in a sum which is equivalent to or exceeds eighteen thousand dollars shall not be assigned to any post in the Authority without the approval of the Minister.
- iii) Annually the board, through the human resource committee, shall prepare a remuneration report for submission to the Line Minister, setting out the compensation policies and activities of the past year and an overview of the compensation policy and planned activities for the next financial year.

E.3. Induction Program, Ongoing Training and Education

(a) Induction Program

Upon his/her appointment, each new board member shall participate in an induction program that covers:

- 1. The Authority's strategy;
- 2. General financial and legal affairs;
- 3. Financial reporting by the Authority;

4. Any specific aspects unique to the Authority and its business activities; and
5. The role and responsibilities of a board member.

(b) Annual Review of Training

The board shall conduct an annual review to identify areas where the board members require further training or education.

(c) Costs borne by the Authority

The costs of the induction course and any training or education shall be paid for by the Authority.

E.4. Other Positions

(a) Notice of Outside Positions

- i) Board members must inform the Chairman of the board and the Corporate Secretary, and in the case of the Chairman, the Line Minister, of their other positions which may be of importance to the Authority or the performance of their duties.
- ii) If the Chairman determines that there is a risk of a conflict of interest, the matter shall be discussed by the board in accordance with Section E.1 of this charter.
- iii) The Corporate Secretary shall keep a list of the outside positions held by each board member.

E.5. Confidentiality

(a) Duty to Keep Information Confidential

- i) Unless required to do so by law, no board member shall, during his/her membership on the board or afterwards, disclose any information of a confidential nature regarding the business of the Authority and/or any entities in which it holds a stake, that came to his/her knowledge in the capacity of his/her work for the Authority and which s/he knows or should know to be of a confidential nature.
- ii) A board member may however, disclose such information to fellow board members as well as to staff members of the Authority and entities in which the Authority holds a stake who, in view of their activities for the Authority and entities in which the Authority holds a stake, should be informed of the information.
- iii) A board member shall not use such confidential information for his or her personal benefit.

(b) Return of Confidential Information

- i) At the end of each board member's term of office, s/he shall return all confidential documents in his/her possession to the Authority or guarantee their disposal in a manner that ensures confidentiality is preserved.

- ii) In the case of highly sensitive or confidential information, board members may be required to return such documents to the Corporate Secretary at the end of the board or committee meeting.

(c) Notice of Disclosure

- i) If a board member intends to disclose to third parties information which s/he has become aware of in his/her duties and which may be confidential, s/he must inform the Chairman of his/her intent and the identity of the person who is to receive the information, with sufficient notice for the Chairman to assess the situation and advise the board member.
- ii) 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.

E.6. Miscellaneous

(a) Acceptance by Board Members

Any person who is appointed as a board member must, upon assuming office, declare in writing to the company that s/he accepts and agrees to comply with the provisions of this charter.

(b) Occasional Non-Compliance

If permitted by law, the board may occasionally decide (by unanimous decision) at its sole discretion not to comply with the provisions of this charter.

(c) Amendment

This charter may be amended (by unanimous decision) by the board at its sole discretion without prior notification.

(d) Interpretation

In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the Chairman of the board shall be decisive.

(e) Partial Invalidity

If one or more provisions of this charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this charter is, to the greatest extent possible, similar to that of the invalid provisions.

F. Annex 1: List of Approvals Required by Board

The approval of the board is required for:

1. A resolution on the operational and financial aims of the Authority, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy;
2. All material transactions in which there are conflicts of interest with board members;
3. The appointment and removal of the corporate secretary;
4. The remuneration policy for senior management in general and CEO in particular;
5. Capital expenditure, including expenditure for all acquisitions and disposal of assets whose value exceeds \$5,000.00;
6. All financial statements before publication, and,
7. All other acts that require the approval by law, regulations, or this charter.

G. Annex 2: Policy Regarding Independent External Auditor

The policy set out below was adopted by the board on Monday, May 14, 2012 on a proposal of the finance and audit committee.

G.1. Policy

The company and its subsidiaries shall use the services of the external auditor only to the extent this does not prejudice the independence of the external auditor.

G.2. Terms of Reference

The external auditor must be independent. These regulations are based on the principles that:

1. The external auditor must be independent from the client audited, both in mind as in appearance;
2. An external auditor is someone who is able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his or her assignment.
3. Under the Companies Act Section 161, an external auditor is not allowed to perform a statutory audit if s/he has financial, commercial, employment or other ties with the client that in the opinion of a reasonable and properly informed third party expert compromise the auditor's independence.
4. The company may require from the external auditor that s/he maintains the right balance between effectiveness and efficiency, e.g. Audit costs, risk management, independence and reliability. The audit committee sees to it that the external auditor complies with the relevant provisions of the Companies Act, and the above terms of reference, and may request more detailed explanations and written confirmations from the external auditor that these provisions are followed.
5. In addition to the audit work, the external auditor of the authority may also carry out non-audit work, to the extent allowed under applicable legislation and regulations and the internal procedures of the company. The non-audit work shall not jeopardize the

independence of the external auditor. In no event shall the individuals performing the audit work engage in any non-audit work.

6. All audit and non-audit work (including fees and conditions) carried out by the external auditor for the authority must be approved in advance by the board on a proposal of the finance and audit committee.
7. The board may, within the framework set by the board, delegate this duty to the finance and audit committee that in turn, in exceptional circumstances only, may delegate this power to its chairman, on the understanding that a decision by the chairman of the finance and audit committee to give his/her approval will be presented to the full finance and audit committee at its next meeting.

G.3. Work

(a) Audit

- i) Audit work is the audit of the annual financial reports of the Authority, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the external auditor and that are related to filings and obligations under legislation or regulations, and services that only the external auditor can reasonably provide.
- ii) The external auditor does not need to go through a tender process for each individual engagement.

(b) Non-Audit Work

For non-audit work of the external auditor other than:

- (1) Services that can only be provided by the external auditor;
 - (2) Services that are an extension of the work performed as part of the audit of the Authority or rely on work performed as a part of the audit such that the quality and timeliness of the services can most effectively be provided by the external auditor or;
 - (3) Services that enhance the effectiveness of the external auditor's examination of the Authority's financial statements, the board shall on the proposal of the audit committee set one or more financial thresholds.
- i) For non-audit work by the external auditor that is expected to exceed these thresholds, a very strong rationale must be presented to support the selection of the external auditor and alternative service providers should be considered.
 - ii) For further explanation whether certain activities should be considered audit work or non-audit work and whether certain non-audit activities fall under any of the categories listed above, the head of the internal audit department should be contacted who, when in doubt, will consult the chairman of the finance and audit committee.

G.4. Rotation of Partners Responsible for Audit Work

- i) In order to prevent the external auditor and the Authority becoming too close, the number of years a person may be part of the audit team of the external auditor, is capped.
- ii) Partners of the audit team of the Authority who are charged with essential audit tasks must be replaced at most every three year(s) after the start of their involvement. The partners of the audit team of the company charged with essential tasks who have been replaced are not allowed to work on a new assignment for the Authority until at least three years have expired from the date of their replacement.
- iii) The finance and audit committee shall also supervise the risks of dependency of other members of the audit team of the company who are involved with the audit for a significant period.
- iv) The audit committee shall consult the responsible partner of the external auditor regularly on safeguards set up by the external auditor to assess the risk of dependency and to reduce it to an acceptable minimum level.

G.5. Appointment of the External Auditor

- i) The external auditor shall be appointed in accordance with Annex 2 of this charter of the board.
- ii) If the decision is taken to call in the services of another external auditor, the tender process approved by the finance and audit committee shall be followed.

G.6. Staff Transfer Restrictions

- i) The Authority and the external auditor shall agree on a policy regarding the restriction of staff transfers from the Authority and its group to the organization of the external auditor and vice versa, taking into account all relevant legislation and regulations.
- ii) This policy is subject to the approval of the board. In no event, however, shall the Authority hire an audit partner or other senior member of the audit staff of the external auditor if such person audited, conducted a review of or prepared the Authority's financial statements during the previous one year, in particular as the company's Head of Finance or Divisional Manager.