



BOARD CHARTER

1. INTRODUCTION

- 1.1. The Spectrum Management Authority (hereinafter the “SMA”) is mandated by virtue of the Telecommunications Act, 2000 as the regulatory body charged with the management of the Radio Frequency Spectrum in Jamaica, on behalf of the Government of Jamaica. The SMA was, in accordance with the Companies Act, incorporated as a limited liability company on February 1, 2000 and became operational in April 2001.
- 1.2. The SMA works closely with other regulatory agencies, including the Office of Utilities Regulation, the Broadcasting Commission, the Fair Trading Commission, and the National Environment & Planning Agency.
- 1.3. The Board of Directors is committed to the achievement of business success and the enhancement of long-term value for Jamaica with the highest standards of integrity and ethics. In that regard, the Board has adopted these principles to provide an effective corporate governance framework for the SMA, intending to reflect a set of core values that provide the foundation for the SMA’s governance and management systems and its interactions with others.

2. ETHICS AND VALUES

- 2.1. The Board and management are jointly responsible for managing and operating the SMA’s business with the highest standards of responsibility, ethics and integrity. In that regard, the Board expects each director to lead by example in a culture that emphasizes trust, integrity, honesty, judgment, respect, managerial courage and responsibility.
- 2.2. Furthermore, the Board also expects each director to act ethically at all times and to adhere to the policies, as well as the spirit, expressed in this Charter. The Board will not permit any waiver of any ethics policy for any director or its Managing Director.
- 2.3. The Board will establish and maintain governance and compliance processes and procedures to ensure that the SMA is managed with the highest standards of responsibility, ethics and integrity in addition to ensuring that risks are appropriately identified and managed.

3. CORPORATE GOVERNANCE FRAMEWORK¹

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

“The Board is collectively responsible for strategic management and oversight, serves as the focal point for Corporate Governance and is accountable to the responsible Minister and Shareholder representatives. The Board is responsible to ensure compliance with Public Bodies Management & Accountability Act, and other applicable legislation and Government of Jamaica policies”

4. GOVERNANCE STATEMENT

4.1 The operations of the SMA are structured to ensure compliance with the Corporate Governance Framework for Public Bodies and the Public Bodies Management & Accountability Act.

4.2 The SMA, through the Chairman, works closely with the responsible Minister of Government who has the power to issue general directions on matters of policy.

4.3 The SMA is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will ensure the maintenance of high ethical standards by all members of the SMA which are in tandem with organization’s core values of:

- Recognition
- Ethics
- Service
- Positivity
- Excellence
- Collaboration
- Trust

4.4 Each director is required to act honestly and in good faith and to ensure that the organization carries out activities within its prescribed purpose. Additionally, the directors have collective responsibility for all strategic decisions made by the Board of Directors.

5. ROLES OF BOARD AND MANAGEMENT

5.1. *Role of the Chairman*

5.1.1. The Chairman is appointed by the responsible Minister as head of the board. There should be a clear demarcation between the functions of the Managing Director and the Chairman.

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

²The Chairman's role includes:

- 5.1.2. chairing the meetings of the Board, maintaining the orderly conduct of meetings, affording participants a reasonable opportunity to speak and ensuring that minutes of meetings accurately record decisions taken;
- 5.1.3. engaging all Board members and ensuring that they are fully informed of any business issue on which a decision has to be taken;
- 5.1.4. exercising impartial judgement, acting objectively and ensuring all relevant matters are placed on the agenda and prioritized properly;
- 5.1.5. providing direction to the Company Secretary;
- 5.1.6. leading the board in reviewing the performance of the Managing Director at least annually through an objective process as provided for under the Government of Jamaica Accountability Framework;
- 5.1.7. appointing Chairpersons and members of Board Committees and evaluating their performance at least once per year;
- 5.1.8. authorizing and overseeing the execution of the annual, performance evaluation of the entire Board and individual members;
- 5.1.9. maintaining communication protocols with the Minister, Permanent Secretary and other stakeholders as established by the Ministry of Finance and Planning;
- 5.1.10. ensuring that a formal process for orientation, sensitization and ongoing professional development, to improve the competency and level of performance of the Board members is effected in keeping with related guidelines of the Ministry of Finance and Planning;
- 5.1.11. convening regular meetings with the Managing Director;
- 5.1.12. fulfilling duties to shareholders and maintaining sustainability;
- 5.1.13. ensuring conflicts and disputes are addressed; and
- 5.1.14. ensuring required documentation is circulated in a timely manner to assist the members in performing their duties.

5.2. ***Role of a Director***

- 5.2.1. It is the responsibility of the Board to direct, guide and oversee the conduct of SMA's business and to ensure that the interests of the shareholders are being

² Corporate Governance Framework for Public Bodies, 2012, Principle 3

served. In carrying out that responsibility, the Board considers its primary functions to include the following:

- management planning and oversight - employing, evaluating and compensating the Managing Director (MD) and planning for the Managing Director's succession;
- strategic and operational planning - Reviewing, understanding and approving long-term strategic plans and annual operating plans, and monitoring the implementation and execution of those plans and holding management accountable for the agreed strategic objectives.;
- major corporate actions - Reviewing, understanding and approving significant financial and business transactions and other major corporate actions;
- the Board, in consultation with the Audit Committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly, if any, and semi-annual financial reports and any other financial information;
- devoting sufficient time to the organization's affairs e.g. preparation for Board meetings;
- monitoring legal complaint and risk management.

5.3 ***Duties Regarding the Supervision of Management***

In supervising the management, the Board shall consider:

- the achievement of the SMA's objectives;
- the strategy and risks in the SMA's activities;
- the structure and operation of the internal risk management and audit and control systems;
- the financial reporting process;
- compliance with law and regulations ; and
- any other matters the law requires the Board to consider

5.3.1 ***Annual Risk Review***

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

5.3.2 ***Resolutions subject to Approval***

In accordance with the Board Delegation of Authorities & Reservations Policy, the following resolutions are subject to the approval of the Board.

- determining and amending the operational and financial strategic objectives of the SMA;

- determining and amending key performance indicators in support of the strategic objectives (including for example any financial ratios);
- any other matters that Jamaican laws and regulations require the Board to approve;
- such other matters as are reserved by the Board for its attention and which are set out in the Board Reservation policy document.

5.3.3 *Supervision of Financial Reporting*

5.3.3.1 The Board, through the 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.

5.3.3.2 The Board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting.

5.4 **Company Secretary**

5.4.1 *Appointment:*

The Board shall appoint a Company Secretary who shall report directly to the Board.

5.4.2 *Role*

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

5.4.3 *General Access*

All directors may go to the Company Secretary for advice or to use the person's services.

5.4.4 *Responsibilities*

- (a) The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with obligations under law and the SMA's Articles of Incorporation;
- (b) The Company Secretary should act as a central source of guidance to the entire Board on all matters related to Corporate Governance, including orientation, sensitization and professional development of directors, effective operations of the Board, regulatory compliance and ethical standards;
- (c) The Company Secretary shall assist the Chairman of the Board in developing the annual board work plan, co-ordinating the evaluation of the Board and its members; and organizing the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programmes);

- (d) The Company Secretary should prepare and circulate Board papers and coordinate the recording and preparation and circulation of Board and Committee minutes;
- (e) The Company Secretary should ensure that every instrument to which the Seal is affixed shall be signed by a director and shall be countersigned by the Company Secretary or a second director or by some other person appointed by the directors for the purpose. A record of all documents to which said Seal is affixed shall be entered in a “Seal Register”.

5.5. *Role of Internal Auditor*

5.5.1. The Internal Auditor reports to the Chairman of the Audit Committee of the Board of Directors. The Internal Auditor is charged with the following:

- ensuring that systems are in place which identify and analyse all the major risks of the SMA on an annual basis and that recommendations are made to manage such risks;
- reporting to the Audit Committee on policies, programmes and activities of the department.

5.6. *Role of the Managing Director*

5.6.1. It is the responsibility of management, under the direction of the Chairman and the Managing Director, to conduct the SMA’s business and affairs in an effective, responsible and ethical manner, consistent with the principles and direction established by the Board. In carrying out that responsibility, management is charged with the following:

- organizing management - selecting qualified management and implementing an organizational structure that is efficient and appropriate for the SMA’s operations and culture;
- strategic and operational planning and implementation - developing long-term strategic plans and annual operating plans, presenting those plans to the Board, implementing and executing approved plans and recommending and executing changes to those plans as necessary;
- managing risk - identifying and managing the risks that the SMA undertakes in the course of carrying out its business and managing Spectrum Management Authority’s overall risk profile;
- financial reporting - ensuring the integrity of the financial statements and reports by implementing, and supervising the operation of, systems, controls,

processes and procedures that allow the SMA to record, process, summarize and report information timely and accurately and produce financial statements and other disclosures that fairly present the SMA's financial condition and results of operations and permit stakeholders to understand the SMA's business, financial soundness and risks;

5.7. *External Auditors*

- 5.7.1. The Board shall ensure that the external auditor attends the meeting of the Board at which time the report of the auditor with respect to the audit of the annual accounts is discussed and at which the Board decides whether or not to approve the annual accounts. The external auditor shall receive any financial information underlying the quarterly and/or semi-annual financial reports and other interim financial reports, and shall be given the opportunity to respond to all information.
- 5.7.2. The Board's principal contact with the external auditor is through the Chairman of the Audit Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities in the financial reports should be between the Audit Committee and the external auditor.
- 5.7.3. The Board shall carefully consider and, if accepted, put into effect any recommendation by the External Auditor. This will include recommendations made by the external auditor on the SMA's internal control as expressed in the management letter.
- 5.7.4. The Audit Committee shall report their dealings with the external auditor to the Board on an annual basis, including their assessment of the external auditors' independence.
- 5.7.5. ³The tenure of service for Engagement Partners should be limited to a maximum contractual period of seven years with follow-on renewals prohibited. The Audit Committee must ensure that the audit partners responsible for the Public Body's external audits are rotated.

6. **BOARD COMPOSITION AND STRUCTURE**

6.1. *General Qualifications*

- 6.1.1. Each director should possess the highest standards of personal and professional ethics and integrity, practical wisdom and mature judgment, and should be committed to staunchly representing the interests of the organisation. A director should have an inquisitive and objective perspective and a proactive, focused state of mind.
- 6.1.2. The Board should be comprised of a diverse group of individuals with significant leadership accomplishments in business, government, education or not-for-profit

³ Corporate Governance Framework for Public Bodies, (2012) Principle 13 (7 and 8)

activities and who have broad experience and the ability to exercise sound business judgment.

- 6.1.3. The Board shall use its best efforts to ensure that its members can act critically and independently of one another, and that each director's expertise is fully utilized in the performance of his/her role as a director.

6.2. *Appointment*

- 6.2.1. All directors shall be appointed by the responsible Minister of Government after consultation with the Cabinet. Upon being selected for appointment, each director shall receive a letter of appointment from the responsible Minister of Government stating the period of his/her appointment. After appointment, a letter of corporate responsibility shall be issued by the said Minister to the Chairman of the Board.

6.3. *Independent Directors*

- 6.3.1. The Board believes that its primary function is to manage the SMA's business in the best interests of the people of Jamaica and that those interests are best served by having a substantial number of objective, independent representatives on the Board.

- 6.3.2. Consequently, at all times, a majority of the directors will be "independent." For this purpose, a director shall be considered to be "independent" only if the Board affirmatively determines that the Director does not have any direct or indirect material relationship with Spectrum Management Authority that may impair, or appear to impair, the director's ability to make independent judgments and the director otherwise satisfies the standards of "independence" established by applicable rules and regulations.

- 6.3.3. With respect to each director, the Board's assessment and determination of such director's independence shall be made by the remaining independent members of the Board. In each case, the Board shall broadly consider all relevant facts and circumstances and shall apply the following standards:

- 6.3.3.1. (a) A director will not be considered to be "independent" if any of the following conditions exist at the time of determination or existed at any time during the immediately preceding five-year period:

- ⁴the director is employed by the SMA or the portfolio Ministry;
- an immediate family member of the director is employed as an officer of the SMA;
- the director is employed by or affiliated with the SMA's independent auditor;

⁴ The GOJ Policy Guidelines for the Nomination, Selection and Appointment of the Boards of Public Bodies: Page 24; Term and Definition

- an immediate family member of the director is employed as a partner, principal or manager by the SMA's independent auditor; or
- an executive officer of the SMA serves on the Board of Directors of a company that employs the director or employs an immediate family member of the director as an officer;
- for purposes of the above, "immediate family member" includes spouse, parents, children, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law and other persons living in the director's home (not including employees of the director).

6.3.3.2. (b) The following relationships will not be considered to be material relationships that would impair, or appear to impair, a director's ability to make independent judgments and, therefore, will not alone prevent the director from being considered to be "independent":

- the director is an executive officer or director of a company that does business with the SMA and the other company's annual sales to, or purchases from, the SMA are less than one percent of the SMA's annual revenues and less than one percent of the annual revenues of the other company;
- the director is an executive officer or director of a company that is indebted to the SMA or is an executive officer of a company to which the SMA is indebted and, in either case, the aggregate amount of such debt is less than one percent of SMA's total consolidated assets and less than one percent of the total consolidated assets of the other company;
- the director serves as an executive officer, director or trustee of a charitable organization to which the SMA or any of its executive officers contributes and the combined annual contributions to such organization by the SMA and its executive officers are less than one percent of that organization's total annual charitable receipts;
- the Board will review annually all commercial and charitable relationships between each director and the SMA and will make a determination of such director's independence, and the SMA will disclose the Board's determinations in a statement relating to the annual meeting of shareholders and to the responsible Minister. If the Board determines that a director who has a relationship with the SMA that is not described in paragraph (b) above is nevertheless "independent," such disclosures shall also include the basis for such determination;
- the Board recognizes that members of certain board committees may be subject to more stringent standards of "independence" pursuant to applicable rules and regulations, including accounting and auditing rules.

Any such more stringent standards will be reflected in the charter of the respective committee.

6.4. *Size of Board and Selection Process*

- 6.4.1. The number of directors constituting the full Board shall be determined from time to time by the responsible Minister, within the limits prescribed by the SMA's Articles of Association, taking into account the size and breadth of the SMA's business and the need for Board diversity.

6.5. *Diversity and Equality Issues*

- 6.5.1. ⁵Diversity should be a key feature of the Board's composition with keen attention to the balance of skills, experience, diverse backgrounds, gender and youth representation, where possible, which can enhance the quality of the Board.
- 6.5.2. Diversity should be considered as a key component of succession planning activities of the Board.

6.6. *Tenure, Retirement or Withdrawal of Directors*

- 6.6.1. The Board believes that directors should serve only so long as they add value to the Board. ⁶In-keeping with Government of Jamaica policy guidelines directors may serve up to a maximum of ten (10) consecutive years, inclusive of a maximum of two (2) consecutive terms for the Chairman.
- 6.6.2. A director's contributions to Board deliberations and processes and ability to continue to contribute productively will be the most important factor in re-nomination and will be considered by the Corporate Governance Committee each time a director is considered for re-nomination. In that regard, the results of the annual Board self-evaluation described below will be an important factor in determining whether a director should be re-nominated.
- 6.6.3. Each director must be willing and able to devote sufficient time and attention to carrying out his or her duties and responsibilities effectively. While the Board acknowledges the value in having directors with significant experience in other businesses and activities, it also understands that effective service requires substantial commitment.
- 6.6.4. ⁷Generally, a director should not serve on more than three public company boards, including the SMA's and simultaneously, no more than two (2) of those public body Boards as Chairman.. The nature and extent of a director's non-SMA activities will

⁵ Corporate Governance Framework for Public Bodies, 2012; Principle 9

⁶ The GOJ Policy Guidelines for the Nomination, Selection and Appointment of the Boards of Public Bodies: Page 17; section 5.2.3

⁷ The GOJ Policy Guidelines for the Nomination, Selection and Appointment of the Boards of Public Bodies: Page 11

be taken into account in annual re-nomination considerations, as well as in determining the propriety of the director's continued service on the Board, as described below.

- 6.6.5. Each director shall notify the Corporate Governance Committee (a) prior to accepting a directorship or other position of responsibility with another company. The Corporate Governance Committee will review and evaluate the circumstances and will determine whether the director's continued service on the Board would be appropriate under those circumstances. If the Corporate Governance Committee determines that the director's continued service on the Board would not be appropriate under the circumstances, the director shall offer his or her resignation.

6.7 *Resignation*

- 6.7.1. A member may at any time resign his/her office by instrument in writing addressed to the responsible Minister and transmitted through the Chairman and from the date of receipt by the responsible Minister of such instrument, the director shall cease to be a member of the board.
- 6.7.2. The Chairman may at any time resign his office through instrument in writing addressed to the responsible Minister and the resignation shall take effect from the date of receipt by the responsible Minister.

7. **CONDUCT OF BOARD MEETINGS**

7.1. *Number of Meetings and Attendance*

- 7.1.1. The Board shall be responsible for determining the appropriate number of regular meetings to hold each fiscal year. Currently, the Board holds eleven regular meetings each year. Each director is expected to attend all regular meetings of the Board and of the committees of which he or she is a member, and is expected to make every effort to attend any specially called Board or committee meetings. In addition, each director is expected to attend the annual meeting of shareholders.
- 7.1.2. The Chairman may request other members of management to attend all or portions of Board meetings for discussion purposes or to make appropriate presentations.
- 7.1.3. An annual schedule of Board meetings for the following year shall be agreed by the Board and circulated to directors. It is within the power of the Chairman to convene a meeting outside of scheduled meeting times as may be necessary and expedient for the transaction of business.

7.2. ⁸*Disqualifications of Directors*

- 7.2.1. He/she becomes bankrupt or makes an arrangement or composition with his creditors generally;
- 7.2.2. He/she becomes of unsound mind;
- 7.2.3. He/she absences himself/herself from the meetings of directors for a period of six (6) months without special leave of absence from the Board of Directors;
- 7.2.4. He/she resigns his office by not less than thirty days' notice in writing to the company, but this paragraph shall not apply to a Managing Director holding office as such for a fixed term;
- 7.2.5. He/she ceases to be or becomes prohibited from being a director by reason of any provision in or any order made under the Companies Act.

7.3. *Executive Sessions of Non-Employee and Independent Directors*

- 7.3.1. From time to time, the directors who are not also the SMA employees shall hold "executive sessions" in which they meet without the Directors who are the SMA employees. An executive session of the non-employee directors shall be a standing agenda item at no less than two regular meetings of the Board each year and, in addition, may be called at any time by the Chairman or at the request of a majority of the non-employee directors.
- 7.3.2. The agenda for each executive session of the non-employee directors shall be determined by the Chairman but shall focus principally on the question of whether management is performing its responsibilities in a manner consistent with the direction of the Board.
- 7.3.3. In addition, the "independent" directors (as determined pursuant to this Charter) shall meet alone in executive session at no less than one regular meetings of the Board each year. Additional executive sessions of the independent directors may be called at any time by the Chairman or at the request of a majority of the independent directors.
- 7.3.4. The Company Secretary shall attend executive sessions of the non-employee and independent directors at the request of the Chairman.

7.4. *Pre-Meeting Materials*

- 7.4.1. Prior to each regularly scheduled Board meeting, the Chairman shall cause to be distributed appropriate written materials relating to the substantive agenda items to be discussed at that meeting (unless confidentiality or sensitivity concerns suggest that materials be distributed only at the meeting). Each director is encouraged to

⁸ Articles of Association of the Spectrum Management Authority, 95 (c)

offer suggestions to either the Chairman or the Company Secretary regarding the nature or extent of information or materials that are regularly distributed in advance of Board meetings.

7.5. Meeting Notice and Agenda

7.5.1. The Board shall be responsible for its agenda, and each director is encouraged to suggest agenda items to the Chairman at any time. Prior to each Board meeting, the Company Secretary will review the specific agenda items for that meeting and, if needed, discuss the agenda with the Managing Director and the Chairman. The notice of each meeting with an agenda for the meeting shall be circulated to all directors.

7.6. Venue

7.6.1. Board meetings are generally held at the offices of the SMA but may also take place at such places and time and on such days as the Board may determine. In addition, meetings of the Board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

7.7. Quorum

7.7.1. The quorum at any meeting of the Board of Directors of the SMA shall be six (6).

7.8. Minutes and Resolutions

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

7.8.2. At a meeting, the Board may only pass resolutions if a quorum is present. The directors shall try to arrive at unanimous decisions. However, directors are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

7.8.3. In the event than an urgent decision is required before the next scheduled meeting of the Board, a round robin may be circulated to all directors for comment and/or voting. In order for a Round Robin resolution to be effective all Board members must vote in its favour. All comments and/or voting shall be recorded.

7.8.4. A decision made by round robin shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. ⁹Directors absent from meetings will be taken to have accepted any decisions made if no objections are made within seven (7) days of becoming aware of the decision.

⁹ Public Bodies Management and Accountability Act, Section 18

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

8. Committees of the Board

8.1. *Standing Committees*

8.1.1. The Board shall establish committees to govern areas of the SMA's operations including but not limited to Audit, Corporate Governance, Finance and Procurement and Technical Operations.

8.1.1.1 *Audit Committee*

¹⁰The Audit Committee shall:

8.1.1.2 advise the Board on practices and procedures which will promote productivity and the quality and volume of service; the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the public body; the independence of the auditors auditing the public body;

8.1.1.3. review and advise the board on the financial statements that are to be included in the annual report of the public body;

8.1.1.4 oversee the internal audits of the public body;

8.1.1.5 review and advise the board on the annual auditor's report;

8.1.1.6 in the case of a public body undergoing a special audit or examination, review and advise the board with respect to the report of that audit or examination; and

8.1.1.7 perform such other functions as are assigned to it by the Board.

8.1.2 *Corporate Governance Committee*

8.1.2.1 The Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities and ensures that the SMA adheres to its corporate governance mandate in line with the Public Bodies Management and Accountability Act (PBMA), the Authority's Memorandum and Articles of Association, Corporate Governance Framework for Public Bodies and all other applicable laws, regulations and government guidelines.

8.1.3. *Finance and Procurement Committee*

8.1.3.1 The Finance and Procurement Committee provide oversight in reviewing and resolving financial and procurement issues and to ensure that funds are fully

¹⁰ Public Bodies Management and Accountability Act Section 9 (1)

accounted for and procurement of goods and services are done in compliance with the Law.

8.1.3.2 Oversee the procurement process to ensure compliance with the Procurement Act and Regulations

8.1.4 ***Technical Operations Committee***

8.1.4.1 The Technical Operations Committee provides oversight and support to the management team of the SMA on the technical, regulatory and policy aspects of the Authority's operations. The Committee also ensures that the technical operations of the Authority are in keeping with international best practices for spectrum management and will satisfy the local demand for spectrum use.

8.2 ***Meeting of the Committees***

8.2.1. The Board shall convene other standing or special committees as it deems appropriate. Each committee shall be governed by a written charter approved by the full Board. Once approved, each committee charter shall be considered to be an integral part of these principles. Each committee shall review its charter at least annually and shall report the results of such review (including any recommended changes) to the full Board.

8.2.2. Whenever a committee, pursuant to its charter, makes a decision or takes an action on behalf of the Board, the committee, through its chair, shall promptly make a report to, or otherwise notify, the full Board of such decision or action.

8.3. ***Membership of the Committees***

8.3.1. The membership of each committee (including the number and identity of directors comprising the committee and the director designated to serve as committee chair) shall be determined by the full Board, acting on the recommendation of the Chairman. The membership of the committees shall be reviewed after each Annual General Meeting.

8.3.2. The Audit Committee, and the Corporate Governance Committee shall be comprised entirely of directors who (a) are considered to be "independent" pursuant to the standards described above under "Independent Directors" and (b) satisfy any additional or supplemental independence standards applicable to the particular committee that have been established under any applicable law, rule or regulation.

8.4. ***Co-opted member***

8.4.1. The Board may co-opt, to its committees, individuals who are not directors but who possess a broad range of qualifications relevant to the functions of the Board. Every co-opted individual shall have all the rights and responsibilities of the other members of the Committee with respect to the work of the Board. Committees should have no more than two co-opted members..

8.4.2. The Committee may invite from time to time persons approved by the Board to provide such pertinent information as the Committee requests.

8.4.3 ¹¹Invitees to meetings shall not constitute a part of the quorum or be entitled to vote and shall not have access to Confidential Information of the Board or partake in closed or confidential discussion of the Board.

8.5 ***Ex-Officio Members***

8.5.1 An Ex-Officio Member of the Board shall be entitled to all the privileges of a statutory member of the Board of the SMA.

8.6 ***Board Responsibility for Committee Action***

8.6.1 The Board remains collectively responsible for the decisions and actions taken by any committee.

8.6.2 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.

8.6.3 Decisions that by law must be taken by the Board may not be delegated to a committee.

8.7. ***Committee Reporting***

8.7.1. Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware.

8.7.2. Each director shall have unrestricted access to all committee meetings and records.

8.7.3. The Board shall, as set forth in the charter of the committee concerned, receive a report from the committee describing the committee's actions and findings.

8.8. ***Committee Charter***

8.8.1. The Charter shall indicate the role and responsibilities of the committee, its composition, structure, quorum requirements and how it should perform its duties.

8.9. ***Conduct of Committee Meetings***

8.9.1. Within the confines of its purpose (as stated in its charter), each committee shall be responsible for determining the frequency and length of committee meetings and the agenda of items to be discussed. The committee chair, in consultation with appropriate members of management, shall develop the agenda for each meeting and ensure appropriate materials are prepared and distributed prior to the meeting.

¹¹ Corporate Governance Framework for Public Bodies, Principle 6 (1)

- 8.9.2. The committee chair, generally with the assistance of a designated member of management, shall be responsible for ensuring minutes of each committee meeting are properly recorded, and the Secretary shall incorporate these minutes into the official Board minute book. The committee chair shall be responsible for apprising the full Board on a regular basis of all committee proceedings, determinations and recommendations.
- 8.9.3. Any director shall be entitled to attend the meeting of any committee, regardless of whether he or she is a member of that committee and shall not be entitled to vote. Unless otherwise requested by the committee chair, appropriate members of management shall also attend committee meetings for discussion purposes or to make appropriate presentations.
- 8.9.4. The Board remains collectively responsible for the decisions and actions taken by the Committee. A Committee may only perform the tasks delegated to it by the Board and its powers may not exceed powers of the Board as a whole. Each Committee must promptly inform the Board of major developments of which it becomes aware.

9. Other Board Operations and Practices

9.1. *Access to Senior Management*

- 9.1.1. Each director shall have complete and open access to management. Directors are encouraged to coordinate such access or contact with management through the Chairman or Managing Director.

9.2. *Director Orientation and Education*

- 9.2.1. The Company Secretary shall be responsible for providing orientation materials and arranging orientation meetings for new directors, as well as periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their Board duties. Each new director is encouraged to spend a day at Spectrum Management Authority's headquarters or other facilities for personal briefing by senior management on Spectrum Management Authority's business, its strategic plans, its financial statements and its key policies and practices.

9.3. *Training*

- 9.3.1 The training of directors is critical to ensure the maintenance of good governance. The Board through the Chairman and Company Secretary shall recommend such training for directors as is necessary for them to maintain knowledge and expertise required to understand the operations of the SMA and to properly discharge their role and function as directors.

9.4. *Annual Review of Training*

9.4.1. The Board shall conduct an annual review to identify any area where the directors require further training or education.

9.5. *Cost to the SMA*

9.5.1. The cost of such training or education shall be as agreed by the Board.

10. **EVALUATION**

10.1. *Self-Evaluation*

10.1.1. The Board will conduct an annual self-evaluation to identify areas of concern or potential issues relating to Board and committee processes, performance and effectiveness and to assess and evaluate the overall effectiveness of individual directors. These evaluations will be administered by the Corporate Governance Committee and will be reviewed and discussed with the full Board. ¹²The Board may use an external third party to conduct the evaluation.

10.2. *Evaluation of Managing Director and Company Secretary*

10.2.1. On an annual basis, the performance of the Managing Director and the Company Secretary are to be evaluated by a panel consisting of the Chairman of the Board and the Chairperson of each Board Committee.

10.2.2. The Board, with recommendations from the Corporate Governance Committee, shall approve and maintain a succession plan for the Managing Director. In addition, on an annual basis, the Managing Director shall present to the Board a report on succession planning for senior management and a report on management development.

11. **CONFLICT OF INTEREST:**

11.1. *Duty to Disclose*

11.1.1. Upon appointment, each director shall complete a Declaration of Interest form which will be maintained by the Company Secretary and a copy of which shall be retained by the director. A director shall immediately report to the Board through the Chairman, any conflict of interest or potential conflict of interest and shall provide all relevant information, including but not limited to, information concerning spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree and the details of the conflict must be recorded by the Company Secretary. The director concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

¹² Corporate Governance Framework for Public Bodies, 2012; Principle 12

11.1.2. Where there is a conflict of interest, that director shall not participate in the deliberations on the particular matter and will recuse himself/herself from the discussions in respect of those interests and shall not exercise their right to vote in respect of such matters.

11.2. *Notice of Outside Positions*

11.2.1. Directors must inform the Chairman of the Board and the Company Secretary of their other positions which may be of importance to the SMA or effect the performance of their duties before accepting such positions. 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 the appropriate section of this Charter.

11.3 *Related Party Transaction*

11.3.1 A potential conflict of interest exists if the SMA intends to enter into a transaction with a Related Party. A “**Related Party**” includes the following:

- directors of the SMA;
- the Managing Director and senior managers of the SMA including anyone who directly reports to the Board or the Managing Director;
- the father, mother, sons, daughters, husband, or wife of any of the natural persons listed herein;
- any business and the directors, Managing Director and senior managers of any business in which the natural persons listed above , own jointly or severally at least 20% of the voting rights;
- Any person whose judgement or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons listed in the paragraphs above.

11.4 *Abstention of Conflicted Party*

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

11.5 *Requirements to Approve Conflicts of Interest*

11.5.1 All transaction in which there are conflicts of interest with directors shall be agreed on terms that are customary for ‘arm’s-length’ transactions in the SMA’s business. Decisions to enter into transactions in which there are conflicts of interest with directors require the approval of the Board.

12. CONFIDENTIALITY:

12.1. *Principle of Confidentiality*

- 12.1.1 Confidential information means all data and information relating to the business, management and affairs of the SMA, its shareholders and clients, which are, or come to be, in the possession of the SMA by virtue of his/her office as director and which is not in the public domain.
- 12.1.2 As a general rule, each director shall keep all confidential information confidential and no director shall use confidential information for personal gain or use. This obligation survives the resignation of a director as a director of the SMA.
- 12.1.3 A director may disclose such information to fellow directors as well as to staff members of the SMA who, in view of their activities for the SMA should be informed of the information.
- 12.1.4 Unless required to do so by law, no director shall, during membership on the Board or afterwards, disclose any information of a confidential nature regarding business of the SMA, that came to the person's knowledge in the capacity as director and which the person knows or should know to be of a confidential nature.
- 12.1.5 A director shall not use such confidential information for personal benefit.

12.2 *Notice of Disclosure*

- 12.2.1 If a director intends to disclose to third parties information which the person has become aware of in duties and which may be confidential, the director must inform the Chairman of the intent and identity of the person who is to receive the information with sufficient notice for the Chairman to assess the situation and advise the director. 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.

13. REMUNERATION:

- 13.1. Directors are remunerated in accordance with the Ministry of Finance Circulars in effect.

14. MISCELLANEOUS

14.1. *Reporting of Concerns to Independent Directors or the Audit Committee*

- 14.1.1. Anyone who has a concern about the SMA's conduct, accounting, financial reporting, internal controls or auditing matters, may communicate that concern

directly to the Independent Directors (through the Chairman) or to the Audit Committee (through the committee chair). Such communications may be confidential or anonymous, and may be e-mailed, submitted in writing or reported by phone. All such concerns will be forwarded to the appropriate directors for their review and will be simultaneously reviewed and addressed by the Office of the Managing Director in the same way that other concerns are addressed by management.

- 14.1.2. The status of all outstanding concerns addressed to the independent directors or the Audit Committee will be reported to the full Board on a quarterly basis. The Chairman, independent directors or the Audit Committee may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The SMA's Code of Conduct prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

14.2 *Access to Independent Advisors*

- 14.2.1 The Board and its committees, as well as the non-employee or Independent Directors acting in executive session as described under "Conduct of Board Meetings - Executive Sessions of Non-Employee and Independent Directors," shall have the right at any time to retain independent outside financial, legal or other advisors through establish procurement guidelines.

14.3 *Board Interaction with the Press and Others*

- 14.3.1. The Board believes that management should speak for the SMA. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the SMA. However, it is expected that directors will do so only with the knowledge of the Chairman.

14.4 *Partial Invalidity*

- 14.4.1 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 provision 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.

14.5 *Restriction on Loans and Guarantees*

- 14.5.1 The SMA does not grant personal loans, guarantees or the like to directors.

14.6 *Agreement to be bound by Charter*

- 14.6.1 Anyone who is appointed as a director must, upon assuming office, declare in writing to the SMA that the person accepts and agrees to comply with the provisions of this Charter.

14.7 Indemnity

14.7.1 No action, suit, prosecution or other proceedings shall be brought or instituted personally against any director in respect of any act done bona fide in pursuance or intended execution of this Act; where a director is exempt from liability by reason only of the provision of this section, the SMA shall be liable to the extent that it would be if the said director were an employee or agent of the SMA.

14.8 Occasional Non-Compliance

14.8.1 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.

14.9 Interpretation

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

14.10 Website Disclosure

14.10.1 The Board's Charter and that of the Committees shall be posted on the SMA's website.

14.11 Entire Charter & Amendment

14.11.1 This document represents the entire Charter and may, subject to the Act be amended by the Board at its sole discretion without prior notification.

15. REVIEW

15.1. This Charter shall be reviewed annually or at such intervals as the Board may require.

Reviewed and Recommended by the Corporate Governance Committee on:

November 12, 2019

Approved by the Board of Directors on:

December 5, 2019
