LASCO MANUFACTURING LIMITED BOARD CHARTER

1. INTRODUCTION

This Board Charter is complimentary to and should be read in conjunction with the Corporate Governance Policy of LASCO MANUFACTURING LIMITED ("The Company") as well as other Board Sub-Committee Charters.

This Charter is not intended to supersede the provisions under the Articles of Incorporation of LASCO MANUFACTURING LIMITED. If there is a conflict between this Charter and the Articles of Incorporation, the provisions in the Articles of Incorporation will govern unless and until the relative provisions are duly amended through appropriate Board action.

The Board of Directors ("the Board") of LASCO MANUFACTURING LIMITED represents the interest of the shareholders of The Company. The Board's mission is to ensure that The Company continues to grow into a successful and profitable business, while achieving the highest standards of risk management, corporate governance and corporate social responsibility.

The Board represents an active body in ensuring that the interests of all stakeholders are adequately served.

2. BOARD COMPOSITION

Subject to Article 76 of The Company's Articles of Incorporation, unless otherwise determined in a general meeting, the number of directors of The Company shall be not more than twelve (12).

No less than two- thirds (2/3) of the board members shall be independent.

An "**Independent Director"** is defined by the Corporate Governance Policy as a director who is **not related** to The Company by virtue of the following circumstances i.e. a Director who

I. Has not been an employee of any LASCO Affiliated Company within the last three (3) years;
II. Has not or has not had within the last three (3) years, a material business relationship with any LASCO Affiliated Company either directly, or as a

partner, shareholder, director or senior officer of a body that has such a relationship with any LASCO Affiliated Company;

III. Has not received within the last three (3) years or has not received additional remuneration from any LASCO Affiliated Company apart from Board or Board Committee related fees;

IV. Is not an immediate family member of any Directors or Senior Officers of any LASCO Affiliated Company;

V. Is not employed as a senior officer of another company where any of The Company's Directors or Senior Officers serve on that company's board of directors;

VI. Does not represent a shareholder owning more than 10% of the voting shares of The Company.

The **Chairman** provides overall leadership to the Board to enhance the effectiveness, governance, direction, administration and performance of the Board and acts as the primary spokesperson for the Board.

The Board will select one of its members to be appointed Chairman at the first Board meeting following the annual general meeting of shareholders of LASCO MANUFACTURING LIMITED for such term as the Board may determine.

An **Executive Director** is defined as someone employed to The Company and is responsible for aspects of The Company's day-to-day operations.

A **Non- Executive Director** is someone who is not an executive director.

3. COMMITTEES OF THE BOARD

I) The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members.

II) The Board has established the following committees:

Audit & Risk Management Committee

Compensation Committee

Corporate Governance Committee

III) The Board shall appoint the Chairperson of the Committees and shall approve appropriate terms of reference for the Committees.

IV) Reporting obligations:

i. The Committees shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The

report shall include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.

ii. The committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.

V) The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of committees annually.

VI) The Board may be required to establish other committees from time to time.

4. ROTATION OF DIRECTORS

Pursuant to The Company's Articles of Incorporation one-third of the Directors for the time being or, if their number is not three (3) or multiple of three (3), the number nearest to one-third (1/3), shall retire from office.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day to retire (unless they otherwise agree among themselves) be determined by a lot.

A retiring director shall be eligible for re-election.

The Company may by ordinary resolution increase or reduce the number of directors, and may also determine in what rotation the increased number or reduced number is to go out of office.

5. REMOVAL & DISQUALIFICATION OF DIRECTORS

Pursuant to The Company's Articles of Incorporation, a Director may be removed or disqualified if that Director:

I. Ceases to be a director by virtue of section 177 of The Company's Act.
II. Becomes bankrupt or makes any arrangement or composition with his creditors generally
III. Becomes prohibited from being a director by reason of any order under section 180 and section 182 of The Company's Act
IV. Become of unsound mind
V. Resigns his office by notice of writing to The Company
VI. Shall for more than six (6) months have been absent, without permission of the directors, from meetings of the directors held during that period
VII. If he is removed from office by a resolution duly passed pursuant to section 179 of The Company's Act.
VIII. Be requested to resign by instrument in writing signed by members holding not less than fifty-one percent (51%) of the issued shares of The Company,

duly delivered to the registered office of The Company for the attention of The Company Secretary.

IX. Breaches Director's Code of Conduct as stated in clause 14 of this Charter;

X. Fails to attend at least 75% of the Board meetings annually in the absence of exceptional circumstances and the approval of the Board Chairman;

XI. Fails to perform effectively as a Director as evidenced in the annual performance evaluation and refuses or neglects to develop or upgrade their skills or competencies; or

XII. Any other criteria as shall be determined by the Board for the prudent management and reputational protection of the Company.

6. DIRECTORS QUALIFICATION FOR ELECTION

I. The Board will ensure that it has a diverse and highly professional Board with appropriate personal qualities, skills and expertise to facilitate objectivity in decision making.

II. Directors are required to apply a range of skills and expertise in the execution of their responsibilities. This is carefully considered in the selection and composition of the Board.

III. Board Members profile should include a combination of legal skills, entrepreneurial and business management skills, accounting, information technology, financial and treasury management skills, to provide guidance to Management and ensure that business strategies provide economic value-added returns for shareholders.

7. ROLES AND FUNCTIONS OF THE BOARD

The Board's responsibility is to regularly monitor the effectiveness of Management policies and decisions, including the execution of The Company's strategies.

The Board has the responsibility to ensure that Management is capably executing its responsibilities and that there is a successful perpetuation of the business.

The Board has delegated responsibility for overall management of LASCO MANUFACTURING LIMITED to the Managing Director.

The Board must ensure equitable treatment of minority shareholders.

The Board's functions also include making decisions, reviewing and approving policies and decisions of The Company as it relates to the following;

- **Business Strategy, including annual operating plans and budgets**
    - Provide direction to Management in relation to the articulation of the vision for The Company
    - Approve the strategy proposed by management to achieve the vision

- Ensure appropriate resources are available to achieve the approved strategies
- Review annual budgets and business plans
- Assess the adequacy of capital and other operational capacity to support the operations of The Company
- Ensure continuous business development for perpetuation of the business

- **Business Development initiatives major acquisitions and disposals**
  - Review and approve major acquisition or disposal of business ventures, acquisition and disposal of fixed assets, mergers, joint ventures etc.
  - Assess the level of inherent risk associated with acquisitions and disposals

- **Corporate governance**
  - Approve the Company's corporate governance policy framework and ensure it conforms with best practices and regulatory requirements
  - Approve The Company's Management Structure and responsibilities
  - Provide effective oversight of the Board sub-committees and Management activities

- **Compliance with laws, regulations and code of ethical business conduct**
  - Review and approve The Company's fraud and ethics policy
  - Ensure The Company's compliance with the applicable laws and regulations governing the business
  - Ensure significant Company's policies and procedures manuals comply with all regulatory requirements covering its operations.

- **Corporate Financing and related treasury activities**
  - Approve financing and changes in authorized capital
  - Ensure adequate capital is available to achieve The Company's strategies.

- **Human Resources**
  - Approve the recruitment, appointment and removal of the Managing Director.
  - Define the key performance indicators for the Managing Director and review performance at least annually.
  - Review and approve compensation of the directors, executive directors as well as the managing director and general manager.
  - Appoint and remove the Chairman, the Deputy Chairman, the Managing Director and The Company Secretary, including the delegation of powers to these individuals within authorized discretionary levels.

- Review the performance of the Board, Board Committees and the Chairman.

- **Risk Management and Internal Control**
  - Approve the enterprise risk management framework and establish the overall company's risk appetite.
  - Ensure key risks are identified and Management has implemented appropriate systems of control to manage such risks.
  - Ensure that appropriate internal controls framework, including the Board structure and organisational structure of The Company is in place for The Company's business and associated risks.
  - Assess and approve recommendations from the Board Sub-Committees in relation to risk management and controls.

- **Financial Statements and Audits**
  - Approve the annual budget and targets, annual financial statements and interim results and monitor financial performance.
  - Ensure financial results are reported fairly and in accordance with IFRS and other relevant standards.
  - Ensure that Annual Reports and Financial Statements are accessible to shareholders
  - Approve audit plans and fees recommended for approval by Board's Sub-Committee

- **Shareholder and other Internal and External Communications**
  - Ensure timely, accurate and balanced disclosure of material information about The Company to appropriate stakeholders, including the shareholders and the Jamaica Stock Exchange (JSE).
  - Ensure that there is an agreed communications strategy and procedure including agreement about appropriate channels and spokespersons.
  - Ensure the development and implementation of an investor relations programme to ensure constant dialogue with shareholders, potential investors and other stakeholders.
  - Ensure communications which merit announcements are made available on The Company's website (www.lascojamaica.com) or through the JSE website (www.jamstockex.com), newspaper or other channels for viewing by shareholders and other stakeholders.

8. DIRECTORS ORIENTATION & TRAINING

Induction Program: Upon election, each board member shall participate in an induction program that covers The Company's profile and vision, strategy, legal affairs, financial reporting by The Company, and any specific aspects unique to The Company and its business activities as well as the responsibilities of a board member.

Each director will also meet with the senior management team and The Company secretary's office.

On-going Training: The Board also recognises the importance of continuous education and training for its Directors. Directors, as part of their on-going training, will attend some form of training for a minimum of eight (8) hours biennially. The Company Secretary will develop an education and training plan for board members and ensure that each board member is aware of the plan at the start of each financial year. Continuous education and training programmes may take the form of presentations at board meetings, workshops, publications, attendance at conferences etc.

9. SUCCESSION PLANNING

The Board will have full responsibility to ensure that the business is well managed at all times and that succession plans and potential candidates are identified for the Managing Director and the Chairman.

Should the Chairman, Managing Director, General Managers or Chief Financial Officer demit office due to an emergency, the Board will convene at the earliest possible time or in any event not less than 48 hours after such an event, with a view to appointing an interim or permanent successor to such posts.

10. REMUNERATION

The Compensation Committee is responsible for reviewing and recommending the remuneration framework for Directors as well as the remuneration packages of Executive Director, Non-Executive Director and Senior Management to the Board.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved but without paying more than is necessary to achieve these goals.

The level of remuneration for Non-Executive Directors is based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board.

Executive Board Members will not receive fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company

11. CHAIRMAN AND DEPUTY CHAIRMAN

There should be a clear division of responsibilities between the running of the board and the executive responsibility for the running of The Company's business. No one individual should have unfettered powers of decision.

a. Election.

The board shall elect a Chairman and a Deputy Chairman from among its members. The Deputy Chairman replaces, and assumes the powers and duties of the Chairman when the Chairman is absent.

b. Duties.

The Chairman of the board is primarily responsible for the activities of the board and its committees. She/ he is responsible for leadership of the board, ensuring its effectiveness on all aspects of its role and setting its agenda.

The Chairman is also responsible for ensuring that the directors receive accurate, timely and clear information and should also facilitate the effective contribution by non-executive directors in particular and ensure constructive relations between executive and non-executive directors. The Chairman of the board presides over the Annual General Meeting.

c. Responsibilities.

The chairman ensures that:

i. Newly appointed Board members participate in an induction program and, as needed, additional education or training programs
ii. The board members receive all information necessary for them to perform their duties;
iii. The board has sufficient time for consultation and decision-making;
iv. The sub-committees of the Board function properly;
v. The performance of the board members is evaluated at least once every two years;

In addition, the Chairman is primarily responsible for:

vi. Ensuring the board satisfies its duties;

vii. Determining the agenda of board meetings, chairing such meetings and ensuring that minutes of such meetings are kept;
viii. Addressing problems related to the performance of individual board members; and
ix. Addressing internal disputes and conflicts of interest concerning individual board members.

12. LEAD INDEPENDENT DIRECTOR

The Lead Independent Director is appointed by the Board if the Chairman of the Board of Directors is not an "independent" director. When appointed a Lead Independent Director will coordinate the activities of the other independent directors and to perform such other duties and responsibilities as the Board may direct.

Responsibilities and duties

The Lead Independent Director will provide leadership to directors by:

- presiding at all meetings of the Board at which the Chair of the Board is not present;
- ensuring that independent directors have adequate opportunities to meet and discuss issues in sessions of the independent directors without management of the Company present, and serving as Chair of such meetings;
- serving as principal liaison between the independent directors and the Chairman and between the independent directors and senior management of the Company;
- communicating to management of the Company, as appropriate, the results of meeting sessions among independent directors;
- responding directly to shareholder questions that are directed to the Lead Independent Director or to the independent directors as a group, following consultation with the Chairman and other directors;
- in conjunction with the Chairman, ensuring that resources and expertise are available to the Board so that it may function effectively and efficiently (including the retention of any outside advisors) and ensuring that any outside advisors retained by the Board are appropriately qualified and independent in accordance with applicable law;
- performing such other duties as the Board may from time to time direct.

13. COMPANY SECRETARY

The Board shall appoint a Company Secretary to assist and advise the Board and all Board Members.

The Company Secretary is the Secretary of the Board and is charged with the following responsibilities:

i. to provide guidance to the Board on its duties and responsibilities and on other matters of governance;
ii. to ensure that the Board complies with its obligations under the law and the Company's Articles of Incorporation;
iii. to assist the Chairperson of the Board in organizing the Boards activities;
iv. to assist the Board with evaluation exercises;
v. to coordinate the governance audit process;
vi. to maintain and update the register of conflict of interest;
vii. to facilitate effective communication between the organization and the shareholders; and
viii. to carry out any other duties as may be assigned by the Board from time to time.

14. MANAGING DIRECTOR

The Managing Director is responsible to the Board for the overall management and performance of LASCO MANUFACTURING LIMITED (LML). The Managing Director should manage LML in accordance with the strategy, plans, practices and policies approved by the Board to achieve the agreed objectives.

In particular, the Managing Director's responsibilities include:

i. recommending the Company's corporate strategy to the Board for approval and once it is approved, implement the corporate strategy;
ii. assume day to day responsibility for LML's conformance with relevant laws and regulations and its compliance framework;
iii. achieve the performance targets set by the Board;
iv. develop, implement and manage LML's risk management and internal control frameworks; develop, implement and update LML's policies, procedures and systems;
v. be alert to relevant trends in the manufacturing and distributing industry and the Company's operating environment;
vi. provide sufficient and relevant information to the Board to enable the Board to effectively discharge its responsibilities;
vii. act as a conduit between the Board and LML;
viii. manage the Company's human, physical and financial resources to achieve LML's objectives;
ix. being the conduit through which the Board is provided sufficient and relevant information to act effectively;
x. providing leadership to LML and acting as the Company's interface with its operating environment and the general business and investment community;

xi. referring all matters outside of the Managing Director's delegation to the Board for approval; and
xii. such other responsibilities as delegated by the Board from time to time.

15. MEETINGS AND AGENDA

i. The meetings of the Board of Directors are held quarterly or with such frequency as the Board may decide.
ii. An annual schedule of the Board meetings for the following year shall be agreed by the Board and circulated to Directors prior to the start of each year.
iii. Meeting of directors or of a committee of directors may be held wholly or partially by telephone and/or video and/or electronic or other conferencing system by virtue of which all participants are able to hear and speak to each other at the same time. A director meeting in this manner shall be deemed present at the meeting, notwithstanding being physically absent from the meeting and shall be counted in the quorum for and be entitled to vote at the meeting.
iv. Except in urgent cases, prior to Board or Committee meeting, Directors are entitled to receive information and materials that are important to their understanding of the business to be conducted **five (5) days** before the meeting in order to provide adequate time for review.
v. A record of Board submissions and papers, and of materials presented to the Board, shall be maintained and held by The Company Secretary together with minutes of meetings. All such records are accessible to Directors.
vi. Every year the Board reserves one (1) full day per year to discuss and develop strategic policies and to assess or review the Corporate Plan if necessary.
vii. Directors shall have access to The Company's Executive Management through the Chairman and Managing Director or through The Company Secretary.

Special Meetings

i. It is within the power of the Chairman to convene a meeting outside of scheduled meeting times as may be necessary and expedient for the transaction of business. The Chairman may therefore at any time call a Special meeting of the Board; and shall call a Special meeting to be held within 7 days of a written request for that purpose addressed to him by any three Directors.
ii. The quorum necessary for the transaction of the business of the board shall be three (3) directors.

16. VOTING RIGHTS

i. Once there is a duly convened meeting of the Board at which a quorum is present, any decisions taken or business transacted at that meeting shall have the same rights, powers and authority as is vested in or exercisable by the entire Board.
ii. Invitee or attendee at the meeting who is not a member of the Board shall not vote on any matter coming before the Board for a vote.
iii. All decisions of the Board will be based on a majority of the Directors present at the meeting in person. In the event of a tie, the Chairman will have the casting vote.

17. ROUND ROBIN RESOLUTIONS

i. In the event that an urgent decision is required before the next scheduled meeting of the Board, a round robin may be circulated to all Directors. All Directors are required to sign the resolution
ii. A decision made by round robin shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and shall be noted at the subsequent meeting.
iii. All resolutions approved by round robin should thereafter be noted at the next regular Board meeting.

18. BOARD OF DIRECTORS CODE OF CONDUCT

The Board expects all Directors as well as officers and employees, to act ethically at all times and to adhere to all codes and policies specifically including "The Fraud and Ethics Policy".

The Board of Directors of LASCO MANUFACTURING LIMITED will be guided by and should demonstrate the following values;

- ✓ Disclosure/transparency (*see JSE Junior Market rules governing disclosure and LASCO MANUFACTURING LIMITED's Corporate Governance Policy)*
- ✓ Confidentiality (*Refer to confidentiality requirement below*)
- ✓ Respect
- ✓ Trust and Communication;
- ✓ Team Spirit
- ✓ Accountability
- ✓ Professionalism
- ✓ Active participation

Confidentiality: Unless required by law to do so, no board member shall, during his or her tenure on the board or even after its expiration, disclose any information of a confidential nature regarding the business of The Company or its Affiliates that

came to his or her knowledge in the capacity of his or her work for The Company or its Affiliates and which he/she knows or should have known to be of a confidential nature.

A board member may disclose such information to its fellow board members as well as to staff members of The Company if in his/her view the parties should be informed of such information. A board member shall not use such confidential information to advance his or her personal interest.

19. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

All Directors are required to:

1. Declare any interests that may give rise to potential or perceived conflict e.g. multiple directorships, business relationships or other circumstances that could interfere with exercise of objective judgment;
2. Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted director shall not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the laws of Jamaica, Articles of Incorporation or other constitutional documents of the Company.

The Board shall evaluate all potential or perceived conflict of interest as declared and shall approve such transactions with the company as may be appropriate.

20. COMMUNICATION WITH STAKEHOLDERS

The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions.

The Board shall establish effective communication with the Company's stakeholders including the electronic media, press and as may be appropriate.

21. USE OF COMPANY SEAL

The Company Seal shall be kept by the Company Secretary and may only be used for official company business on documents which by law, must bear the company's seal or as directed by the Board.

The Company Seal shall be authenticated by the signature of any two directors or any one director and the Company Secretary or any other officer of the Company authorized by the Board to act on behalf of the Company.

22. INDEMNITIES & INSURANCE COVERAGE FOR DIRECTORS

The company will provide Directors with, and will pay the premiums for, indemnity and insurance coverage for certain wrongful acts while acting in their capacities as Directors, to the extent as stated in the terms of the insurance policy. Indemnity and insurance coverage will only be given provided always that such wrongful acts occur in good faith and not as a result of the Directors dishonesty, fraud, negligence and/or malicious conduct.

No action, suit, prosecution or other proceedings shall be brought or instituted personally against any Director of the Board in respect of any act done in good faith in execution of the Director's functions.

23. REVIEW FREQUENCY

This Charter shall be reviewed by the Board of Directors biennially.

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Lascelles Chin
Executive Chairman

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Vincent Chen
Company Secretary

DOCUMENT CONTROL

Version	*Date*	*Date Approved by Board*	*Area Changes made*
1st	May, 2019	May 29, 2019	