

November 25, 2015

Miss Greta Bogues
Chairman - Corporate Governance Committee
Private Sector Organisation of Jamaica (PSOJ)
The Carlton Alexander Building
39 Hope Road
Kingston 10
JAMAICA

Dear Ms. Bogues,

RE: CONSULTATIVE REVIEW OF DRAFT PSOJ CORPORATE GOVERNANCE CODE 2015

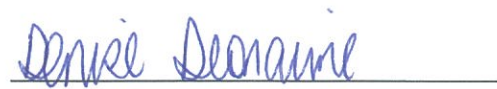
The Caribbean Corporate Governance Institute ("the Institute") is a regional, independent, non-profit, professional membership organization registered with the Accreditation Council of Trinidad and Tobago. The Institute is the awarding body that provides the Certificate and Diploma in Corporate Governance which lead to the Chartered Director qualification throughout the Caribbean. We welcome membership applications and participation in our courses and events as we strive to improve corporate governance practices within the Caribbean through partnerships with entities such as the Private Sector Organisation of Jamaica ("PSOJ")

We welcome the opportunity to review the draft of the PSOJ Code. The Institute recognises that considerable effort and thought has gone into the production of the Code. In particular up to date governance issues such as independence, going concern, remuneration, risk management, sustainability, ethics, and rotation of auditors are addressed and international best practices have been applied.

In general, the Institute applauds the overall improvements in governance standards recommended by the PSOJ. We wish to respectfully submit our comments contained in the appendix marked "Appendix A" that the PSOJ may wish to consider before finalising and publishing the code.

Our Institute would be happy to expand on any of the outlined recommendations. We hope you find these comments useful and look forward to being a partner with you on future endeavours.

Sincerely yours,
CARIBBEAN CORPORATE GOVERNANCE INSTITUTE



Denise Deonarine
Chief Executive Officer

APPENDIX A

Private Sector Organization of Jamaica (PSOJ)
PSOJ Corporate Governance Code 2015
Consultation Review of Final Draft version¹
by the Caribbean Corporate Governance Institute (CCGI)
25 November 2015

Comments on the Draft Code

The CCGI welcomes the opportunity to review the draft of the Code. The Institute recognises that considerable effort and thought has gone into the production of the Code. In particular up to date governance issues such as independence, going concern, remuneration, risk management, sustainability, ethics, and rotation of auditors are addressed and international best practices have been applied.

In general, the Institute applauds the overall improvements in governance standards recommended by the PSOJ.

Specific detailed comments

The CCGI has a number of detailed comments that the PSOJ may wish to consider before finalising and publishing the code.

1. Apply or explain

The term “apply or explain” as used by the King Report III in South Africa or the Corporate Governance Codes in the Netherlands and Trinidad & Tobago may be a more accurate description of the principle than comply or explain as used in the UK.

2. Corporate Reporting versus Financial Reporting

In recent years there have been a considerable number of initiatives that have focused upon corporate reporting rather than solely financial reporting (e.g. Global Reporting Initiative, Integrated Reporting etc). CCGI recommends that the Code should refer to corporate reporting issues (and this can include issues such as sustainability, CSR etc) and this umbrella term would mean that these items would be treated as integral and integrated rather than as “add on issues”.

3. Conflict of interest

There are no recommendations in the Code concerning how a board and shareholders should deal with conflicts of interest beyond executive directors not being involved in their own remuneration decisions. CCGI consider this to be an important omission that should be contained in the code. In our opinion, all companies should publish a policy on conflicts of interest and related party transactions.

¹ PSOJ, 2015. PSOJ Corporate Governance Code 2015 (Final Draft) - June 2015. pp.1–39. Available at: <http://psoj.org/wp-content/uploads/2015/07/PSOJ-CG-Code-2015-5th-Final-Draft.docx> [Accessed October 4, 2015].

4. Annual report versus website

The Code should perhaps consider the option of allowing companies to place key information on their websites rather than recommending that all of the information goes into the annual report.

5. Board evaluation

A more usual term for “weaknesses of the board” (B5) used by board evaluators is that of “identified development needs of the board”.

Also perhaps the PSOJ should consider recommending the use of an **independent** external evaluator should be considered and used at least once every three years.

6. Auditors

Perhaps greater consideration should be given to the Auditors role in reviewing compliance with the code and exemplar opinions / statements provided.

7. Disclosure

Consider providing a summary of all items that are expected to be disclosed (in addition to description of adherence to (or, as we would recommend you consider: “application of”) the Code’s main principles and the deviation from any of the Code’s provisions. It would also be helpful for companies to have an integrated reference guide for how the PSOJ code disclosures compare to the international benchmark developed by the Intergovernmental Working Group of Experts on International Standards on Accounting and Reporting (ISAR).

8. Induction programme

Consider including the “business model’ in induction programme (p.15)

9. Information & Professional Development

B.4 is written in a way that might give the impression that the management decides what information to present to the board. Consider making it clearer that the board decides what information it should be provided.