



# **CORPORATE GOVERNANCE FRAMEWORK**

THE PORT AUTHORITY

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*Acknowledgements*

This Corporate Governance Framework reflects the recommendations put forward in the Corporate Governance Framework for Public Bodies, October 2012 and the corporate governance practices and policies of the Port Authority (otherwise called the Port Authority of Jamaica).

Included in the Framework also are recommendations put forward in various documents such as the Organization of Economic Corporation & Development (OECD) Guidelines on Corporate Governance for State -Owned Enterprise (2015); Corporate Governance Framework for Public Bodies (Jamaica, 2012); IFC/Global Corporate Governance Forum; Private Sector Organisation of Jamaica (PSOJ) Corporate Governance Code (2016); Public Bodies Management and Accountability Act (2001) and various other pieces of regulations and literature on the topic of corporate governance.

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### GLOSSARY OF TERMS AND INTERPRETATION

**“Accountability”** implies a relationship, a hierarchy and the duty of a body to explain and justify its conduct to another body. In the systems which are based on the Westminster Model of Parliamentary Democracy (and this is an element which has been retained by the Jamaican Constitution), ministerial responsibility is the cornerstone of accountability... it is based on department hierarchy and lines of responsibility culminating in the Ministers. Ministers are traditionally accountable for the policy that underlies their Ministries and agencies – they are accountable for the policy that underlies their budgets whereas Accounting Officers account for expending the budget. Therefore, accountability is a responsibility of individuals in as much as it is for the body corporate.

**“Board”** refers to the Members of The Port Authority (PAJ) as prescribed in law or constitution. The Board of Directors is responsible for the strategic direction of the PAJ ensuring alignment with the policy directive of the Government of Jamaica, such as specific policy directives of its portfolio Ministry and the Ministry of Finance and Public Service.

**“Board Charter”** means the Board Charter approved by the Board on July 23, 2018.

**“Board composition”** refers to the number of Directors and their diversity – skills, qualifications, experience and ages, gender balancing considerations as set out in the Legislation governing the Port Authority and the Public Sector Competency Profile.

**“Corporate Governance”** refers to the laws, regulations, voluntary codes, principles, guidelines, practices and leadership styles that independently or collectively serve to advance the organisation’s wealth and stakeholders’ welfare. This is built on a foundation of transparency, accountability and integrity.

**“Board Invitee”** refers to (excluding ex officio indicated below) persons to whom an invitation is extended to attend Board meetings or Members of Board Committees by virtue of their expertise. This excludes ex-officio officers as indicated below.

**“PAJ’s representatives”** employees and directors of PAJ or any other person authorized to conduct business on behalf of the organisation.

**“Ex-Officio Officer”** means members of Boards and Committees who are members by virtue of some other office or position that they hold.

**“Gift”** A thing given willingly to someone or an organisation without expectation of payment.

**“Government”** means the Government of Jamaica. Where the Government of other countries is referred, it will be specified.

**“Public Body”** means a statutory body or authority or any government organisation but does not include an executive agency designated under the Executive Agencies Act.

**“Responsible Officer”** has the meaning denoted in the Financial Administration and Audit Act.

**“Shareholder”** means the Port Authority and the Accountant General of Jamaica in relation to subsidiary companies.

**“Stakeholder”** means the Board, PAJ employees, customers, partners and associates



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## CORPORATE GOVERNANCE FRAMEWORK

### 1.0 Introduction

The Board of Directors (“Board”) and the management team of the Port Authority (PAJ) and its subsidiaries are committed to the practice of internationally accepted principles of corporate governance. These principles and best practices are promulgated in this PAJ Corporate Governance Framework. This Framework provides standards against which successive Boards can assess their governance structures and processes.

PAJ believes that good and transparent governance practices contribute to its growth, its financial stability and improve stakeholders’ confidence in its operations.

### 2.0 Definition of Corporate Governance

PAJ’s definition of corporate governance is adopted from the Government of Jamaica Corporate Governance Framework for Public Bodies published in October 2012.

“Corporate Governance” refers to the laws, regulations, voluntary codes, principles, guidelines, management practices and leadership styles that independently or collectively serve to advance shareholder’s wealth, and stakeholders’ welfare. It represents both the long-term survival and the effective and efficient survival of the Public Body.<sup>1</sup>

#### 2.1 Principles

The main principles on which this Framework is based are fairness, performance and responsibility, accountability, disclosure and transparency, engagement of stakeholders, predictability, integrity and ethical behavior, engagement of an independent and effective Board, effective risk management, and engagement of capable and independent external and internal audit function.

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<sup>1</sup> Corporate Governance Framework for Public Bodies, October 2012

PAJ has articulated its Mission, Vision, Core Values and Code of Ethics which define the relationship with its stakeholders and the environment in which it operates. The statements of PAJ's Mission, Vision, Core Values and Code of Ethics are given at subsections 5.1 and 5.2, section 6.0 and subsection 6.1, respectively of this Framework.

## 2.2 **Relevant Legislation**

The Port Authority Act 1972, the Public Bodies Management and Accountability Act (PBMA Act) and the Financial Administration and Audit Act (FAA Act) impact PAJ's Corporate Governance Framework by imposing certain obligations on directors, the corporate secretary and executive management. Section 17 of the PBMA Act requires organisation officers to act in the best interest of the Organisation. The FAA Act requires compliance with the statutory requirements impinging upon PAJ's operations.

## 2.3 **Who are Involved?**

Every member of the Board, PAJ employees, clients, partners and associates has a role to play in the corporate governance process.

Effective Corporate Governance is promoted by best practices of the responsible Minister, Board, all employees and internal and external auditors.

It is required that misconduct, by any member of the Board, members of staff or any other stakeholder, be reported. Misconduct is identified by breaches of any principles or policies that negatively impact PAJ's objectives and reputation.

## 3.0 **Organization and Structure of the PAJ**

### 3.1 **Core Business**

The core business functions of PAJ include being responsible for the regulation and development of Jamaica's port and shipping (cargo and cruise) industry. As the Designated Authority pursuant to the International Ship and Port Facility Security (ISPS) Code, the PAJ ensures that security systems, standards and procedures at Jamaica's maritime and port facilities comply with the International Maritime/ISPS (IMO/ISPS) Code and that its operations are executed in accordance with relevant local laws and International Maritime Conventions, as well as ensuring Jamaica's security objective to protect and control

Jamaica's territory. The PAJ is cognizant that the country's seaports are valuable strategic assets that must be kept infinitely functional.

Strategic plans concerning performance of the PAJ's core business are outlined in the PAJ's Corporate Plan. Pursuant to Section 7 of the PBMA Act, the responsible Minister is authorized to approve PAJ's annual Corporate Plan.

### 3.2 **Structure**

The PAJ is a statutory body established by The Port Authority Act of 1972.

#### 3.2.1 **Subsidiaries Shareholding Structure**

PAJ has interests in a number of subsidiaries, a joint venture and associated companies which are incorporated and domiciled in Jamaica.

##### **Subsidiaries**

Kingston Free Zone Co. Limited  
Montego Bay Free Zone Co. Limited  
Jamaica International Free Zone Development Limited  
KCT Services Limited  
Ports Management and Security Limited  
PAJ Marina Development Limited

##### **Associated Companies**

Security Administrators Limited  
Montego Cold Storage Limited

PAJ encourages the appropriate management of these companies by ensuring that they adhere to its corporate governance principles.

PAJ is represented on the Boards of the subsidiary and associated companies. The PAJ Board regularly reviews the activities of the associated companies.

#### 3.2.2 **Organizational Structure of PAJ**

The organizational chart shows that the structure is fashioned to facilitate PAJ's mission and strategic objectives. (See organizational chart annexed hereto as **Appendix 1**.)

## **4.0 PAJ Strategic Management and Governance Framework**

4.1 PAJ's policies, procedures and strategic plans guide its conduct and its business affairs in accordance with internationally accepted corporate governance principles which are aligned to the Corporate Governance Framework of the Government of Jamaica. The stated aim of the Government of Jamaica's governance framework is to strengthen the governance accountability systems in public bodies.

The Framework as amplified herein seeks to:

- (a) Outline the structures, processes, roles and responsibilities of the Board and management in decision making, facilitating the development and management of a set of policies and processes to meet PAJ's objectives.
- (b) Define the reporting relationships between Ministers, Boards and executive management.
- (c) Define the duties, responsibilities and oversight functions of the Board which are exercised over the performance of the management of the PAJ. The framework empowers the Board to provide strategic guidance to the PAJ. PAJ's reporting structure promotes effective monitoring by the Board with support from its Committees, which allows for accountability to the stakeholders.
- (d) Protect and facilitate the exercise of the rights of and accountability to the stakeholders in accordance with the Port Authority Act, the PBMA Act, the FAA Act, and the appropriate approved instructions of the responsible Ministry.
- (e) Safeguard integrity in financial and non-financial reporting.
- (f) Practise effective Enterprise Risk Management (ERM) by implementing mechanisms to identify measure and control risks.
- (g) Promote ethical and responsible decision making at various levels of the organization.
- (h) Provide for the appropriate quality and independence of the external and internal audit functions.

## 4.2 **PAJ Governance Structure**

PAJ's decision making structure is decentralized. While each Department is required to adhere to the strategies, policies and standards set by the management team and the Board, each Department is accountable for its contribution to the achievement of PAJ's operational and strategic objectives.

Effective decision making in PAJ's decentralized structure requires a clear allocation of responsibilities at the following levels of the organization:

- (a) The Board of Directors
  - Chairperson
  - Other Committees appointed by the Board
  - Corporate Secretary
- (b) President/CEO
- (c) Executive Head/Managers
- (d) Employees

PAJ's Employees Code of Ethics sets the tone of its desired business culture and outlines its core values and principles, which will guide the performance at each level of the organization.

4.3 The Corporate Governance Framework is supplemented by the Board Charter, Terms of References of the Committees and relevant Policies as outlined in the Appendices.

## 5.0 **PAJ's Mission and Vision**

### 5.1 **Mission**

Developers and regulators of world class facilities and services that ensure sustainable growth of Jamaica's maritime industry and maximum satisfaction to all stakeholders.

### 5.2 **Vision**

The Western Hemisphere's Beacon of Maritime Excellence

### 5.3 **Our Values**

The PAJ is committed to the pursuit of its vision and mission within a framework characterized by a motivated and competent workforce; excellence, fairness and equity, integrity and trust; open communication; commitment; accountability and a

wholesome physical environment with which to endow future generations.

## 5.4 **Core Values**

### (a) **Integrity:**

In ethics, integrity is regarded as the honesty and truthfulness or accuracy, transparency and internal consistency of one's actions. PAJ Directors, managers and employees must strive to be consistent in their actions.

### (b) **Accountability:**

Commit to taking full responsibility for one's actions and behavior at all times.

### (c) **Professionalism:**

Conduct inside and outside the workplace which embraces competence in a particular field/area, respect and tolerance for others and their views, commitment to the organization, positive attitude, proper deportment, striving for excellence, and disciplined approach to work.

### (d) **Innovativeness:**

PAJ will strive to find new, practical and innovative ways to provide services that will be of real value to our clients and stakeholders.

## 6.0 **PAJ's Code of Ethics Framework**

PAJ's Code of Ethics framework outlined in this document applies to the Board, all employees, including temporary personnel, and PAJ representatives. A detailed Code of Ethics for all employees forms a part of PAJ's Human Resource Policy Manual. Critical to the adoption and successful implementation of this Code of Ethics framework, is PAJ's commitment to and relationship with the following stakeholders:

- **Employees** – Employees are the face of PAJ. As such, special emphasis is placed on these groups and their role in adopting and implementing the Employees Code of Ethics. PAJ values its employees as the keystone to success and is committed to treating all employees with dignity, trust, and respect, and to building a long-term relationship based on Jamaica's labour law and the respect of human rights. The

organisation will not employ child labour. PAJ fosters teamwork, believing that diversity in talent, perspectives, and opinions stimulate new and creative business opportunities and innovation.

- **Customers** – The PAJ recognizes that client/customer satisfaction is tantamount to PAJ. Confidential, safe and quality services and products, fair pricing and appropriate follow up services shall define the organisation's relations with its clients/customers and will always seek to deliver what it promises. PAJ is committed to complying fully with the Jamaican law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.
- **Government** - PAJ will honour all statutory obligations fully and in a timely manner. PAJ abides by all national and industry-specific regulations, including voluntary codes and guidelines, in both spirit and letter.

PAJ will also legally obtain all licenses required to do business. The organisation seeks to build and maintain a sound relationship with governmental authorities. No attempts to improperly influence governmental decisions shall be made, and the PAJ will not offer, pay, solicit or accept bribes in any form or shape, either directly or indirectly, in its dealings with the private sector or other State-Owned Enterprises or private individuals, administration or courts.

- **Community, Society and Environment (*Corporate Social Responsibility*)** - PAJ views itself as an integral part of the community in which it operates and is committed to a sound relationship built on honesty, integrity, accountability, trust, fairness, professionalism, mutual respect, confidentiality and innovation. The PAJ is committed to creating jobs and developing local talent when this is economically sustainable.

The preservation of the environment is of the utmost importance to PAJ. All operations and activities will be carried out according to the highest standards of care and in-line with internationally recognized principles.

By ethical behavior, PAJ seeks to build and maintain trust amongst its Board, members of staff and external stakeholders by adhering to the highest culturally and socially acceptable practices, and the abhorrence of conduct that displays unfair discrimination on the bases of gender, race, disability, place of origin, social class, colour, religion, age and political persuasion.

These Core Values will be honoured in accordance with the laws and regulations and are consistent with the standards PAJ has put forward in its policies, principles and guidelines. In support of its Core Values, PAJ further embraces the following nine (9) business principles:

(a) **Compliance:**

Ensure that business transactions are done in accordance with the requirements of governing laws, mutual agreements, and policies, in particular the Port Authority Act, PBMA Act, GoJ Procurement Guidelines, etc. and regulations in relation to conflict of interest and related party transactions. Everyone has the responsibility to acquire sufficient understanding of the applicable laws and regulations pertinent to the performance of their jobs.

(b) **Business Principles:**

Strive to continuously foster and enhance good relationships with all stakeholders.

(c) **Merit-based Reward/Recognition:**

Promote a merit-based reward and recognition system which is based on measured performance. Objective evaluation of performance is required.

(d) **Protect PAJ's Assets and Records:**

Strive to protect PAJ's assets and its records. All assets should be used and maintained with care and respect; waste and abuse should be avoided.

The unauthorized use of PAJ's time, materials, financial assets or facilities is prohibited. The unauthorized removal or borrowing of PAJ's assets is forbidden.

(e) **Probity:**

Staff should always exercise probity in their relationship with clients and other stakeholders.

(f) **Commitment:**

Staff must be fully committed to achieving the objectives of PAJ; always performing with diligence, competence and excellence.

(g) **Responsive to Media and Others:**

PAJ maintains a principle of openness and transparency with external parties based on PAJ's Communication Policy and the Access to Information Act.

(h) **Conflict of interest**

Incidents that could be interpreted as real or perceived conflict of interest are dealt with in *Section 7* of this Framework

(i) **Fraud**

The HR Employment and Termination Policy, which forms a part of the Human Resource Manual outlines the procedures for dealing with actions that may constitute fraud.

PAJ's business principles are grounded in its core values and the standards for business conduct are derived from these principles.

Any breach of the principles outlined in this Code of Ethics Framework will result in disciplinary action being taken against the perpetrator.

## 6.1 **Implementation of the Code of Ethics**

PAJ believes there are at least three (3) key elements to a successful implementation of the Code of Ethics. These elements are:

### **6.1.1 Means to obtain advice on ethical dilemmas**

Many business decisions involve ethical dilemmas and require complex judgments to make the right choice. In cases of uncertainty, all employees are expected to act responsibly and raise the ethical dilemma with their

managers. Should this not lead to a satisfactory resolution, the ethical issue is to be raised with a designated officer to obtain clarification. All employees have the right to make confidential reports directly to the designated officer who in turn shall decide whether to report the matter to the Audit Committee to recommend appropriate action against any employee who acts in a manner inconsistent with this Code of Ethics.

Members of the Board of directors are expected to comply with the both the spirit and letter of all applicable PAJ laws, regulations and policies. Each director is expected to encourage and promote a culture of compliance and shall report any violations to the Chairman of the Board.

#### **6.1.2 Processes and responsibility**

Each individual is responsible for his or her ethical behavior. Adherence to this Code is further made obligatory as it is referenced in all employee contracts and linked to disciplinary procedures. A copy of PAJ's Employee Code of Ethics is given to every employee on his or her first working day.

Department heads are accountable to the President/CEO and/or executives for implementing the Code of Ethics within their departments, ensuring that all employees understand it, and for providing assurance on compliance. The President and/ or executives are in turn accountable to the Board. The principles and provisions in this Code of Ethics framework have been integrated into the organisation's system of internal control. Rigorous and objective processes to measure performance, identify gaps and implement measures to address ethical gaps are regularly reviewed and modified. Willful or careless breach or neglect of this Code of Ethics framework will be treated as a serious disciplinary matter and can lead to the termination of employment.

The Board's Audit Committee periodically reviews and updates compliance with these principles and formulates proposals for the Board's approval.

### **6.1.3 Training and Orientation of directors, employees and other stakeholders on the key tenets of this Code**

PAJ shall offer an introductory ethics training course once per year for all new officers and periodically for all employees. This course offers practical examples of the PAJ's Code of Ethics in action. Management shall include the Code as part of its induction/orientation procedures and promote and monitor compliance with it.

By way of adopting, following, and updating this Code on a regular basis, together with the organisation's Frameworks, the Board and members of staff of PAJ confirm their desire to demonstrably lead and promote good ethical behavior and corporate governance. In order to foster the confidence of its shareholders, employees, investors, and the general public, this Code of Ethics framework goes beyond the legal and regulatory framework in Jamaica and embraces both national and internationally recognized principles and practices.

## **7.0 Conflict of Interest**

Conflict of interest arises in any situation where an individual has competing interests which will or be perceived to affect objectivity, action and judgment in decision making.

PAJ requires that the Board, employees and PAJ's representatives make decisions and act in a manner which reflects PAJ's core values and principles which are designed as guidelines for business conduct. Compliance with the core values and principles should assist with avoidance of real or perceived conflict of interest.

The following actions might give rise to situations of conflict of interest and should be avoided:

### **(a) *Decision making***

The involvement in or seeking to influence any decision that could be interpreted as conflict of interest, actual or perceived

### **(b) *Financial interest in other businesses***

The Board, employees and PAJ's representatives or any member of their immediate family should not invest directly or

indirectly in any enterprise/project if it compromises or appears to compromise their loyalty to PAJ.

(c) ***Confidential information***

The use of confidential information for personal gain or advantage.

(d) ***Gifts and other benefits***

Accepting fees, gifts, favours, entertainment, gratuities from borrowers, lenders, contractors for themselves or members of their family in connection with services rendered in their official capacity.

Also receiving personal benefits from clients, suppliers, etc. which are not made available to all directors, employees and PAJ's representatives.

(e) ***Romantic relationships***

The involvement in romantic relationships between certain employees, in circumstances where:

- (i) There is a direct reporting relationship between the employees involved.
- (ii) There is no direct reporting relationship between the employees but where a romantic relationship could cause loss of confidence in the objectivity of the employees involved or where the relationship could cause embarrassment to PAJ.

(g) ***Purchases without due process***

Purchases made without full adherence to due process e.g. where competitive bidding would widen the selection process, contract sums and tasks, are splintered to put known individuals in an advantageous position.

7.1 **Disclosure of Conflict of Interest**

Disclosure of any such incidents shall be in writing

- (a) Directors and employees have the responsibility to report in good faith and in the appropriate manner, any observance of conflict of interest. The normal reporting channels e.g. supervisor, President/CEO for employees and the Board

Chairman for directors, should be used to report incidents where conflict of interest is suspected.

- (b) Matters affecting financial issues e.g. audits, financial irregularity should be reported to the Group Internal Audit Department.
- (c) Reports of incidents of suspected breaches of core values and principles may be submitted confidentially or anonymously to one's supervisor or another officer authorized to receive such reports.
- (d) All reports made in good faith will be promptly investigated to determine the veracity and impact of such report.
- (e) Suspected wrongdoers will not be held responsible for any violation until the reported violation has been investigated and the findings and conclusion support the veracity of the reported violation.
- (f) Any person making the report (in good faith) will be protected from any form of "occupational detriment" as defined by the Protected Disclosures Act, 2011 (*see Section 8.9 – Occupational Detriment*). [Whistleblower]
- (g) The identity of the person making the report will, within legal limits, be held in confidence.
- (h) Knowledge of and failure to report any observable incidents of real or perceived conflict of interest will constitute an act of misconduct.

## 7.2 **Procedures to Manage Conflict of Interest**

### (a) **Responsibility of Department Heads**

Department heads are responsible to ensure compliance with the principles aimed at eliminating conflict of interest from decision making and actions of everyone. The principles should be reinforced through training, feedback from everyone and support from every level of PAJ.

- (b) The content and methodology used in training should emphasize and reinforce the various provisions developed by management to encourage and enable staff to be involved in mitigation of

conflict of interest e.g. access to any supervisor and confidentiality of reports made.

(c) The contents of training should involve identification of incidence or situations where decisions/actions might be real or suspected conflict of interest e.g. in cases where post-employment working relationships develop into intimate relationships; involvement in decision-making process that could benefit a preferred individual.

(d) ***Employment outside of PAJ***

The Board of Directors, employees and PAJ's contractors and representatives who are employed in legitimate activities outside of PAJ's employment which might give rise to a conflict of interest should disclose such activities to executive management or the Chairman of the Board where appropriate.

(e) Frequent reviews of the organizational chart and relationships should be done by executive management to determine instances which might be viewed as real or potential conflict of interest and action should be taken to remove such situations. For example, transfer of personnel where post-employment intimate involvement may lead to conflict of interest.

(f) In cases where post-employment intimate relationships develop between individuals where one is in a subordinate position and that subordinate's performance evaluation is required from the "person in charge" then such evaluation should be done in collaboration with the "person in charge" by an independent assessor. Care should be taken to ensure that there is fairness and consistency in the evaluation of the other individuals evaluated by the "person in charge."

(g) In cases where an employee or a member of the Board has knowledge of or is involved in approving a benefit e.g. loan, contract, and that employee or director is a benefactor or is related to or associated with such a benefactor, that employee or director should declare his/her interest or disclose the nature of the relationship with the potential benefactor and should recuse himself/herself from the decision-making process. Punitive action will be taken against any such employee or director if undue influence is brought to bear on any person in the decision-making process to give preference to any individual.

### **7.3 Confidentiality**

All directors and employees are expected to maintain the confidentiality of PAJ information. Directors have a responsibility to maintain the confidentiality of all confidential and proprietary information of PAJ its subsidiaries, associated companies, customers and suppliers. Details of directors' confidentiality requirements can be found in the Board Charter section 8.

If a director has any question about whether information is confidential or proprietary the director should consult with the Board Chairman or the Snr. Vice President, Legal, Regulatory & Corporate Affairs.

### **8.0 Board Charter and Committees Terms of References**

The Board Charter, Committees Terms of References, and Roles and Responsibilities of the Board of directors and executive management are incorporated herein, by reference to the Corporate Governance Framework for Public Bodies in Jamaica, October 2012, as amended from time to time by the Ministry of Finance and Planning (can be found at <http://www.mof.gov.jm>).

#### **8.1 Board of Directors**

The primary role of the Board is to provide strategic leadership and oversight which will create and maintain an environment of transparency, accountability and integrity for stakeholder relevance which shall stimulate economic growth and development.

In accordance with the Port Authority Act, each director must satisfy the "Fit and Proper" criteria determined by the Financial Services Commission (FSC). The Board should be established as the primary decision-making authority of the PAJ and its roles and responsibilities vis-à-vis executive management should be clearly documented to avoid any misunderstanding between the Board's role and that of executive management subject to Policy and Procedures of the Government of Jamaica.

##### **8.1.1 Board Values**

PAJ core values are affirmed by the Board. The communication of these values to everyone in the organization will influence the quality of performance. These values include:

- (1) Working in the best interest of the PAJ
- (2) Keeping the PAJ's mission

- (3) Abiding by the law in matters where conflict of interest will arise
- (4) Fair evaluation of performance
- (5) Fair dealing with internal conflicts via the relevant committee
- (6) Establishing and maintaining the principles outlined in its Code of Ethics.

### **8.1.2 Board Charter**

The operations and roles and responsibilities of the Board and its directors are detailed in the **Board Charter seen in Appendix 2**. Each member of the Board is provided with a copy of this Charter on appointment and these approved guidelines support the Board's operations.

The Responsible Minister shall appoint members based on the Competency Profile Instrument for the Boards of Public Bodies to provide effective oversight of PAJ's operations and compliance with government regulations and guidelines.

### **8.1.3 Conformity**

The Board of directors should ensure that the PAJ conducts its business in conformity with:

- Regulatory requirements and best practices
- Statutory requirements
- Policy directives of the Government of Jamaica
- Respective statutes
- The Constitution of Jamaica

## **8.2 Chairperson of the Board of Directors**

The Chairperson is appointed by the Minister as head of the Board. There should be a clear demarcation between the functions of the President /CEO and the Chairperson. The role and responsibilities of the Chairman is **detailed in the Board Charter**.

## **8.3 President (CEO)**

The President who is the CEO, is accountable to the Board through the Chairman for the overall achievement of PAJ's national impact, financial and customer satisfaction objectives. The President/CEO is a member of the Board of directors. The Board should hire, appoint, evaluate and determine the tenure of the President, whose role should be to manage the day to day operation of the PAJ.

The President should be held accountable by the Board for performance of the organization and the implementation of the Board's strategy and policy in accordance with "mutually agreeable and written performance objectives"<sup>2</sup> which are outlined in the Corporate Plan. The President's contract should be void of any ambiguity whatsoever, with the clear definition of roles and responsibility for management, inclusive of the authority delegated from the Board.

The role and responsibilities of the President/CEO is detailed in the Board Charter.

#### **8.4 Corporate Secretary**

The Corporate Secretary (CS) is appointed by the Board to execute critical administrative and governance functions, which demand a high degree of compliance and ethical conduct. The appointment of a CS is a requirement under Jamaican business law, where the organization is a limited liability organisation irrespective of ownership. In addition, many Public Bodies statues and Corporate Governance guidelines set out clear and comprehensive roles and responsibilities for the CS, which ought not to be delegated elsewhere under any circumstances.

The role and responsibilities of the Corporate Secretary is detailed in the Board Charter

#### **8.5 Role and Authority of Board Invitees**

Board invitees can play an important role in deliberations of the Board; however, there are guiding principles which prescribe the behavior and participation of such persons.

(a) Board invitees should not be allowed to vote at Board meetings or Board committee meetings as they are not members of a Board or committee and are usually invited to provide specialist advice not readily available on the Board.

(b) Board invitees should not constitute a quorum of an officially convened meeting of the Board or its committees.

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<sup>2</sup> Corporate Governance Framework for Public Bodies, October 2012

- (c) Board invitees other than employees of PAJ or from elsewhere in the government may be paid a fee for their services within the Government guidelines.

#### 8.6 **Role and Authority of Ex-Officio Officers**

- (a) Ex-officio officers should have the same duties, responsibilities, rights and privileges as all appointed Board members, including the right to vote. The ex-officio officer should not be expected to commit the Government in respect of matters which are required to be referred to a higher level of authority.
- (b) The ex-officio officer should not endorse any action of the Board which will conflict with the legal and ethical obligations of a Public Officer and the position he/she holds. The ex-officio officer should advise and vote against such action or ensure that the opposition is recorded if no formal vote is taken.
- (c) The Permanent Secretary of the Ministry of Economic Growth and Job Creation in charge of the PAJ cannot be appointed to the Board.

#### 8.7 **Committees of the Board of Directors**

The Board establishes and appoints committees, which are composed primarily of Board members, namely:

- (a) Audit
- (b) Finance
- (c) Projects
- (d) Pilotage
- (e) Corporate Governance

Board committees are established to address Board-specific and highly technical issues that may require more in-depth and sometimes lengthy discussions too onerous to be thoroughly and appropriately explored during Board meetings, and consistent with the achievement of the strategic objectives of PAJ.

The Committees' main functions include examination of specific matters and making recommendations to the Board which is empowered to accept or reject such recommendations.

**Details on the operations of all Board Committees can be found in their respective Terms of Reference as seen in Appendix 2.**

#### **8.7.1 Audit Committee**

The Board has established effective internal control systems including internal audit, procurement and enterprise risk management.

The Group Internal Audit Department reports functionally to the Audit Committee and administratively to the President. The Department is “responsible for the monitoring, review and evaluation of the organization’s governance, enterprise risk management and control processes including internal control systems related to the financial and administrative reporting functions.”<sup>3</sup>

The audit reviews and reports are done in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors (IIA). The Group Internal Audit Department reports its findings and recommendations directly to the Audit Committee.

The Audit Committee is governed by the Audit Committee Terms of Reference (**Appendix 3.i**) which defines the purpose, authority and responsibility of the Committee. This includes the composition and functions of the Audit Committee as outlined under Section 8 of the PBMA Act.

#### **8.7.2 Finance Committee**

This Committee is established to provide oversight of the finance and investment functions of the PAJ and to assist the Board in evaluating investment, acquisition, enterprise services, joint and all transactions in which PAJ engages as part of its business strategy.

The Finance Committee is governed by the Finance Committee Terms of Reference (**Appendix 3.ii**) which defines the purpose, authority and responsibility of the Committee.

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<sup>3</sup> Special supplement to Internal Auditor magazine - “Governance Perspectives” - Strengthening Corporate Governance by Sen. Charles Schumer, member of the Senate Banking, Housing & Urban Affairs Committee

### 8.7.3 **Projects Committee**

The Project Committee is developed to assist the Board to review, oversee and monitor all development projects for the Port Authority and its subsidiaries.

The Projects Committee is governed by the Projects Committee Terms of Reference (**Appendix 3.iii**) which defines the purpose, authority and responsibility of the Committee.

### 8.7.4 **Pilotage Committee**

The Pilotage Committee was established to review, oversee and monitor all pilotage services for the Port Authority.

The Pilotage Committee is governed by the Pilotage Committee Terms of Reference (**Appendix 3.iv**) which defines the purpose, authority and responsibility of the Committee

### 8.7.5 **Corporate Governance Committee**

The Corporate Governance Committee provides an independent review of the governance activities of the PAJ by evaluating and monitoring the adequacy of and compliance with all governance matters for PAJ and its subsidiaries.

The Corporate Governance Committee is governed by the Corporate Governance Committee Terms of Reference (**Appendix 3.v**) which defines the purpose, authority and responsibility of the Committee.

## 8.8 **Terms of Reference of Occupational Detriment**

With the adoption of the “occupational detriment” as defined in the Protected Disclosures Act, 2011, “occupational detriment” means any act or omission that results in an employee, in relation to his/her employment, being: -

- (a) Subject to disciplinary action;
- (b) Dismissed, suspended, or demoted;
- (c) Harassed, intimidated or victimized or subjected to acts of reprisals;
- (d) Transferred against his/her will;
- (e) Refused transfer or promotion;
- (f) Subject to a term or condition of employment or retirement from employment, that is altered to his/her disadvantage;
- (g) Provided with an adverse reference;

- (h) Denied appointment to any employment profession or office;
- (i) Threatened with any of the actions specified in paragraphs (a) to (h); or
- (j) Otherwise adversely affected in respect of his/her employment, profession or office, including employment opportunities and job security;

The Audit Committee is charged with the responsibility of overseeing the PAJ's standards of integrity and behavior as outlined in the Terms of Reference of the Committee.

All board committees may refer investigative matters to the Audit Committee for detailed review.

### **8.9 Generally Accepted Criteria for Independence**

An independent director is a director who:

- (a) is not, and has not been, employed by the PAJ or any of its related entities at any time during the past three years;
- (b) is not, and has not been affiliated with an entity that acts as an advisor or consultant to the PAJ, nor is not and has not acted in such capacity at any time during the past three years;
- (c) is not and has not been affiliated with any significant supplier or contractor of the PAJ at any time during the past three years. A significant supplier or contractor is one that makes payments to or receives payments from the PAJ for goods or services in an amount to be agreed upon.
- (d) does not currently have, nor has had any personal service contracts with the PAJ or its senior management at any time during the past three years;
- (e) does not receive and has not received any additional remuneration from the PAJ apart from a Director's remuneration, nor participates in the PAJ's performance-related payment plans;
- (f) is not a member of the immediate family of any individual who is, or had been at any time during the past three years, been employed by the PAJ as a senior executive officer; and

- (g) is not, nor has been at any time during the past three years, been affiliated with or employed by a present or former auditor of the PAJ.

## **9.0 Relevant PAJ Policies Supporting Framework**

The PAJ shall develop Policies approved by the Board to complement the Framework. They include:

### **9.1 PAJ Communication Policy**

#### **i. Objective**

The Board of directors shall approve a Communication Policy for the PAJ which will provide order and consistency to the dissemination of information from the PAJ about its operations, strategic or otherwise, to the media and all stakeholders. This policy is guided by the Government of Jamaica Communications Policy (2015) as may be amended from time to time.

#### **ii. Purpose**

The purpose for the establishment of a Communication Policy for the PAJ includes:

- a) Keeping dissemination of information from PAJ as centralised as possible;
- b) Ensuring that each level of authority; that is the board and executive management is clear on their respective communication process and requirements;
- c) Allowing the President/CEO (who holds overall responsibility for the consequences of all operational activities and performance) to be informed about the precise details of what is released to the media and, by extension, the public;
- d) Allowing the PAJ's management, staff and partners with which it interacts to speak with one voice on all issues; and
- e) Maintaining an appropriate relationship with all stakeholders

### **9.2 PAJ's Corporate Social Responsibility (CSR) Policy**

#### **i. Objective**

As the principal maritime agency for Jamaica, the PAJ plays a major role in the economic development of the country. As such, the organisation's corporate social responsibility is driven by the organisation's strategic focus on making a meaningful impact on the communities in which we live, operate and engage stakeholders. The Board of directors is committed to the PAJ

achieving the right mix between economic growth and social wellbeing by practicing good governance in all areas of the entity's operations for PAJ's long term sustainability.

## ii. Purpose

PAJ's CSR initiatives are inspired by the organisation's desire to deliver value to our internal and external stakeholders rather than contributing to a cause. Our value delivery is inextricably linked to our mission, values and strategic business imperatives which prioritizes the following areas:

- Economic growth and development
- Employee benefits and talent development
- Customer focus and satisfaction
- Environmental awareness,
- Community investment, and
- Stakeholder engagement

### 9.2a PAJ Donations Policy

In line with our CSR Policy the PAJ works with a number of groups - including churches, charitable and non-governmental organizations, community groups, service clubs etc. - that do sterling work among the poor and disadvantaged in Jamaican society. Their work often complements and supports Government assistance. But for these groups, many needy Jamaicans including the elderly poor, handicapped and homeless would not get assistance at the level, frequency and quality that they require.

Many of these entities exist by fundraising, relying to a large extent on the generosity of organizations such as the PAJ for their very survival.

As a good corporate citizen and in line with our CSR priority areas, the PAJ will consider from time to time their assistance requests but cannot sustain its assistance in an unlimited way or even on a first-come-first-served basis. Additionally, because the PAJ does not have unlimited funds to apply to such requests, and because the organization is a Government institution (with the implication that it is managing taxpayer funds), the donations policy allows guidelines regarding the sectors and groups that will receive assistance and how often in a given period.

The donations policy shall also allow for a more streamlined, impartial and less *ad hoc* manner of decision making regarding:

- (1) Which requests are granted or denied; approval limits shall be established for executive management and the board of directors for all donations;
- (2) How much (amounts) or what (cash or kind) a request will receive;
- (3) The limit of a particular request: In this regard, a maximum limit shall be established for donations that is approved for any one group during a year.

All donation requests will be considered by the Donation Committee and where appropriate recommended for approval to the Board of directors depending on the limit and dollar value of the assistance.

### **9.3 Environmental Policy & Practices**

#### **9.3.1 Purpose**

The PAJ is committed to protecting and caring for the environment in which we operate. In order to maintain this commitment, the PAJ shall always strive to achieve exemplary environmental, social and commercial outcomes for the benefit of the people of Jamaica. The Board of directors shall therefore ensure that sustainability is the hallmark of its business and will approach all operational practices by balancing the environmental, societal and financial demands of everything that the PAJ does.

#### **9.3.2 The Objectives of the Policy**

The PAJ shall:

- a) Comply with all relevant environmental laws and regulations and ensure that these form a part of contractors and partners contracts;
- b) Take all reasonably practicable steps to ensure that their actions or inactions don't cause harm to themselves or the broader environment;
- c) Undertake and encourage, others to undertake, appropriate behaviour that minimizes potential environmental risks;

- d) Contribute to the development of clean air and effective use of all energy source alternative energy and otherwise, while respecting the natural environment throughout our operations.

#### **10.0 Revision of Framework**

The Board shall review this Framework every two years or as is necessary to ensure that all relevant changes of policies, procedures, laws, acts and regulations affecting PAJ's operations are added to the Framework.

#### **11.0 Disclaimer**

##### **11.1 Conflict with provisions of other relevant laws and regulations**

In the event of any conflict(s) between the principles laid down in this Framework and any principle(s) contained in existing or new legislations, regulations or relevant ministerial guidelines, then the principle(s) in those promulgations shall prevail over those in the Framework.

## APPENDICES

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