

CORPORATE GOVERNANCE BOARD CHARTER

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Chairman of the Board

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CORPORATE GOVERNANCE BOARD CHARTER

1. OVERVIEW

The Board of Directors (the “Board”) of Medical Disposables and Supplies (hereinafter “the Company”) is elected by its shareholders and is responsible for the stewardship of the activities and affairs of the Company. The purpose of the Board Charter is to outline the principal role of the Board of Directors (Board), the delineation of the roles, functions, responsibilities and powers of the Board vis-à-vis management, the Committees of the Board and matters reserved for decision-making by the Board.

This Charter further defines the specific responsibilities of the Board of Directors, in order to enhance coordination and communication between the Executive Directors and the Board and more specifically, to clarify both Board and Management accountability for the benefit of the Company and its shareholders.

2. COMPLEMENTARY TO LAW AND ARTICLES

This Charter is not intended to supersede the requirements under the Company’s Articles of Incorporation. In the case of a conflict between this document 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 corporate action.

3. BOARD COMPOSITION AND QUORUM

The Board shall comprise a maximum of ten (10) and a minimum of six (6) directors. The Board shall comprise Directors who have the expertise, skills and experience required to effectively lead the Company. All Directors should be free from other relationships that could reasonably be perceived to materially interfere with the Director’s ability to act in the best interests of the Company.

The quorum for a meeting of the Board shall be four (4) directors, inclusive of one (1) Independent Director.

4. DUTIES AND RESPONSIBILITIES

The business of the Company is managed under the direction of the Board of Directors. The Board is accountable for the performance of the Company.

The Board is responsible for the overall governance of the Company including ensuring the continuity of the business and its long-term viability. Directors shall ensure that they devote sufficient time to properly perform their duties to the Company.

4.1 The Board’s responsibilities include:

- a) participating directly, and through its committees, in reviewing, questioning and approving the Vision, Mission, Goals, Objectives, Values and Guiding Principles of the Company and for the establishment and observance of high ethical standards
- b) participating in the development of, and reviewing and approving, the business, financial and strategic plans by which it is proposed that the Company may reach its goals
- c) monitoring the implementation of the Strategic Plan by the executive management team;
- d) providing oversight of the Company, including its internal control and accountability systems;
- e) appointing and removing the Managing Director;
- f) ratifying the appointment and removal of the Company Secretary and external auditor;
- g) approving and monitoring the progress of any capital expenditure and capital management;
- h) monitoring compliance with all legal and regulatory obligations, including, but not limited to:
 - Publication of quarterly unaudited and annual audited financial statements to stockholders, the Jamaica Stock Exchange and the Financial Services Commission
 - Filing of Annual Returns to the Companies Office

- Filing of Annual Income Tax returns
 - Filing of Monthly General Consumption Tax returns
 - Payment of Monthly Statutory Liabilities related to the employee payroll
 - Requirements of the Pharmacy Council of Jamaica
- i) overseeing the identification of the principal risks of the Company's business and the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company and achieving a proper balance between the risks incurred and the potential returns to the Company's shareholders;
 - j) ensuring the Company's assets are safeguarded;
 - k) approving expenditure outside the approved budget.
 - l) reviewing and approving material transactions outside of the ordinary course of business and those matters which the Board is required to approve under the Articles, including the payment of dividends, purchase and redemptions of securities, acquisitions and dispositions
 - m) approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations;
 - n) approving the audited financial statements, quarterly financial statements and the notes and management's discussion and analysis accompanying such financial statements;
 - o) overseeing the accurate reporting of the financial performance and condition of the Company to shareholders, other security holders and regulators on a timely and regular basis;
 - p) encouraging effective and adequate communication with shareholders, other stakeholders and the public; and
 - q) ensuring the integrity and adequacy of internal controls and management information systems.

4.2 In discharging his / her duties, each Director must:

- a) exercise care and diligence;
- b) act in good faith in the best interests of the Company;
- c) undertake appropriate orientation and training, including an induction to the Company;
- d) not improperly use his/her position or misuse information of the Company; and
- e) commit the time necessary to discharge effectively his/her role as a Director.
- f) attend all meetings of the Board, unless adequate notification of absence is provided.
- g) review all materials provided in connection with a meeting in advance of such meeting and be prepared to discuss such materials at the meeting.

4.3 Meetings shall be formally structured and held in appropriate facilities, in line with the Company's Articles of Incorporation. All Directors are entitled to be heard at all meetings and should bring an independent judgement to bear in decision-making. The Directors shall meet in private session at least annually to assess the effectiveness of the executive management team.

4.4 The Board shall have an evaluation of its performance annually to determine whether it is functioning effectively by reference to current best practice and regulatory obligations.

4.5 An independent director is a one who:

- Is not, and has not been employed by the Company at any time during the past two years;
- Is not, and has not been affiliated with any significant customer or supplier of the Company or its related parties at any time during the past two years;
- Is not a member of the immediate family of any individual who is, or has been at any time during the past two years, employed by the Company or its related parties as an executive officer;

- Is not, nor has been at any time during the past two years, affiliated with or employed by a present or former auditor of the Company; and
- Is not a controlling shareholder of the Company or such person's adult brother, adult sister, parent, child, aunt, uncle, or a spouse, widow, in-law of any of the foregoing.

5. UNDERSTANDING THE BUSINESS OF THE COMPANY

The Directors shall ensure that they understand the complexities of the Company together with its markets, strategy, organisational structure, internal controls, funding, communication and the political/economic environment in order to adequately assess any risks faced by the Company. New directors shall be given an "induction pack" and briefed on key operations and strategic priorities.

6. BOARD MEETINGS: PURPOSE AND FREQUENCY

Board meetings shall be conducted in accordance with the Company's Articles of Incorporation. The purpose of these meetings is to:

- a) monitor performance against the strategic objectives;
- b) approve operational goals for management including the annual operating plan and budget;
- c) approve the annual audit plans and monitor progress;
- d) monitor performance of operational plans including implementation against targets and financial results;
- e) confirm the effectiveness of risk management and compliance procedures and practices;
- f) approve and ensure adherence to Company policies;
- g) review the performance of executive management and undertake an annual formal review; and
- h) approve contract terms and fees for the executive management.

The Board shall meet at least ten times for the financial year ending on March 31 and Board Committees will meet as often as required. Directors are required to attend least 75% of all Board meetings and meetings of the Committees on which they sit within the year.

The absence of Directors at Board and Committee meetings shall be noted in the minutes. Board attendance will also be reported in the Annual Report. Voting and attendance proxies by Directors for Board and Committee meetings are prohibited at all times.

The Corporate Secretary shall prepare and distribute a schedule of Board and Committee meetings for each year.

Meetings may also be held using video/tele-conferencing facilities.

The Chairperson will chair all sessions of the Board. In absence of the Chairperson at a meeting, a Director nominated by two other Directors, shall chair the meeting.

7. COMMITTEES

The Board may establish standing and ad hoc Committees to assist it in fulfilling its duties and responsibilities. The Board shall ensure that each Committee has a formal charter or Terms of Reference. Recommendations of the Committees are to be referred to the Board for approval.

The minutes of each Committee meeting shall be submitted to the Board at the next regular meeting of the Board of Directors, through the Company Secretary. The Chair of the Committee shall report to the Board on any key actions taken by it or recommendations being made to the Board with respect to the Committee's mandate.

Each Committee shall submit a report to the Board through the Company Secretary within two weeks of the end of each financial year summarising the work of the Committee.

8. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.

The Board will arrange for management to supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties. All Directors are to receive copies of Committee minutes and access to papers.

Any Director may take such independent legal, financial or other advice as he/she considers necessary provided the advice sought is in writing, is directly relevant to the Company's affairs and the Chairperson's consent is first requested and obtained. The consent of the Chairperson will not be withheld unreasonably.

9. THE CHAIRPERSON

The Chairperson is responsible for:

- a) effective leadership of the Board;
- b) overseeing the Board in the effective discharge of its roles and responsibilities;
- c) the efficient organisation and conduct of the Board's function and meetings;
- d) facilitating the effective contribution of all Directors;
- e) the promotion of constructive and respectful relations between Board directors and between the Board and management; and
- f) committing the time necessary to discharge effectively his/her role as Chairperson.

10. RESPONSIBILITIES OF THE MANAGING DIRECTOR

The Managing Director has overall strategic and operational responsibility for the execution the Company's mission. He/she is responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board. The Board shall be responsible for regularly reviewing and ensuring that all necessary and appropriate delegations are in place to enable the Managing Director and the executive management team to meet this responsibility.

The Managing Director and the executive management team must have formal contracts describing their duties, rights and responsibilities and the bases and processes for termination of the contracts.

At each meeting where the Board approves the full-year financial statements, the Managing Director must provide the Board with written certification from the external auditor, which includes statements that:

- the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the certification is assured on the basis of a sound system of risk management, internal compliance and controls which ensure full implementation of the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

11. CODE OF CONDUCT

The Board has adopted, and from time to time amends, the Code of Conduct. Although Directors are individually elected by shareholders or by appointment under the Articles of Incorporation, upon accepting the office of Director, each becomes bound by the overriding fiduciary duty to act in good faith and in the best interests of the Company as a whole.

In discharging the duties and responsibilities of being a Director of the Company, each individual must operate within the framework and structure of a collective Board.

The Directors' Code of Conduct is not intended to be exhaustive, nor derogate any obligations imposed by law.

DIRECTORS' CODE OF CONDUCT

This Directors' Code of Conduct sets the ethical and behavioural standards expected of all Directors of the Company.

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use care and diligence in fulfilling his/her functions and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company as a whole, but should, where appropriate, have regard for the interests of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a Director of the Company.
- A Director must not take improper advantage of the position of Director.
- A Director should properly manage any conflict with the interests of the Company and shall declare to the Board any personal interest, whether direct or indirect, he or she may have in matters brought before the Board. This declaration shall be recorded in the minutes and the interested Director shall not be present for the deliberations, discussion or voting on the resolutions to be adopted in this respect.
- A Director has an obligation to be independent in judgement and actions, and must take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Board, or is required by law.
- A Director should not engage in conduct likely to discredit the Company or be detrimental to the interests of the Company.
- A Director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

12. COMMUNICATION WITH DIRECTORS

The Board is committed to communicating effectively with shareholders regarding the Company's financial and operational performance, and to encourage participation in the Company's annual general meetings.

The notice of annual general meetings will be distributed to all shareholders and copies of the audited financial reports made available to shareholders.

13. EXTERNAL AUDITOR

The external auditor will be requested to attend the annual general meeting of the Company and must be available to answer questions about the audit and the preparations and content of the auditor's report.

14. REVIEW AND DISCLOSURE

The Board shall review and reassess the adequacy of this Charter biennially and amend it if necessary. The Board shall ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Board is disclosed in accordance with all applicable securities laws or regulatory requirements.