



cablebahamas

CABLE BAHAMAS LTD.
CORPORATE GOVERNANCE GUIDELINES

For The Company Website

Approved and adopted by The Board of Directors on 4th day of October 2018.

INTRODUCTION

Cable Bahamas Ltd. and its subsidiaries¹ (jointly referred to as CBL or “The Company”) have adopted international best practices on Corporate Governance to ensure effective and prudent oversight of its operations.

CORPORATE GOVERNANCE PHILOSOPHY

The Board of Directors of The Company (“The Board”) is of the view that good governance is fundamental to the well-being of The Company. The Corporate Governance Framework ensures the strategic guidance of The Company, the effective monitoring of management by The Board and The Board’s accountability to The Company and its shareholders.

The Board also places great importance on ensuring that The Company adheres to relevant legislation, guidelines and international best practices on Corporate Governance.

The Board is further committed to ensuring that The Company is operated in an effective yet safe and sound manner. This commitment is expressed in the prudent way in which The Company carries out its mandate and serves its customers.

THE BOARD OF DIRECTORS

The Board is responsible for the stewardship of The Company, including supervising the activities and managing the investments and affairs of The Company. In so doing, Board members should act on a fully informed basis, in good faith with due diligence and care, and in the best interest of The Company and the shareholders.

COMPOSITION

The Board of Directors collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of The Company’s business. The Board shall be comprised of a number of individuals which will permit The Board’s effective functioning.

SIZE OF THE BOARD

The Articles of The Company mandate that until otherwise determined by a General Meeting, the number of Directors shall not be less than five and no more than eight. The number of

¹ Cable Bahamas Ltd subsidiaries include: Summit Broadband; Maxil Communications Ltd; Systems Resource Group Ltd; Caribbean Crossings Ltd and its Affiliate Be Aliv Limited.

Directors are restricted in such a way to ensure the effective and proper functioning of The Board as a body.

DIRECTOR SELECTION AND QUALIFICATION

CBL endorses international best practices in assessing the fitness and propriety of individuals being considered for Directorships within The Company. The Company seeks a diverse group of individuals in possession of the background, skills, expertise, characteristics, leadership, integrity and independence to lead and to ensure the success of The Company.

RESPONSIBILITIES OF THE BOARD

The Board has specific responsibility for, but not limited to:

- Adopting a strategic planning process, and reviewing and approving a strategic plan of The Company that is submitted by Management and which takes into account, among other things, the opportunities and risks of The Company's business, and monitoring the implementation by Management of the strategic plan.
- Developing The Company's approach to Corporate Governance, including developing a set of Corporate Governance principles and guidelines which are applicable to The Company, ensuring that internal controls and management information systems for The Company are in place, are evaluated as part of the internal auditing process and reviewed periodically.
- Assessing the performance of The Company's Executive Officers, including monitoring the establishment of appropriate systems for succession planning;
- Ensuring The Company has in place a policy for effective communication with shareholders, other stakeholders and the public generally.
- To the extent feasible, satisfying itself as to the integrity of The Company's Chief Executive Officer and other Executive officers and that the Chief Executive Officer and other Executive Officers create a culture of integrity throughout the organization.

FUNCTIONS OF THE BOARD

In addition to its general oversight of the business and operations of The Company, The Board also performs a number of specific functions including but not limited to:

- Overseeing the selection, evaluation, performance and compensation of a fit and proper Chief Executive Officer (CEO) and overseeing the planning for succession of the CEO;
- Aligning key executive and board remuneration with the longer term interest of The Company and its shareholders;

- Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- Ensuring that processes are in place for maintaining the integrity of The Company including the integrity of the financial statements; the integrity of relationships with staff, clients and other stakeholders;
- Compliance with applicable laws, regulations and ethical standards;
- Overseeing the process of disclosure and communications.

COMMITTEES

The Board of Directors may delegate authority to individual Directors and committees where The Board determines it is appropriate to do so. The Board has delegated a certain portion of its responsibilities to Committees of The Board. Such committees are generally responsible for reviewing matters specified in their mandates and making recommendations to The Board, which retains ultimate decision making authority.

The Board has constituted the following committees:

- Management Development & Compensation Committee
- The Audit Committee
- The Corporate Governance and Nominating Committee

- **The Management Development & Compensation Committee**

The Management Development & Compensation Committee of The Board has primary responsibility for providing direction to the Human resources functions within The Company and the appointment, evaluation and remuneration of key Executives as well as the design of The Company's compensation plans. Members of the Committee are Ross McDonald, Michele Merrell, Troy d'Arville and Elma Campbell.

- **The Audit Committee**

The Audit Committee is responsible for the oversight of the financial reporting and internal controls of The Company, which includes the review and evaluation of the appropriate accounting principles and practices to be observed in the preparation of the accounts of The Company inclusive of tax planning initiatives and tax compliance. The Audit Committee is responsible for the initial review of The Company's annual audited consolidated financial statements prior to consideration thereof by The Board and direct oversight of the internal audit function. It approves the internal and external audit activities proposed each year to be conducted by the appointed independent auditors. The Audit Committee approves the terms of engagement of the independent auditors.

Members of the Committee are: Gary Kain, Ross McDonald and Troy d'Arville.

- **The Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee is responsible for the development, documentation and continuous adherence to The Company's governance policies and procedures. Members of the Committee are: Michele Merrell, Gary Kain, Ranford Patterson and Ross McDonald.

DISCLOSURE OF INTEREST AND RELATED PARTY TRANSACTIONS

A Director shall disclose to The Company in writing or by requesting to have it entered into the minutes of a meeting of Directors, the nature and extent of any interest that he or she has in any material contract or material transactions, whether made or proposed with the Company if the Director:

- (i) Is a Director or Officer, or an individual sitting in a similar capacity, or a party to the contract or transaction; or
- (ii) Has a material interest in a party to the contract or transaction;
- (iii) The transaction is otherwise a related party transaction and the Director is a related party in respect of such transaction.

A Director shall not vote on any resolution to approve the contract or transaction if the contract or transaction relates primarily to his or her remuneration as a Director, Officer or employee or Agent of The Company or its affiliates or is for indemnity or insurance or is with an affiliate of The Company.

Directors and Executive Management are bound by The Company's Conflict of Interest and Ethics Policy.

MEETINGS

The Board will meet not less than four (4) times per year: three (3) meetings to review quarterly results; and one, following or immediately prior to the Annual General Meeting.

MEETING GUIDELINES

The Directors will be expected to have read and considered the materials sent to them in advance of each meeting, and to be prepared to discuss the matters contained in the materials at the meeting. Administrative matters which require a vote will be batched for voting purposes. Directors will be expected to ask questions relating to items to be voted upon in advance of the meeting.

REMUNERATION

The remuneration of Directors pursuant to the Articles of The Company shall from time to time be determined by the shareholders at the AGM. The Director's compensation shall be reviewed annually and will be determined based on the following:

- (i) Company profitability;
- (ii) Board effectiveness;
- (iii) Relevant experience/expertise;
- (iv) Time commitment

The Directors shall also be compensated for reasonable traveling and other expenses properly incurred by them in attending meetings in connection with their services as Directors.

EXPECTATIONS OF MANAGEMENT

Management shall be required to report to The Board at the request of The Board on the performance of The Company, new and proposed initiatives, The Company's business and investments, management concerns and any other matter The Board or its Chair may deem appropriate.

In addition, The Board expects management to promptly report to the Chairman of The Board any significant developments, changes, transactions or proposals respecting The Company or its subsidiaries.

ACCESS TO MANAGEMENT AND STAFF

Directors will have full access to officers and key employees of The Company. While essential in order for Directors to keep abreast of Company affairs, Directors will use their discretion to ensure access is not disruptive to the business operations of The Company. If appropriate, any contact between Directors and Officers and key employees of The Company will be coordinated with the Chief Executive Officer.

The Board may invite senior Officers and other members of the Senior Management of The Company to Board meetings from time to time. The Board encourages management to schedule presentations at such Board meetings by managers who can provide additional insight into the items being discussed because of personal involvement in these areas or who have future potential and whom Senior Management believes should be given exposure to The Board.

INDEPENDENT ADVICE

In discharging its mandate, The Board shall have the authority to retain and receive advice from special legal, accounting or other advisors as The Board determines to be necessary to permit it to carry out its duties. The Committee Chairmen also have the authority to retain and receive advice from special legal, accounting or other advisors.

ORIENTATION AND CONTINUING EDUCATION FOR DIRECTORS

The Company recognizes the need for Directors to have the necessary information, knowledge and expertise to function effectively in their roles and to make substantial as well as quality contributions to the deliberations of The Board. The Directors of The Company are encouraged to develop themselves on a constant on-going basis and to keep abreast of relevant information in the communications and financial services industry as well as national and international Directors' standards.

In addition, each Board member is encouraged to visit The Company's facilities meet with The Company's officers and obtain supplemental information regarding operational, financial and legal matters affecting The Company or his or her role as Director. Management is committed to ensuring that supplemental information is provided in a timely manner, either for the individual Director or for the full Board.

ANNUAL REVIEW OF THE BOARD

At least annually, The Board through the Corporate Governance Committee shall conduct a review and evaluation of the performance of The Board and its members. This evaluation shall focus on the contribution of The Board and specifically focus on the areas in which the Directors and Management believes that the contribution of The Board could be improved and the competencies and skills each individual Director is expected to bring to The Board.

As part of the Annual Review, The Board utilizing the advice of the Senior Management will assess and document whether the Corporate Governance process has been implemented successfully and achieved its objectives and whether The Board is fulfilling its own responsibilities.

FINANCIAL CAPITAL ASSESSMENT

The Board will also seek to ascertain whether The Company's capital level is adequate for the nature and level of the risks assumed throughout the entire organization having regard to The Company's current and prospective capital adequacy through evaluation of projected capital needs and profitability, implementation of an appropriate earnings retention policy and recognition of external sources of additional capital.

MANAGEMENT SUCCESSION

The Board is of the view that management succession is fundamental to the well-being of The Company.

The following criteria will be employed when selecting a Chief Executive Officer (CEO):

- Knowledge of the markets and regulatory framework in which The Company operates;
- Knowledge of and clarity of vision for The Company;
- Demonstration of exemplary leadership skills and ethical conduct;
- Ability to lead and develop a corporate culture committed to excellence; and
- Such other criteria that The Board may deem appropriate.

The performance of the CEO will be reviewed by The Board annually.

The Board will maintain a succession plan, including succession in the event of an emergency or crisis for the CEO and other key officers.

The CEO should make available to the full Board his or her recommendations and evaluations of potential successors for Senior Management positions, including the position of CEO.