

**FIJI LAW SOCIETY CONFERENCE  
1 – 3 AUGUST 2003**

**CODE OF CORPORATE GOVERNANCE  
PRINCIPLES**

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## CODE OF CORPORATE GOVERNANCE PRINCIPLES

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### 1. Corporate Governance Principles

#### Role of the Board

- 1.1 The Board is responsible for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles.

#### Chairperson

- 1.2 The Board elects a Chairperson whose primary responsibility is the efficient functioning of the Board. The Chairperson shall be a person nominated by the Fiji Government and a director appointed by shareholders other than the Fiji National Provident Fund ('FNPF').

#### Chief Executive Officer

- 1.3 The Board appoints a chief executive officer (CEO) who is responsible for the management of the Company in accordance with the strategies approved by the Board. The CEO shall be a person nominated by the FNPF, acting in its capacity as Strategic Investor.

#### Separation of Roles

- 1.4 The Board endorses the separation of the roles of Chairperson and CEO.

#### Link with Performance

- 1.5 The Board recognises that the quality with which it performs its functions is an integral part of the performance of the Company and that there is a strong link between good governance and performance.

#### Annual Review

- 1.6 This Code outlines the corporate governance principles and guidelines in place to assist the Board in achieving its objective for the Company. The Board reviews the Code annually.

#### Information to New Directors

- 1.7 On appointment to the Board a director will be given a copy of this Code, and a comprehensive appointment letter covering the role of the Board, the Board's expectations of the director and any particular terms of his or her appointment.

### 2. Role Of The Board

#### Company's Objective

- 2.1 The objective of the Company is to enhance corporate profit and shareholder value.

#### Direction of Company

- 2.2 In pursuing this objective the role of the Board is to assume accountability for the success of the Company by taking responsibility for the direction and management of the Company.

#### Main Functions of the Board

- 2.3 The main functions of the Board are:
- (a) Taking steps designed to protect the company's financial position and its ability to meet its debts and other obligations as they fall due;

- (b) Adopting a strategic plan for the company, including general and specific goals and comparing actual results with the plan;
- (c) Adopting a budget for the financial performance of the company and monitoring results on a regular basis;
- (d) Adopting clearly defined delegations of authority from the Board to the Chief Executive Officer;
- (e) Agreeing performance indicators with management;
- (f) Determining that the company has instituted adequate reporting systems and internal controls (both operational and financial together with appropriate monitoring of compliance activities);
- (g) Establishing and monitoring policies directed to ensuring that the company complies with the law and conforms with the highest standards of financial and ethical behaviour;
- (h) Determining that the company accounts are in conformity with the Fiji Accounting Standards and are true and fair;
- (i) Determining satisfactory arrangements are in place for auditing the company's financial affairs and that the scope of the external audit is adequate;
- (j) Selecting and recommending auditors to shareholders at the Annual General Meeting;
- (k) Selecting the Chief Executive Officer, and if necessary replacing him/her, setting an appropriate remuneration package, ensuring adequate succession, and giving guidance on the appointment and remuneration of other senior management; and
- (l) Reviewing its own processes and effectiveness, and the balance of competence on the Board.

### **Board Relationship with CEO**

- 2.4 The Board acknowledges that its most important role is to provide high level counsel to the CEO, to constantly monitor the performance of the CEO against the Board's requirements and expectations and to take timely action if the objective of the Company is not being achieved or a correction to management is required.

## **3. Composition Of The Board**

### **Board Skills**

- 3.1 The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, cohesion and match the demands facing the Company.

### **Appointments to the Board**

- 3.2 The maximum number of directors is seven. Four of these directors are appointed by the FNPF as the Strategic Investor, while the remainder ('Fiji directors') are appointed by the other shareholders.

### **Board Membership**

- 3.3 The Board has adopted the following principles:
- a. board independence from management is vital to ensure that the Board fairly holds management accountable to shareholders. Applying this principle:

- i. at all times, the majority of members shall be non-executive; and
- ii. a Board member should not have a relationship with management (as defined in 3.4) that compromises his or her ability to act independently from management.

In practice, however, such relationships may arise in the course of a director's tenure and procedures for dealing with these situations are contained in 3.5;

- b. a Board member should not have any significant conflict of interest that is potentially detrimental to the Company; including:
  - i. affiliations with competitors of the Company; and
  - ii. affiliations with parties that are likely to be a regular counter-party to a transaction with the Company.

In practice, however, such conflicts may arise in the course of a director's tenure and procedures for dealing with these situations are contained in 3.5;

- c. control rights of shareholders (board representation) should, where possible, be aligned to cashflow rights (share ownership). Therefore, significant shareholders or shareholder groups should be represented on the Board. As far as practicable, the Board should also contain some directors not related to or affiliated with any shareholder or shareholder group in order to represent minorities and ensure that their interests are protected;
- d. the Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria so as to represent the diversity of shareholders, business types and regions in which the Company operates;
- e. at least one-third of the Fiji directors will retire annually, but are eligible for reappointment by shareholders;
- f. the Board will recommend the resignation of a director if he or she is absent from meetings of the Board for a consecutive period of more than six months;
- g. a director would not normally hold office after reaching the age of 75 years;
- h. the Board elects a Chairperson who can be replaced by it at any time; and
- i. the CEO is not eligible to be the Chairperson.

#### **Independence Definition**

**3.4** A director is regarded as having a relationship that may compromise his or her ability to act independently from management who:

- a. has been employed by the Company in an executive capacity within the last five years;
- b. is, directly or indirectly, an adviser or consultant to the Company or a member of senior management or who has been in such a relationship within the previous three years;
- c. has a personal service contract with the Company or a member of a senior management;
- d. within the last five years has had a significant business relationship with the Company (other than as a director);

- e. is employed by a corporation of which a member of senior management serves as a director;
- f. is a member of the immediate family of any person described above; or
- g. has had any of the relationships described above with any affiliate of the Company.

### **Procedures**

- 3.5 A director must declare to the Board any relationship that might compromise his or her ability to act independently from management (see 3.4) or any conflicts of interest that are potentially detrimental to the Company (see 3.3(d)). As soon as practicable thereafter the Governance Committee will meet to review the relationship or conflict and recommend a process to the Board to deal with the issue.

### **Business Relationships to be Disclosed**

- 3.6 Before accepting appointment to the Board, and thereafter as they occur, a director is required to disclose to the Board all of his or her business relationships.

### **Openness to Review**

- 3.7 The Governance Committee shall take such steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically examine its performance.

## **4. Role Of The Chairperson**

### **Chairperson's Responsibilities**

- 4.1 The Chairperson is responsible for coordinating the activities of the Board and has the following specific responsibilities:
- a. to conduct meetings of the Board and of shareholders;
  - b. to serve as an ex officio member of each of the Committees of the Board of which he or she is not a member;
  - c. to schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of the Company's business;
  - d. to prepare, in consultation with the CEO, other directors and Committee chairpersons the agendas for the Board and Committee meetings;
  - e. to define the quality, quantity and timelines of the flow of information between management and the Board;
  - f. to ensure that issues raised, or information requested, by any director are responded to promptly and as fully as possible;
  - g. to approve, in consultation with other directors, the retention of consultants who report directly to the Board;
  - h. to recommend to the Board the membership of the various Board Committees and the Committee chairpersons;
  - i. to assist the Board and management in assuring compliance with and implementation of this Code and to be principally responsible for recommending revisions thereto;

- j. to promote and maintain the independence of the Board from management;
- k. to act as principal liaison between the directors and the CEO; and
- l. to be principally responsible for evaluating the CEO's performance and to meet with the CEO to discuss the Board's requirements and expectations and the evaluation of the CEO's performance by the Board.

#### **Meetings of the Board**

- 4.2 The Chairperson is responsible to ensure that Board meetings are sufficiently well-planned and conducted in a manner that ensures the most effective and efficient use of Board time and energy. The Chairperson takes particular responsibility for leading the Board and setting the tone for the conduct of its meetings and the way in which issues are debated. The Chairperson is responsible to ensure that adequate minutes of the proceedings of meetings of the Board are taken.

#### **Relationship with CEO**

- 4.3 The Chairperson is responsible for establishing a close working relationship with the CEO and acting as his or her mentor.

### **5. Director Empowerment Assurance**

#### **Empowerment**

- 5.1 The Board recognises that the way in which it functions impacts on how well the Board performs its role as steward of the Company. Accordingly, the Board has in place procedures to ensure that the Board meetings regularly, conducts its meetings in an efficient and effective manner and that each director is fully empowered to perform his or her duties as a director of the Company and to fully participate in meetings of the Board.

#### **Meetings without CEO**

- 5.2 The Board meets without the CEO at least once a year when the performance, evaluation and remuneration of the CEO and management are reviewed.

#### **Attendance at Meetings**

- 5.3 Directors are expected to attend all Board meetings and when this is not possible directors can join the meeting by means of audio communication. In circumstances where a Board member is unable to attend, apologies must be given to the Chairperson or Secretary.

#### **Convening of Meetings**

- 5.4 Board meetings are normally convened by the Chairperson. Any director may request the Chairperson or Secretary to convene a meeting. Notice of a meeting must be given to all directors.

#### **Agenda for Meetings**

- 5.5 The agenda for normal Board meetings is determined by the Chairperson. Where a director has requested a meeting the agenda will be as specified by that director. Board members are encouraged to submit items for inclusion in the agenda. In addition each Board meeting has a general business item under which directors may raise issues.

### **Information by Directors**

- 5.6 The Board recognises that appropriate information, provided on a timely basis, is essential to the effective discharge of its duties. The Chairperson and the CEO are responsible for ensuring appropriate Board papers, that identify and fairly address the key issues concerning the Company, are prepared and distributed to Board members in a format and at a time that allows directors to be fully informed on the affairs of the Company and to properly prepare for discussion at Board meetings.

### **Availability of Management**

- 5.7 The Chairperson, in consultation with the CEO, is responsible to ensure the availability of the CEO and management when required by the Board.

### **Passing of Resolutions**

- 5.8 A resolution of the Board is passed by the agreement of a majority of the votes cast on it, except where it is expressly required under *article 6.17 (iv)* that the resolution needs to be approved by at least two-thirds of the members. In the case of an equality of votes the Chairperson has no casting vote.

### **Evaluation of Information**

- 5.9 The Board evaluates the format of the information it receives at least annually.

### **Performance Criteria**

- 5.10 The Board, in consultation with the Governance Committee, establishes and reviews from time to time performance criteria for itself and reviews its performance against those criteria at least annually.

### **Annual Report**

- 5.11 The annual report will contain details on the attendance of each director at meetings of the Board and Committees.

### **Relationship with Management**

- 5.12 The Board recognises that all directors should have access to the CEO and senior management. Each director acknowledges that the division of responsibility between Board and management must be respected. The Board reviews its relationship with management annually.

### **Independent Advice**

- 5.13 A director may obtain independent advice at the expense of the Company on issues related to the fulfilment of his or her duties as a director, subject to obtaining the prior approval of the Chairperson who must act fairly and impartially in considering a request for approval.

### **Indemnities by Company**

- 5.14 The Company indemnifies a director upon joining the Board to the extent provided in section 207 of the Companies Act 1985 and it also indemnifies persons who undertake directorships of other companies at the request of the Company.

### **Insurance by Company**

- 5.15 The Company effects director and officers liability insurance cover for the benefit of directors and management.



## 6. Director Responsibilities

### Directors Principal Duties

6.1 The directors are committed to the proper and responsible fulfilment of their duties to the Company and to the shareholders. In particular, the directors are mindful of their duties contained in the Companies Act 1985, the Company's Articles of Association, the Memorandum of Association and the listing rules of the South Pacific Stock Exchange on which the Company is listed, which include the following:

- a. a director, when exercising powers or performing duties, must act in good faith and in what the directors believes to be the best interests of the Company;
- b. a director must exercise a power for a proper purpose;
- c. a director must not act, or agree to the Company acting, in a manner that contravenes the law or the Articles of Association, or Memorandum of Association;
- d. a director must not:
  - i. agree to the business of the Company being carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors; or
  - ii. cause or allow the business of the Company to be carried on in a manner likely to create a substantial risk of serious loss to the Company's creditors;
- e. a director must not agree to the Company incurring an obligation unless the director believes at that time, on reasonable grounds, that the Company will be able to perform the obligation when it is required to do so; and
- f. a director, when exercising powers or performing duties as a director, must exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation:
  - i. the nature of the Company;
  - ii. the nature of the decision; and
  - iii. the position of the director and the nature of the responsibilities undertaken by him or her.

### Delegation by the Board

6.2 The Board may delegate any of its powers (other than certain powers specified in the Companies Act 1985). However, whenever the Board delegates a power the Board remains responsible for the exercise of the power by the delegate, unless the Board:

- a. believed on reasonable grounds that the delegate would exercise the power in conformity with the duties imposed on directors by the Companies Act 1985, case law, the Articles of Association and the Memorandum of Association; and
- b. has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

### **Reliance on Information**

- 6.3 A director may rely on information, financial data and professional or expert advice given by any of the following:
- a. an employee of the Company whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
  - b. a professional advisor or expert in relation to matters which the director believes on reasonable grounds to be within the person's competence; or
  - c. any other director or committee of directors upon which the director did not serve in relation to matters within the director's or committee's delegated authority.
- 6.4 A director may only rely on others, as described above, if the director:
- a. acts in good faith;
  - b. makes proper enquiry where the need for enquiry is indicated by the circumstances; and
  - c. has no knowledge that such reliance is unwarranted.

### **Confidentiality of Company Information**

- 6.5 A director who has confidential information in his or her capacity as a director must not disclose that information to any person, make use of or act on that information, except:
- a. for the purposes of the Company;
  - b. as required or permitted by law; and
  - c. in complying with the director's obligation to disclose his or her interest in a transaction with the Company.

### **Prohibition on Disclosure of Information:**

- 6.6 The Board has prohibited directors from disclosing information to:
- a. a person whose interests a director represents; or
  - b. a person in accordance with whose directions or instructions a director may be required or is accustomed to act;

unless the director is first authorised by the Board to do so.

### **Authorised Disclosure of Information**

- 6.7 A director who is first authorised by the Board to do so may disclose, make use of, or act on information if:
- a. particulars of the disclosure, use, or act are entered in the Interests Register (see 6.9); and
  - b. the disclosure, use, or act will not be likely to prejudice the Company.

### **Disclosure of Interest**

- 6.8 A director who is interested in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest.

### **Participation at Meetings**

- 6.9 A director who is interested in a transaction with the Company may attend and participate at a Board meeting at which the transaction is discussed. Such a director may be counted in the quorum but will not vote in respect of the transaction.

### **Interests Register**

- 6.10 The Board maintains an Interests Register in which are entered the required disclosures made by directors in respect of matters relating to the Company. Entries in the Interests Register are disclosed in the next annual report.

### **Acting at Arms-length**

- 6.11 A director who, either directly or indirectly, provides goods or services to the Company or an affiliate of the Company must act on an arms-length basis and not use his or her position as a director to influence commercial decisions by the Company or the affiliate.

### **Code for Securities Transactions**

- 6.12 The directors have agreed to be bound to a code for securities transactions which prescribes the procedure under which directors (and certain other employees) may sell or buy securities of the Company or of companies in which the Company has a significant interest. Before a director may sell or buy securities of the Company, prior approval from the Company is required and the transaction can only take place not less than a month before and after the Company's most recent profit announcement. A director may not buy securities of a company in which the Company has a significant interest.

### **Inside Information**

- 6.13 While a director has inside information, on the Company (or another public issuer) he or she must not trade in, or tip others to trade in, the securities of the Company (or other public issuer).

### **Resigning Director**

- 6.14 A director who resigns before the expiry of his or her term will identify to the Board his or her reasons for early retirement.

## **7. Committees Of The Board**

### **Purpose of Committees**

- 7.1 The Board has allocated its responsibilities between the Board and two standing Committees so that the Board efficiently utilises its time on those issues requiring full participation. The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

### **Exclusive Board Matters**

- 7.2 Issues relating to the Company's mission, appointments to the Board, strategy, business and financial plans are dealt with directly by the Board.

### **Committees of the Board**

- 7.3 The Board has constituted two standing Committees being:

- governance;
- audit and finance;

From time to time the Board constitutes an ad hoc Committee to deal with a particular issue facing it which requires specialist knowledge and experience (eg, due diligence committee).

### **Composition of Committees**

- 7.4** Each standing Committee comprises at least three directors. The CEO may not be a member of any of the standing Committees. Only directors may be members of a Committee, but the alternate of a director may take the place of that director where required.

### **Chair of Committees**

- 7.5** The Board will appoint the Chairperson of each Committee.

### **Attendance at Meetings**

- 7.6** All directors have the right to attend any meeting of a Committee. In order to be fully informed on the matters for consideration a Committee member may require the attendance of any of the CEO, management, the Company's auditors and advisers.

### **Governance Committee**

- 7.7** The Governance Committee is responsible for:
- a.** ensuring that the Board operates effectively and efficiently including:
    - i.** annually reviewing and advising the Board on its collective capacity for effective independent monitoring of strategy and management performance;
    - ii.** recommending to the Board a process for assessing the performance of the Board and its members;
    - iii.** establishing and maintaining specifications for directors so as to achieve an adequate mix of characteristics, experiences, diverse perspective and skills;
    - iv.** enhancing director induction, development and education programmes; and
    - v.** regularly reviewing the responsibilities and operation of each standing Committee of the Board and recommending to the Board any changes thereto;
  - b.** ensuring that the Company has appropriate employment practices including:
    - i.** reviewing and advising the Board on the terms of appointment, performance and succession of the CEO;
    - ii.** reviewing working environments and succession planning for management; and
    - iii.** reviewing the terms of the employment arrangements with management so as to develop consistent group-wide employment practices subject to regional differences; and
  - c.** advising the Board on the remuneration of its members, the CEO and senior management.

### **Audit and Finance Committee**

**7.8** For Finance matters the Committee is responsible for:

- a.** monitoring and recommending to the Board the Company's financial plans and strategies which are consistent with the business strategies of the Company;
- b.** monitoring the financial budgets used by management to develop the Company's financial plans and strategies;
- c.** recommending to the Board the Company's financial policies including its capital structure and distribution policies; and
- d.** overseeing the negotiation and authorising the entry into of arrangements in respect of the financing of the activities of the Company and its affiliates.

**7.9** For Audit matters the Committee is responsible for:

- a.** monitoring the external audit of the Company's affairs including:
  - i.** considering the appointment of the auditors, the audit fee and any issues on their resignation or dismissal;
  - ii.** discussing with the auditors, before the commencement of each audit, the nature and scope of their audit;
  - iii.** reviewing the auditors service delivery plan;
  - iv.** approving the Company's letter of representation to the auditors; and
  - v.** discussing with the auditors any problems, reservations, or issues arising from the audit and referring matters of a material or serious nature to the Board;
- b.** reviewing the half year and annual financial statements, and any other financial statements to be released by the Company, before submission to the Board, focusing particularly on:
  - i.** any change in accounting policies and practices;
  - ii.** major judgmental areas;
  - iii.** significant adjustments;
  - iv.** the solvency of the Company;
  - v.** the going concern assumption;
  - vi.** compliance with accounting standards; and
  - vii.** compliance with legal, stock exchange and other regulatory requirements;
- c.** reviewing any non-routine statements to be issued by the Company;
- d.** regularly reviewing the Company's internal controls and systems;
- e.** monitoring and regularly reviewing the authorities, delegations and procedures under which the Company may be committed;
- f.** considering the findings of any internal investigations and management's response thereto;

- g. monitoring compliance by the Company with its Articles of Association, applicable laws and regulations and stock exchange requirements; and
- h. establishing and regularly reviewing a procedure to identify other situations or circumstances in which the Company may be materially at risk and initiating appropriate action through the Board or the CEO.

#### **Audit and Finance Committee Procedure**

7.10 In carrying out its responsibilities the Audit and Finance Committee will:

- a. meet at least once a year with the auditors and without the CEO or management being present;
- b. convene a meeting if the auditors so request; and
- c. communicate the outcome of the meeting to the Chairperson as soon as practicable after the meeting.

#### **Minutes**

7.11 Minutes of the proceedings of every Committee meeting shall be taken and circulated to each member of the Board.

#### **Review**

7.12 On an annual basis each standing Committee shall review its effectiveness in carrying out its responsibilities in a diligent and timely manner.

### **8. Remuneration Policy**

#### **Alignment of Interests with Shareholders**

8.1 The Board promotes the alignment of the interests of the directors, the CEO and management with the long term interests of shareholders.

#### **Director Remuneration in Equities**

8.2 The Board encourages directors to hold securities in the Company as a long term investment.

#### **Review Process**

8.3 The Governance Committee is responsible for establishing, and regularly reviewing a process by which the remuneration of the Chairperson, the directors, the CEO and management is determined in a transparent, deliberate and objective manner having due regard to the position of the Board set out in 8.1 and 8.2.

#### **External Advisers**

8.4 In forming a recommendation to the Board on the remuneration proposed for directors, the CEO and management, the Governance Committee will seek external advice from a recognised and competent source, including an evaluation against comparable peer groups.

#### **Special Remuneration**

8.5 The Board considers it appropriate that directors serving on Committees or undertaking responsibilities significantly in addition to those undertaken by other directors should receive additional compensation, which normally would be in cash.

## **Annual Report**

- 8.6 The remuneration policies of the Company and the remuneration received by directors will be disclosed in each annual report.

## **9. The Chief Executive Officer**

### **Responsibilities of CEO**

- 9.1 The CEO is the senior executive of the Company and is responsible for:
- a. providing the vision for the Company;
  - b. recommending policy and the strategic direction of the Company for approval by the Board;
  - c. providing management of the day to day operations of the Company; and
  - d. acting as the spokesperson of the Company.

### **No Appointment as Chairperson**

- 9.2 The CEO is not eligible to be appointed as the Chairperson.

### **Independence of the Board**

- 9.3 The CEO undertakes to respect the independence of directors so as to permit the Board to challenge management decisions objectively and evaluate corporate performance.

### **Other Boards**

- 9.4 The CEO will not accept appointment to the board of other public companies or statutory bodies without the prior approval of the Board.

### **Disclosure**

- 9.5 The period of the CEO's employment contract will be disclosed in each annual report.

## **10. Shareholder Participation**

### **Articles of Association**

- 10.1 The rights of shareholders are contained, or referred to, in the Company's Articles of Association which is available to all shareholders.

### **Board Accountable to Shareholders**

- 10.2 The Board is appointed by, and accountable to, shareholders.

### **Reports to Shareholders**

- 10.3 The Board values the opportunity to give comprehensive yet accessible interim and full year reports to shareholders and to meet with them annually.

### **Annual Meeting**

- 10.4 The Board recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the Company.

**Directors Attendance**

- 10.5 In usual circumstances all directors will attend the annual meeting.

**Questions from Shareholders**

- 10.6 The Board welcomes input from shareholders and encourages shareholders to submit questions in writing prior to the annual meeting so that an informed answer can be given at the meeting.

**Questions not fully Answered**

- 10.7 Questions which are not fully answered at a meeting will be replied to in writing as soon as practicable after the meeting.