



GUYANA POWER AND LIGHT INC
CORPORATE GOVERNANCE, TRANSPARENCY
AND ACCOUNTABILITY

Corporate Governance Code

October 2010

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CORPORATE GOVERNANCE CODE

PREAMBLE

The Board recognizes that to adequately discharge its global responsibility it must itself be held to account on important aspects of its functions, as summarized below:

- 1) **Role and responsibilities of the Board:** The Board recognizes that it must be equipped with a range of skills and experience in order to be able to deal with various business and technical issues and have the ability to review and challenge management performance.
- 2) **Integrity and ethical behaviour:** Ethical and responsible decision making is not only important for public relations, but is also a necessary element in risk management. The Board has developed a code of conduct for its directors and executives that promotes ethical and responsible decision making.
- 3) **Transparency and disclosure:** The Board will make public and clarify the roles and responsibilities and activities of Board and management in order to provide stakeholders with information by which the Board's Corporate Governance practices can be assessed.

STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES

As a base on which a Code of Corporate Governance can be rationally developed the Board has prepared the following Statement of Corporate Governance Principles:

Principle 1 The Company shall adopt a clear governance structure

Principle 2 The Company shall have an effective and efficient Board with the capacity to take and which takes decisions in the corporate interest

Principle 3 The Directors shall demonstrate integrity and commitment

Principle 4 The Company shall have a transparent procedure for identifying its skills gaps and recommending to the shareholder, when appropriate, the appointment and evaluation of Board members.

Principle 5 The Board shall establish an Audit Committee and such other specialized committees as it may from time to time decide.

Principle 6 The Board shall define a clear executive management structure

Principle 7 The Company shall remunerate Directors and executive managers fairly and responsibly

Principle 8 The Company shall ensure disclosure of its corporate governance through an effective communications strategy

CODE OF CORPORATE GOVERNANCE

I. ROLE AND RESPONSIBILITIES OF THE BOARD

Board Composition

A. Selection of Directors

The Board has the responsibility to consistently keep its composition under review, to advise the shareholders of the requisite skills and qualifications which would strengthen the Board and, where appropriate, submit nominations to the Shareholders for changes in the Board composition.

The Shareholder shall appoint the members of the Board and the Chief Executive Officer.

The Board's objective is to acquire individuals with the skills and experience that can be of assistance in managing the Company's business. Directors should possess the highest level of personal and professional ethics and integrity, and be committed to representing the long-term interests of stakeholders (including the shareholder). They must also have inquisitive and objective perspectives, practical wisdom and mature judgment. Directors must be willing to devote such time as may be required to carry out their duties and responsibilities effectively.

B. Board Size

The overall Board composition shall be as set forth in the Company's Articles of Association and by-laws and objectives.

The Board must be mindful that it should be neither too small to provide the needed expertise and independence, nor too large to be efficiently functional. If appropriate, the Board will recommend amendments to the Company's Articles of Association or By-laws in order to provide for a different Board size than may be set forth therein whilst ensuring that the Board should consist of a majority of independent directors.

C. Term Limits

The Board shall not be required to limit the number of terms which an individual may serve as a Director.

Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives.

F. Membership on Other Boards

Each Director is required to declare his/her membership on other Boards.

This reflects the Board's concern about (i) the ability of the member to devote the requisite time to GPL's affairs and (ii) the potential for conflicts of interest.

II. DIRECTORS' RESPONSIBILITIES

A. Chairman and CEO

The Chairman shall not hold the position of CEO or any other executive position in the Company.

B. Chairman

The Chairman (i) shall work closely with the CEO and the Board Secretary to finalize information flows to the Board, set meeting agendas, and arrange meeting schedules; (ii) will chair meetings of the Board; (iii) call special meetings of the Board as needed; (iv) serve as a channel of communication between the Board and the CEO; (v) ensure that Directors receive important information in timely advance of meetings; and (vi) receive communications from the shareholder for transmission to all Directors.

C. Board Meetings

The Board holds twelve scheduled meetings per year; special meetings are held as required.

Every effort should be made to schedule meetings sufficiently in advance to ensure maximum attendance at each meeting. All Directors are expected to participate in all Board meetings, review relevant materials, serve on Board committees, and prepare appropriately for meetings, including discussions with management. Accordingly, each Director is expected to devote the time and attention necessary to properly discharge his or her responsibilities as Director. Directors may participate in meetings electronically, under which circumstances he/she must be engaged in the discussions for a substantial portion of the meeting in order to be recorded as having been present.

D. Conduct of Meetings

Board meetings shall be conducted by the Chairman in accordance with customary practice and in a manner that ensures open communication, meaningful participation and timely resolution of issues.

All Directors are entitled to propose items for consideration to be placed on the agenda. Management and any committees of the Board should provide the Directors, through the Secretary, with materials concerning matters to be acted upon seven (7) in advance of the applicable meeting. Directors are expected to review such materials carefully prior to the applicable meeting.

If the Chairman is unable to be present at a meeting of the Board, the Vice Chairman shall chair the meeting. If the Chairman and Vice Chairman are unable to be present the Chairman shall, by pre-arrangement, nominate the Director who is to chair that meeting. Should the Chairman be unable to make timely arrangements for another Director to chair the meeting, the assembled Directors will select one of their number to act as Chairman.

E. Ethics and Conflicts of Interest

The Board expects Directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the Principles of Business Conduct and Ethics for Directors, set out herein.

The Board will not permit any waiver of any ethics policy for any director or executive officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Secretary, who will take steps to inform the Chairman for the matter to be brought to the full Board. If a significant conflict exists and cannot be resolved, the Director should resign. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. Anyone who has a concern about the Company's conduct may communicate that concern directly to the Secretary. Such communications may be confidential or anonymous, but anonymous communications will be acted on only if they include sufficient factual information to facilitate objective evaluation of inappropriate conduct.

III. DIRECTORS' ACCESS TO MANAGEMENT

Directors shall have complete access to the Company's management staff in order to become and remain informed about the Company's business and for such other purposes as may be helpful to the Board in fulfilling its responsibilities.

The Board may from time to time authorise the CEO to invite to Board meetings managers who (a) can provide additional insight into the items being discussed because of their responsibility for and/or personal involvement in those items, and/or (b) are persons who senior managers believe have potential for future professional development and should be given exposure to the Board.

IV. DIRECTORS' COMPENSATION

A. Compensation Generally

The Board members' compensation should be competitive and reflect recognition of the level of effort required of them to discharge their responsibilities.

The Board, with the assistance of the Remuneration and Human Resources Committee (and on the advice of independent consultants if necessary), shall periodically review Directors' compensation (including additional compensation for committee members where appropriate) in comparison with other corporations that are similarly situated to identify the level of compensation that is reasonable and competitive and shall make recommendations to the shareholders regarding such compensation.

Directors are called on to devote significant time and energy to the performance of their duties and if it is to attract and retain able and experienced Directors, the Company recognises that it ought to compensate them fairly.

V. ORIENTATION AND CONTINUING EDUCATION OF DIRECTORS

Under the direction of the Remuneration and Human Resources Committee, the Company shall establish an orientation program for all newly appointed Directors in order to ensure that the Company's Directors are fully informed as to their responsibilities and the means at their disposal for the effective discharge of those responsibilities.

The orientation program shall, at a minimum, familiarize new Directors with the Company's (i) strategic plans; (ii) financial control systems and procedures and any significant financial, accounting and risk-management issues; (iii) regulatory requirements; (iv) code of ethics, conflict policies and other controls; (v) senior management officers; and (vi) internal and independent auditors. The new Directors shall be introduced to such management and other staff members as well as representatives of the Company's external legal, accounting and other non-staff advisors as would be appropriate in order to familiarize them with the resources available to them. The Company shall also make continuing education opportunities available to the Company's Directors in areas relevant to its business activities and/or to corporate governance issues.

VI. MANAGEMENT SUCCESSION

The Remuneration and Human Resources Committee shall advise the full Board on policies, principles and procedures for the selection of the CEO and his/her successors including policies regarding succession of the CEO under normal circumstances or considering the possibility of the CEO having to be replaced in the event of an emergency or unexpected retirement.

The Board, guided by the Human Resources Committee shall annually review succession planning and human resource development plans with the CEO. The CEO has the responsibility to implement approved strategies where qualified persons are continually being prepared to succeed into strategic positions in the company.

VII. ANNUAL PERFORMANCE EVALUATIONS

A. Board Evaluation

The Board shall annually evaluate its overall effectiveness and that of the committees of the Board.

In carrying out its evaluation the Board shall have regard to the views expressed by stakeholders, which include the Public Utilities Commission and the general public. The objective of this evaluation is to increase the overall effectiveness of the Board, and specifically to identify and review those areas in which the Board and/or management believe the performance of the Board can be improved. As appropriate, the Board shall meet in executive session to discuss these assessments.

B. Evaluation of CEO

The Remuneration and Human Resources Committee shall establish policies, principles and procedures for the evaluation of the CEO's performance.

This evaluation shall be made annually by the Committee on behalf of the Board. Such evaluation shall be based on previously agreed objective criteria and shall include the performance of the business; accomplishment of long-term strategic objectives; and management development. The Board shall meet in executive session to discuss the Committee's evaluation of the CEO.

VIII. BOARD COMMITTEES

A. Number and Type of Committees

The Board will have six committees – Audit Committee, Remuneration and Human Resources Committee, Finance Committee, Technical Committee, Commercial Committee and a Tender Board.

The Board may constitute such other committees as it deems advisable for purposes of fulfilling its primary responsibilities. Each committee will perform its duties as assigned by the Board of Directors in compliance with Company By-laws. The roles of these committees, which shall be set out in detailed Terms of Reference agreed to by the full Board, are outlined below:

Audit and Finance Committee. The Audit and Finance Committee oversees and monitors the Company's financial reporting, auditing and accounting process; is directly responsible for the appointment, compensation and oversight of the Company's independent auditors; reviews and oversees the Company's internal audit department, and provides an open avenue of communication among the independent auditors, financial and senior management, the internal auditor and the Board of Directors.

Remuneration and Human Resources Committee. The Remuneration and Human Resources Committee stays informed as to market levels of compensation, recommends compensation of the CEO to the Board and approves the compensation ranges for the other senior executive officers. It also considers and makes recommendations on the remuneration of Directors.

Finance Committee. The Finance Committee monitors the present and future capital requirements and opportunities pertaining to the Company's business and provides guidance with respect to major financial policies and risk assessment of the Company.

Technical Committee. The Technical Committee evaluates the company's technical performance and identifies opportunities for efficiency improvements, including staffing issues. It also reviews proposals for investment in the operational infrastructure and advises the Board on the appropriateness of the proposals.

Commercial Committee. This Committee reviews and evaluates the Company's commercial operations.

Tender Board. The Tender Board monitors preparation and issuing of invitations for competitive provision of goods or services; oversees compliance with the terms specified in the invitations, reviews the evaluations prepared by management of the tenders received and recommends to the Board the appropriate decision for contract award.

B. Selection of Committee Members.

The Board shall select two Directors to serve on each committee, one of whom shall be designated as the Chairman.

Each Committee will have as a standing ex-officio member the senior manager with direct responsibility for the functional area addressed by the Committee. The CEO will be an ex-officio member on all committees. Each Committee may at its discretion meet in closed session without the CEO or any other manager being present.

C. Responsibilities

The Board, or the applicable committee pursuant to a Board delegation of authority, shall adopt terms of reference for each committee in compliance with all applicable rules and regulations.

The terms of reference for the Committee shall include, at a minimum, those responsibilities required to be set forth therein by the Companies Act or any other relevant law and the rules of the PUC and/or any other regulatory body authorized to issue instructions to the Company.

IX. INTEGRITY AND ETHICAL BEHAVIOR

The Directors and Officers are bound, without exception, by the principles of ethical behavior here established.

A. Conflict Of Interest

Directors must avoid any conflicts of interest between any Director and the Company.

Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Secretary.

A “conflict of interest” can occur when a director’s personal interest is adverse to – or may appear to be adverse to – the interests of the Company as a whole. Conflicts of interest also arise when a director, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a director of the Company. Some of the more common conflicts from which directors must refrain, however, are set out below.

(1) Relationship of Company with Third Parties

Directors may not engage in any conduct or activities that are inconsistent with the Company’s best interests or that disrupt or impair the Company’s relationship with any person or entity with which the Company has or proposes to enter into a business relationship.

(2) Compensation

No Director shall receive compensation for service as a director of the Company other than the established director's fees and benefits.

(3) Gifts

Directors and members of their families may not accept gifts from persons or entities who have business dealings with the Company.

In instances where the acceptance of any gift could create the appearance of a conflict of interest the offer must be rejected and reported in confidence to the Chairman.

(4) Personal Use of Company Assets

Directors may not use Company assets, labour or information for personal advantage unless approved by the Chairman of the Board and communicated through the Company Secretary, in writing.

(5) Company Loans

Directors may not accept or solicit loans or guarantees of obligations from the Company.

B. Corporate Opportunities

Directors are prohibited from using the Company's property, information, or position for personal gain.

C. Confidentiality

Directors should maintain the confidentiality of information entrusted to them by the Company and any other confidential information relevant to the Company or its customers received from any source whatsoever, except when disclosure is authorized or legally mandated.

For purposes of this Code "confidential information" includes all non-public information relating to the Company that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

D. Encouraging Reporting of Illegal or Unethical Behaviour

Directors shall promote ethical behaviour.

Directors are obliged to take steps to ensure that the Company: (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or the Company's Principles of Business Conduct to the Secretary; and (c) informs employees that the Company will not allow retaliation against persons whose reports were made in good faith.

E. Compliance Procedures

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Board or the Secretary.

Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of this Code.

X. TRANSPARENCY AND DISCLOSURE

The Board is committed to creating and sustaining a corporate environment that supports transparency and disclosure consistent with the principles of corporate governance.

In doing so it recognises that:

- Empirical evidence indicates that high standards of transparency and disclosure can have a material positive impact on the cost of capital.
- Reliable and timely information increases confidence among decision-makers within the organization and enables them to make good business decisions directly affecting growth and profitability.
- Information also affects decision makers outside the entity—the shareholder, investors in the electricity sector and lenders-- who must decide where and at what risk to place their money.
- The information the company provides should indicate to decision-makers and outside interests whether, and to what extent, the corporation meets legal requirements.
- Disclosure helps public understanding of the company's activities, policies and performance with regard to environmental and ethical standards, as well as its relationship with the communities where the company operates.
- Disclosure and transparency, as well as proper auditing, serve as a deterrent to fraud and corruption, allowing firms to compete on the basis of their best offerings and to differentiate themselves from firms which do not practice good corporate governance.
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A. Reports

The Board will, through its website and other media, make the following specific reports and other information on its activities publicly available

- Annual Report
- Audited Financial Statements
- Annual Report on Corporate Governance
- Disclosure of Financial and non Financial Performance

(1) Annual Report

The Annual Report will be presented in a format suitable to conveying information on the activities of the company during the reporting period. It will provide the major highlights of the Boards activities as well as that of the company's performance generally and will include:

- The audited Financial Statements
- Disclosure of Financial and non – financial performance

(2) Annual Report on Corporate Governance

A report dealing specifically with corporate governance shall be published annually. This report will provide information on the Board's and the company's compliance with its established governance principles. It will also include the results of the assessment of its corporate governance rating and may be published separately or as an Annex to the Annual Report.

B. Communication with Stakeholders

The Board will ensure that a communications strategy is established and maintained in order to assure effective communication with its shareholder and other stakeholders. The core objectives of the communications strategy will reflect the Boards intention that, as a minimum, the following issues are in the public domain and are kept current:

- Statement of corporate governance principles
- Company's By-laws
- Annual Report
- Audited Financial Statements
- Audit Committee Procedures
- Annual Report on Corporate Governance
- Disclosure of Financial and non Financial Performance

The best means of communicating is use of modern technology, complemented as appropriate by use of the print media. The company website will be utilised to maintain transparency and enhance information disclosure. Towards this end the company's website will include pages dedicated to the corporate governance

ANNEX 1: TERMS OF REFERENCE – AUDIT COMMITTEE



GUYANA POWER & LIGHT INC.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1.0 Constitution

The Audit Committee (“the Committee”) is established by the Board of Directors of the Guyana Power & Light Inc. (“the Company”) to assist the Board in fulfilling its oversight responsibilities relating to the safeguarding of assets, the operation of adequate accounting and information systems, internal control structures and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, and the internal and external auditors. The Committee is constituted in terms of the requirements of sound Corporate Governance practices and operates within that framework.

2.0 Membership

2.1 The members of the Committee shall consist of not less than two Directors appointed by the Board, the whom shall be Non-Executive Directors of the Company who are deemed by the Board to be independent of management and at least one member shall have recent and relevant financial experience.

The Committee will have as a standing ex-officio member the senior manager with direct responsibility for the functional area addressed by the Committee. The CEO is an ex-officio member on all committees. The Committee may at its discretion meet in closed session without the CEO or any other manager being present.

2.2 The Chairman of the Committee shall be nominated by the Board from time to time.

2.3 Appointments to the Committee shall be for a period of two years, extendable by the Board for such period as it sees fit, so long as members continue to be independent.

2.4 The quorum for any meeting of the Committee shall be any one member of the Board plus the relevant representatives from the management.

2.5 The secretary of the Committee shall be the Corporate Secretary, or such other person as nominated by the Board.

2.6 The Board shall have the power at any time to remove any member from the Committee and to fill any vacancy created by such removal.

3.0 Meetings

3.1 Meetings shall be held at least once every month or as requested by the Chairman of the Committee. Special meetings may be convened as required. Meetings may be convened at the request of the CEO, Internal audit or the external auditors.

3.2 The Committee may invite such other persons (e.g. the CEO, Divisional Director- Finance, Internal Audit Manager and external auditors) to its meetings, as it deems necessary.

3.3 The proceedings of all meetings shall be minuted and circulated to all members of the Board.

3.4 Unless waived or otherwise agreed, notice of each meeting together with an agenda and papers to be considered, shall be circulated to each member of the Committee not fewer than five days prior to the date of the meeting.

4.0 Authority

The Committee is authorized by the Board to:

- a) Seek any information it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Committee;
- b) Obtain outside legal or other independent professional advice;
- c) Ensure the attendance of company officers at meetings as appropriate
- d) Investigate any activity within its terms of reference and, if appropriate, hire special counsel or experts to assist.

5.0 Roles and Responsibilities

The responsibility of the Committee shall be:

5.1 *Auditors and External Audit*

- a) To discuss and review with the external auditors, before the audit commences, the proposed nature and scope of the audit to ensure that there are no unjustified restrictions or limitations and to review the auditors quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;

- b) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- c) To make recommendations to the Board regarding the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- d) To review the performance of the external auditors and ensure co-ordination where more than one audit firm is involved in the audit;
- e) To review the external auditors' management letter and management's response;
- f) To review the Company's proposed Letter of Representation to the auditors and make recommendations to the Board;
- g) To meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately;
- h) To ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- i) To ensure that the auditors of the Company have full and open access to all of the books and records of the Company consistent with the performance of their auditing function.

5.2 *Internal Audit*

- a) To monitor the effectiveness of the internal auditor and to review the past and future internal audit programme, ensure co-ordination between internal and external auditors, and ensure that the internal audit function is adequately resourced, has appropriate standing within the Company and has regular access to the Audit Committee and its Chairman;
- b) To review the qualifications of internal audit personnel and approve the appointment, replacement, reassignment or dismissal of the Manager of Internal Audit;
- c) To ensure that significant findings and recommendations made by the internal auditors are received and discussed on a timely basis;
- d) To consider management's response to any major internal audit recommendations;

- e) To meet separately with the manager of internal audit to discuss any matters that the committee or auditors believe should be discussed privately;
- f) To review the activities and organizational structure of the internal audit function and ensure no unjustified restrictions or limitations are made.

5.3 *Internal Control*

- a) To review at least annually reports made to it by management and the internal auditor on the Company's system of internal control and its effectiveness, and confirm to the Board that such a review has taken place. The reports to the Committee will cover all controls including financial, operational and compliance controls;
- b) To evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;
- c) To consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown;
- d) To gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management and confirm that appropriate action has been taken;
- e) To consider with the internal and external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.

5.4 *Financial Reporting*

5.4.1 *Risk Management*

- a) To gain an understanding of the current areas of greatest financial risk and to review the adequacy and overall effectiveness of the Company's risk management function and its implementation by management;
- b) To review the adequacy of insurance coverage;
- c) To discuss with Management and the internal and external auditors the significant risks and exposures and the plans and policies to minimize such risks;
- d) To review any legal matters that could significantly impact on the Company's business.

5.4.2 *Annual Financial Statement*

- a) To review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members paying particular attention to:-
 - a. appropriate accounting principles and practices, including recent professional and regulatory pronouncements and any changes in them;
 - b. complex and/or unusual transactions and how they are disclosed;
 - c. the clarity of disclosures;
 - d. major judgment areas, for example those involving valuations of assets and liabilities; warranty, product or environmental liability, litigation reserves; and other commitments and contingencies;
 - e. significant adjustments resulting from the audit;
 - f. the going concern assumption and to review the Company's statement on going concern prior to endorsement by the Board;
 - g. compliance with accounting standards and other regulatory and legal requirements;
 - h. any conflict of interest or related party transactions; and
 - i. reviewing the Company's statement on internal control systems prior to endorsement by the Board;
- b) To meet with management and the external auditors to review the financial statements and the results of the audit;
- c) To review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the company and its operations.

5.4.3 *Preliminary Announcements, Interim Financial Statements and Analysts' Briefings*

- a) Be briefed on how management develops preliminary announcements, interim financial information and analysts' briefings; the extent of internal audit involvement; and the extent to which the external auditors review such information;
- b) To assess the fairness of the preliminary and interim statements and disclosures, and obtain explanation from management and internal and external auditors on whether:
 - a. Actual financial results for the interim period varied significantly from budgeted or projected results;
 - b. Changes in financial ratios and relationships in the interim financial statements are consistent with changes in the company's operations and financing practices;

- c. Generally accepted accounting principles have been consistently applied;
- d. There are any actual or proposed changes in accounting or financial reporting practices;
- e. There are any significant or unusual events or transactions;
- f. The company's financial and operating controls are functioning effectively;
- g. The preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

5.5 Compliance with Laws and Regulations

- a) To review the effectiveness of the system for monitoring compliance with law and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent non-compliance;
- b) To obtain regular updates from management and Company's legal counsel regarding compliance matters;
- c) To be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- d) To review the findings of any examinations by regulatory agencies.

5.6 Compliance with the Company's Code of Conduct & Ethics

The Committee will be responsible for:-

- a) Ensuring that the code of conduct is in writing and that arrangements are made for all employees to be aware of it;
- b) Evaluating whether management is setting the appropriate 'tone at the top' by communicating the importance of the code of conduct and the guidelines for acceptable behaviour;
- c) Monitoring the ethical conduct of the Company, its executives and senior officials;
- d) Reviewing any statements on ethical standards or requirements for the Company and to assist in developing such standards and requirements;
- e) Reviewing the process for monitoring compliance with the code of conduct and the law and regulations of any other applicable statute and of controlling bodies;
- f) Identification of any violations of ethical conduct;

g) Reporting on any potential conflict of interest or questionable situations of a material nature.

5.7 *Reporting Responsibilities*

a) The Chairman of the Committee shall regularly update the Board about the Committee's activities and make recommendations to the Board concerning the adoption of the annual financial statements and any other issues arising from the above responsibilities;

b) Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business;

5.8 *Other Responsibilities*

a) To review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action;

b) To evaluate the Committee's own performance on a regular basis and make recommendations to the Board regarding amendments to these Terms of Reference;

c) To perform other oversight functions as requested by the full Board;

6.0 *Adoption*

These Terms of Reference were approved and adopted by the Board of the Guyana Power and Light Inc. on the day of , 20.

ANNEX 2: TERMS OF REFERENCE – REMUNERATION AND HUMAN RESOURCES COMMITTEE



TERMS OF REFERENCE OF THE REMUNERATION AND HUMAN RESOURCES COMMITTEE

1.0 Constitution

The Remuneration Committee (“the Committee”) is established by the Board of Directors of Guyana Power & Light Inc. (“the Company”) to assist the Board in discharging its duties in respect of remuneration of executive management and senior management, other employee benefits including pension and medical schemes, succession planning and compliance with any statutes governing employment. The Committee also considers and makes recommendations on the remuneration of members of the Board.

2.0 Membership

2.1 The Committee shall be appointed by the Board, and shall consist of not less than two Non-Executive Directors of the Company who are deemed by the Board to be independent of management.

2.2 The Chairman of the Committee shall be appointed by the Board, from amongst the members of the Committee. In the absence of the Committee Chairman and/or a nominated deputy, the remaining members shall elect one of the members to chair the meeting.

2.3 The Company Secretary shall be the secretary of the Committee.

2.4 The quorum for the meeting shall be any two members of whom two shall be non executive directors.

3.0 Meetings

3.1 Other persons may attend meetings or be present for particular agenda items if so invited by the Committee.

3.2 No Committee attendee shall be entitled to be present or to act in matters relating to his or her own remuneration.

3.3 The Committee shall meet at least four times per year or as requested by the Chairman of the Committee. The Chief Executive may request a meeting if he considers that one is necessary.

3.4 Unless waived or otherwise agreed, notice of each meeting together with an agenda and papers to be considered, shall be circulated to each member of the Committee not fewer than five days prior to the date of the meeting.

4.0 Authority

The Committee is authorized by the Board to:

- a) Obtain legal or other independent professional advice and to secure the attendance of advisors with relevant experience and expertise if it considers this necessary; and
- b) Appoint external remuneration consultants at the Company's expense and to set their terms of reference.

5.0 Responsibilities

The responsibilities of the Committee shall be:

- a) To determine and keep under review the framework of broad policy for the remuneration of non executive directors and make recommendations to the Board from time to time.
- b) To determine and agree with the Board the framework or board policy for the remuneration of the CEO, Deputy CEO, Executive Directors, Company Secretary and other members of the Executive Management Committee (together "the Executives"), and other senior management;
- c) To determine and agree with the Board the Company's policy on the duration of the contracts of the Executives, and notice periods and termination payments under such contracts, with a view to ensuring that termination payments are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate is fully recognized (when in the best interest of the Company);
- d) In determining the Company's remuneration policy, to take into account all factors which it deems necessary to ensure that the Executives and other senior management are provided with appropriate incentive to encourage enhanced performance and, in a fair and responsible manner, rewarded for their individual contributions to the overall performance of the Company;
- e) To review the ongoing appropriateness and relevance of the remuneration policy and its costs;

- f) Within the terms of the agreed framework and board policy and in consultations with the Chairman and Chief Executive to determine the total individual remuneration package of the Executives, including, where appropriate, basic salary, bonuses, incentive payments, benefits, pension arrangements, and any other detailed terms of service;
- g) On the recommendation of the Chief Executive Officer to approve changes to the basic salary and benefits of other members of the management, Senior and Junior Staff, subject to Board approval;
- h) To approve the design of, and determine targets for, any performance related pay schemes operated by the Company and to approve the total annual payments made under such schemes, subject to Board approval;
- i) To approve any material matters concerning Executive Directors that require public disclosure;
- j) To prepare for approval by the Board, the annual report of the Company's remuneration policy and practices which will form part of the Company's annual report;
- k) To review remuneration trends in the Company and to be aware of any major changes in employee benefit structures;
- l) To consider any other matters relating to the remuneration or terms of employment applicable to the Executives and referred to the Committee by the Board.
- m) The Committee will evaluate the succession plan in respect of senior management to ensure a well-trained senior management team with the necessary skills.
- n) Any additions or changes to Pension Fund and Medical Fund Rules or related matters will be referred to the Committee for consideration and recommendation to the Board for approval.

6.0 Reporting Procedures

The Committee shall conduct an annual review of its work and its terms of reference and recommend any changes to the Board.

The Committee shall ensure that matters which should be disclosed in the Company's annual report relating to the activities of the Committee are included in the Annual report.

7.0 Adoption

These terms of reference were approved and adopted by the Board of the Company on the day of , 20.

ANNEX 3: TERMS OF REFERENCE – TENDER COMMITTEE



TERMS OF REFERENCE OF THE TENDER COMMITTEE

Introduction

This TOR complements the Guyana Power and Light Inc. Procurement Policy and Procedures and shall be read in conjunction with the Guyana Power and Light Inc.'s Procurement Policy and Procedures Manual and the Procurement Act 2003.

Constitution

1. The Tender Committee (“the Committee”) is established by the Board of Directors of the Guyana Power and Light Inc. (“the Company”) to consider tenders for the procurement of goods and services, the values of which exceed the authority limit assigned to management under the Company’s Procurement Policy and Procedures and further, to consider any matters appertaining to the execution of the said Policy and Procedures.

Membership

2. The Committee which shall be appointed by the Board, and shall consist of not less than two non executive members shall be constituted as follows:-

- The Chairman of the Tender Committee
- A members of the Board of the Directors
- Corporate Secretary- Secretary to the Tender Committee

3. The Chairman of the Committee shall be appointed by the Board, from amongst the members of the Committee. In the absence of the Committee Chairman, the member of the Board of Directors shall chair the meeting.

4. The quorum for the meeting shall be any two (2) members.

Meetings

5. The Committee may, at its discretion invite any person to attend a meeting. The Chief Executive Officer, Finance Director and Procurement Inventory & Accounting Manager may attend meetings at the invitation of the Committee.

6. Other persons may attend meetings or be present for particular agenda items if so invited by the Committee. The manager of the relevant user department and other staff will attend as required to explain matters of a technical nature.

7. The Corporate Secretary shall be the Secretary of the Committee and shall be responsible for

(i) coordinating all matters for the Tender Board including:

a) Finalising and circulating agendas on consultation with the Chairman.

b) Distributing all materials relevant to the order of the business.

c) Opening of Tenders and compiling the minutes.

d) Delivery of Bids to Management

(ii) Coordinating Tender Committee meetings in discussion with the Chairman and Management.

a) Maintaining a register and notify Management officially of all awards.

b) Ensuring that minutes of the Tender Committee meetings are kept;

8. Unless otherwise agreed, notice of each meeting together with an agenda and papers to be considered, shall be circulated to each member of the Committee at least three working days prior to the date of the meeting.

9. The Committee shall meet at least monthly or as requested by the Chairman of the Committee and/or by Management where it is necessary to meet.

Functions

10. The Committee is authorized by the Board to:

a) Decide on the form of tendering procedure to be adopted.

b) Review and approve quotations and tenders for purchases or contracts with a value in excess of Guyana dollars but below Guyana dollars for supplies;

c) Review and approve quotations and tenders for purchases or contracts with a value in excess of Guyana dollars but below Guyana dollars for works or services.

All awards approved by the Committee shall be ratified by the Board of Directors;

- d) Review and approve quotations and tenders for purchases or contracts regarding disposal of assets owned by the Company;
- e) Recommend to the Board of Directors amendments to the Procurement Policy and Procedures which it deems necessary;
- f) Investigate and make recommendations to the Company on alleged violation of Tender Board procedures;
- g) Consider the cancellation of tenders and decide on the extent to which and circumstances under which the tendering procedures may be waived;
- h) Select an evaluation committee for tenders with the relevant expertise.

Responsibilities

- 11. The responsibilities of the Committee shall be:
 - a) To ensure that the procurement activities are transparent, well documented and with the reasons for choosing a particular supplier being clearly stated;
 - b) To act honestly and in good faith with a view to the best interest of the Company subscribing at all times to the Company's Code of Ethics and Code of Conduct;
 - c) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
 - d) To declare at the commencement of the Meeting, any conflict that may arise based on the Meeting's proceedings as set out in the Agenda and
 - e) Comply with the provisions of the Procurement Policy and Procedures and the Procurement Act 2003;

Reporting Procedures

- 12. The Committee shall conduct an annual review of its work and its terms of reference and recommend any changes to the Board.
- 13. The Minutes of each Meeting shall be circulated to all Members of the Board of Directors for ratification.
- 14. The Tender Committee's activities during the year shall be subject to audits conducted by the Internal Audit Department and the Company's auditors

Adoption

- 15. These terms of reference were approved and adopted by the Board of the Guyana Power and Light Inc. on the day of , 20.