

BARBADOS DAIRY INDUSTRIES LIMITED

Corporate Governance Statement

The Board of Directors of Barbados Dairy Industries Limited (the “Company”) is accountable to its shareholders and seeks to carry out its duties and responsibilities in the best interest of the shareholders, employees, creditors and stakeholders of the Company and the general public as a whole. The Board of Directors is committed to the observance of good corporate governance standards and best practices by the Company and seeks to ensure that the conduct of the Company’s business takes place in a prudent, ethical and responsible manner.

The Barbados Stock Exchange Inc. issued a number of Corporate Governance Recommendations (the ‘Recommendations’) as a guide to listed companies. The full text of the Recommendations is available on the BSE’s website at www.bse.com.bb. In the past financial year, the Board has made good progress in implementing these Recommendations in an effort to ensure that its observance of the principles of good governance is consistent with the Recommendations. The Board has identified Board self-evaluation and continuing Director education as areas worthy of focus in the coming financial year.

The Board’s mandate includes:

- (i) monitoring the performance of the Management Team and providing guidance and direction as necessary;
- (ii) creating, encouraging and fostering a corporate culture of integrity and social responsibility throughout the Company;
- (iii) directing and supervising the Company’s strategic planning process and approving, on an annual basis, a strategic plan, budget and financial objectives which take into account, among other things, the opportunities and risks of the business;
- (iv) identifying the principal risks of the Company’s business, and ensuring the implementation of appropriate systems to manage these risks and
- (v) overseeing the design and effectiveness of internal controls and management information systems.

Nomination of Directors

In accordance with By-Law No. 2, and the provisions of the *Companies Act*, Directors are nominated and elected by shareholders. Directors elected to fill casual vacancies are selected by the Board. In both cases, the entire Board reviews the training, experience and business acumen of every candidate to ensure suitability for the role. In future, it is expected that initial review of candidates for the position of Director will be undertaken by the Governance & Compensation Committee, with recommendations made to the entire Board for review and approval.

Board Meetings & Director Attendance

As at the date of this Report, there were seven (7) Directors of the Company. The Company’s Articles of Amalgamation provide that it shall have a minimum of five (5) Directors and a maximum of nine (9) Directors. Of the seven (7) Directors, five (5) are independent of the management of the Company. The remaining two Directors are Mr. Carl Richard Cozier and Mr. Geoffrey Marshall. Mr. Carl Richard Cozier is an officer of Banks Holdings Limited, which provides management services to the Company. Mr. Geoffrey Marshall resigned from Banks Holdings Limited during the course of the financial year to pursue another professional opportunity, but remains a Director of the Company.

There were five (5) Board Meetings during the Financial Year and the attendance of Directors is represented on the below table as follows:

Director	Attendance (No. of Meetings)	Rate
G. Anthony King	4 out of 5	80%
Carl Richard Cozier	5 out of 5	100%
Dan Bryan Stoute	5 out of 5	100%
Geoffrey Marshall	5 out of 5	100%
Neville McDonald Brewster	3 out of 5	60%
Paul Davis	4 out of 5	80%
Chiryl Newman	5 out of 5	100%

Directors are remunerated on an annual basis in arrears for those meetings which they attend. All Directors are remunerated in cash only. They do not receive any performance-based incentives, nor do they participate in stock-option plans or receive other forms of compensation. Both Executive Directors and Non-Executive Directors receive Director's fees for serving on the Board. A total of \$52,000.00 in Director's Fees was paid for the Financial Year.

Board Committees

During the course of the financial year, the Board of Directors appointed two standing Committees – an Audit Committee and a Governance & Compensation Committee. Both Committees first met subsequent to the end of the financial year under review. Charters for the Audit Committee and Governance and Compensation Committee were recently finalised and may shortly be viewed on the Company's website at www.thebhigroup.com. Membership of the two Committees is as follows:

Audit Committee

Mr. Neville Brewster - Chairman
 Mr. Tony King - Member
 Mr. Dan Stoute - Member

Governance & Compensation Committee

Mr. Dan Stoute - Chairman
 Mr. Paul Davis - Member
 Ms. Chiryl Newman - Member

The Audit Committee reviews the Company's financial reporting process, the system of internal control, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct. It is empowered to:

- Facilitate the execution of the internal audit function as defined in the internal audit charter.
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the External Auditor regarding financial reporting.
- Pre-approve all internal and external auditing and non-audit services.

- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Meet with company officers, External Auditors, or outside counsel, as necessary.

The mandate of the Governance & Compensation Committee includes (i) to implement effective principles of corporate governance that positively influence the Company’s operations and the framework within which decisions are made by its management; and (ii) to assist the Board in fulfilling its oversight responsibilities with respect to (a) compensation and human resources policies, (b) compensation arrangements for senior executives, and (c) succession planning for senior executive positions

Details about the qualifications and experience of the Committee members is disclosed at pages XXXX of this report.

Audit Fees

The following table presents a summary of all fees paid to the Company’s Auditors, Ernst & Young, during the financial year under review and the previous financial year:

	2014	2013
Audit Fees	\$61,041	\$64,472
Other Fees	\$14,454	-
Tax Review	\$6,300	\$6,300

‘Other Fees’ constitute fees paid to Ernst & Young for the printing of the Company’s Annual Report.

Executive Management

Management services provided to the Company by Banks Holdings Limited include centralised finance and accounting services, marketing and public relations services, human resources, ICT and legal support services and internal audit services. This pre-empts the need for recruitment of certain categories of executive managers to provide these services to the Company, as they are provided by BHL staff. As at the date of this Statement, the day-to-day operation of the Company is managed by Mr. Lorenzo Roach, Dairy Operations Manager.

Insider Trading

The Company is in compliance with the Insider Trading Guideline of the Barbados Stock Exchange Inc. Further details about the Insider Trading Guidelines of the BSE may be accessed at the BSE website at www.bse.com.bb.

26 November, 2014