

# **Board Charter of Jersey Electricity plc**

Approved by the Board 5 March 2024

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## 1. Background

- 1.1 Jersey Electricity plc (the **Company**) is public company incorporated in Jersey under company number 67 and it is also listed on the London Stock Exchange.
- 1.2 The purpose of this Board Charter (**Charter**) is to set out the role of the Officers of the Company and the Chief Executive, their responsibilities and the structure of the board of directors of the Company (the **Board**).

## 2. Board Governance Structure

<b>Board</b>		
Provides strategic leadership within a framework of robust corporate governance and internal controls, monitoring the culture, values and standards that are embedded through the business to deliver the long term success of the Company for the benefit of our shareholders and other key stakeholders.		
<b>Nomination Committee</b>	<b>Audit and Risk Committee</b>	<b>Remuneration Committee</b>
<ul style="list-style-type: none"><li>- Reviews the composition of the Board.</li><li>- Oversees the Board's succession planning.</li><li>- Keeps the succession planning and leadership needs of the Company under review.</li></ul>	<ul style="list-style-type: none"><li>- Monitors the integrity of the financial statements.</li><li>- Oversees risk management and control.</li><li>- Monitors the effectiveness of the Internal Audit function.</li><li>- Review external Auditor independence and performance.</li><li>- Leads the audit tender process.</li></ul>	<ul style="list-style-type: none"><li>- Keeps under review the framework and policy on Executive Directors and executive leadership team (<b>ELT</b>) remuneration</li><li>- Approves the design, targets and framework for share plan awards and bonuses.</li></ul>

Biographical details for each member of the Board is available on our website [www.jec.co.uk](http://www.jec.co.uk).

## 3. Role of the Board

- 3.1. The Board comprises of Six non-Executive Directors and two Executive Directors. Together they are collectively responsible for the long-term success of the Company and bring together a balance of skills, experience, independence, contacts and knowledge. In performing its role and responsibilities, the Board works closely with the Chief Executive and maintains an appropriate dialogue with key stakeholders, including its shareholders, employees, customers and suppliers, the Government of Jersey and the wider local community, and aims to factor their views into its decision-making.
- 3.2 The Board provides strategic leadership within a framework of robust corporate governance and internal controls, that promotes the values of the Company and ensures long term benefit for its shareholders. The Board are exemplars of the core values of the Company being, safety, customer focus, teamwork, responsibility, excellence and reliability. They

each promote these values in order to create and sustain a culture within the Company to enable the Company to fulfil its purpose and achieve its long-term strategic objectives.

- 3.3 The Board sets the annual objectives and longer-term plans for the Company which are based on proposals made by the Chief Executive and his ELT. The Board has ultimate responsibility for the success of the Company and regularly monitors the performance and delivery of key strategic objectives. This includes review of Environment, Social and Governance and sustainability strategies, management of climate risks and oversight of all mandated reporting of these matters including the annual reporting of Climate-related Financial Disclosures within annual report and accounts.
- 3.4 The Board is responsible for determining the risk appetite of the Company which reflects the level of risk the Board is willing to accept in order to achieve the strategic objectives of the Company. The Board, through the Audit and Risk Committee, oversees the Company's risk management framework and internal control processes to ensure that the business operates within the risk appetite.
- 3.5 The Board, through the Nominations Committee, ensures that there are regular reviews of the composition of the Board and the leadership needs of the Company and that there are suitable succession plans in place. In addition, through the Remuneration Committee, the Board regularly evaluates the compensation of the non-Executive and Executive Directors, ELT and other key members of senior management.

#### **4. Board committees**

- 4.1. The Board has established three committees namely the Audit and Risk Committee, the Nominations Committee and the Remuneration Committee to assist with discharging its responsibilities efficiently and effectively. Each committee has written terms of reference which are approved by the Board and are available on our website [www.jec.co.uk](http://www.jec.co.uk). The Chair of each Committee reports to the Board on their activities after each meeting. Details of the composition and activities of each of the committees is set out in the annual report of the Company.

#### **5. Matters reserved for the Board**

- 5.1 The Company's constitutional documents vest the management and control of the Company to the Board and set out further details regarding the powers of the Board. The Board has delegated authority for the executive management of the Company to the Chief Executive, subject to the exclusion of certain matters as set out in a schedule of matters which are reserved solely for the Board's control and approval. A copy of the schedule of reserved matters is set out in the appendix.

#### **6. The Role of the Chairperson**

- 6.1 The Board will appoint one of the non-Executive Directors to be Chairperson of the Board as provided for in its constitutional documents. The Chairperson must meet the applicable independence criteria at the time of appointment and continue to meet the independence criteria during the term of appointment.
- 6.2 The principal role of the Chairperson is to provide leadership to the Board, assist the Board to work effectively and discharge its responsibilities. The Chairperson is responsible for:

- leading the Board in the review and approval of the Company's strategic objectives;
- ensuring that the Board determines the nature and extent of any significant risk that the Company is willing to accept and the level of such acceptance, in the implementation of the Company's strategic objectives;
- ensuring that there is a strong working relationship between all board members, non-Executive Directors and the ELT, and also the Chairperson and the Chief Executive whilst respecting executive responsibilities;
- regularly considering the composition, succession, performance and effectiveness of the Board;
- ensuring the effective implementation of the Board's decisions with the support of the Chief Executive;
- promoting high standards of corporate governance within the Company;
- leading, chairing and managing the Board meetings and promoting open and constructive debate at meetings;
- ensuring that adequate time is available for all agenda items and that the Board receives accurate, clear and timely information;
- ensuring all Board committees are properly structured, operate within their TOR and that their performance is regularly reviewed; and
- ensuring that there is effective relationship with the shareholders of the Company.

## **7. Role and responsibilities of the Chief Executive**

- 7.1 The Chief Executive is responsible for leading and managing the Company in line with the strategy approved by the Board and subject to matters reserved for the Board as set out in the schedule for reserved matters. In particular the Chief Executive is responsible for:
- providing coherent leadership and management of the Company in accordance with agreed strategic objectives;
  - developing and recommending objectives, strategy and performance standards to be approved by the Board;
  - providing input to the Board's meeting and sub-committee's meeting agendas;
  - leading the Executive Directors and the ELT in the running of the Company's day to day business;
  - securing an ELT of the right calibre, with specific responsibility for its composition and ensuring that that its succession plan is reviewed regularly;
  - developing the Company's cultures, values and behaviours in conjunction with ELT;
  - managing the performance of and determining the remuneration of the ELT in accordance with the policy approved by the Remuneration Committee;
  - monitoring, reviewing and managing key risks and risk mitigation strategies with the Board and/or relevant committee;
  - ensuring that the assets of the Company are adequately safeguarded and maintained;
  - developing policies for approval by the Board and implementing them within the business and ensuring that the Company complies with such policies and procedures; and
  - ensuring there is an effective relationship with key stakeholders.

7.2 The Chief Executive is accountable to the Board for the discharge of his authority. The Chief Executive is required to report to the Board at each meeting and advise the Board (or the relevant Board Committee) in a timely manner of all material matters which are or could affect the Company and its performance. Between Board meetings, the Chief Executive may engage with the Chairperson as the representative of the Board, as and when required.

## **8. Senior Independent Director**

8.1 The Board will appoint one of the non-Executive Directors to be the Senior Independent Director. The Senior Independent Director's role and responsibilities are to:

- act as a sounding board for the Chairperson and as an intermediary for the other directors if necessary;
- engage with the shareholders of the Company to ascertain and understand their concerns, independent of the Chairperson or the Chief Executive, when such concerns are not being addressed by the Chairperson or the Chief Executive; and
- lead the evaluation of the Chairperson on behalf of the other directors and oversee the orderly succession process of the Chairperson.

## **9. Non-Executive Directors**

9.1 The role of each of the independent non-Executive Directors is to:

- contribute independent thinking and judgement and provide external experience and knowledge to the Board agenda;
- scrutinise the performance of management in delivering the Company's strategy and objectives;
- monitor the reporting of performance and ensuring that the Company is operating within the governance and risk framework approved by the Board; and
- constructively challenge whilst at the same time providing ideas, contacts and support to the Executive Directors.

## **10. Executive Directors**

10.1 The role of each of the Executive Directors is to:

- develop the strategy and implement decisions agreed by the Board;
- make operational and financial decisions as required in the day to day management of the Company;
- provide leadership to ELT and other senior management leaders across the business;
- promote the Company's values and culture and reinforce the governance and control procedures;
- promote the talent management, including diversity and inclusion within the Company; and
- ensure the Board is aware of the view of the employees on material issues which could affect the performance of the Company.

## **11. Board and Committee meetings**

- 11.1 The Board will meet regularly and all directors must use all reasonable endeavours to attend all Board and Committee meetings. The Chairperson (or Chairperson of the relevant Committee, as the case may be) is responsible, in consultation with the Chief Executive and the Company Secretary, for the conduct of all Board and Committee meetings.
- 11.2 Members of ELT and senior management may attend Board and Committee meetings as necessary by invitation.
- 11.3 Non-Executive Directors are required to meet periodically without the Executive Directors or representatives of management present.

## **12. Company Secretary**

- 12.1 The appointment and removal of the Company Secretary is subject to the approval of the Board. The Company Secretary is responsible for advising the Chairperson and the individual directors on all corporate governance matters. The Secretary is also responsible for ensuring the timely provision of information to the Board and its committees.

## **13. Board performance**

- 13.1 The Board will, at least annually, conduct performance evaluations of the Board as a whole, its Committees, the Chairperson, individual directors, and will have regard to the governance framework that supports the Board and its activities.
- 13.2 The Chairperson will be responsible for evaluating the performance of other non-Executive Directors. The Senior Independent Director is responsible for undertaking the evaluation of the Chairperson in consultation with the other Directors.
- 13.3 The performance of the Chief Executive is monitored by the non-Executive Directors and the performance of the Financial Director (as the other Executive Director) is monitored by the Chief Executive and the non-Executive Directors.

## **14. Review and approval of the Board Charter**

- 14.1 The Board will review this Charter annually. Any amendments to the Charter must be approved by the Board.

**Appendix**  
**Schedule of Matters Reserved**

<b>1.</b>	<b>Strategy</b>
1.1	Responsibility for the overall leadership of the Company and approving the Company's values.
1.2	Development and approval of the Company's strategic aims and objectives.
1.3	Approval of the annual operating and capital expenditure budgets and any material changes to them.
1.4	Oversight of the Company's operational performance including review of the performance in light of the Company's strategic aims, objectives, business plans and budgets, and ensuring that corrective actions are taken as necessary.
1.5	Extension of the Company's activities either into new business lines or through the establishment of a subsidiary company and/or physical presence in a new country of operation.
1.6	Any decision to cease to operate all or any material part of the Company's business.
<b>2.</b>	<b>Structure and Capital</b>
2.1	Changes relating to the Company's capital structure including reduction of capital, share issues or allotments (except under employee share plans), share buy backs (including the use of treasury shares).
2.2	Major changes to the Company's corporate structure.
2.3	Material changes to the Company's management and control structure.
2.4	Any changes to the Company's listing or its status as a plc.
<b>3.</b>	<b>Financial Management</b>
3.1	Approval of interim and final results, and any associated subcommittee reports following recommendation(s) from the relevant Board Committees.
3.2	Approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend.
3.3	Approval of any significant changes in accounting policies or practices that have a material impact on the Company's results.
3.4	Approval of hedging and treasury policies and any related risk management framework.
3.5	Approval of tax policies.
3.6	Approval of material >£1m unbudgeted capital or operating expenditures (outside pre-determined tolerances).
3.7	Approval of write downs or write offs above the following limits: Assets:£1m Debts: £250k
<b>4.</b>	<b>Risk Management &amp; Internal Control</b>
4.1	Approving the Company's risk appetite, its risk management framework and its procedures for the detection of fraud and the prevention of bribery, based on recommendations of the ARC.
<b>5.</b>	<b>Contracts and Investments</b>



5.1	Approval of major capital projects >£2m.
5.2	Approval of major investments >£2m.
5.3	Approval of major contracts in the ordinary course of business over £5m or £2m if not in the ordinary course of business. Ordinary course of business includes the placing of foreign exchange forward contracts, the placing of wholesale power hedges and the purchases of oil
5.4	Approval of bank borrowings > £2m
5.5	Approval of the acquisition or disposal of any interest in the voting shares of any legal entity or the making of any takeover offer.
<b>6.</b>	<b>Communications</b>
6.1	Any decision to convene any general meeting of the Company's shareholders and approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting and approval of all circulars, prospectuses and listing particulars.
<b>7.</b>	<b>Board Membership and Other Appointments</b>
7.1	Changes to the structure, size and composition of the Board and appointments thereto (including Executive Director appointments and the appointment of Chair), following recommendations from the Nominations Committee.
7.2	Ensuring adequate succession planning for the Board and Senior Management so as to maintain an appropriate balance of skills, experience and diversity within the Company and on the Board.
7.3	Membership and Chairmanship of Board Committees following recommendations from the Nominations Committee.
7.4	Appointment of the Senior Independent Director.
7.5	Consideration of the rotation or continuation in office of Directors annually prior to them being submitted for re-election by shareholders at the AGM, and otherwise as appropriate.
7.6	Decisions around continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the law and their service contract.
7.7	Appointment or removal of the Company Secretary, following a recommendation from the Nomination Committee.
7.8	Recommend to the shareholders, following recommendation of the Audit & Risk Committee, the approval of the appointment, removal and remuneration of the external auditor, and to approve any related resolutions to be put to the shareholders.
7.9	Approval of appointments to the Boards of any material subsidiary companies or other business where the Company has the right to appoint Directors.
<b>8.</b>	<b>Remuneration</b>
8.1	Determining the remuneration policy for the Executive Directors, Company Secretary and ELT, and setting remuneration levels of the Executive Directors accordingly, following recommendations from the Remuneration Committee and overseeing remuneration levels of the Company Secretary and ELT following recommendations from the Chief Executive.
8.2	Recommending the remuneration of the non-Executive Directors, subject to the articles of association and shareholder approval as necessary.

8.3	Approve the introduction of any share-based incentive plans or major changes to existing plans and where necessary to recommend such changes to shareholders for approval.
<b>9. Delegation of Authority</b>	
9.1	Approval of the Board Charter setting out the roles and division of responsibilities between the Chair, the Chief Executive, Senior Independent Director and other executive Directors.
9.2	Establishment of any Board Committees and the approval of their terms of reference and any material changes thereto.
<b>10. Corporate Governance Matters</b>	
10.1	Approval of the independence assessments of non-Executive Directors in the light of their character, judgment and relationships.
10.2	Review and approval of the Company's overall corporate governance arrangements
10.3	Authorising conflicts of interest where permitted by the Company's Articles of Association
<b>11. Policies</b>	
11.1	Approval of the following principal policies and any material amendments thereto: <ul style="list-style-type: none"> <li>• Health, Safety and Environment Policy – Statement of Intent</li> <li>• Share Dealing Code (incorporating Market Abuse Regulation and Insider Dealing)</li> <li>• Diversity and Inclusion Policy</li> <li>• Whistle-blowing Policy</li> <li>• Risk Management Policy</li> <li>• Conflicts of Interest</li> <li>• Data Protection and Privacy</li> </ul>
<b>12. Other</b>	
12.1	Approval of prosecution, defence or settlement of litigation involving above £500k or being otherwise material to the interests of the Company.
12.2	Approval of the overall levels of insurance for the Company including directors' & officers' liability insurance.
12.3	Approval of any changes to the Trust Deed & Rules of the Company's final salary pension scheme, or any material changes of to any other pension scheme or life assurance benefit provided by the Company. To appoint Trustees of the final salary pension scheme.
12.4	The making of political donations.

The Board must approve all matters not otherwise described above which exceed the authority delegated to the Chief Executive. In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Company.