



## **1. OBJECTIVE**

The objective of this disclosure policy (“Policy”) is to:

- 1.1. Ensure communications of material information to the investing public about Caribbean Utilities Company, Ltd. (“CUC” or the “Company”) are timely, balanced and accurate, and are broadly disseminated in accordance with all applicable legal, regulatory and stock exchange requirements; and
- 1.2. Protect CUC confidential information.

## **2. APPLICATION OF POLICY**

- 2.1. The scope of this Policy extends to all employees of CUC, its Board of Directors and those individuals authorized to speak on behalf of CUC. It covers disclosures in documents filed with governmental, administrative, judicial and regulatory authorities, written statements made in CUC annual and quarterly reports, media releases, letters to shareholders, presentations by senior management and information contained on the CUC web site and other electronic communications. The scope of this Policy also extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches and conference calls.

## **3. DEFINITIONS**

- 3.1. “**CEO**” means the President and Chief Executive Officer of CUC.
- 3.2. “**CFO**” means the Chief Financial Officer of CUC.
- 3.3. “**Material Change**” means a change in the business, operations or capital of CUC that would reasonably be expected to have a significant effect on the market price or value of any of the securities issued by CUC and includes a decision to implement such a change made by the Board of Directors of CUC or by senior management who believe that confirmation of the decision by the Board of Directors is probable.
- 3.4. “**Material Change Report**” means a written report of a Material Change, in the prescribed form, required to be filed as soon as practicable following the happening of a Material Change and no later than 10 days after the Material Change occurs.
- 3.5. “**Material Fact**” means a fact that would reasonably be expected to have a significant effect on the market price or value of any CUC securities that are issued or proposed to be issued.
- 3.6. “**Material Information**” means any information, including a Material Change or Material Fact, relating to the business and affairs of CUC that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of CUC listed securities and may include but is not limited to the following examples:

- 1) Annual and quarterly financial statements or results;



- 2) Changes in the share ownership that may affect the control of CUC;
- 3) Changes in corporate structure, such as reorganizations, amalgamations, etc.;
- 4) Take-over bids or issuer bids;
- 5) Major corporate acquisitions or dispositions;
- 6) Major changes in capital structure;
- 7) Borrowing of a significant amount of funds or major changes in credit facilities;
- 8) Public or private sale of securities other than in accordance with option or share purchase plans;
- 9) Entering into or loss of significant contracts;
- 10) Firm evidence of significant increases or decreases in near-term earnings prospects;
- 11) Changes in capital investment plans or corporate objectives;
- 12) Significant changes in management;
- 13) Significant litigation;
- 14) Major labour disputes or disputes with major contractors or suppliers;
- 15) Events of default under financing or other agreements; and
- 16) Any other developments relating to the business and affairs of CUC that would reasonably be expected to have a significant influence on a reasonable investor's investment decision.

3.7. **“TSX”** means the Toronto Stock Exchange.

#### **4. PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION**

- 4.1. Securities laws require that when a Material Change occurs in the affairs of CUC, it must forthwith issue and file a media release disclosing the nature and substance of the change and file a Material Change Report not later than 10 days following the Material Change. The timely disclosure provisions of Part B of the Maintaining a Listing – General Requirements sections (406 to 423) of the TSX Company Manual requires listed issuers to disseminate Material Information. This Policy provides guidance for adherence to both securities law and TSX requirements through guidelines and procedures designed to provide public disclosure of Material Information as well as Material Changes.
- 4.2. In complying with the requirement to disclose forthwith all Material Information under applicable laws and stock exchange rules, CUC shall adhere to the following basic disclosure principles:
  - 1) Material Information shall be publicly disclosed immediately via media release through a recognized and approved wire service.
  - 2) Unfavorable Material Information must be disclosed as promptly and completely as favorable Material Information. As well, disclosure must include any information the omission of which would make the rest of the disclosure misleading.



- 3) Disclosure must be corrected immediately if CUC subsequently learns earlier disclosure contained a material error. Any suspected error in disclosure should be immediately communicated to the CFO. If, upon evaluation of the error by the CFO, it is deemed material, the CFO shall consult with the CEO and the Audit Committee Chair (acting on behalf of the Audit Committee) on the nature and method of communication of the error.
- 4) If previously undisclosed Material Information is inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such Material Information must be broadly disclosed immediately via media release.
- 5) Disclosure on the CUC web site alone does not constitute adequate disclosure of Material Information.
- 6) In circumstances where CUC determines disclosure would be unduly detrimental, such as release of information that would prejudice negotiations in a corporate transaction, CUC shall file a confidential Material Change Report with applicable securities regulators and shall review its decision to keep the information confidential at least every ten days.
- 7) There must be no selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an investor meeting or during a telephone conversation with an analyst). If previously undisclosed material information is inadvertently disclosed, this information must be broadly disclosed immediately via media release.
- 8) Disclosure should be consistent among all audiences, including the investment community, the media, customers and employees.
- 9) Derivative information (which is information extracted from a document filed on behalf of another person or company) which is included in a document or oral statement should include a reference identifying the document that was the source of the information.

## **5. MAINTAINING CONFIDENTIALITY**

- 5.1. Employees of CUC, its Board of Directors and individuals authorized to speak on behalf of CUC who are privy to confidential information are prohibited from communicating such information unless it is necessary to do so in the course of business.
- 5.2. Outside parties privy to undisclosed Material Information concerning CUC shall be told that they must not divulge such Material Information to anyone else other than in the necessary course of business and that they may not trade in securities of CUC until such Material Information is publicly disclosed. Such outside parties shall confirm their commitment to non-disclosure in the form of a written confidentiality agreement.
- 5.3. In order to prevent the misuse or inadvertent disclosure of Material Information, the following procedures should be observed at all times:
  - 1) Documents and files containing confidential information should be kept in safe locations accessible only to designated individuals.



- 2) Confidential matters should not be discussed in public places where conversations may be overheard, e.g., elevators, hallways, restaurants, airplanes, and taxis.
- 3) Confidential matters should not be discussed on non-secure wireless telephones or other non-secure wireless devices.
- 4) Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.
- 5) Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.
- 6) Transmission of documents by electronic means, such as by fax or by e-mail, should be made only where it is reasonable to believe the transmission can be made and received under secure conditions.
- 7) Access to confidential electronic data should be restricted through the use of passwords.
- 8) Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.

## **6. DESIGNATED SPOKESPERSONS**

- 6.1. The CEO, CFO and Manager Corporate Communications shall be designated the official spokespersons for CUC. Individuals holding these offices may, from time to time, designate others to speak on behalf of CUC as back-ups or to respond to specific inquiries.
- 6.2. The Chair of the Board shall speak on behalf of the Board within and without the Company when requested to do so and in consultation with the CEO.
- 6.3. Employees and Directors who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries shall be referred to the Manager Corporate Communications.

## **7. MEDIA RELEASES**

- 7.1. Once a determination is made pursuant to Section 17 that a fact, development or other event constitutes Material Information, a media release shall be issued, unless a determination is made in accordance with Section 17 that the happening of such fact, development or event must remain confidential for the time being and appropriate control of that information is instituted. Should a



material oral statement inadvertently be made in a selective forum, CUC shall immediately issue a media release in order to fully publicly disclose that Material Information.

- 7.2. Prior notice of a media release announcing Material Information must be provided to the market surveillance department of the TSX , if the TSX is open for trading at the time of a proposed announcement, to enable a trading halt if deemed necessary by the TSX. If a media release announcing Material Information is issued outside of trading hours, market surveillance must be notified before the market opens.
- 7.3. Financial results will be publicly released as soon as practicable following Audit Committee and (in respect of annual statements) Board approval of the MD&A, financial statements and notes.
- 7.4. Media releases shall be disseminated through an approved newswire service that provides simultaneous national and/or international distribution. Media releases shall be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, financial media and local media.
- 7.5. Media releases shall be posted on the CUC web site immediately after release over the newswire. The media releases page of the CUC web site shall include a notice that advises readers the information posted was accurate at the time of posting.
- 7.6. Media releases containing earnings guidance, if any, and financial results will be reviewed by the Audit committee prior to issuance.

## **8. CONTACTS WITH ANALYSTS, INVESTORS AND MEDIA**

- 8.1. CUC recognizes meetings and/or discussions with analysts, significant investors and media are important elements of the CUC Investor Relations Program. CUC shall meet with analysts and investors on an individual or small group basis as needed and shall initiate contacts or respond to analyst, investor and media calls in a timely, balanced and accurate manner in accordance with this Policy.
- 8.2. If CUC intends to announce Material Information at an analyst or shareholders' meeting or a media conference or conference call, the announcement must be preceded by a media release pre-notified to TSX market surveillance pursuant to section 7.2 hereof. Disclosure in individual or group meetings does not constitute adequate disclosure of Material Information.
- 8.3. CUC shall provide only non-material information through individual and group meetings, in addition to regular publicly disclosed information. CUC cannot alter the materiality of information by breaking down the information into smaller, non-material components.
- 8.4. Spokespersons shall keep notes of conversations with analysts, investors and media and, where practicable, more than one representative of CUC shall be present at all individual and group meetings. A debriefing shall be held after such meetings and if such debriefing uncovers selective disclosure of previously undisclosed material information, CUC shall immediately disclose such information broadly via media release.



## **9. REVIEWING ANALYST DRAFT REPORTS AND MODELS**

9.1. CUC shall review, upon request, analysts' draft research reports or models for accuracy based on publicly disclosed information. It is the policy of CUC, when an analyst inquires with respect to his/her estimates, to question an analyst's assumptions if the estimate is a significant outlier among the range of estimates and/or of the published earnings guidance for CUC. CUC shall limit its comments in responding to such inquiries to non-material information.

9.2. In order to avoid appearing to "endorse" an analyst's report or model, CUC shall provide its comments orally or shall attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

## **10. EARNINGS GUIDANCE**

10.1. CUC shall try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with the expectations of CUC.

10.2. If CUC has determined that it shall be reporting results materially below or above publicly held expectations, it shall disclose this information in a media release in order to enable discussion without risk of selective disclosure.

## **11. DISTRIBUTING ANALYST REPORTS**

11.1. Analyst reports are proprietary products of the analyst's firm. Re-circulating an analyst's report may be viewed as an endorsement of the report by CUC. For these reasons, CUC shall not provide analyst reports through any means to persons external to the business of CUC and shall not post such information on its web site. CUC may post on its web site a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on CUC. If provided, such list shall not include links to the analysts' or any other third party web sites or publications.

## **12. RUMOURS**

12.1. It is the policy of CUC not to comment on market rumours or speculation including those made via the Internet. Should the TSX request that CUC make a definitive statement in response to a market rumour that is causing significant volatility in the stock, CUC shall consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, this may be evidence of a leak, the Company will consider the need to immediately issue a news release disclosing the relevant material information.

## **13. FORWARD-LOOKING INFORMATION**



13.1. Should CUC elect to disclose forward-looking information in continuous disclosure documents, speeches, conference calls, etc., the following guidelines shall be observed:

- 1) The information, if deemed Material Information shall be broadly disseminated via media release, in accordance with this Policy.
- 2) The information shall be clearly identified as forward-looking.
- 3) CUC shall identify all material assumptions used in the preparation of the forward-looking information.
- 4) The information shall be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement.
- 5) The information shall be accompanied by a statement that disclaims the intention or obligation of CUC to update or revise the forward-looking information, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, CUC may choose to issue a media release explaining the reasons for the difference. In this case, CUC shall update its guidance on the anticipated impact on revenue and earnings or other key metrics.

## **14. QUIET PERIODS**

14.1. To avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, CUC shall observe a quarterly quiet period, commencing fifteen (15) calendar days prior to the expected release date of its quarterly results. During the quiet period, CUC shall not initiate or participate in any meetings or telephone contacts with analysts and investors and no earnings guidance shall be provided to anyone other than responding to unsolicited inquiries concerning factual matters.

14.2. Quiet periods may also be imposed as a result of special circumstances including negotiations of potential material transactions.

## **15. DISCLOSURE RECORD**

15.1. The CFO shall maintain a seven-year file containing public information about CUC including continuous disclosure documents, media releases, analysts' reports, notes from meetings and telephone conversations with analysts and investors, debriefing notes and newspaper articles.

## **16. RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

16.1. Information to be included on the CUC web site shall include, but not be limited to, the following:

- 1) Financial reports;
- 2) Financial highlights;



- 3) CUC stock information;
- 4) Investor presentations; and
- 5) Media releases

16.2. Investor relations material shall be contained within a separate section of the CUC web site and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the Investor Relations section of the web site, including text and audiovisual material, shall show the date such material was issued. Any material changes in information must be updated immediately. The minimum retention period for Material Information on the CUC web site shall be two years.

16.3. Disclosure on the CUC web site alone does not constitute adequate disclosure of Material Information. Any disclosures of Material Information on its web site shall be preceded by the issuance of a media release.

16.4. The CFO is responsible for updating the Investor Relations section of the CUC web site and is responsible for monitoring all CUC information placed on the web site to ensure it is accurate, complete, current and in compliance with relevant securities laws.

16.5. The Manager Corporate Communications must approve all links from the CUC web site to a third party web site.

16.6. The CEO, CFO and Manager Corporate Communications shall also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this Policy shall be used in responding to electronic inquiries.

16.7. Employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to activities of CUC or its securities, in order to ensure no material undisclosed information is inadvertently disclosed. Employees who encounter a discussion pertaining to CUC should advise the Manager Corporate Communications so the discussion may be monitored.

## **17. DETERMINATION OF MATERIAL INFORMATION**

17.1. The determination that any fact, development or other event constitutes Material Information required to be disclosed in accordance with this Policy shall be made by the Disclosure Committee or the CEO and CFO, with advice from outside legal counsel where considered advisable.

17.2. Upon determination of any fact, development or other event as constituting Material Information, the provisions of this Policy shall apply with respect to public disclosure and, if applicable, the filing of a Material Change Report, including a confidential Material Change Report.

## **18. COMMUNICATION AND ENFORCEMENT**

18.1. New directors, officers and employees shall be provided with a copy of this Policy and shall be educated about its importance.



18.2. Any director, officer, employee or other person who wishes to report allegations of suspected improper conduct and/or wrongdoing under, and/or violation of, this Policy should refer to the CUC Whistle-Blower Policy for the procedures to be followed.

18.3. Any employee who violates this Policy may face disciplinary action up to and including termination without notice of his or her employment with CUC. Violation of this Policy may also violate certain securities laws. If it appears that an employee has violated such securities laws, CUC may refer the matter to the appropriate regulatory authorities which could lead to penalties, fines and/or imprisonment.

**19. POLICY REVIEW**

Policy Review Administered by: Audit Committee, Nominating and Corporate Governance Committee and Board of Directors.

Division Responsible: Executive

**20. POLICY REVISION HISTORY:**

<b>Revision</b>	<b>Date</b>	<b>Description of changes</b>	<b>Approved by</b>
0	March 2006	Initial release and implementation	Board of Directors
1	November 2011	Changes: Reformatting, updating	Board of Directors