




**CARIBBEAN UTILITIES COMPANY, LTD.**

**DISCLOSURE POLICY**

EFFECTIVE MARCH 2, 2006

	<b>Disclosure Policy</b>	
	<b>Approved by:</b> <b>CUC Board of Directors</b>	<b>Effective date:</b> <b>March 2, 2006</b>

## 1. POLICY STATEMENT

This Policy sets out how employees, officers, directors, outside advisors or those individuals authorized to speak on behalf of Caribbean Utilities Company, Ltd. (herein refer to as “CUC”) will deal with the disclosure of information about CUC to persons outside the organization. The board of directors (the “Board”) has reviewed and approved this Policy and has directed CUC’s management to advise it of material violations of this Policy. The Board intends to review the Policy periodically with a view to making any amendments necessary to support achievement of the objectives set out in this Policy. All information about CUC should be considered to be confidential and should only be disclosed in accordance with this Policy. All of CUC’s employees, officers, directors and outside advisors must comply with this Policy. An employee or officer who violates this Policy may face disciplinary action. This may include termination of his or her employment with CUC. Directors who violate this Policy may be asked to resign. Outside advisors who violate this Policy may have their engagement with CUC terminated. If a violation of this Policy involves a violation of securities laws or stock exchange requirements, CUC may refer the matter to the appropriate regulatory authorities.

**PLEASE REVIEW THE ATTACHED POLICY CAREFULLY AND SIGN THE ATTACHED FORM OF ACKNOWLEDGEMENT AND RETURN IT TO THE COMPANY SECRETARY AND CHIEF GOVERNANCE OFFICER.**

## 2. OVERVIEW

### 2.1. Disclosure Objective

This Policy has been developed to promote two principal objectives with respect to the disclosure of information relating to CUC:

- timely, accurate and balanced public dissemination of material information about CUC in accordance with all applicable legal, regulatory and stock exchange requirements.
- protection of CUC confidential information.

### 2.2. Scope Definition

This Policy covers disclosures in documents filed with securities regulators and stock exchanges, written statements made in CUC annual and quarterly reports, media releases, letters to shareholders, presentations by senior management and information contained on the CUC website and other electronic communications. The scope of the Disclosure 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.



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### 3. APPLICABILITY

This Policy applies whenever an employee, officer, trustee, director or advisor is providing information about CUC to anyone outside of the CUC organization. Information about CUC is, of course, routinely disclosed as a necessary part of carrying on business. The "necessary course of business" is discussed in Section 4.2 below. Where disclosure is not required as a necessary part of carrying on CUC's business, it must not be disclosed either intentionally or inadvertently. Section 4.3 below sets out a number of safeguards employees and others should take in this regard. Questions about whether particular information may be provided to anyone outside of the CUC organization should be referred to an employee's immediate supervisor (as applicable) or CUC Officer. When information is "material", CUC is legally obliged to disclose it. However, the decision about whether information is material and what action should be taken so that the necessary disclosure will be made in accordance with all legal and stock exchange requirements must only be made by the Senior Officers with review and approval of the Audit Committee or the Board. If an employee, officer, trustee, director or advisor becomes aware of information that he or she thinks may be considered material, CUC officers, Audit Committee or the Board should be advised immediately so that a proper determination can be made as to whether the information should be publicly disclosed.


### 4. CONFIDENTIAL INFORMATION

#### 4.1. What Is Confidential Information

Employees should deal with all information about CUC as being confidential. Unless the information in question is already in the public domain, employees should assume that they may not disclose the information except as permitted by this Policy. In some cases, information about CUC may be considered to be particularly sensitive. If that is the case, employees may be advised about any special precautions that should be taken with respect to that information in addition to the precautions described in this Policy.

#### 4.2. Information Disclosed in the Necessary Course of Business

In certain circumstances, employees will need to disclose information about CUC in the "necessary course of business", for example to CUC suppliers. This Policy is not intended to prevent disclosure of information to individuals outside of the CUC organization that would normally be made in the course of CUC's day-to-day operations. Employees should ensure that disclosure of confidential information is only made to recipients who legitimately need to know the information in connection with their duties and that such disclosure is limited to what they need to know.

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**4.3. Protecting CUC's Confidential Information**


In order to prevent the misuse or inadvertent disclosure of confidential information, the procedures set forth below should be observed at all times:

1. Documents and files containing confidential information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business.
2. Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
3. Confidential documents should not be read in public places, left in unattended conference rooms, left behind when a meeting is over or discarded where they can be retrieved by others.
4. Similarly, employees should not leave confidential information at their homes where it can be accessed by others.
5. Transmission of documents via electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions. In some cases, where information is considered particularly sensitive, employees may be asked to restrict access to confidential electronic data through the use of passwords.
6. Unnecessary copying of confidential documents should be avoided and extra copies of confidential documents should be shredded or otherwise destroyed.
7. All proprietary information, including computer programs and other records, remain the property of CUC, as applicable, and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with the prior permission of the Senior Management.
8. Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts. All confidential information being transmitted over the Internet must be secured by the strongest encryption and validation methods available. Where possible, employees may be asked to avoid using e-mail to transmit confidential information that is considered particularly sensitive.

**5. MATERIAL INFORMATION**

**5.1. Significance of Material Information**

If information about CUC is "material", then it must be publicly disclosed in accordance with CUC obligations as a public entity. While the obligation is to disclose this information immediately, there will necessarily be a period of time when CUC is preparing to make this disclosure within which some people at CUC are aware of that information. These people

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are in possession of "material undisclosed information". This creates the potential for insider trading, tipping and selective disclosure. These activities are damaging both for the individuals involved and for CUC and are strictly prohibited under this Policy and under CUC's Insider Trading Policy, defined below.

**5.2. Definition of Material Information**

Generally speaking, material information is any information 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 securities issued by CUC. Examples of potentially material information include:


- significant changes in anticipated sales or earnings
- significant acquisitions or dispositions of assets by CUC
- significant litigation involving CUC
- significant changes in management
- a significant change in capital or corporate structure
- significant changes in ownership
- entering into, loss of, or breach of significant contracts
- major labour disputes or disputes with major contractors or suppliers
- bankruptcy or receivership
- other events of a similar nature

This is not an exhaustive list - other information may also constitute material information of CUC.

**5.3. Insider Trading**

Insider trading occurs when anyone with knowledge of material information affecting a public company that has not been publicly disclosed buys or sells securities of that company. It is both improper and illegal. It constitutes a violation of this Policy. Some parts of this Policy apply only to "insiders", which includes directors and officers. For example, insiders are required by law to file insider-trading reports. In addition, to protect CUC's reputation and avoid the appearance of impropriety, insiders are required to pre-clear *all* proposed trades in units of CUC with the CFO.

Employees and others who are subject to this Policy must understand that even if they are not considered "insiders", they will be violating this Policy and committing an illegal act if they buy or sell units of the CUC while they are in possession of material undisclosed information. If there is any doubt about whether an employee is permitted to buy or sell units of CUC under this Policy, the employee should speak with Senior Management. It is also important to note that all employees are subject to quarterly blackout periods when financial statements are being prepared but results have not yet been publicly disclosed. Quarterly trading blackouts will commence on the end of the quarter or annual fiscal period and end on the **second day** following the issuance of a news release disclosing quarterly or annual financial results. Blackout periods may also be established from time to time by the Senior Management when special circumstances that could give rise to material undisclosed information exist. All parties with knowledge of these special circumstances should be

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covered by the blackout. These parties may include employees who are not considered "insiders" of the corporation as well as legal counsel, investment bankers, investor relations consultants, other professional advisors and other parties to material potential transactions. **[Please see CUC's Insider Trading Policy]**

**5.4. Tipping**


"Tipping" occurs when someone in possession of material undisclosed information passes that information on to someone else (other than in the "necessary course of business"). It is both improper and illegal. It constitutes a violation of this Policy. If an employee must disclose material undisclosed information to someone outside the CUC organization who does not already have that information, he or she must be told not to divulge such information to anyone else, other than in the necessary course of business and that he or she may not trade in Securities until the information is generally disclosed.

**5.5. Selective Disclosure**

"Selective disclosure" occurs when corporate officers disclose material corporate information to select groups of individuals, such as analysts or institutional investors that has not been generally disclosed to the public. Such disclosure includes, for example, when corporate officers discuss corporate affairs during closed conference calls with analysts, discuss corporate affairs on a one-on-one basis with analysts or provide material to large investors that is not publicly released. Selective disclosure is both improper and illegal. It constitutes a violation of this Policy. The following sets out two steps that CUC takes in order to prevent making inadvertent selective disclosure.

**(a) Conference Calls.** CUC holds periodic conference calls with members of the investment community to discuss financial and operating results. A debriefing is held after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed material information, CUC will immediately disclose such information generally via news release.

**(b) Quiet Periods.** In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, CUC observes a quarterly quiet period during which no meetings or telephone contacts with analysts and investors will be initiated and no earnings guidance will be provided. The quiet period corresponds with the quarterly blackout period (see "Insider Trading" above) and generally commences on the fifteenth (15th) day prior to the release of quarterly or annual financial results and ends two trading days after the issuance of a news release disclosing quarterly or annual results.

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## 6. HOW CUC DEALS WITH DISCLOSURE INFORMATION


### 6.1. Designated Spokesperson

- a. The President & Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Company Secretary & Chief Governance Officer (CSCGO) shall be designated as 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.
- b. Employees 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.
- c. The Chairman of the Board shall speak on behalf of the Board within and without the Corporation when requested to do so and in consultation with the CEO.

### 6.2. Disclosure Rules

In complying with the requirement to disclose forthwith all material information under applicable laws and stock exchange rules, CUC will adhere to the following basic disclosure rules:


1. Material information will be publicly disclosed immediately, unless Senior Management determines that such disclosure would be unduly detrimental to CUC.
2. There may be circumstances in which the Senior Management determines that immediate disclosure of undisclosed material information would be unduly detrimental to CUC. This may occur, for example, if disclosure would prejudice negotiations in a corporate transaction. When this occurs, the information will be kept confidential until the Senior Management determines it is appropriate to release it publicly. In this case, the Senior Management will cause a confidential material change report to be filed with the applicable securities regulators and will periodically (**at least every 10 days**) review its decision to keep the information confidential (see "Rumours" below).
3. Disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading).
4. Unfavourable material information must be disclosed as promptly and completely as favourable information.

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5. There must be no selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with a major unit holder). If previously undisclosed material information has been inadvertently disclosed to an analyst or any other person, such information must be generally disclosed immediately via news release.
6. Disclosure must be updated if earlier disclosure has become misleading as a result of intervening events.
7. Disclosure must be corrected immediately if CUC learns that earlier disclosure contained a material error at the time it was made.
8. Disclosure should be consistent among the entire audience, including the investment community, the media, customers and employees.
9. Disclosure on CUC's website alone does not constitute adequate disclosure of material information.

**6.3. Media Releases**

1. Once a determination is made that a development is material, a news release shall be issued, unless it is determined that such development 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 news release in order to fully publicly disclose that information.
2. Prior notice of a media release announcing material information must be provided to the market surveillance department of the Toronto Stock Exchange ("TSE"), if the TSE is open for trading at the time of a proposed announcement, to enable a trading halt if deemed necessary by the TSE. If a media release announcing material information is issued outside of trading hours, market surveillance must be notified before the market opens.
3. Only upon approval of financial statements by the Audit Committee shall annual and interim financial results be publicly released.
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, national financial media and local media.

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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, but may be superseded by subsequent media releases.

## **7. COMMUNICATIONS WITH ANALYSTS**


### **7.1. Contacts with Analysts, Investors, and Media**

CUC recognizes that analysts are important conduits for disseminating information to the investing public and that analysts play a key role in interpreting and clarifying existing public data and in providing investors with background information and details that cannot practically be put in public documents. CUC will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. CUC will provide the sort of detailed differential information that has been provided to analysts to individual investors or reporters who request it. Where practicable, more than one representative of CUC will be present at all individual and group meetings with analysts and investors.

However, CUC recognizes that analyst disclosure does not constitute adequate disclosure of information that is considered material non-public information. If material information is to be announced at an analyst or shareholder meeting or a press conference, its announcement must be coordinated with a general public announcement via news release.

### **7.2. Reviewing Analyst Draft Reports and Models and Providing Guidance**

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. Limitation on responding to such non-material information inquiries will be observed.
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.
3. 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.
4. 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

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risk of selective disclosure.

## **8. OTHER TYPES OF INFORMATION**

### **8.1. Rumours**

It is the policy of CUC not to comment on market rumours or speculation including those made via the Internet. Should the TSE 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.

### **8.2. Forward-Looking Information**

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, shall be broadly disseminated via media release, in accordance with this Disclosure 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.

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.

### **8.3. Electronic Communications**

This Policy also applies to electronic communications. Accordingly, officers and personnel responsible for written public disclosures shall also be responsible for electronic communications.

1. The CSCGO is responsible for updating the Investor Information section of CUC's website and is responsible for monitoring all corporate information placed on the website to ensure that it is accurate, complete and up to date. Any material changes in

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information must be updated immediately.

2. Although CUC views electronic communications as an extension of its formal disclosure record, it recognizes that disclosure on CUC's website does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on its website will be coordinated with a news release.
3. All continuous disclosure documents will be provided in the Investor Relations section of the CUC's website. All information posted, including text and audiovisual material, will show the date the material was issued. Any material changes in information must be updated immediately, following the issuance of a news release. The website will include a notice that advises the reader that the information was accurate at the time of posting, but may be superseded by subsequent disclosure.
4. The CSCGO will maintain a log indicating the date that material information is posted and removed from the Investor Relations section of the website. Documents filed with securities regulators will be maintained on the website for a minimum of two years.
5. The CSCGO must approve all links from CUC's website to third-party websites. The website will include a notice that advises readers they are leaving CUC's website and that CUC is not responsible for the contents of the other site.
6. The CSCGO will also be responsible for responses to electronic inquiries. Only public information or information that could otherwise be disclosed in accordance with this disclosure policy shall be used to respond to electronic inquiries.
7. This Policy prohibits employees from participating in Internet chat rooms or newsgroup matters pertaining to CUC's activities or its securities.

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## **9. DISCLOSURE RECORD**


The CSCGO 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.

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**10. COMMUNICATION  
AND  
IMPLEMENTATION**

This Disclosure Policy extends to all employees of CUC, its Board of Directors and authorized spokespersons. New directors, officers and employees shall be provided with a copy of this Disclosure Policy and shall be educated about its importance.

Any employee who violates this Disclosure Policy may face disciplinary action up to and including termination without notice of his or her employment with CUC. Violation of this Disclosure 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.

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**11. SCHEDULE A**

**DISCLOSURE POLICY**

**ACKNOWLEDGEMENT**

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The undersigned acknowledges having read the **Disclosure Policy of Caribbean Utilities Company, Ltd. (CUC)** dated **March 2, 2006** and agrees to comply with such Policy in all respects.

The undersigned further acknowledges that all members of the undersigned's family, all other persons who live with the undersigned and all holding companies and other related entities of the undersigned and all persons or companies acting on behalf of or at the request of any of the foregoing are also expected to comply with such Policy.

The undersigned acknowledges that any violation of such Policy may constitute grounds for immediate suspension or dismissal.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**Signature**