

## **MEMORANDUM OF UNDERSTANDING BETWEEN THE SHAREHOLDER AND THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED**

### **1. Introduction**

**1.1.** States Owned Entities (“**SOEs**”) play an important role in our economy and society, delivering and supporting Government policy and building shareholder value. They are active across many sectors, from public utilities to managing the Islands’ gateways. Ministers rely on independent boards to lead each SOE. In turn, it is right that there should be clear and effective engagement with boards on the expectations of them in areas such as financial and non-financial performance, board conduct, and the relationship of boards with Government. High-performing boards and clear performance expectations enable SOEs to maximise their contribution to Jersey’s overall economic efficiency and wellbeing, and to better deliver the objectives for which they were established. Against this background, Islanders legitimately have an expectation of robust and thorough governance arrangements between the Shareholder and each SOE which is likely to extend beyond those obligations which apply to the private sector. This is best demonstrated through transparency and accountability with quality, timely and reliable reporting of performance which goes beyond financial reporting and helps to build trust with the Shareholder and the public of the Island.

### **2. Background**

- 2.1.** The States of Jersey (the “**States**”) by their Act dated 12 December 1995 approved the establishment of Waterfront Enterprise Board Limited. Their Act dated 14th September 2005 approved the extension of the Company’s original tenure. Their Act of 13 October 2010 (P.73/2010) agreed that the role and remit of the Company should be extended to allow it to, in addition to its continuing responsibilities on the St Helier Waterfront, (i) act as the developer of property assets, in conjunction with the private sector, currently belonging to the Public that are located within designated Regeneration Zones and purchasing or entering into joint ventures in respect of third party properties where appropriate and necessary to achieve a cohesive regeneration strategy; and (ii) implement and coordinate the development within Regeneration Zones in accordance with approved Masterplans, Development Briefs and other relevant guidance prepared by the Minister for Planning and Environment. This Act further approved the revised Memorandum and Articles of Association of SoJDC as set out in Appendix 2 of the report of the Council of Ministers dated 7 June 2010 and authorised the Greffier of the States for and on behalf of the States of Jersey to pass, together with the Treasurer of the States, one or more special resolutions of the Company in respect of the change of name and to adopt such Memorandum and Articles of Association.
- 2.2.** The issued share capital of SoJDC is held for and on behalf of the States of Jersey by nominees of the Minister for Treasury and Resources.
- 2.3.** The Policy Leads that are relevant to the activities of the Company will be agreed between the Shareholder and the Company from time to time.

### **3. Definitions**

**3.1.** Defined terms used in this Memorandum of Understanding (“**MoU**”), including associated schedules, are set out in Schedule 1 (Definitions) of this MoU.

### **4. Duration**

**4.1.** This MoU applies from the date of signing by the Minister until it is superseded or agreed between the parties that it is no longer valid. This MoU will be formally reviewed between the parties, anticipated to be no less frequently than every three years.

### **5. Purpose**

**5.1.** The purpose of this MoU is to ensure the appropriate conduct of SoJDC and the Shareholder and to put in place an accountability framework appropriate to SoJDC as an independent business wholly owned by the States having regard to the GoJ policies and the Company’s corporate, social, and other responsibilities.

**5.2.** This MoU establishes the respective and distinct roles and responsibilities of the Board on the one hand and the Shareholder on the other. Interactions between the two will be conducted in accordance with this MoU.

**5.3.** This MoU aims to foster a sound working relationship between the Shareholder and SoJDC based on a mutual understanding of expectations for the sharing of information, regular dialogue on key issues as they emerge and develop, and key business decisions which have the potential to impact on GoJ.

**5.4.** The Governance Framework, set out in Schedule 2 of this MoU, details the Shareholder’s requirements for how the Company will interact with the Shareholder and for the Company’s governance and reporting.

### **6. Company’s Business**

**6.1.** In its business operations, SoJDC will:

6.1.1. adhere to the provisions of this MoU;

6.1.2. carry on business in a manner consistent with its SBP, as approved in accordance with section 9 of Schedule 2 of this MoU;

6.1.3. adhere to the provisions of the Governance Framework as set out in Schedule 2 of this MoU;

6.1.4. adhere to the provisions set out in Schedule 4 of this MoU;

6.1.5. adhere to all other applicable laws, regulations and applicable States of Jersey industry standards and guidelines; and

6.1.6. operate at all times with a view to the best interests of the Company as required by the terms of Article 74 of the Companies (Jersey) Law 1991 (as amended) or any successor legislation.

**6.2.** All parties shall follow the programme of meetings as set out in Schedule 3 (Calendar of Meetings with the Shareholder) of this MoU.

**6.3.** Nothing in this MoU requires the Directors of the Company to do, or not to, anything which is inconsistent with their fiduciary duties as Directors.

## **7. SoJDC's Objectives**

### **7.1. SoJDC's Objectives are to:**

- 7.1.1 act as the delivery vehicle for property development for the States of Jersey;
- 7.1.2 undertake regeneration and strategic property development in order to deliver a financial, social and environmental contribution to the Island and Islanders;
- 7.1.3 create jobs, housing and infrastructure to support the Island's economy;
- 7.1.4 regenerating Government owned property which is no longer required for the delivery of public services;
- 7.1.5 deliver projects which are community focussed and include high quality open spaces and areas for use by all Islanders;
- 7.1.6 create long-term value for the Shareholder through:
  - a. supporting GoJ's wider policy objectives by prioritising and fully engaging in the activities agreed with the relevant Policy Leads and ultimately the Shareholder through the SBP; and
  - b. providing a sustainable and long-term return to the Shareholder in accordance with any agreed proportion of accumulated profit and capital reserves or other measure as shown in the approved SBP.
- 7.1.7 demonstrate good corporate citizenship and role model behaviour for companies in Jersey, as set out in its KPIs on an annual basis.

## **8. Commercially Sensitive Information**

- 8.1. Nothing in this MoU shall be construed as requiring the inclusion in the SBP, annual report, financial statements, or other published reports of any information, where making available of the information would be likely to unreasonably prejudice the commercial position of the Company or that of the person who supplied, or who is the subject of, the information.
- 8.2. In the event that the States receives a request under the Freedom of Information (Jersey) Law 2011 (as amended) ("**FOI**") relating to the Company, the Shareholder will make every reasonable effort to advise the Company as appropriate, before making any disclosure.

## **9. Without Prejudice**

- 9.1. This MoU does not prejudice in any way the rights, powers, duties and liabilities that exist in law between the parties and otherwise.

## **10. Notices and Communications**

- 10.1. Any notices served on or communications to the Shareholder shall be delivered in all cases by email to:

shareholder@gov.je

and may also be delivered by hand, or post (recorded delivery), to:

The Treasurer of the States  
19-21 Broad Street,  
St Helier, Jersey, JE2 3RR


Or to such other address as the Shareholder may notify to the Company in writing at any time as the address for service or communication

**10.2.** Any notices served on or communications to the Company shall be delivered by hand, post (recorded delivery), or email to:

The CEO  
SoJDC  
First Floor, Dialogue House  
2-6 Anley Street  
St Helier, Jersey  
JE2 3QE

and/or by email to : ceo@jerseydevelopment.je

Or to such other address as the Company may notify to the Shareholder in writing at any time as the address for service or communication

Signed:  Date: 2 March 2022

Position: CEO

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Position: \_\_\_\_\_

Or to such other address as the Shareholder may notify to the Company in writing at any time as the address for service or communication

**10.2.** Any notices served on or communications to the Company shall be delivered by hand, post (recorded delivery), or email to:

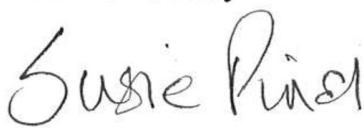
The CEO  
SoJDC  
First Floor, Dialogue House  
2-6 Anley Street  
St Helier, Jersey  
JE2 3QE

and/or by email to : [ceo@jerseydevelopment.je](mailto:ceo@jerseydevelopment.je)

Or to such other address as the Company may notify to the Shareholder in writing at any time as the address for service or communication

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Position: \_\_\_\_\_



Signed:

Date: 1<sup>st</sup> May 2022

Position: Minister

## Schedule 1 - Definitions

Defined terms used in this Memorandum of Understanding include:

- “Board” means the Board of Directors of SoJDC.
- “Code” has the meaning given at section 3.1 of Schedule 2 of this MoU.
- “GoJ” means the Government of Jersey.
- “SoJDC” or “the Company” means The States of Jersey Development Company Limited and all its subsidiaries.
- “Masterplan” has the same meaning as defined in the Company’s Articles of Association.
- “Material” shall take its meaning from the concept of materiality as from time to time understood for the purposes of auditing the annual accounts of SoJDC in line with accounting practices generally accepted in the Island of Jersey. Issues with a low financial impact, but a potentially high social, economic or political impact, will also be Material. Numerical guidance as to materiality with regard to specific financial matters, will be agreed in the SBP from time to time.
- “Minister” means the Minister for Treasury and Resources of the States. It shall include any other States Member to whom functions are delegated by the Minister.
- “Ministers” means Ministers of the States.
- “Minister for Planning and Environment” means the Minister for the Environment of the States.
- “Operational Budget” has the meaning set out at section 9.2.8 of Schedule 2 of this MoU.
- “Policy Leads” means the Ministers of the States of Jersey with responsibility for the strategies and policies that are relevant to the activities of the Company as identified and agreed between both parties from time to time.
- “Property Holdings” means Jersey Property Holdings, the holding body and corporate estates management function in respect of all Public property that acts on behalf of the Minister.
- “Quarterly Update Meeting” means one of 4 regular meetings taking place in respect of each 3-month period of the Company’s financial year between the Company and the Shareholder and in accordance with Schedule 3 of this MoU and “Q1, Q2 (etc) Update Meeting” shall be construed accordingly.
- “Regeneration Steering Group” has the same meaning as defined in the Company’s Articles of Association.
- “Regeneration Zone” has the same meaning as defined in the Company’s Articles of Association.
- “Risk Register” means the register maintained by the Company in respect of its key risks which shows as a minimum the nature of the risk, its likelihood, impact and timing, and the steps to be taken to mitigate it, with regular updates as the risk changes and the mitigation steps are carried out.
- “SBP” means Strategic Business Plan as defined at Section 9 of Schedule 2 of this MoU.
- “Shareholder” means the States of Jersey, represented by the Minister.

## Schedule 2 - Governance Framework

### 1. Background

- 1.1. This Schedule details how the Company and Shareholder will interact and the requirements for the Company's governance and reporting.
- 1.2. This Schedule will be updated as required from time to time in consultation and mutually agreed with the Company.

### 2. Objectives of States of Jersey ownership

- 2.1. The objectives of the States of Jersey's ownership of companies are:
  - 2.1.1. to maximise overall financial, social and environmental benefit consistent with increasing long-term shareholder value;
  - 2.1.2. to invest in and safeguard Jersey's economic and strategic assets, and interests vital to Islanders and to innovate where appropriate;
  - 2.1.3. to support the development and delivery of GoJ policy and strategic priorities in partnership; and
  - 2.1.4. to encourage sustainable growth in the economy of Jersey in the medium to long term.

### 3. Corporate Governance

- 3.1. Unless in direct conflict with other provisions of the Company's Memorandum and Articles of Association, or this MoU, the Company and its Board shall adhere to the Principles of Good Governance in the 2018 UK Corporate Governance Code (the "**Code**") or any successor document that is incorporated into the listing rules of the UK Listings Authority, or its successor body.
- 3.2. The Company shall not engage anywhere in any political activity or provide funds in connection with the carrying on by any third party of any political activity.

### 4. Key Performance Indicators (KPIs)

- 4.1. KPIs are to be set by the Company, as discussed and agreed annually with the Shareholder in advance. Performance updates are to be reported in the Shareholder Update Meetings as set out in Schedule 3 (Calendar of Meetings with the Shareholder) of this MoU.
- 4.2. The following principles should guide the development of the KPIs:
  - 4.2.1. the focus should be on a small number of key measures that the Shareholder and the Company agree are relevant;
  - 4.2.2. the measures should relate to matters over which the Company has sufficient control;
  - 4.2.3. performance measures will be unambiguous and verifiable and the cost of providing the measurement should not outweigh the benefits of doing so;
  - 4.2.4. as far as possible, performance measures should be outcome-oriented; and
  - 4.2.5. performance measures should have regard to appropriate external reference points for assessing performance.

**4.3.** The minimum number of KPIs shall be one for each of the following performance areas:

- 4.3.1. financial;
- 4.3.2. support of GoJ policy development;
- 4.3.3. environmental, social and governance (ESG); and
- 4.3.4. organisational resources and capability.

## **5. Obligation to Inform**

**5.1.** In the interest of keeping the Shareholder fully informed under a “no surprises” approach, the Company shall provide on a timely basis, any information which is relevant to the reputation of the States of Jersey. This includes but is not limited to the following:

- 5.1.1. matters that could cause reputational damage to the Shareholder;
- 5.1.2. any Material breach or alleged breach of law or regulation;
- 5.1.3. strategic communications with other governments;
- 5.1.4. activities that may be seen as politically sensitive;
- 5.1.5. major successes in delivering or promoting GoJ policy objectives; and
- 5.1.6. any statement or media release that the Company intends to make about or with reference to the Shareholder.

**5.2.** The Shareholder will make every reasonable effort, where appropriate, to provide advance notice to the Company of statements it intends to make about the Company.

**5.3.** In addition, the Company shall provide the Shareholder with formal reports from the Company as set out in Schedule 3 (Calendar of Meetings with the Shareholder) of this MoU.

## **6. Obligation to Consult**

**6.1.** The Shareholder requires to be consulted in respect of certain matters. These are:

- 6.1.1. Material contracts proposed to be entered into as a buyer or seller, being those which are some or all of:
  - a) outside the normal course of business or contemplated by the SBP; or
  - b) with other Governments; or
  - c) contain Non-Disclosure Agreement terms which can reasonably be expected to override the obligations set out in this MoU; or
  - d) have the potential to create an uninsured liability, including additional pension liabilities, for the Company or Shareholder; or
  - e) other than contracts entered into by the Company in the normal course of business that give rise to what would be considered to be normal, every-day commercial risk/liability, a contract that has the potential to create an uninsured liability, including additional pension liabilities, for the Company or Shareholder; or



- f) contain any other matters which the Company could reasonably have been expected to identify would be likely to be considered contentious by the Shareholder;
  - 6.1.2. Where the Company is considering, or a third party has started, or is planning, to commence litigation or administrative proceedings which could create an uninsured liability for the Company or against another GoJ department or States owned entity; and
  - 6.1.3. Any planned response to a consultation; publicly-stated position; or Company action, which contravenes Government policy or reasonably could be seen to do so.
- 6.2. In respect of matters on which the Shareholder is to be informed or consulted, in accordance with Section 5 and 6 of this Schedule, the Company will raise these matters and notify the Shareholder as soon as it is aware that a matter of this nature will or could arise. It will do this regardless of whether or not full details are available and will not delay its timing merely because the information can be included at a later Quarterly Update Meeting or in the SBP or any other report to be presented at a Shareholder meeting.
- 6.3. The Shareholder will respond within 10 business days, from acknowledged receipt of notification, as to how it wishes to engage on the matter. If the matter requires an urgent decision, then the Company should explain the circumstances and timescales. If a response is not received in this timeframe, then there will be deemed to be no further requirement for the Company to consult with the Shareholder and it may proceed with the relevant matter.
- 6.4. The Shareholder's response will set out any further information it requires on such matters and the process for further consultation if this is required.
- 6.5. If the Shareholder's response is sought via the Quarterly SBP Update Meeting, the Shareholder shall set out at the meeting:
  - 6.5.1. any requests for further information, which may be sought before the next Quarterly Update Meeting;
  - 6.5.2. its consultation response and/or a statement of how it wishes to conduct any further discussion; and
  - 6.5.3. its confirmation if applicable that the consultation has been satisfactorily concluded which it will confirm in writing to the Company.

## **7. Obligation for Approval**

- 7.1. The Company will seek the approval of the Shareholder which will not be unreasonably withheld or delayed before it:
  - 7.1.1. makes any change in the nature of its business as carries on or commences any new business by purchasing Material interests or acquiring other businesses or assets not being ancillary or incidental to its core business, other than those already specifically approved in the SBP;
  - 7.1.2. sells, transfers, leases, licences or in any way disposes of all or a Material part of its business or assets, other than in the ordinary course of business or in line with an approved SBP;

- 7.1.3. creates any mortgage or security interest, other than any arising out of operation of law or arising by prior agreed limits, over any of the Company's assets;
  - 7.1.4. gives any guarantee, indemnity or security in respect of the obligations of any person, other than any arising out of operation of law or in the ordinary course of business;
  - 7.1.5. borrows any sum or factors any Material book debts, except in respect of the leasing of plant or equipment in the ordinary course of trading and of any working capital and capital expenditure facilities which are entered into in the ordinary course of business;
  - 7.1.6. undertakes in any financial year any single item or series of items of Material capital expenditure (including finance leases but excluding operating leases as respectively defined in GAAP) involving an aggregate liability during that financial year in excess of the sums provided for capital expenditure in its Operational Budget and approved SBP, where the excess amounts are in aggregate a Material percentage of turnover or a Material percentage of the Balance Sheet of the most recent year's consolidated audited financial statements;
  - 7.1.7. changes the financial year end of the Company; and
  - 7.1.8. undertakes any activity where such approval was given via an approved SBP and the item has since changed in substance or Material amount since SBP approval.
- 7.2.** Where the Company proposes any of the above actions as part of investment in a new entity or business, its request for approval should show how the investment will benefit the delivery or price of the Company's service to its customers or, if not, how it will directly contribute to delivering other Objectives of the Company and/or the Shareholder. Specific measures of success in delivering these benefits should, wherever possible, be proposed and subsequently be reported on in SBP updates.
- 7.3.** In order to discuss the matters for which approval is sought, senior management of the Company will make themselves available, at the Shareholder's request, to present matters or answer queries.

## **8. Process for Shareholder approval**

- 8.1.** The Company shall make the Shareholder aware in a timely way of any matter requiring approval, even if all the information is not yet available.
- 8.2.** The Shareholder will respond within 10 Business Days from acknowledged receipt of notification as to how it wishes to engage and any further information that it may need to satisfy its review for approval. If the matter requires an urgent decision, then the Company should explain the circumstances and timescales.
- 8.3.** Responses will be given formally in writing, clearly stating what has been approved, or not approved, and any conditions attached to such approval, as appropriate.
- 8.4.** For the avoidance of doubt, any failure by the Shareholder to provide a response within the timelines set out will not enable the Company to deem its proposal approved. Approval will only be given in writing as set out at section 8.3 above.

## **9. Strategic Business Plan (SBP)**

- 9.1.** The Company shall produce an SBP and submit this for review, discussion and approval by the Shareholder. The Company shall engage the Policy Leads that are most relevant to the activities of the Company in the formulation of the SBP.
- 9.2.** As part of preparing the SBP, the Company, supported by the Shareholder, shall make all reasonable efforts to consult with affected Ministers as applicable prior to presenting the SBP to the Shareholder, and record in the SBP a summary of such consultation. The SBP shall specify, in respect of the financial year to which it relates and each of the following two financial years, or such period as is agreed with the Shareholder, information in respect of the following:
- 9.2.1. the environment within which the business is operating, including an assessment of the key challenges;
  - 9.2.2. the key business objectives of the Company for the SBP period which are consistent with the Shareholder Objectives set out at section 2 of this Governance Framework and with the Company's objectives as set out in section 7 of this MoU;
  - 9.2.3. the nature and scope of the activities to be undertaken;
  - 9.2.4. a review of the key risks, as set out below in section 12 and of the opportunities facing the Company, and proposed responses to these;
  - 9.2.5. any planned or contemplated activities covered by the Obligations to Inform (section 5) and Consult the Shareholder (section 6), regardless of whether there is sufficient information to complete such requirement at the time of the SBP, making it clear if the information in the SBP is intended to meet the requirement to inform or commence consultation;
  - 9.2.6. any foreseeable matters during the next year for which Shareholder approval will or could be required under section 7 of this Governance Framework, regardless of whether there is sufficient information to complete such approval at the time of the SBP;
  - 9.2.7. KPIs to be measured over the year, in accordance with section 4 of this Governance Framework, as agreed in consultation with the Shareholder and/or impacted Ministers as applicable; and
  - 9.2.8. an Operational Budget covering as a minimum the next two financial years (with the first year in detail and the following years in summary), with an accompanying forecast for the period of the SBP and showing additionally comparable outturn amounts for each of the preceding two years. The Operational Budget shall contain:
    - a) budgeted figures for the two years to which it relates including profit and loss account, balance sheet and cashflow statements with sufficient detail for the Shareholder to understand the make up of revenues and costs, sources of forecast growth and the source and use of funds;
    - b) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder or

otherwise remitted, such as through direct investment in GoJ projects as agreed with the Shareholder; and

- c) such other matters as are agreed by the Shareholder and the Company.

- 9.3.** The Company shall deliver to the Shareholder a final SBP and/or annual update, as appropriate, and present it at the Quarterly Update Meeting as per the meeting calendar outlined in Schedule 3 of this MoU.
- 9.4.** The Company shall provide quarterly updates in writing to the Shareholder for the Quarterly Update Meetings no later than the times set out in Schedule 3 of this MoU. The quarterly updates should include, but not be limited to:
  - 9.4.1. progress against the SBP including matters under Obligations to Inform and Consult;
  - 9.4.2. financial results for the year to date and any reforecast annual outturn as presented in management accounts to include profit and loss statements in sufficient detail to compare to the Operational Budget in the SBP;
  - 9.4.3. an explanation of any major variances;
  - 9.4.4. a report on KPI performance in the year to date;
  - 9.4.5. results delivered in relation to the benefits identified from approved and executed acquisitions and investments in the last 2 years in accordance with section 7.2;
  - 9.4.6. any major events impacting the Company;
  - 9.4.7. any new matters that fall under the Obligations to Inform and Consult; and any revisions to the SBP strategies or plans. Where the update includes matters reported in accordance with Obligations to Inform and Consult, these shall be clearly indicated; and
  - 9.4.8. a review of the Company's emerging and principal risks and mitigation approaches particularly including those risks which may have reputational impact on the Shareholder.
- 9.5.** The Shareholder shall provide the Company with formal written notification of its approval of the SBP within 6 weeks of the Quarterly Update Meeting at which it is presented. The support of relevant Policy Leads, as appropriate, must be formally obtained prior to Shareholder approval.
- 9.6.** The Shareholder may provide SBP approval with reservations as to certain items, in relation to which it may require conditions to be met or additional information provided. Once such conditions have been met or the Company has provided such information and the Shareholder has reviewed this to its satisfaction, the Shareholder will notify the Company of its approval of those reserved items in writing within 10 Business Days.
- 9.7.** For the avoidance of doubt, the Shareholder review required under section 9.6 above may include the Shareholder conducting further analysis and review of the relevant information. In such a case, the Shareholder will provide the Company with an estimate of the timing for its approval and with updates when and if that timing is foreseen as requiring extension.

## **10. Annual report**

- 10.1.** Within 4 months after the end of each financial year of the Company, the Board shall deliver its Annual Report and Accounts to the Shareholder, including any disclosures under the Code.
- 10.2.** In addition, the Company will deliver to the Shareholder, such reporting required on an annual and ad hoc basis for the purpose of preparing the financial statements of the GoJ and information required to assist with the financial planning of the GoJ.

## **11. Meetings with the Shareholder**

- 11.1.** For the purposes of ensuring open communications between the Shareholder and the Company, meetings will, at a minimum, take place during the Company's financial year as detailed in Schedule 3 of this MoU unless agreed by both parties.
- 11.2.** Other meetings to discuss matters arising, including those to comply with the Obligations to Inform and Consult, or to obtain approval in accordance with section 8 of this Schedule 2 of this MoU, will be scheduled as agreed between the Shareholder and Company in the course of each year.

## **12. Risk Management**

- 12.1.** The Company will implement and maintain a sound system of risk management to safeguard its value to the Shareholder. In particular, the Company shall:
  - 12.1.1.** as part of its Q2 Meeting Update outlined in Schedule 3 of this MoU provide a robust assessment of the principal risks and how they are being managed and mitigated, such assessment carried out by the Directors in accordance with the Code; and
  - 12.1.2.** as part of the Q4 Meeting Update outlined in Schedule 3 of this MoU, and in accordance with the Code, present a report on the Board's review of the effectiveness of the Company's systems of risk management and internal control.
- 12.2.** The Company will review its Risk Register with the Shareholder in accordance with Schedule 3 of this MoU.
- 12.3.** The Company will inform the Shareholder of and provide any Internal Audit report that identifies major findings or a significant deficiency in controls.

## **13. Provision of Information and Consultation**

- 13.1.** Except as stated below, the Company shall supply to the Shareholder such information relating to the affairs of the Company as the Shareholder may reasonably request from time to time.
- 13.2.** The Company will give the Shareholder access to information to assist the Shareholder to properly and effectively respond, within the necessary timescales, to requests for information for Ministerial questions and other information required for the Shareholder to fulfil its responsibilities on behalf of the States of Jersey or according to the law. Where such response leads to a request for the provision of information directly from the Company, the Company will provide the response or information in an expeditious manner.

- 13.3.** For the avoidance of doubt, in no circumstances shall the Company be obliged by this MoU to supply to the Shareholder any information which compromises its GDPR obligations or otherwise (including its obligations under the Data Protection (Jersey) Law 2018 (as amended)) on an individual employee (other than Executive Directors), or customer of the Company, or any other person, if the information supplied would enable the identification of the person concerned, except in the case of any information required for the administration of the Public Employees Contributory Retirement Scheme and any equivalent scheme.
- 13.4.** If considered necessary, the Shareholder may seek such information or commission an independent review of the Company. The Company shall comply with the reasonable request for information pursuant to such a review being commissioned.

#### **14. Directors' Appointments and Removal**

- 14.1.** The Directors shall be appointed in accordance with the Companies (Jersey) Law 1991 (as amended), the Company's Articles of Association and this Schedule 2 (Governance Framework) of this MoU.
- 14.2.** All appointments and re-appointments will follow the Jersey Appointments Commission's "Guidelines for the recruitment of Senior States Employees, appointees and members of independent bodies" or subsequent guidelines that replace them.
- 14.3.** The Company shall invite the Shareholder to all meetings where substantive decisions are to be taken on the appointments of the Chairman and the Chief Executive and, with the agreement of the Jersey Appointments Commission, will invite the Shareholder to participate in any nominations panel established for the appointment of Chairman or Chief Executive Officer.
- 14.4.** The Company shall publish, in its Annual Report, details of other Directorships and appointments held by Executive Directors of the Company.
- 14.5.** In accordance with the Code, the Board shall undertake a formal and rigorous annual evaluation of its own performance, including composition, diversity, and how effectively members work together; and of its Committees, Chair and individual Directors. Outcomes of the review are to be presented to the Shareholder at a Chair and Shareholder Quarterly meeting; timing as mutually agreed.

#### **15. Directors' Remuneration**

- 15.1.** Changes to either the structure or quantum of remuneration paid to Executive Directors for their executive responsibilities in the business, including those relating to bonus payments, are to be approved by the Shareholder in advance of them taking effect.
- 15.2.** Any changes to the level of remuneration paid to Non-Executive Directors must be agreed, in advance, by the Shareholder. Newly appointed Non-Executive Directors will have the terms of their appointment approved, if appropriate, in accordance with normal practice at the annual general meeting subsequent to their appointment or in accordance with any other process specifically set out in applicable legislation

- 15.3.** In accordance with best practice, the annual remuneration report of the Remuneration Committee will be specifically voted on by the Shareholder at the Company's annual general meeting.
- 15.4.** The Company, in designing remuneration schemes for its executive and non-executive directors, shall have due regard to the remuneration policies published by the Shareholder from time to time.

**16. Insurance**

- 16.1.** In agreement with the Shareholder, the Company shall determine the level of insurance it should maintain and establish if there is an appetite to maintain adequate insurance covers through the Shareholder's insurance arrangements.
- 16.2.** Unless otherwise agreed, the Company shall take out and maintain in effect insurance policies with a reputable insurer in respect of its business and any new business the company undertakes after the above date which it is usual for a business of this nature to have and which the Company Directors consider prudent having taken into account the policy limits, excess / deductibles and retention of risk, including within (or combined with) the Shareholder's portfolio of insurance assets and liabilities.

### Schedule 3 - Calendar of Meetings with the Shareholder

	AGM	Quarterly Update Meetings				Chair's meeting*
	Q2	Q1	Q2	Q3	Q4	Each quarter
<b>Attendance</b>	Shareholder^  Board	Shareholder, Policy Leads as appropriate  Chair or designate, NEDs as appropriate MD FD	Shareholder, Policy Leads as appropriate Head of Risk  Chair or designate, NEDs as appropriate MD FD	Shareholder, Policy Leads as appropriate  Chair or designate, NEDs as appropriate MD FD	Shareholder, Policy Leads as appropriate, Head of Risk  Chair or designate, NEDs as appropriate MD FD	Shareholder  Chair
<b>Documents</b>	Annual Report	SBP update Key changes to the Risk Register	SBP update Principal Risks and Mitigations	SBP update Key changes to the Risk Register	SBP update Risk Management effectiveness and internal controls assessment	
<b>Agenda (standing)</b>  Other specific items to be tabled as required	Annual report and required statutory matters	SBP update <b>plus</b> -SBP outturn and KPI review for prior year -Risk Register update as set out at 12.2	SBP update <b>plus</b> -Principal risks and mitigations review as set out at 12.1.1  Could be combined with AGM	New SBP presentation or SBP update, if appropriate <b>plus</b> -KPIs review -Risk Register update as set out at 12.2	Annual SBP update <b>plus</b> -Effectiveness of risk management and internal control system as set out in 12.1.2 -Y/E Forecast	Executive performance; KPIs and remuneration; Governance and Board Structure; Board Effectiveness review (examples)
<b>Documents circulated by</b>	In accordance with Articles of Association	5 business days prior to meeting	5 business days prior to meeting	5 business days prior to meeting	5 business days prior to meeting	N/A
<b>Indicative Timing</b>	To be agreed between the Shareholder and Company in each case to reflect the reporting calendar of the Company and Shareholder commitments.					

\*Can be incorporated into the Quarterly Update Meeting if appropriate

^May also include officers of the Shareholder Team from the relevant Ministerial department



## Schedule 4

In order to mitigate risks to the Shareholder SoJDC will undertake the following activities:

- 1.1 Planning** – for land within a Regeneration Zone before any land transfer takes place between Property Holdings and SoJDC, the Minister for Planning and Environment must have adopted that Regeneration Zone within which the assets are located and approved the Masterplan or Planning Framework for that particular Regeneration Zone. For land outwith a Regeneration Zone before any land transfer takes place between Property Holdings and SoJDC, the Minister for Planning and Environment must have approved a Development Brief for that land. This will partly remove the planning risk of the regeneration proposals and, once the assets have been transferred, will enable a detailed planning application to be proposed within the parameters of the adopted Masterplan and/or Development Brief and according to the agreed Development Plan set with the Regeneration Steering Group;
- 1.2 Infrastructure Works** – no infrastructure works will be procured until detailed planning permission has been received on vacated development sites and detailed financial appraisals support the development of the scheme. SoJDC will commission and procure the provision of the infrastructure in accordance with SoJ capital project procurement and delivery procedures;
- 1.3 Sales** – If it is proposed that a specific commercial development is undertaken directly, before committing to construction costs SoJDC will have to secure a sufficient level of legally binding pre-lets to fund the costs of constructing the first phase of a scheme. This will remove part of the risk of a particular commercial development project and will ensure that there will be no financial liabilities relating to a particular commercial development's construction costs to the SoJDC. For residential developments undertaken directly, SoJDC will, where possible, phase the development so as to limit the exposure and mitigate risk;
- 1.4 Pre-development Costs** – all detailed design costs and fees will be funded directly by SoJDC out of its resources;
- 1.5 Development** – SoJDC will procure development schemes in conjunction with the private sector unless there are specific reasons for direct development. All development proposals will be subject to a transparent open tender process. It is likely that most developments would take place with a single joint venture partner. However, for some large-scale developments it may be that a consortium approach is beneficial;
- 1.6 Resources** – SoJDC may use its resources to fund the capital costs of infrastructure works associated with the delivery of a Masterplan or a Development Brief;
- 1.7 Land sales** – for projects that require significant upfront infrastructure works, presales may include the sale of part of the land to third party developers. This is to ensure that at any time SoJDC/the SoJ has minimal capital at risk;
- 1.8 Phasing** – SoJDC will phase large development schemes if practically feasible to do so;

- 1.9 Design and Specification** – SoJDC will ensure that every development proposal is fully designed and fully specified. These documents will be put out to the construction market for tendering the build; and
- 1.10 Construction** – SoJDC will follow the SoJ guidelines and best practice in the procurement of construction works. All construction works will be open tendered. All tenders must price the bills of quantity provided by SoJDC and must be a fixed price. The appointment will be with a third party main contractor who will undertake the entire construction contract. The fixed contract price must include minimal provisional sum items (limited to up to 15% of the total contract sum). SoJDC will only enter into fixed price, fixed delivery construction contracts with known third party main contractors with good market and financial credibility. During the construction process a Project Manager employed by SoJDC will monitor the construction works. Monthly design team meetings for each construction project will be held between SoJDC, the Project Manager, the Contractor, the Architect, the Engineer and the Quantity Surveyor.