

# Corporate Governance Statement

Corporate governance standards are continually evolving with the rapidly changing business landscape in order to remain aligned with the shift in the priorities of many stakeholders, including shareholders, customers, employees, regulators and the wider society.

The Board of NCB Financial Group Limited (“NCBFG” or “the Company”) continues to be committed to maintaining and promoting high standards of corporate governance, as we believe this is critical to the resilience and sustainability of the Group thereby contributing to the long-term value creation for shareholders and other stakeholders. In this regard, our corporate governance framework is designed to ensure the appropriate oversight and monitoring required in order to maintain the trust of customers, shareholders and employees.

During this past year, we set an aspiration to become a world-class Caribbean financial ecosystem by the year 2024. In pursuit of this, as a Board, we improved on our governance processes. We have placed a focus on collaboration across NCBFG and its subsidiaries (“the Group”) and strengthening governance in our subsidiary companies. A Group reporting framework was reviewed by the Corporate Governance Committee and Nomination Committees of NCBFG and its major subsidiaries and recommended for Board approval. The Framework is available on our website, [www.myncb.com](http://www.myncb.com) under “Corporate Governance”.



#### NCBFG Board Framework

[www.myncb.com/NCBFinancialGroup/media/NCB-Financial-Group/Main-Librarie/NCB-Group-Reporting-Framework-Boards-and-Committees-approved-by-BoD-12Nov2020.pdf](http://www.myncb.com/NCBFinancialGroup/media/NCB-Financial-Group/Main-Librarie/NCB-Group-Reporting-Framework-Boards-and-Committees-approved-by-BoD-12Nov2020.pdf)



## IMPACT OF COVID-19

The onset of the COVID-19 pandemic presented unique and profound challenges, which required that as a Board we operate with a higher degree of focus and agility in providing oversight of the short and long term prospects of the business.

With this new paradigm, the Board ensured that directors had regular and sustained dialogue with Management on both the business risks and the workplace health and safety issues posed by COVID-19. Through regular written updates, Management kept the NCBFG and subsidiary Boards

abreast of the risk-mitigation plans and protocols as well as adjustments that became necessary to address changing local developments. The Board was clear in its instructions to Management as to its expectations regarding Management’s responsibility to keep the Board informed about the infection rate amongst employees and the efficacy of the protocols put in place to protect employees, customers and service providers against the virus and the impact of government-imposed restrictions on the business.

During the financial year, the Board’s Group Risk Committee also reviewed the updated Business Continuity Plans and recommended it for Board approval. The overall plan and sub-plans were updated to address pandemic situations, including matters such as employee availability, functionality of IT systems, cyber security, communication protocols and legal/regulatory compliance. Due to the unique nature of COVID-19, the Board, as part of its ongoing monitoring and oversight responsibilities, discussed with Management the efficacy of the overall plan to deal with new issues as they arise.

COVID-19 also brought into sharp focus the likely longer-term implications for our corporate strategies. In response to the changing environment, the Board enhanced its discussion of strategies to ensure the long-term viability of our business and considered the development and use of more innovation and technology to enhance the delivery of our services to our customers and new ways of working, e.g. remote working. We also focussed on improved organisational health, growth through acquisitions and/or disposal of non-core assets or businesses, explored lower cost financing structures, and began evaluating the use of our real estate assets.

## OWNERSHIP

### SHAREHOLDERS

AIC  
52.1%

Others  
47.9%



## CORPORATE GOVERNANCE FRAMEWORK

### BOARD OF DIRECTORS



### COMMITTEES



AUDIT



GROUP  
COMPENSATION  
& HR



CORPORATE  
GOVERNANCE  
& NOMINATION



GROUP  
RISK

### MANAGEMENT TEAM



LEGAL & REGULATORY FRAMEWORK  
Regulators | Laws

POLICIES & PROCEDURES  
Policies | Governing Standards

TRANSPARENCY ACCOUNTABILITY  
External Auditor | Shareholders

MONITORING & INTERNAL CONTROL  
Internal Audit | Board Committees



CHAIRMAN



NON-EXECUTIVE  
DIRECTOR



EXECUTIVE  
DIRECTOR



LEAD  
INDEPENDENT  
DIRECTOR



INDEPENDENT  
DIRECTOR



## KEY ACTIVITIES OF THE BOARD

During the 2020 Financial Year (“FY”) some of the key activities undertaken to enhance our corporate governance and leadership practices included:

- ▶ Receiving presentations from the Heads of Guardian Holdings Limited and Clarien Bank Limited on the operations of their companies and subsidiaries.
- ▶ Reviewing the structure of boards and leadership teams within the context of becoming a multinational group following the acquisition of a majority interest in Guardian Holdings Limited in May 2019.
- ▶ Approving a stand-alone Anti-Bribery & Corruption Policy (“ABC”) for adoption by all the entities in the NCB Financial Group to the extent that those subsidiaries do not have their own ABC Policies. The policy is applicable to all persons working for NCBFG or on behalf of NCBFG in any capacity. Further details appear in the section “Other Key Governance Policies”.
- ▶ Approving revisions to the Corporate Social Responsibility Policy.
- ▶ Reviewing requests for approval in respect of Executives and/or Senior Managers within the Group acquiring or participating in business interests outside of the Group, accepting appointments to the Boards of corporations, Government agencies, schools and political committees or councils or the holding of elected political office.
- ▶ Reviewing the results of Board Evaluations conducted, and agreeing resulting actions. Further details are provided in Board Performance Evaluations.
- ▶ Reviewing results of Organisational Health Index Survey administered by a leading global consulting firm and action plans from Management to improve those results.
- ▶ Receiving reports, and engaging Management, on the impact of COVID-19 on the Group as a whole. A COVID-19 Task Force was operationalised in March 2020 arising out of a recommendation of the Crisis Management Committee formed in accordance with the NCBFG Business Continuity Policy. Additionally, special meetings were convened across the Group to review the impact of COVID-19.
- ▶ Activities undertaken to leverage synergies and connections between businesses; one such activity being the streamlining of the insurance business offered between subsidiaries, NCB Insurance Agency & Fund Managers (formerly known as NCB Insurance Company Limited) and Guardian Life Limited.

# Corporate Governance Statement CONTINUED



## ROLE, STRUCTURE AND COMPOSITION OF THE BOARD

The principal role of the Board is to oversee the implementation of the Group's strategic initiatives and its functioning within the agreed framework, in accordance with relevant statutory and regulatory structures.

The Board ensures the adequacy of financial and operational systems and internal control, as well as the implementation of corporate ethics and the code of conduct. The Board Charter is available on the NCBFG website at [www.myncb.com](http://www.myncb.com).

## COMPOSITION OF THE BOARD

The Board's composition is guided by the Articles of Incorporation of NCBFG and reflects a mix of diversity, independence, skills and expertise, to facilitate objectivity in decision making, with high levels of professional skills and appropriate personal qualities being prerequisites for directorships. As at September 30, 2020, the Board comprised nine directors. This includes seven non-executive directors (four of whom are considered to be independent) and two executive directors, being the President and Group CEO and the Group CFO and Deputy CEO. The roles of the Chairman and Chief Executive Officer are carried out by separate individuals.

Changes during the year included the retirement of Oliver Mitchell Jr. at the last Annual General Meeting ("AGM") held on January 31, 2020, and the appointment of Adrian Lee-Chin effective July 29, 2020.

'Executive directors', 'non-executive directors' and 'independent directors' have been defined as (save where otherwise defined from time to time by the Group's regulators):

- ▶ **Executive Director** – employed to the company and is normally responsible for aspects of the entity's day-to-day operations.
- ▶ **Non-Executive Director** – A director who is not an executive director.

### ▶ **Independent Director** -

A director who:

- a) is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the board and to act in the best interest of the entity and its shareholders generally;
- b) does not represent a substantial shareholding of NCBFG;
- c) is not a close relative of a significant shareholder of NCBFG; and
- d) does not have an employment relationship with NCBFG or its parent companies.

These definitions are generally consistent with those outlined in The PSOJ's Corporate Governance Code.

## Role of the Chairman

Our Chairman, Hon. Michael Lee-Chin, O.J., is responsible for the leadership and effectiveness of the Board. He has the requisite skills and experience in a broad portfolio of industries and organisations, including financial services, hospitality, real estate, and health care to lead this expanding Group. The Chairman also represents NCBFG to shareholders and the wider community and although, as the controlling shareholder of NCBFG, he is not an independent director in accordance with our defined criteria, the Board believes that neither his significant interest in NCBFG nor his positions held outside NCBFG impair his ability to fulfil his duties to the Board and Group.



### NCBFG Board Charter

[www.myncb.com/NCBFinancialGroup/media/NCB-Financial-Group/Policies/NCBFG-Board-Charter-Revised-November-2018.pdf](http://www.myncb.com/NCBFinancialGroup/media/NCB-Financial-Group/Policies/NCBFG-Board-Charter-Revised-November-2018.pdf)

BOARD SKILLS & EXPERIENCE	Corporate governance	Strategy	Global perspective	Information technology/cybersecurity	Financial expertise	Financial literacy	Listed company experience	Human resources and compensation	Legal skills & expertise	Stakeholder engagement	Leadership	Financial services	Risk management
Robert Almeida	●	●	●	○	●	●	●	●	○	●	●	●	●
Dennis Cohen	●	●	●	●	●	●	●	●	○	●	●	●	●
Sandra Glasgow	●	●	○	○	○	●	●	●	○	●	●	○	●
Patrick Hylton	●	●	●	●	●	●	●	●	○	●	●	●	●
Michael Lee-Chin	●	●	●	○	●	●	●	●	○	●	●	●	○
Sanya Goffe	●	○	○	○	○	●	●	○	●	●	○	○	●
Thalia Lyn	●	●	○	○	○	●	●	●	○	●	●	●	●
Alvin Wint	●	●	●	○	●	●	●	●	○	●	○	●	●
Adrian Lee-Chin	●	●	●	●	●	●	○	●	○	●	●	○	●
<b>Total</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>1</b>	<b>9</b>	<b>7</b>	<b>6</b>	<b>8</b>
<b>%GE</b>	<b>100%</b>	<b>89%</b>	<b>67%</b>	<b>33%</b>	<b>67%</b>	<b>100%</b>	<b>89%</b>	<b>89%</b>	<b>11%</b>	<b>100%</b>	<b>78%</b>	<b>67%</b>	<b>89%</b>

**// Strategy:** Demonstrated experience in developing, implementing and delivering strategic objectives. **// Global Perspective:** Having a global perspective through exposure or responsibility for international operations. **// Information Technology/Cybersecurity:** Experience in IT Governance/technology strategies and innovation &/or cybersecurity. **// Financial Expertise:** Experience in financial accounting and reporting, capital management and/or actuarial expertise. **// Financial literacy:** Ability to analyse and interpret financial statements. **// Listed Company Experience:** Minimum of 1 year's experience as a non-executive director with a listed company. **// Legal Skills & Expertise:** Proven ability and understanding in the application of legal principles. **// Stakeholder Engagement:** Demonstrated ability to build and maintain key relationships with industry, government and regulators. **// Leadership:** C-level experience (with large company). **// Financial Services:** Local or international experience in banking, insurance and/or securities industries. **// Risk Management:** Proven ability in identifying, assessing and managing macro, strategic, operational and financial risks.

### Role of the President and Group Chief Executive Officer

The President and Group Chief Executive Officer, Hon. Patrick Hylton, O.J., C.D., has responsibility for overall management of the Group. Mr Hylton also chairs the Boards of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited and Clarien Bank Limited.

### Role of the Corporate Secretary

The Board has appointed Mr Dave Garcia as the Group Corporate Secretary. The appointment and removal of a Corporate Secretary is subject to the approval of the Board.

The Board requires that the Corporate Secretary is suitably qualified and capable of performing the duties of the position. The Corporate Secretary ensures that appropriate and timely information is provided to the Board and its committees and is responsible for advising and supporting the Chairman and Board on all governance matters. All Directors have access to the Corporate Secretary.

### INDEPENDENCE

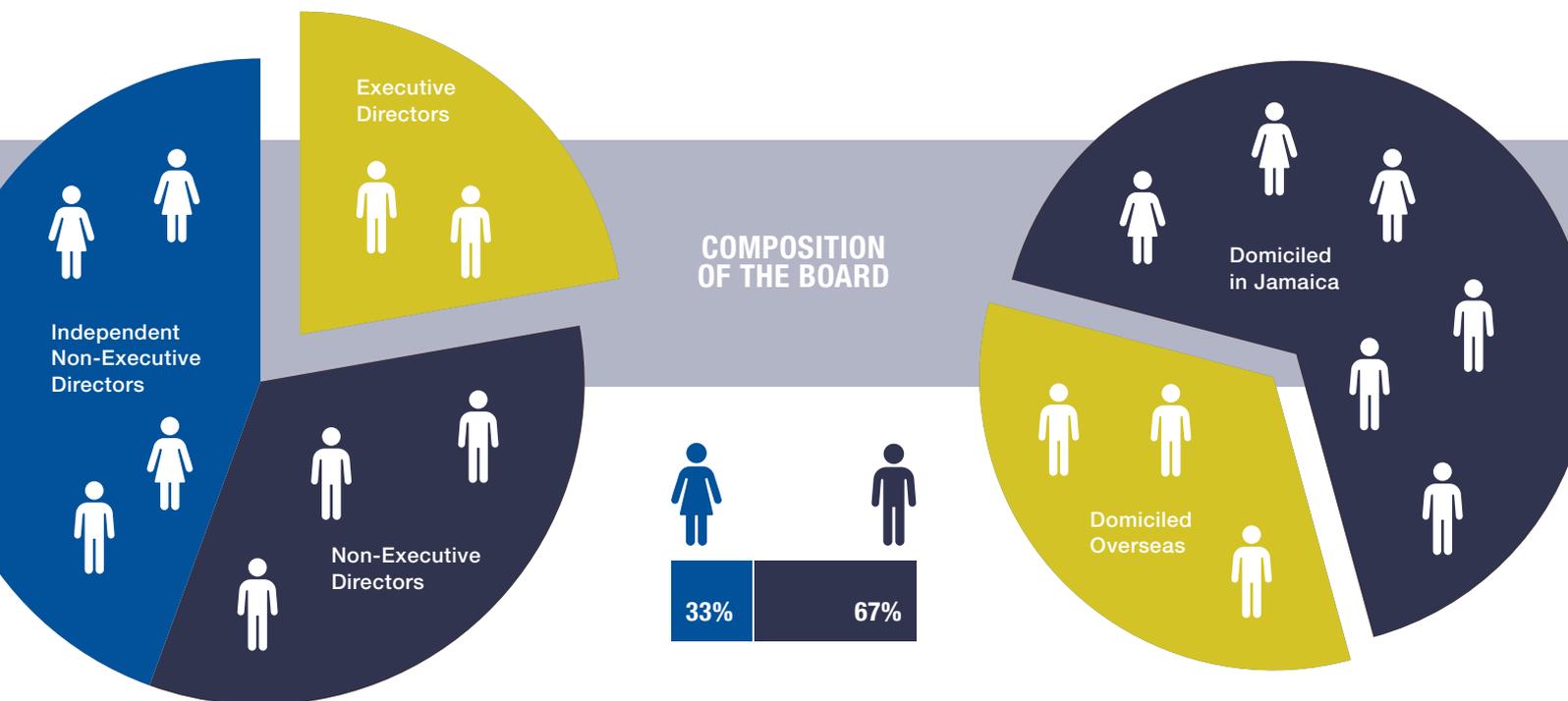
One of the responsibilities of the Board is to identify which directors meet the criteria for independence on an annual basis. The activities in relation to the annual review of independence have been delegated to the Corporate Governance and Nomination Committee.

The PSOJ's Corporate Governance Code & The Trinidad & Tobago Corporate Governance Code recommend that where a Chairman is not an Independent Non-Executive Director, the Board should appoint a Lead Independent Director.

Prof. Alvin Wint, C.D., an independent non-executive director, was appointed as the Lead Independent Director by the Board in 2017. The responsibilities of the Lead Independent Director include the following:

- ▶ Chairing meetings of the Board where the Board Chairman is absent;
- ▶ Chairing meetings of the Independent Directors, guided by the framework set out in the Board Charter (the Board Charter may be viewed on our website under Corporate Governance);

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- ▶ Being available, as needed, for consultation with shareholders and other stakeholders; and
- ▶ Serving as a liaison between the independent directors and the Chairman, and the independent directors and the executive directors, as needed.

The directors deemed by the Board to be independent are:

- ▶ Professor Alvin Wint, C.D. (Lead Independent Director)
- ▶ Sandra A. C. Glasgow
- ▶ Thalia Lyn, O.D, J.P.
- ▶ Sanya M. Goffe

These Directors continue to make independent contributions and effectively challenge management. The details of their qualifications and tenure are provided on pages 30 and 33.

Directors are required to notify the Board of any changes in status which will affect their independence, and

once so notified, the Board will give consideration to how this may affect its functioning.

## Meetings of Independent Directors

To facilitate free and open communication among independent directors, meetings may be held at which only independent directors are present, except as may otherwise be determined by the independent directors themselves. These meetings are chaired by the Lead Independent Director or, in his absence, another independent director elected by the others present.

The objectives of these meetings are:

- ▶ To assess the extent to which directors are able to provide an independent perspective on Board deliberations;
- ▶ To assess the extent of their independence from the controlling shareholder and from Management;

- ▶ To assess the quality, quantity and timeliness of the flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- ▶ To carry out such other purposes as may from time to time be agreed.

The Corporate Secretary (as a member of Management) does not attend the meeting, nor does any other employee of the Company. The Lead Independent Director reports on the outcome of each meeting at the next regular Board meeting, orally or in writing. If an oral report is given, any material feedback is captured in the minutes. Action items are identified and carried out accordingly.

Meetings of the Independent Directors should occur at least twice per year. Meetings were held during the financial year.

## Access to Independent Professional Assistance

Directors are entitled to obtain independent professional advice relating to the affairs of the Group or to their individual responsibilities as Directors, subject to approval of the fee by the Board if the Group is to pay it.



## BOARD REMUNERATION

The remuneration of NCBFG's Executives and Board Members is based on the premise that it should be sufficient to attract, retain and motivate suitably qualified and experienced persons required to drive the business in achieving its strategic objectives.

Executive Directors and Non-Independent Directors do not receive remuneration for directorships held in NCB Financial Group Limited or its subsidiaries whilst remuneration for Independent Non-Executive Directors is approved by shareholders at Annual General Meetings.

There is a Non-Executive Directors' Remuneration Committee comprising those Directors who do not receive fees as Non-Executive Directors and chaired by the Board Chairman. That Committee meets as needed to review fees payable to Independent Non-Executive Directors. Factors that are considered when determining remuneration for Independent Non-

Executive Directors include:

- ▶ Setting appropriate amounts that do not interfere with judgment and independence
- ▶ Size, risks and complexity of operations of the Group
- ▶ Time commitment required
- ▶ External market factors.

There is no direct link between Independent Non-Executive Directors' remuneration and the annual financial results of the Group and/ or its subsidiaries; and there is no requirement for share qualification.

Remuneration includes a retainer for the year and a fee for each Board and Committee meeting attended. The fee structure payable during the FY consists of the following:

- ▶ A retainer for the Chairman of \$2,666,667 per annum (not actually paid) and a retainer for other Board members of \$1,125,005 per annum;
- ▶ Directors who chair the Audit, Corporate Governance and Nomination and the Group Risk Committees receive instead a retainer of \$1,968,760 per annum. The Lead Independent Director, however, receives a retainer of \$2,000,000 per annum;
- ▶ A fee payable to directors of \$83,333 per Board meeting and \$66,667 for each Committee meeting attended.

## BOARD APPOINTMENT AND RENEWAL PROCESS

The Board recognises that it derives its strength from the diversity, independence, skills and expertise of its members. It has delegated the screening and selection of candidates to the Corporate Governance & Nomination Committee, which consists exclusively of independent directors.

The Committee's screening and selection process includes:

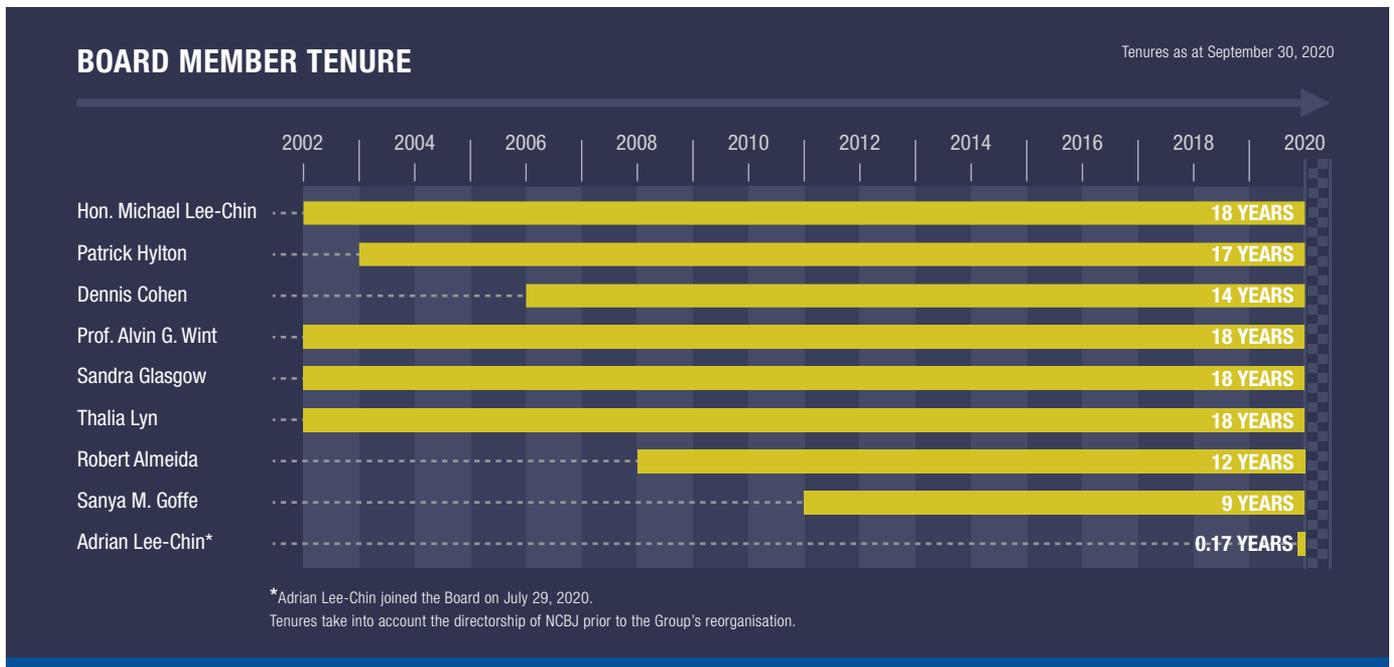
- ▶ Recruiting to the candidate profile, determining where the priorities lie.
- ▶ Making initial contact with potential candidates to confirm their interest and suitability.
- ▶ Reviewing the final slate of candidates in order to prioritise the choices and referring to the Board for discussion after consultation on the prioritised list with the Board Chair and the President and Group Chief Executive Officer.
- ▶ Making contact with the preferred candidate(s) to confirm his/her/ their willingness, and to outline to him/her/ them the remaining process (in particular, regulatory approval process in and outside Jamaica), and to arrange interviews based on the agreed framework.

## FEES PAID FOR THE FINANCIAL YEAR 2020

(after any withholding taxes) are set out below:

Director	Q/E DEC 2019	Q/E MAR 2020	Q/E JUN 2020	Q/E SEP 2020	Total
Sandra Glasgow	681,624.26	694,142.00	494,142.00	494,142.00	2,364,050.26
Sanya Goffe	473,438.26	435,938.00	335,938.00	335,938.00	1,581,252.26
Thalia Lyn	273,438.25	385,938.00	385,938.00	385,938.00	1,431,252.25
Alvin Wint	687,499.76	699,999.50	499,999.50	499,999.50	2,387,498.26
Oliver Mitchell Jr	364,584.33	93,750.44	-	-	458,334.77

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- ▶ Conducting comprehensive background checks on the identified candidate. Law enforcement clearance reports will be obtained at this stage.
- ▶ Presenting a draft report by the Chair of the interview panel to the Committee for discussion and modification, before it is presented to the Board. The draft report takes into account the candidate's resume, background check findings and results of the interview process, as well as any other factors.
- ▶ The Board considering and, if thought fit, approving the appointment subject to regulatory approval/non-objection.

Pursuant to the Articles of Incorporation of NCBFG, all Non-Executive Directors must retire at least once every three years but shall be eligible for re-election, if recommended by the Board, for a further three-year period.

## BOARD COMMITTEES

To assist in exercising its responsibilities, the Board has established four committees, three of which are chaired by Independent Non-Executive Directors:

- ▶ Audit Committee (chaired by Prof. Alvin Wint, C.D.)
- ▶ Group Compensation & HR Committee (chaired by Hon. Michael Lee-Chin, O.J.)
- ▶ Corporate Governance & Nominations Committee (chaired by Mrs Sandra Glasgow)
- ▶ Group Risk Committee (chaired by Prof. Alvin Wint, C.D.)

Each committee has a board-approved charter, which sets out the purpose, authority and responsibilities of the committee. Each charter is available on the NCBFG website under <https://www.myncb.com/corporategovernance>.

### Group Compensation & HR Committee

The purpose of the Compensation and Human Resource Committee is to support Board oversight of:

- ▶ The Group's compensation principles and practices.
- ▶ The review of the relationship among risk, risk management, and compensation in the light of the Group's objectives, including its safety and soundness and the avoidance of practices that would encourage excessive or unnecessary risk-taking.
- ▶ Succession management for the senior officers in the Group and general human resource issues.
- ▶ Recruitment and retention of talent.

#### The main activities undertaken by the Committee during FY2020:

- ▶ Reviewed the Compensation and Human Resource Committee Charter

## BOARD COMMITTEE MEMBERSHIP

Committee	Members
Group Compensation & HR Committee	Hon. Michael Lee-Chin, OJ (Chair), Hon. Patrick Hylton, OJ, CD, Sandra Glasgow and Alvin Wint, CD
Corporate Governance & Nominations Committee	Sandra Glasgow (Chair), Alvin Wint, CD, Sanya Goffe and Thalia Lyn, OD
Group Risk Committee	Alvin Wint, CD (Chair), Sandra Glasgow, Sanya Goffe, Robert Almeida, Hon. Patrick Hylton, OJ, CD and Dennis Cohen
Audit Committee	Alvin Wint, CD (Chair), Sandra Glasgow and Sanya Goffe

- ▶ Reviewed the Group's organisational restructuring
- ▶ Reviewed the succession management strategy and recommended Board approval
- ▶ Reviewed salary increases for Executives, Senior Managers & Executive Secretaries
- ▶ Reviewed recommendation for Incentive Payments
- ▶ Reviewed recommendations for promotions among the Executive Management Group
- ▶ Reviewed Human Resources policies namely: Staff Loan Policy, Paternity Leave Policy and Remote Work Policy. The Paternity Leave Policy is still undergoing the approval process
- ▶ Discussed and approved the Group Human Resources & Facilities Division's proposed approach to negotiating annual increases to NCBJ and its subsidiaries' salaries and allowances for the two-year period, October 1, 2020 - September 30, 2022.

### Corporate Governance & Nominations Committee

The purpose of the Corporate Governance & Nominations Committee is to assist the Board of NCBFG in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, to strive to achieve global corporate governance best practice standards and to facilitate the Board and management's objective of increasing the long-term value of the Group.

#### The main activities undertaken by the Committee during FY2020:

- ▶ Reviewed the policy and procedure framework of NCBFG and its major subsidiaries in order to ensure that policies remain up-to-date
- ▶ Reviewed the Corporate Governance & Nomination Committee Charter and Group Reporting Framework for Boards and Committees as well as the NCBFG Corporate Social Responsibility Policy

- ▶ Reviewed Candidates for the Board and discussed the candidate identification process
- ▶ Reviewed the results of the externally facilitated Board Effectiveness Survey and discussed actions to improve the effectiveness of the Board
- ▶ Reviewed the Proposed Board and Committee Evaluation framework for subsidiaries
- ▶ Reviewed the independence status of existing Directors
- ▶ Reviewed a gap analysis relating to the Jamaica Stock Exchange Corporate Governance Index and considered an action plan to address gaps
- ▶ Reviewed the Board Committee & Peer Evaluation Process for NCBFG and its subsidiaries
- ▶ Reviewed and recommended the NCB Group Reporting Framework for Board approval. This framework supports the objective for integrating the governance, and in particular the reporting relationships at the Board and Committee levels within the Group.

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- ▶ Focused on the possible impact of COVID-19 on the Group, including reviewing a comprehensive Enterprise Scenario Analysis and Risk Mitigation presentation
- ▶ Reviewed a report on the post-implementation of the upgraded core banking software used by NCBJ.

## Exposure to Environmental, Social and Governance Risks

NCB is committed to conducting business in an environmentally and socially responsible manner. This is consistent with the NCB Group's good corporate governance and good citizenship principles aimed at assisting in the achievement of prosperous economies in the countries in which the Group operates. Accordingly, when financing development projects, assessment is conducted around environmental, social and governance risk issues. NCB's Credit Risk Policy Manual sets out how these issues are considered in financing decision-making.

### Group Risk Committee

The purpose of the Group Risk Committee is to assist the Board in fulfilling its responsibility with respect to oversight of the Group's risk management framework including the risk appetite, and the policies and major procedures related to managing credit, market, liquidity, capital, operational and certain other risks as determined from time to time. The Committee also plays a role in the decision-making process around significant risks that are to be undertaken by the Group.

During the year, the responsibility to obtain updates regarding fraud, legal and compliance matters, except those affecting financial statements, shifted from the Audit Committee to the Risk Committee and the Committee Charters were updated accordingly.

#### The main activities undertaken by the Committee during FY2020:

- ▶ Reviewed the revised Group Risk Committee Charter
- ▶ Received reports on the Group's operational risk profile to include an examination of the Group's information security posture and potential events such as fraud

and systems failures, which could give rise to losses and impact the organisation's reputational risk

- ▶ Reviewed the Anti-Bribery & Corruption Policy, which was recommended for Board approval
- ▶ Reviewed the Business Continuity Policy, which saw the inclusion of a scenario for a pandemic
- ▶ Reviewed credit, market and liquidity risks, which are associated with and/or emanate from the Group's loan and investment portfolios
- ▶ Examined the risk governance framework and reviewed a number of risk related policies, including the Outsourcing Policy. The proposed revisions to the Outsourcing Policy were recommended for approval by the Board of Directors
- ▶ Focussed on IT Security Risks, including cybersecurity, cybersecurity attacks, data safety and security given the need to ensure the Group is well placed to meet the risks and external threats in this area. The Committee reviewed and recommended the revised Information Security Policy for approval by the Board of Directors

### Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, the system of internal controls, the audit process, and the Group's processes for monitoring compliance with laws and regulations and the code of conduct.

Meetings are generally held a week prior to Board meetings and meeting packs are circulated in advance of the meetings. Meeting packs also include minutes of Audit Committee meetings held for the larger subsidiaries within

the Group. Representatives of the External Auditors, Pricewaterhouse Coopers, are invitees for all Audit Committee meetings within the Group.

During the FY 2020, the responsibility for obtaining updates on fraud, legal and compliance matters, except those affecting financial statements, was shifted from the Audit Committee to the Risk Committee and the Committee Charters were updated accordingly.

#### **The main activities undertaken by the Committee during FY2020:**

- ▶ Reviewed quarterly unaudited financial statements and Stock Exchange releases with the Group CFO and Deputy CEO, the Group Chief Audit Executive and the External Auditor and recommended approval of their release by the Board, giving due consideration to whether they were complete and consistent with the information known to Committee members
- ▶ Reviewed changes in International Financial Reporting Standards in order to develop a full understanding of their likely impact on the financial statements
- ▶ Reviewed the External Auditor's proposed audit strategy, scope and fees for the audit of the year-end financial statements
- ▶ Pre-approved all non-audit related services provided by the External Auditor to companies within the Group
- ▶ Reviewed reports from the Group Internal Audit Division on the Group's risk management and internal control environment, noting significant audit findings and management's action plans for resolution
- ▶ Reviewed reports from the Fraud Prevention Unit on frauds, forgeries and other irregularities

in respect of investigations undertaken (reporting shifted to the Group Risk Committee during the course of the FY)

- ▶ Reviewed reports from the Group Legal and Compliance Division on regulatory compliance, breaches and remediation and the management of legal risk (reporting shifted to the Group Risk Committee during the course of the FY)
- ▶ Reviewed all relevant related party transactions to ensure they were in compliance with the policy on Related Party Transactions
- ▶ Submitted a quarterly report to the Board, in writing, from the Audit Committee Chairman on matters reviewed and discussed by the Committee
- ▶ Participated in annual training session arranged for Audit Committee members
- ▶ Held separate private sessions with the External Auditor (without the Group Chief Financial Officer, Group Chief Audit Executive and Corporate Secretary being present) and the Group Chief Audit Executive (without management being present)
- ▶ Reviewed Statements of Confirmation of execution of charter responsibilities to Subsidiary Audit Committees
- ▶ Reviewed and recommended revisions to the Audit Committee Charter and reviewed and approved revisions to the Internal Audit Charter.

#### **External Auditor**

PricewaterhouseCoopers (PwC) is the Group's External Auditor, whose re-appointment was affirmed at the Group's Annual General Meeting (AGM) held in January 2020. The

External Auditor provides an independent opinion on whether, among other things, the Group's financial report provides a true and fair view of its financial position and performance.

During the course of the FY, there was a rotation in the lead audit partner, resulting in Mr Paul Williams assuming the role from Mr Garfield Reece. The lead audit partner and his team attended meetings of the Committee and met with members of the Committee in the absence of management to discuss the audit process, any internal control weaknesses, risk matters and whether there were any significant disagreements with management regarding the financial statements.

PwC is required to confirm, at least annually in writing, that the firm complies with relevant ethical requirements regarding independence, within the meaning of the Ethical Standards promulgated by the Auditing Practices Committee of the Institute of Chartered Accountants of Jamaica. Those standards align with the Code of Ethics for Professional Accountants promulgated by the International Federation of Accountants. ISA 260 Communication with Those Charged with Governance requires communications in relation to any matters or relationships which the external auditors believe may have a bearing on the firm's independence or the objectivity of the audit engagement team.

The Audit Committee believes that the continued retention of PwC as our external auditor is in the best interest of the Group and our shareholders, and will recommend to our shareholders the approval of the selection of PwC as our external auditor for the 2020/2021 financial year at our next Annual General Meeting scheduled in 2021.

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## MEETINGS AND ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

During the year, with the exception of an overseas-based Director who retired in January 2020, there was a 100% attendance at Board and Committee meetings. The frequency of meetings held and activities undertaken were in accordance with the respective Charters. Following the onset of COVID-19 pandemic in March 2020, all meetings were held virtually and a protocol established for holding virtual meetings.

MEETING ATTENDANCE	Corporate Governance and Nomination Committee				
	Board	Audit	Corporate Governance and Nomination Committee	Compensation and HR Committee	Group Risk Committee
Robert Almeida	7/7	N/A	N/A	N/A	4/4
Dennis Cohen	7/7	N/A	N/A	N/A	4/4
Sandra Glasgow	7/7	7/7	2/2	3/3	4/4
Patrick Hylton	7/7	N/A	N/A	3/3	4/4
Michael Lee-Chin	7/7	N/A	N/A	3/3	N/A
Sanya Goffe	7/7	7/7	2/2	N/A	4/4
Thalia Lyn	7/7	N/A	2/2	N/A	N/A
Alvin Wint	7/7	7/7	2/2	3/3	4/4
*Oliver Mitchell Jr	1/2	N/A	nil	N/A	N/A
**Adrian Lee-Chin	2/2	N/A	N/A	N/A	N/A

\*Oliver Mitchell retired from the Board on January 31, 2020. He did not attend any Corporate Governance & Nomination Committee meetings since they were held in February and July 2020.

\*\*Adrian Lee-Chin joined the Board on July 29, 2020



### BOARD PERFORMANCE

The Board recognises that it needs to continually monitor and improve its performance.

This is achieved through the annual performance evaluation, full induction of new Board members and ongoing Board development.

## BOARD & COMMITTEE EVALUATION

The Board evaluation process comprises two major activities:

- ▶ Director Self/Peer Evaluation in which Directors evaluate themselves and each other.
- ▶ Board effectiveness surveys administered by external parties.

The Director Self/Peer Evaluations entails assessing contribution to interaction, quality of input and understanding of the role. Each director is provided with a report on the feedback received on him/her, all directors receive comments on overall observations, and the Chairman receives details of each director's evaluation so he may determine whether any further steps - in particular, conversations with specific directors would be warranted or helpful.

The Board Effectiveness Survey was facilitated by a leading global consulting firm. The survey was complemented by interviews with five of the nine Directors (three independent Directors and two Executive Directors). The Survey was based on a three-pronged framework:

- ▶ Board Platform – Foundation of a forward-looking board
- ▶ Board Activities – Putting the Board's best foot forward
- ▶ Board Performance – Measuring the Board's impact on value creation.

Representatives from the consulting firm presented the results at a Board meeting held in January 2020; the report included results compared to previous years as well as benchmarks the firm was able to establish globally. The key areas agreed for attention were:

- ▶ organisational health, which has been receiving particular focus under the NCB Accelerate

programme with regular reporting to the Board; and

- ▶ ensuring that presentations being made to the Board and Committee meetings were at the right level and capturing the key elements to facilitate optimal discussion. Directors were encouraged to give focus to exploring areas of risk and concern. The Group Reporting Framework is expected to achieve significant progress in this area.

## DIRECTOR INDUCTION AND CONTINUING DEVELOPMENT

### Induction

We have a comprehensive induction programme in place for our newly appointed Directors. This involves meetings with other members of the Board, Committee Chairs, some members of the Executive Management Team, and Heads of Subsidiaries. During the induction, each Director is encouraged to identify areas on which they would like additional information, or further meetings, which are then arranged by the Corporate Secretary.

On completion of the induction programme, all new Directors have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the Group.

On joining the Board at the end of July 2020, Adrian Lee-Chin participated fully in the induction programme and opted for further meetings, which were arranged for him by the Corporate Secretary.

### Continuing Development

The Board is required to be up to date with current business, industry, regulatory and legislative developments and trends that

will affect the Group's business operations. Consequently, the Group has a continuing awareness programme in place for its Directors, which may take many different forms, through distribution of publications, workshops, presentations at Board meetings and attendance at conferences encompassing topics on areas including, directorship, corporate governance, business, industry and regulatory developments.

During FY2020, Board members received publications and presentations on various topics, including "Considerations for an Evolving Board: A Case Study". Additionally, the continuing development calendar includes annual training for the Directors within the Group. For FY2020, we recorded 100% attendance by Directors of NCBFG at the following interactive training sessions held:

#### ▶ Anti-Money Laundering Training

Roger Hernandez, Financial Advisor - Caribbean Financial Action Task Force Secretariat, delivered training on the topic "Anti-Corruption and the Role of the Board and Compliance". This covered topics such as Corporate Governance and the Role of the Board, Risk Assessments, Definition of Corruption Risk and Corruption Risk Factors for financial institutions.

#### ▶ Information Technology Training

Mr Andrew Nook of Symptai Consulting Limited delivered training on "Data Privacy & Protection". This was very comprehensive, covering topics such as Work From Home Risks and Tips, Cyber Threat Trends in 2020, the importance of Data Privacy and the Jamaica Data Protection Act.

#### ▶ Corporate Governance Training

Mrs Suzanne Ffolkes-Goldson, Attorney-at-Law and Lecturer led training on "The Roles of Directors of Entities within a Conglomerate – Parent and Subsidiary Boards:

Where do the Obligations Start and Stop and How to Handle the Interconnectedness". This session included emerging trends in corporate governance, components of a subsidiary governance framework, and laws pertaining to subsidiary governance within the main jurisdictions in which the Group operates.

Additionally, Members of Audit Committees within the Group receive training on an annual basis. This year's topic was "IFRS 17 - Insurance Contracts", which was delivered by representatives of Pricewaterhouse Coopers.



## STAKEHOLDER ENGAGEMENT

### Disclosure and Transparency

The Group is committed to promoting investor confidence in the markets in which it operates by at a minimum complying with its disclosure obligations in a way that provides investors with equal access to timely, balanced and effective disclosures. All market sensitive information is released to the Jamaica Stock Exchange (JSE) and the Trinidad and Tobago Stock Exchange (TTSE) in compliance with our disclosure obligations under the Exchanges' Listing Rules. Additionally, the Group facilitates Quarterly Investor Briefings using digital platforms that allow shareholders, journalists and other stakeholders to participate.

The Board and employees receive copies of all market announcements after release. In addition, the Group posts all information released to the JSE and TTSE on our website.

# Corporate Governance Statement CONTINUED

The Company believes in communication with its stakeholders and engages them in a variety of ways.

## Shareholders

### Annual General Meeting (AGM)

At our AGM, discussion is facilitated in an open setting as microphones are provided for use by shareholders to openly air their questions, comments and concerns, which are in turn addressed by the Chairman, Board Members, Executives, the Corporate Secretary and/or External Auditor. This event is available via live streaming.

### Quarterly Investor Briefings

Shareholders are also able to engage with Senior Executives at our quarterly investor briefings. They, along with members of the media, are invited to make contact or submit queries via the Investor Relations Office and/or the Group Marketing & Communications Unit so that they may be addressed. Prior to the COVID-19 pandemic, questions were facilitated live in person and questions that were shared prior with our Group Marketing and Communications and Investor Relations Units were also addressed. Since the pandemic, we have continued to facilitate questions and comments prior to and during the live briefing, but not in person.

### Making contact with the Investor Relations Team and Company Registrar

The Investor Relations team is accessible and provides responses to enquiries received via various channels. Contact information is available for the Head, Group Investor

Relations and Financial Advisory Unit of NCB and JCSD (Registrar) under the Investor Relations tab of the NCBFG website. Shareholders' queries are generally handled there or are appropriately routed by the Corporate Secretary's Office of NCBFG.

## Customers

The importance of customers to the Group is evidenced by the creation of a Division during the FY, focussed on Customer Experience and Organisational Health, in furtherance of the commitment to prioritise two critical strategic pillars – delighted customers and inspired people and culture.

## Employees

The Board understands that there is a correlation between employee well-being and organisational well-being and whilst not all employees will have an opportunity to interact directly with the Board, there is an opportunity for their voices to be heard through feedback given in Organisational Health Surveys. The results of these surveys, along with action plans put forward by Management are carefully considered by the Board.

## Communities

The Board continues to be fully supportive of the important work being carried out by the three Foundations - N.C.B. Foundation, Guardian Group Foundation and Clarien Foundation, and companies within the Group towards improving the lives of the people living in

the communities in which they operate. Additional information on activities relating to corporate social responsibility can be found on page 135.

## Regulators and the Government

The Board, Senior Management and other key personnel continue to engage Regulators and/or Governments on issues critical to good governance as well as any other issues that they may deem important.



## NCBFG BOARD CHARTER

Our current Board Charter is located on our website at [www.mynccb.com](http://www.mynccb.com) under Corporate Governance.



## OTHER KEY GOVERNANCE POLICIES

In addition to the overarching Board Charter, there are some other key policies, which further illustrate our guiding philosophy as a business:

### Code of Conduct

There is a Code of Conduct applicable to all directors within the Group and there is a Code of Business Conduct applicable to employees. The Board has approved these Codes of Conduct (the Codes) which bind directors and employees of the Group to the highest standards of professionalism and due diligence in discharging their duties. The Codes provide guidance on areas of conflict of interest, confidentiality and responsibility of the directors and employees to the Group, the shareholders, and regulators. The Code of Business Conduct is included among the policies listed in an Annual Staff Declaration of Policies that are to be read, understood and signed-off at the start of each calendar year.

### Corporate Disclosure Policy

The Group's Corporate Disclosure Policy applies to all directors, officers and employees of NCB Financial Group Limited and its subsidiaries, and regulates the disclosure of all material information of the NCB Group relating to its business and activities whether in written or oral statements.

### Anti-Bribery Corruption Policy

We support and foster a culture of zero tolerance towards bribery or corruption in all our activities. The purpose of the Anti-Bribery and Corruption ("ABC") policy is to specifically:

- a) set out NCBFG's responsibilities, and the responsibilities of those working for NCBFG (including employees at all levels, directors, officers, temporary or part-time workers, volunteers, interns, contractors, external consultants and service providers), in observing and upholding NCBFG's position on bribery and corruption; and
- b) provide information and guidance to those working for NCBFG on how to recognise and deal with bribery and corruption issues.

Previously, this risk was managed through various policies, such as the Code of Business Conduct, Whistleblower Policy and/or the AML/CTF Policy & Procedures Manual. This policy has been added to list of policies in the Annual Staff Declaration.

### Corporate Social Responsibility Policy

NCBFG has adopted a Corporate Social Responsibility Policy, with oversight for all its subsidiaries operating in various territories across the region. While the GHL and Clarien subsidiaries are accountable to their individual and localised Corporate Social Responsibility (CSR) policies, they are also ultimately subject to the principles outlined in the NCBFG policy. NCBFG believes that a commitment to the principles of CSR not only complements its core business strategy, but also supports the key corporate values of its brand. By practising CSR, companies like NCBFG can consciously manage the impact they have on all aspects of society, including economic, social and environmental.

### Securities Trading Policy

The Group has an established Securities Trading Policy, which seeks to ensure that key persons in the Group (and their 'connected parties') do not abuse their positions by using insider information, not available to the market, to trade shares for their financial benefit. This policy takes into account requirements of the JSE and the TTSE and is included among the list of policies in the Annual Staff Declaration.

### Whistleblower Policy

The Group has a Whistleblower Policy, which was established to encourage and enable employees to make, in good faith, protected disclosures of improper conduct, via a confidential channel, without being subjected to any form of retaliation or other occupational detriment; and to regulate the receiving and investigation of any such disclosure. This policy complies with the Jamaican Protected Disclosures Act and is included among the list of policies in the Annual Staff Declaration of Policies.

The abovementioned policies are all available on the Company's website [www.myncb.com](http://www.myncb.com).



## ARTICLES OF INCORPORATION

The Articles of Incorporation of NCB Financial Group Limited have not been amended since its incorporation in April 2016.

**Sandra A. C. Glasgow**  
Chairperson  
Corporate Governance & Nomination Committee