

# Corporate Governance 2019

Our Board is acutely aware that the Group's continued success is not guaranteed based on the historical growth strategies and competitive advantages that we have enjoyed over the years. The Group operates in an environment characterised by increased complexity and uncertainty and includes new sources of risk and opportunity and so we must engage more deeply, and frequently on entirely new and fast-changing drivers of strategy and risk.

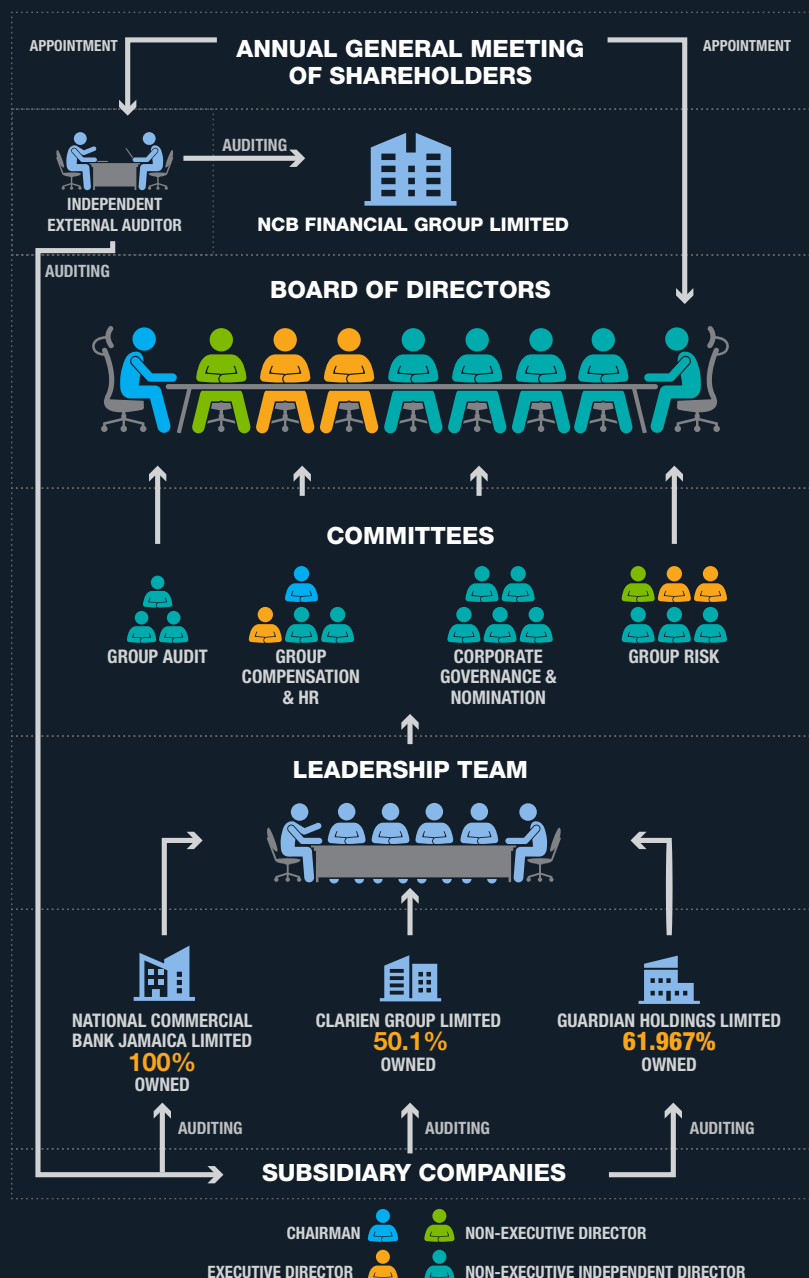
The shifting business paradigm, including emerging technologies, cybersecurity, and other complex issues have profound and immediate implications for the Group, and we expect that these will intensify dramatically over the next several years.

Our Board must therefore govern proactively by providing direction and shaping the future strategy of the Group, acting as a thought partner with management in order to effectively respond to the new strategic challenges, while maintaining focus on what really matters — our strategy, corporate culture, talent, incentives, risks, capital allocation and financial performance.

## A ROBUST FRAMEWORK FOR BOARD GOVERNANCE

We believe that strong governance is critical to the Group's long-term success and value creation. In this regard, our corporate governance framework is designed to ensure the appropriate oversight and monitoring required for the Board to execute, as our business continues to expand regionally.

This framework facilitates our compliance with the requirements established by our regulators and other independent oversight bodies in all the 21 territories in which we now operate. In addition, as a member of The Private Sector Organisation of Jamaica (PSOJ), we adhere to the best practices outlined in the PSOJ's Code on Corporate Governance.



During FY2019, our Corporate Governance priorities included the following:

- ▶ Updating our policies and practices to reflect the new multinational operating model of the Group and the shifting environmental paradigm,
- ▶ Reviewing Director candidates with strong technology and financial expertise to enhance Board diversity and strengthen Board expertise in these strategic areas,
- ▶ Continued training and development of directors to enable better governance of a multinational enterprise and to help keep directors abreast of emerging topics of strategic relevance.

## ROLES AND RESPONSIBILITIES OF THE BOARD

NCBFG Board members are required to sign a Code of Conduct to affirm their commitment to and understanding of the standards of professionalism and duty of care expected in the execution of their roles and responsibilities. These roles and responsibilities include in summary:

- ▶ Monitoring the implementation of the Group's Strategic Initiatives.
- ▶ Ensuring approval of policies regarding the Group's operation and functioning.
- ▶ Overseeing a formal schedule of matters for its decision in the areas of the Group's strategy, management and control.

- ▶ Delegating responsibility for the overall management of the Group to the President & Group CEO.
- ▶ Securing fair and reasonable treatment of minority shareholders.

## BOARD CULTURE

The Board guards against 'groupthink' by fostering a culture in which Directors know that they can engage in rigorous discussion, speak candidly, disagree strongly, yet reach decisions on difficult issues.

## Responsibilities of the Board and its Committees

### Governance

- ▶ Approving the Group's corporate governance framework to ensure it conforms to best practices as well as regulatory and statutory requirements.
- ▶ Approving the organisational/management structure and responsibilities.
- ▶ Providing effective oversight over Management's activities

### Strategic

- ▶ Providing direction to Management concerning the articulation of the vision and strategy for the Group.
- ▶ Engaging management and approving the vision and strategy proposed by Management.
- ▶ Engaging management and approving Management's long-term corporate strategy and performance objectives and ensuring appropriate resources are available.
- ▶ Reviewing and approving the Group's annual business plans to determine the inherent level of risk in these plans.
- ▶ Assessing the adequacy of capital to support the operations of the Group within acceptable risk parameters.
- ▶ Reviewing performance against the approved four year strategy and how the annual business plan will contribute to achieving targets in the strategic plan.

### Performance Measurement Systems

- ▶ Approving performance objectives and performance measurement systems.
- ▶ Reviewing the performance of the Board, Board Committees, and the metrics by which the performance of the President and Group CEO, Group CFO and Deputy CEO are measured.

### Internal Controls

- ▶ Assessing the adequacy of the systems of risk management, internal controls, control environment and regulatory compliance.

## Responsibilities of the Board and its Committees cont'd

### Business Decisions

- ▶ Approving and monitoring the progress of material financial restructurings, including mergers, acquisitions, divestments and acquisitions, annual budgets and dividends, which affect our Statement of Financial Position.
- ▶ Approving financing and changes in capital.
- ▶ Approving, entering into, or withdrawing from, businesses or service lines.

### Human Resources

- ▶ Retaining the authority to appoint and remove the President and Group CEO and the Group CFO and Deputy CEO especially, as well as executives, particularly those who report directly to the President and Group CEO and the Group CFO and Deputy CEO.
- ▶ Agreeing on President and Group CEO's goals and objectives and reviewing performance against these.
- ▶ Ensuring that succession planning for the positions of President and Group CEO and Group CFO and Deputy CEO is in place, and monitoring management's succession planning for other executive positions.W

### Financial Performance

- ▶ Approving the annual budget and targets, annual financial statements and interim results, and monitoring financial performance.
- ▶ Ensuring that financial results are reported fairly and in accordance with IFRS and other relevant standards.
- ▶ Approving financial statements released by Management and ensuring that any reports issued by the Group, including the financial statements, present a 'true and fair' view of the Group's position and performance.

### Compliance

- ▶ Ensuring that the Group operates at all times within applicable laws and regulations, including an effective Code of Conduct, Anti-Money Laundering and Counter Financing of Terrorism policies.
- ▶ Ensuring that the Group's policies and procedures manuals comply with all regulatory requirements for all operations.

### Communications

- ▶ Ensuring that there is an agreed communications strategy and procedure with respect to appropriate channels and spokespersons.
- ▶ Ensuring the development and implementation of an investor relations programme or shareholder communications process for the Group.

### Risk Management

- ▶ Approving risk parameters and policies as well as the Group's risk appetite.
- ▶ Ensuring that principal risks are identified and Management has implemented appropriate systems to manage these risks.
- ▶ Ensuring that the systems and controls framework, including the Board structure and organisational structure of the Group are appropriate for the Group's business and associated risks.

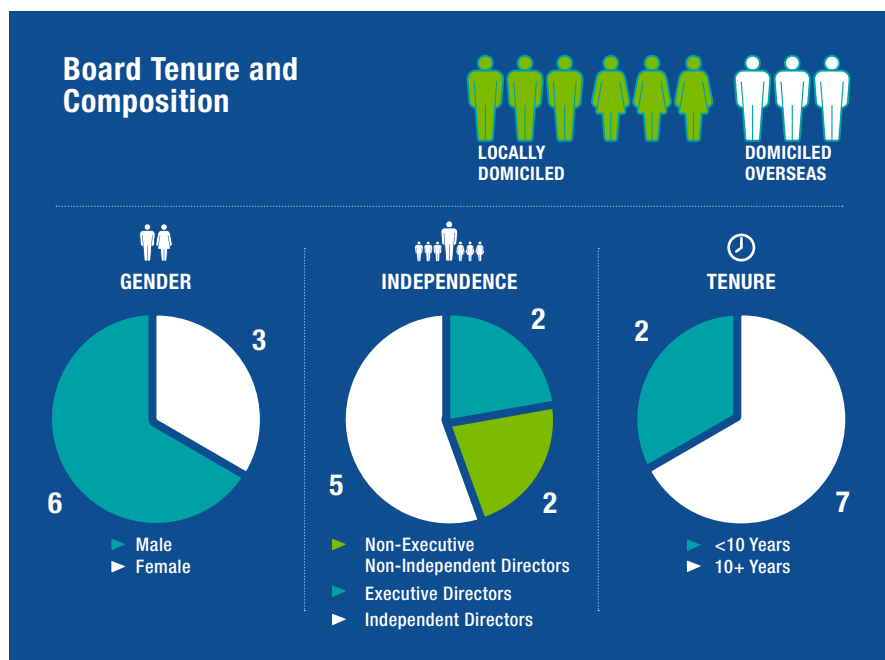
## BOARD TENURE AND COMPOSITION

We do not abide by a formal, rigid position on the use of tenure-limiting mechanisms to drive member renewal; instead, we strive for a mix of tenures at the Group and Subsidiary board levels. We have found that the range of experiences garnered with this approach provides a wider perspective in the understanding of the various aspects of the Group’s business, which our board members govern. Notwithstanding this, strategic succession planning exists at the executive director level, while all non-executive directors must retire at least once every three years but shall be eligible for re-election.

During the FY2019, there were no changes in the composition of our Board.

### MEMBERSHIP

Our Articles of Incorporation require there be no fewer than five and no more than sixteen directors. Currently, our Board comprises seven Non-Executive Directors and two Executive Directors, the latter being the President & Group CEO and the Group CFO & Deputy CEO.



CORPORATE GOVERNANCE 2019



Michael Lee-Chin  
Chairman



Thalia Lyn



Oliver Mitchell Jr



Professor Alvin Wint  
Lead Independent Director

### PRESIDENT AND GROUP CHIEF EXECUTIVE OFFICER

Our President and Group CEO, Patrick Hylton, CD, a key member of the Board, is responsible for implementing the strategic, business and financial objectives of the Group, analysing the impact on strategic objectives and financial position when allocating the Group’s resources or capital. Mr Hylton also chairs the Boards of Guardian Holdings Limited and Clarien Bank Limited.

### 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, including advising on meeting Board regulatory requirements, preparing agendas, distributing meeting records, circulating a timetable for meetings and ensuring good governance is practised throughout the organisation.

### CHAIRMAN

Our Chairman, Hon. Michael Lee-Chin OJ is a Non-Executive Director, whose main responsibility is the effective conduct of the Board’s affairs. He has the requisite skills and experience in a broad portfolio of industries and organisations, including financial services, hospitality, real estate, and health care. The Chairman also represents NCBFG to shareholders and the wider community 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.

### CURRENT MEMBERS



Robert Almeida



Dennis Cohen



Sandra Glasgow



Sanya Goffe



Patrick Hylton

# Corporate Governance 2019

CONTINUED

## ROLE OF INDEPENDENT DIRECTORS

No less than one-third of our Board members must qualify for the status of Independent Director. We believe this provides adequate balance in the perspectives and judgements shared in the governance of our business. A Director is defined as “independent” when he or she:

- ▶ Does not represent a substantial shareholding,
- ▶ Is not a close relative of a significant shareholder,
- ▶ Does not have an employment relationship with the Group or its parent company
- ▶ 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 independent judgment to bear on issues before the Board and to act in the best interest of the Group and its shareholders generally.

### The Directors so defined are:

1.	Sandra Glasgow
2.	Sanya Goffe
3.	Thalia Lyn
4.	Oliver Mitchell Jr.
5.	Alvin Wint, CD Lead Independent Director

Guidelines are maintained for Independent Directors which outline the frequency, purpose and execution of their meetings and which enable them to assess the nature of the information exchange between the

Board and Management, such that there is adequacy of independence from the controlling shareholder and from management in the discharge of their duties. Meetings of the Independent Directors are scheduled for at least twice per year. In FY2019, two meetings were held.

## FRAMEWORK FOR MEETINGS OF INDEPENDENT DIRECTORS

### Purpose:

The Independent Directors of NCBFG shall meet to achieve the following:

- ▶ Assessment of the extent to which directors are able to provide an independent perspective on Board deliberations;
- ▶ Assessment of the extent of their independence from the controlling shareholder and from management;
- ▶ Assessment of 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.
- ▶ Carry out such other purposes as may from time to time be agreed.

## MEETING ADMINISTRATION

The meetings are chaired by the Lead Independent Director or another Independent Director, elected by the other Independent Directors present to chair in his absence. While feedback from the meetings of the Independent

Directors is provided to the Board, no duties of the Board, any Board Committee or Management are delegated to this grouping.

The Corporate Secretary (as a member of management) does not attend the meetings, nor does any other employee of the Company.

It is the responsibility of the Lead Independent Director to report the outcome of each meeting to 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 to be identified and carried out accordingly.

## BOARD SKILLS & EXPERIENCE

Given the strategic focus on Digital Innovation and Financial Acumen as sources of competitive advantage for the Group, Board competencies in technology and finance are critical. We continue the process of reviewing candidates with strong technology and financial expertise who have worked in their areas of expertise, who can consider innovation in a strategic context, and who have a proven track record in digital transformation. These, coupled with the traditionally relevant business management skills and experience to effectively govern, position our Group to access ongoing knowledge and guidance that will facilitate sustainable success.

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	▲	▲	▲		▲	▲	▲	▲		▲			▲
Oliver Mitchell Jr	▲	▲				▲	▲	▲	▲	▲			
<b>Total</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>2</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>7</b>
<b>%GE</b>	<b>100%</b>	<b>89%</b>	<b>56%</b>	<b>22%</b>	<b>56%</b>	<b>100%</b>	<b>100%</b>	<b>89%</b>	<b>22%</b>	<b>100%</b>	<b>67%</b>	<b>67%</b>	<b>78%</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 cyber security. > **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.

## BOARD TRAINING AND DEVELOPMENT

Directors across the Group are provided with annual ongoing professional development and training opportunities and programmes to enable them to develop and maintain the skills and knowledge needed to perform their roles effectively. Board members are also encouraged to seek out external learning resources to deepen their understanding of the business and governance. These costs may be paid by NCBFG, subject to Board approval.

Instructor	Institution	Title of programme	Attendees	Duration
Frithjof Lund & Nina Spielmann	McKinsey & Co	Effectively Governing a Multinational Group	Directors Michael Lee-Chin, Robert Almeida, Alvin Wint, Oliver Mitchell Jr, Patrick Hylton, Dennis Cohen, Sandra Glasgow, Sanya Goffe and Thalia Lyn	2 hours
Mr Robin Sykes	Financial Investigations Division	CFATF Mutual Evaluations and Consideration for an expanded financial group	Directors Michael Lee-Chin, Robert Almeida, Oliver Mitchell Jr, Patrick Hylton, Dennis Cohen, Sandra Glasgow, Sanya Goffe and Thalia Lyn	2 hours
Cecil Williams & Sandie King-James I.T. Managers	NCB Group Operations and Technology Division	Information Security Awareness – Security Consideration for Mergers & Acquisitions	Directors Michael Lee-Chin, Robert Almeida, Alvin Wint, Oliver Mitchell Jr, Patrick Hylton, Dennis Cohen, Sandra Glasgow, Sanya Goffe and Thalia Lyn	2 hours

# Corporate Governance 2019

CONTINUED

## BOARD AND COMMITTEE MEETING ATTENDANCE

One measure of the commitment of our Directors to the governance of our Group continues to be evident in the track record of attendance at board and committee meetings during the financial year.

	Board (9)	Audit (6)	Corporate Governance & Nomination Committee (4)	Group Compensation & HR Committee (5)	Group Risk Committee (4)
ROBERT ALMEIDA	9	N/A	N/A	N/A	4
DENNIS COHEN	9	N/A	N/A	N/A	4
SANDRA GLASGOW	9	6	4	5	4
PATRICK HYLTON	9	N/A	N/A	5	4
MICHAEL LEE-CHIN	9	N/A	N/A	4	N/A
SANYA GOFFE	9	6	4	N/A	4
THALIA LYN	9	N/A	4	N/A	N/A
ALVIN WINT	9	6	4	5	4
OLIVER MITCHELL JR	9	N/A	4	N/A	N/A

## MEASUREMENT OF BOARD PERFORMANCE

The setting of Board objectives and the evaluation processes are embedded in the annual work plans of the Board and its committees and are based on feedback from the previous year's evaluation. In FY2019, our Board evaluation was facilitated by a leading global consulting firm who reported the results compared to benchmarks they were able to establish globally. The Board regularly reviews progress on the action items arising from the results of the evaluation.

Attendance at board meetings is also one of the areas used to evaluate the performance of directors. Each board member is required to achieve a 75% minimum attendance for each financial year and must not miss three consecutive board meetings.

Directors also participate in individual 360° performance reviews, in which they evaluate themselves and each other director. Each director receives 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

## BOARD REMUNERATION

Remuneration to Board members is determined by first assessing the nature of the responsibility and time commitment required of them and secondly by benchmarking with market rates. The fees paid to our Non-Executive Directors are not related to the performance of the Group. These fees include a retainer for the year and a fee for each Board and Committee meeting attended. Fees are not actually paid to Executive and Non-Independent Directors.

During the year, the fees payable were as follows:

- ▶ 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.

### FEES PAID FOR FINANCIAL YEAR OCTOBER 2018 - SEPTEMBER 2019

	Q/E DECEMBER 2018	Q/E MARCH 2019	Q/E JUNE 2019	Q/E SEPTEMBER 2019	TOTAL
Sandra Glasgow	856,641.02	806,641.75	644,142.00	744,142.00	3,051,566.77
Sanya Goffe	548,437.76	598,437.76	485,938.00	435,938.00	2,068,751.52
Thalia Lyn	448,437.75	448,437.75	385,938.00	385,938.00	1,668,751.50
Alvin Wint	912,499.27	812,499.26	649,999.50	749,999.50	3,124,997.53
Oliver Mitchell Jr	597,917.00	597,917.00	514,584.00	514,584.00	2,225,002.00



Strive to achieve corporate governance best practice standards.



Overseeing risk appetite, major policies, management guidelines, and procedures that govern the process for managing all risks on an enterprise-wide basis.



Ensure the appropriate mechanisms are in place regarding succession management for the Executive Leadership.



Reviewed changes in International Financial Reporting Standards in order to develop a full understanding of their likely impact on the financial statements.

## BOARD COMMITTEE REPORTS

Board Committees are established to enable further Director oversight and governance in key functions of the Group. Each Board Committee reports to the Group Board on its activities, subsequent to each meeting. The Committee names and members are provided in table 1.

**TABLE 1 : BOARD COMMITTEE MEMBERS**

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



## CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

This Committee has responsibility for the corporate governance of the Group. Its purpose is:

- ▶ to assist the Board in ensuring the Board's composition, structure, policies and processes meet all relevant legal and regulatory requirements,
- ▶ to strive to achieve corporate governance best practice standards,

- ▶ to facilitate the Board and management's objective of increasing the long-term value of the Group, and
- ▶ to identify and recommend suitable persons to become directors of the Group.

The Committee's role, responsibilities, composition and membership requirements are documented in the Corporate Governance and Nomination Committee Charter approved by the Board, which is available on the Group's website: [www.myncb.com/corporategovernance](http://www.myncb.com/corporategovernance).

### Main activities undertaken during FY2019:

- ▶ Review of Jamaica Stock Exchange Corporate Governance Index, identifying and tracking resulting actions.
- ▶ Review of the framework for meetings of Independent Directors.
- ▶ Reviewing and proposing the governance structures for NCBFG.
- ▶ Review of Board Effectiveness Survey 2018 and implementation of action plan for areas for improvement.
- ▶ Review of technology applications to enhance the flow of information to the Board.



# Corporate Governance 2019

CONTINUED

- ▶ Ongoing review of the policy and procedure framework of NCBFG and its major subsidiaries.
- ▶ Review of the Board Charter, Corporate Governance & Nomination Committee Charter and the Securities Trading Policy for NCBFG. The revised policies have been posted on the NCBFG website at [www.myncb.com/corporategovernance](http://www.myncb.com/corporategovernance).
- ▶ Review of candidates for membership on the Board, including face-to-face interviews and commissioning background checks.
- ▶ Review of Directors' & Officers' Insurance Coverage.



## GROUP RISK COMMITTEE

The Group Risk Committee assists the Board in fulfilling its responsibility with respect to oversight of the Group's risk management framework including 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 reports to the Board of Directors regarding the Group's risk profile, as well as its risk management framework including the significant policies and practices employed to manage risks in the Group's businesses as well as the overall adequacy of the risk management function. The Committee also plays a role in the decision-making process around significant risks that are to be undertaken by the Group.

### The responsibilities include:

- ▶ Overseeing risk appetite, major policies, management guidelines, and procedures that govern the process for managing all risks on an enterprise-wide basis.
- ▶ Reviewing and approving the fiduciary responsibility for risk management performance.

- ▶ Overseeing and approving the capital management strategy.
- ▶ Periodically reviewing the scope of risk management work within the organisation and management's performance.
- ▶ Monitoring and assessing concentration risks and limits, connected party exposures and cross border exposures.
- ▶ Overseeing the credit portfolios in the Group's companies and the integrity of credit system controls.
- ▶ Reviewing large exposures and exceptions to the Group Enterprise Risk Management Policy and the Group Credit Risk Policy.
- ▶ Reviewing the insurance risk management framework for the insurance companies in the Group.
- ▶ Assessing compliance with regulatory requirements.
- ▶ Approving credit facilities where multiple Group companies are participating.
- ▶ Regularly reporting to the Board on the Committee's activities.
- ▶ Reviewing and assessing the adequacy of the Charter annually and recommending any proposed changes to the Board for approval.
- ▶ Evaluating the adequacy of the Risk Management function.
- ▶ Advising the Board on the risk impact of strategic decisions.
- ▶ Monitoring the risk culture.

The Committee comprises two executive members and four non-executive members of the Board. The committee generally meets at least four times per year in order to fulfill its duties.



## Main activities undertaken during FY2019:

During the year, the Committee 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. Credit, market and liquidity risks, which are associated with and/or emanate from the Group's loan and investment portfolios, were also the subject of oversight and discussion during the year. The Committee also examined the risk governance framework and approved a number of risk related policies.



## GROUP COMPENSATION & HUMAN RESOURCES COMMITTEE

This Committee is responsible for the following six broad areas:

- ▶ Succession, Evaluation and Compensation
  - ◆ Ensure appropriate mechanisms are in place regarding succession management for the executive leadership.
- ▶ Compensation of Senior Management
  - ◆ Review and approve the compensation of senior management regarding incentive awards, salaries and benefits, performance targets and other remuneration matters.

- ▶ Leadership Development
  - ◆ Ensure appropriate frameworks and systems are in place to build leadership talent for enterprise needs.
- ▶ Review Human Resource Policies and Practices
  - ◆ Ensure human resource systems, including hiring and learning and development policies and compensation structures are in place and are regularly reviewed.
- ▶ Diversity
  - ◆ Review the Group's culture, diversity and inclusion programmes and initiatives.
- ▶ Reviewed organisational restructuring.
- ▶ Reviewed the Succession Management Strategy undertaken and recommended for approval by the Board.
- ▶ Reviewed compensation of senior managers and executive assistants.
- ▶ Reviewed incentive payments.
- ▶ Reviewed recommendations for promotions.
- ▶ Reviewed revised Human Resources policies, namely: Code of Conduct, HIV/AIDS Policy, Diversity Policy, Staff Loan Policy, Communicable Disease Policy, Wellness Policy and Sexual Harassment Policy and recommended them for Board approval.
- ▶ Reviewed the Compensation and Human Resource Committee Charter.

## Main activities undertaken during FY2019:

# Corporate Governance 2019

CONTINUED



## 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 organisation's process for monitoring compliance with laws and regulations and the code of conduct.

### Main activities undertaken during FY2019:

- ▶ Reviewed quarterly unaudited financial statements and Stock Exchange releases with the Group CFO and Deputy CEO, the Group CAE and the External Auditor before their release, 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 organisation'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.
- ▶ Reviewed reports from the Group Legal and Compliance Division on regulatory compliance, breaches and remediation and the management of legal risk.
- ▶ The Audit Committee Chairman also reports to the Board in writing at least quarterly on matters reviewed and discussed by the Committee.
- ▶ Reviewed all relevant related party transactions to ensure they are in compliance with the policy on Related Party Transactions.

In FY 2019, the Audit Committee Chairman hosted an inaugural "Meeting of the Chairs", a meeting of all the Audit Committee chairpersons within the Group. All Audit Committee chairpersons attended and the consensus was that the meeting was successful in getting alignment on best practice execution of responsibilities, including interaction with the internal audit function.



## 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 2019. 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.



The lead audit partner, Mr Garfield Reece 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. Mr Reece will also attend the AGM scheduled for 2020 and be available to respond to shareholder questions relevant to the audit.

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 relationship 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 periodically considers whether there should be a rotation of our external auditor because the Committee believes it is important for the external auditor to maintain independence and objectivity. In determining whether to reappoint PwC, the Audit Committee considered several factors including:

- ▶ the length of time PwC has been engaged;
- ▶ PwC's independence and objectivity;

- ▶ PwC's capability and expertise in handling the complexity of NCBFG's operations in the countries and industries in which the Group operates;
- ▶ the firm's historical and recent performance, including the extent and quality of its communications with the Committee, and feedback from management regarding the firm's overall performance, and;
- ▶ the appropriateness of PwC's fees, both on an absolute basis and as compared with its peers.

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 2019/2020 financial year at our next Annual General Meeting.

## STAKEHOLDER COMMUNICATION

We recognise the value of providing access to our governance philosophy, guiding business principles and overarching corporate values. Our stakeholders must be able to engage with us via appropriate channels and there must be avenues through which information may be disseminated to keep them abreast. In this regard, we favour digital means of communication due to the wide dissemination capabilities, along with timely face-to-face interactions where we can delve deeper into issues of importance.

Located on our website: [www.myncb.com](http://www.myncb.com) are a list of key policies, relevant business charters and our Annual Reports. We also

share the latest relevant market information on our website, in social media and via traditional print channels. We continue to host quarterly Investor Briefings and Annual General Meetings, which specifically cover our financial performance and our strategic plans. These meetings are live streamed, offering access to all stakeholders regardless of their location.

## NCBFG BOARD CHARTER

Our current Board Charter is located on our website at [www.myncb.com/corporategovernance](http://www.myncb.com/corporategovernance).

## OTHER KEY GOVERNANCE POLICIES

In addition to the overarching Board Charter, which supports our Group Corporate Governance Framework, there are some key policies, which further illustrate our guiding philosophy as a business:

## CORPORATE DISCLOSURE

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.

It is understood that the Group, in fulfilling its obligations, will ensure that all relevant and material information is disclosed to our shareholders and the market in a timely manner. The information will be factual, accurate, comprehensive and broadly disseminated in accordance with applicable provisions of the laws of the countries in which it operates,

# Corporate Governance 2019

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as well as in line with the rules and regulatory requirements of the stock exchanges on which it is listed.

We adhere to the following disclosure principles:

- ▶ The goal of disclosure is to provide information for interested parties and shareholders in order to help such persons make informed decisions or take action.
- ▶ Material information will be publicly disclosed by way of a release.
- ▶ When disclosing information, we are guided by the principles of accuracy, accessibility, timeliness, completeness and regularity. Additionally, the Group seeks to maintain a reasonable balance between the transparency of the Group and the protection of its commercial interests while complying with provisions of relevant laws, the Group's constitutive documents, the Disclosure Policy and other relevant internal documents of the NCB Group.
- ▶ The Group will not withhold the disclosure of negative information about the Group if such information is considered material or essential for shareholders or potential investors.

The full Corporate Disclosure Policy is available on our website at [www.myncb.com/corporategovernance](http://www.myncb.com/corporategovernance).

## CODE OF CONDUCT

There are two Codes of Conduct in place - one for directors and one for employees. The Board has approved 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 outline areas of conflict of interest, confidentiality and responsibility of the directors and employees to the Group, the shareholders, and regulators, and include guidance on:

- ▶ Acting with honesty and integrity.
- ▶ Treating all with respect.
- ▶ Reporting breaches of the Codes.
- ▶ Declaring personal interest.
- ▶ Maintaining privacy and confidentiality.
- ▶ Ensuring a safe working environment.

All transactions and contracts in which any Director has a material personal interest are also required to be disclosed.

## SECURITIES TRADING

The Group has an established Securities Trading Policy, which seeks to ensure that key persons in the organisation will not abuse their positions by using insider information, not available to the market, to trade shares for their financial benefit. The Corporate Governance and Nomination Committee of the Board

is entrusted with the compliance responsibility for this policy, which is accessible on [www.myncb.com/corporategovernance](http://www.myncb.com/corporategovernance).

## WHISTLEBLOWER PROTECTION

The Group has a Whistleblower Policy, which provides a confidential channel for employees to report any instances of fraud, corrupt conduct, bribery, adverse behaviour, legal or regulatory non-compliance, questionable accounting and auditing practices. The Policy has established procedures for acting on all disclosures. Employees reporting issues can be confident that we will take all reasonable steps to protect their identity and shield them from reprisals.

This policy complies with the Protective Disclosures Act.

## CONFLICTS OF INTEREST

Under the Code signed by all Directors, they are expected to exercise restraint regarding any action, position or interest which conflicts with, or is perceived to conflict with, an interest of the Group. Directors are required to declare to the Board any personal interest, whether direct or indirect (of 'connected persons'), they may have in matters brought before the Board. This declaration is recorded in the minutes, and the interested Director does not attend the deliberations in the area(s) of interest or vote on related resolutions.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

We support an inclusive workplace reflective of the wide range of socio-economic-political backgrounds of all our stakeholders, including customers and the public at large. Our focus is on achieving the right mix among economic growth, digital transformation and social well-being. The Group's CSR activities seek therefore to ensure:

- ▶ Our Mission is realised;
- ▶ Our Core Values are reinforced;
- ▶ The Group will enjoy long-term success while providing appropriate benefits for our key stakeholders: our employees, investors, consumers and our communities;
- ▶ We perform competitively and profitably through responsible business practices; and
- ▶ We remain committed to the principles of sustainable development, which emphasise the integration of economic, social, environmental and ethical goals in our business activities.

The executive team is committed to fostering dialogue with stakeholders to help the Group understand their expectations, identify emerging issues and opportunities, assist with risk management, and improve Group performance. Specific stakeholder group interests with which we align our CSR programmes are:

### OUR CUSTOMERS

- ▶ by continually winning their trust, so that we will be their preferred institution to deliver financial services.

### OUR EMPLOYEES

- ▶ being an employer of choice, by investing in building their skills sets and competencies and balancing work-life responsibilities, so that the organisation can achieve high levels of staff productivity.

### OUR COMMUNITIES

- ▶ being a responsible citizen by investing in our communities, managing the Group's environmental impact and dependencies, and having a positive impact through the Group's supply chain.

### OUR SHAREHOLDERS

- ▶ ensuring that we are a top tier performer maximising shareholder returns over the long term.

### REGULATORS AND THE GOVERNMENT

- ▶ practising excellence in corporate governance and business ethics.

### OUR COMPETITORS

- ▶ working with members of the financial services community to jointly address challenges facing the industry for the benefit of our shareholders and wider society.


### THE MEDIA

- ▶ being an information facilitator and change agent to make financial inclusion possible where persons have access to useful and affordable financial products and services which meet their needs.

Further details of our CSR activities in relation to these stakeholders are provided throughout this Annual Report.

## 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

**View all Corporate Governance documents.**



[www.myncb.com/corporategovernance](http://www.myncb.com/corporategovernance)