

# THE CORPORATE GOVERNANCE POLICY

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VICTORIA MUTUAL  
**Investments**  
LIMITED

## **1. OVERVIEW**

Victoria Mutual Investments Limited (VMIL) recognizes the need to adhere to best practices in corporate governance. Sound corporate governance policies and practices are important to customers, shareholders and all stakeholders. VMIL is a member of the Victoria Mutual Group and observes the standards established by the Group.

The principles set forth in this Policy are geared towards ensuring the ability of the Board of Directors (the "Board") to effectively supervise the strategic direction and operations of the VMIL.

## **2. Principle: The Board of Directors: Board Effectiveness and Oversight**

The Board of Directors is charged with the primary responsibility to provide strategic direction and general oversight of the management of VMIL's business and affairs. The Board shall provide effective governance over VMIL's affairs. In doing so, it must strive to balance the interests of diverse constituencies, including shareholders, customers, employees, stakeholders and the communities in which it operates.

In all actions taken by the Board, the Directors are expected to exercise independent business judgment in what they reasonably believe to be in the best interests of VMIL. In discharging that obligation, Directors shall have unrestricted access to Senior Management, and may rely on the honesty and integrity of the Senior Management of each entity. The Board shall have the authority to select, retain or terminate arrangements with independent legal, accounting or other advisors to assist the Board in fulfilling its responsibilities.

## **3. Principle: Overall Roles and Responsibilities of the Board of Directors:**

### **3(a) The Role of the Chairman**

The Board is required to appoint a non-executive member as Chairman of the Board of Directors. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the Management of VMIL, through the Chief Executive (CEO), ensuring the protection of the interests of shareholders and other stakeholders. **Appendix 3 outlines the roles and responsibilities of the Chairman of the Board.**

NB: 3(a) amended to include Appendix 3

Approved by the VMIL Board of Directors – January 27, 2021

### **3 (b) Fundamental Role of the Board**

The Board has two (2) fundamental roles: policy-making and oversight. The policy-making function is exercised with respect to the formulation with management of the fundamental policies and strategic goals, the approval of certain significant actions, and the oversight function includes the monitoring of strategic decisions and targets.

#### *i) Key functions of the Board of Directors*

- To ensure the adoption of effective:
  - Corporate Governance principles and guidelines, and establish appropriate structures and procedures to allow the Board to function independently of Management; and Integrity guiding principles to establish values and the observance of the Code of Business Conduct and Ethics.
- The Formulation of Strategy and Oversight Management
- Review the adequacy of systems and internal controls.
- Ensure implementation of policies and formal delegation of authority.
- Define the limits of management's powers and authority to manage the business and operations and ensure alignment with the VM Group.
- Protection of the interests of shareholders and other stakeholders.
- Enterprise Risk Management:
  - Ensuring the processes are in place to identify the principal risk of the business.
  - Ensuring systems to manage risk on an enterprise wide basis.
- Oversight of communication and public disclosure, to include:
  - a. The Assessment of the effectiveness of the communication, processes for timely disclosure of information, including measures for receiving feedback from shareholders and all stakeholders.
  - b. A review of the processes and controls for certification of financial statements, in particular, in matters concerning public disclosure.

VMIL is committed to complying with all applicable laws, rules and regulations that apply to its operations.

**NB: 3 (b) i) amended December 20, 2019**

Approved by the VMIL Board of Directors – January 27, 2021

#### **4. Principle: Board Membership and Size**

The guiding principle is to ensure that the Board is comprised of a majority Independent Non-Executive Directors as appropriate for the size and operation of VMIL.

An Independent Non-Executive Director is a Director who is free of any interest, position, association or relationship and is not an employee of any entity within the Group. The Non-Executive Director is therefore not affected by any undue influence or may not be reasonably perceived to be influenced, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of VMIL and its shareholders/stakeholders generally.

The Board has the flexibility to increase the number of members in order to accommodate an outstanding candidate or the Board's changing needs or circumstances to execute the Strategic goals. Candidates for the VMIL Board shall be selected by the Corporate Governance, Nominations and Compensation Committee in consultation with the VMBS Group Board and the VMIL Corporate Governance Committee, and thereafter recommended to the VMIL Board for consideration and approval, taking into consideration the overall composition and diversity of the Board and the areas of expertise that new Board members can offer.

The Board recognises the right of shareholders to elect Directors at the annual meeting each year. Between annual meetings the Board may appoint additional members.

#### **5. Principle: Retirement of Re-Election Directors**

The Directors retire from the Board at each Annual General Meeting in accordance with the relevant constitutive documents that specify the number of Directors that shall retire each year. The Board may, however, recommend that a Director be invited to immediately seek re-election to the Board at the Annual General Meeting at which they retire if it is felt that it is in the best interests of VMIL to do so.

Any Director employed to any entity within the VM Group shall cease to be a Director upon termination of any employment contract with that VM Group entity unless otherwise determined by the Board.

Approved by the VMIL Board of Directors – January 27, 2021

## **6. Principle: Director's Experience, Qualification and Skills Set**

The Corporate Governance, Nominations and Compensation Committee are charged with reviewing the qualifications of potential director candidates and making recommendations to the respective Boards. Factors considered by the Committee and the Board in its review of potential candidates include, but is not limited to the following considerations:

- Strategic management and financial literacy and/or industry knowledge aligned with business and strategic objectives the VMIL and Group
- The ability to devote sufficient time to Board and committee duties
- accomplished and experienced in business or professions;
- Familiarity with the geographic regions where the VM Group carries on business;
- Integrity, honesty and the ability to generate public confidence;
- Demonstrated sound and independent business judgment;
- Knowledge and appreciation of public issues, changing macro- economic environment and familiarity with local, national and international affairs; and
- Other important factors which are aligned to the strategic direction of VM Group.

In addition, the Corporate Governance Nominations and Compensation Committee will review existing directorships.

If a director who makes a change in principal occupation, the director is required to immediately advise the Board and allow the Board/Committee to assess the impact of the Director's continued ability to provide the skills required to support the Board in the execution of its roles and responsibilities.

## **7. Principle: Director's Training and Education**

Directors shall be knowledgeable and informed about the business of the VM Group and the discharge of their duties and responsibilities.

The VM Group shall assist Directors in their education about VMIL and their role, duties and responsibilities as Directors. New Directors are provided with orientation and introductory information. All Directors have access to seminars

and presentations on aspects of the VM Group business and operations. Management regularly updates the Board on changing regulations and practices related to corporate governance and also on any major impact on the business operations.

### **8. Principle: Other Directorships**

There is no limit fixed by the Board with respect to the number of other VM Group Boards on which a Director may sit. However, the number of directorships held by Directors is considered by the Corporate Governance, Nominations and Compensation Committee.

In accordance with VM Group's Policy, no Director of the VM Group shall also be a member of the board of directors of another bank, securities dealer, stock broker, building society, trust, insurance company, or any entity regulated by the Bank of Jamaica or Financial Services Commission, excepting that current Directors may with the consent of the Board, retain any existing non VM Group directorships which they hold, provided there is no conflict of interest.

The overlap of directorships may be allowed within the VM Group, such overlap must take account of the adequacy of the independence of the relevant board, whether potential conflicts may arise in the decision-making process and balancing the interests of entities within the Group.

### **9. Principle: Board Performance Assessment and Evaluation**

The purpose of the Board Evaluation is to assess Board effectiveness to provide insights on strengths and identify weaknesses of the Board, thereafter to act on the findings to improve Board effectiveness in the interest of all stakeholders.

The Board shall conduct periodic reviews of its performance. Director peer evaluations shall also be conducted. Each Board and committee shall conduct an annual evaluation of its own performance and the results of these evaluations shall be summarized and presented to the Board.

## **10. Principle: Attendance at Meetings**

Directors are required to attend meetings of Shareholders, Board meetings and meetings of committees on which they serve, and to spend the time needed to prepare for meetings and also to meet as frequently as necessary to properly discharge their responsibilities. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the Directors prior to the meeting, in order to provide adequate time for review.

The Board shall approve a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year. The Chairman and the CEO shall establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting. The Non-Executive Directors may meet in absence of management directors and and/or business heads as they may deem necessary, to discuss such matters which may require an independent review.

## **11. Principle: Board Committees, Roles and Responsibilities**

The Board may establish Committees in order to assist with direct oversight responsibilities for the activities of VMIL aimed at effective governance, strategy, financial performance and enterprise risk management of the VM Group. The Board through these Committees will ensure a high level of accountability and the proper discharge of the fiduciary responsibilities of directors. **Appendix 4 outlines the roles of the Committee Chair.**

The standing committees of the Board are set out in the **Board Committee Framework in Appendix 1.**

Each committee shall have its own written charter which shall comply with all applicable laws, rules and regulations. The charters shall set forth the roles and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment, committee structure and operations and reporting to the Board.

**No. 11 amended to include appendix 4**

Approved by the VMIL Board of Directors – January 27, 2021

The Chairman of each committee, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and senior management, shall develop the committee's agenda. Each committee shall annually establish a schedule of major topics to be discussed during the year (to the degree these can be foreseen).

The Board may from time to time, establish or maintain additional committees as necessary or appropriate.

### **12. Principle: Directors' Compensation**

The Board may recommend the form and amount of Directors' compensation based on the recommendation of the Corporate Governance, Nominations and Compensation Committee following periodic review of Directors' compensation in the marketplace which is presented to the Board also for the shareholders approval at the annual general meeting.

Directors who are also officers of the VM Group are not compensated in their capacity as Directors.

### **13. Principle: Standards of Business Conduct and Ethical Behaviour**

VMIL is committed to the highest standards of ethical business behaviour. The Board of Directors has adopted a Directors' Business Conduct and Ethics Code as set out in ***Appendix 2***.

The Board has adopted the Code of Business Conduct and Ethics which apply to all employees.

The Board shall obtain reasonable assurance that there is an ongoing, appropriate and effective process in place for ensuring adherence to the VM Group Code of Business Conduct and Ethics.

#### **14. Principles: Disclosure and Communications**

VMIL is committed to providing timely, accurate and balanced disclosure of all material information about VMIL and to providing fair and equal access to such information.

The Board requires that management has processes in place to support its policy of full, true, plain and timely disclosure of financial results, significant developments and other material information to appropriate stakeholders.

#### **15. Principles: Corporate Social Responsibility**

The VM Group is committed to the high standards of Corporate Social Responsibility. The Board should ensure that VMIL acts ethically and responsibly with honesty, integrity and in a manner consistent with the legitimate interests and expectations of stakeholders and the broader community.

The Board should ensure that its activities are seen to be a good corporate citizen, supporting stakeholder interests including employees, environmental, social, governance and economic matters.

The best interests of VMIL and the VM Group should be understood within the parameters of being a sustainable enterprise and a responsible citizen having regard to the following:

- i. To consider not only financial performance but also the impact of the VM Group's operations on all stakeholders, the public and the environment;
- ii. To consider the protection, enhancement and investment in the well-being of the economy, society and the environment;
- iii. To ensure that the VM Group's performance and interaction with its stakeholders is guided by high ethical standards;
- iv. To ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship;
- v. To ensure that measurable corporate citizenship programmes are implemented; and
- vi. To ensure that management develops corporate citizenship policies.

## APPENDICES

**APPENDIX 1      BOARD COMMITTEES FRAMEWORK**

**APPENDIX 2      DIRECTOR'S CODE OF BUSINESS CONDUCT AND ETHICS**

**APPENDIX 3      ROLES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD**

**APPENDIX 4      THE ROLE OF THE COMMITTEE CHAIR**

## APPENDIX 1

### BOARD COMMITTEE FRAMEWORK

#### OVERVIEW

In order to achieve the foregoing objectives the Victoria Mutual Group and the VMIL Board of Directors, in keeping with the guiding principles set out by this framework have established sub-committees with governing charters to ensure that the corporate governance framework is effectively applied in the management of the overall business operations.

#### A1 **Board Committees**

##### A1.1 Corporate Governance, Nominations & Compensation Committee

This Committee is charged with the responsibility of assisting the VMIL Board in the oversight of the execution of the corporate governance framework.

This Committee is also responsible for periodically assessing the skills, composition and performance of the Board. It also identifies and recommends in consultation with the Group Board, suitable nominees for appointment to the Board.

In addition, it discharges the Board's responsibilities relating to compensation and performance management policy. The Committee makes periodic recommendations to the Board for the revision of Directors' compensation for approval by the shareholders.

##### A1.2 Finance Committee

This Committee will assist the VMIL Board in providing oversight of Balance Sheet structure and strategy; the Finance and Investment portfolios and the evaluation of potential major transactions.

This Committee is charged with the responsibility of providing policy oversight and review, on behalf of the Board, for capital allocation and treasury and credit portfolio management. It also approves credits above management's threshold. The Committee reviews, evaluates and recommends any projects or transactions involving major capital expenditure as well as mergers, acquisitions and divestments.

### A1.3 Audit, Risk & Conduct Review Committee

This Committee will assist the VMIL Board in providing oversight of the integrity of the Company's Financial Statements; compliance with Legal and Regulatory requirements, safeguarding the assets, maintenance of accounting records and maintenance of an effective system of internal control; as well as the performance of the external auditors and the internal audit function and risk management.

This Committee will assist in Board oversight of general matters on conduct and related party transactions; and the framework and procedures for dealing with matters involving conflicts of interest.

This Committee has enterprise-wide purview and is charged with the responsibility of overseeing the overall spectrum of risk which VMIL may as a whole be exposed to, in the conduct of its affairs. The Committee will be responsible for making recommendations to the Board regarding the enterprise-wide risk appetite<sup>1</sup> and risk culture<sup>2</sup>, and monitoring and reporting on risk identification, measurement and control as may be appropriate for VMIL and its operations.

Approved by the VMIL Board of Directors – January 27, 2021

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<sup>1</sup> **Risk Appetite** – is the amount of risk that an organisation is willing to undertake in pursuit of its strategic objectives.

<sup>2</sup> **Risk Culture** – is the general awareness, attitude, norms and traditions of behaviour of team members to risks the organisation faces and risks the organisation takes on.

## APPENDIX 2

### DIRECTOR'S CODE OF BUSINESS CONDUCT AND ETHICS

This Code is intended to focus the Board and each Director on areas of ethical risk, to provide guidance to Directors to help them recognize and deal with ethical issues, to provide mechanisms to report unethical conduct and to help to foster a culture of honesty and accountability.

Each Director must comply with the letter and spirit of this Code. No code or policy can anticipate every situation that may arise. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Board and the Chair of the Corporate Governance and Nominations Committee.

Directors who are employees of the Victoria Mutual Group (VM Group) are also subject to the VMBS Code of Business Ethics which includes separate requirements that are applicable to the Corporation's employees.

#### 1. CONFLICTS OF INTEREST

Directors must avoid any conflicts of interest with the VM Group/ VMIL. A conflict of interest exists when a Director's personal or business interests interfere in any way, or even appear to interfere, with the interests of the VM Group/VMIL.

**Subject to the provisions governing Conflict of Interest and having regard to applicable VMIL articles, directors may hold interest in contracts or business dealings with the VM Group**

A conflict situation may arise when a Director takes actions or has interests that may make it difficult to objectively and efficiently perform his or her duties to VMIL. Conflicts of interest may also arise when a Director, or a member of his or her family, receives improper personal benefits as a result of his or her position with the VM Group or VMIL.

Directors have a duty to be free from the influence of any conflicting interest when they participate in Board or Committee deliberations or voting. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the VM Group/VMIL must be disclosed promptly in writing to the Chairman of the Board and the Chair of Corporate Governance and Nomination Committee so that appropriate action is taken, including recusal from deliberations, voting and chairing of applicable portions of Board or Committee meetings when necessary.

Directors should also inform in writing, the Chairman of the Board and the Chair of the Corporate Governance and Nomination Committee prior to accepting appointments to the board of directors or the advisory board of any public or privately held VMIL, so that such appointments may be considered by the Board in accordance with the requirements of the Board's Corporate Governance Guidelines.

## **2. CORPORATE OPPORTUNITIES**

Directors owe a duty to VMIL to advance VMIL's business interests when the opportunity to do so arises. Directors are prohibited from: (a) taking for themselves personally (or directing to third parties) a business opportunity that is discovered through the use of VMIL property, VMIL information or their position as a Director; (b) using VMIL property, VMIL information or their position as a Director for personal gain; or (c) competing with VMIL.

## **3. CONFIDENTIALITY**

In carrying out their responsibilities to VMIL, Directors often learn confidential or proprietary information about VMIL or other parties who have business dealings with VMIL. Each Director, during his or her term as a Director, and after leaving the Board, must maintain the confidentiality of all such information, except when disclosure is authorized or legally mandated. If a Director is legally required to disclose any of such information, he or she should provide the Chairman of the Board and the VMIL's General Counsel with prompt notice of such requirement.

For purposes of this Code, confidential information includes all non-public information that might be of use to Company's competitors, or harmful to the interests of the Company's or other parties who have business dealings with the Company's, if disclosed.

## **4. FAIR DEALING**

In carrying out their responsibilities to VMIL (including the establishment of VMIL's policies and practices), Directors shall seek to deal fairly with VMIL's customers, suppliers, competitors and employees, and shall avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

## 5. PROTECTION AND PROPER USE OF VMIL ASSETS

In carrying out their responsibilities to VMIL (including the establishment of VMIL's policies and practices), Directors shall protect VMIL's assets and ensure the efficient use of such assets and that such assets are used for legitimate business purposes.

## 6. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

It is VMIL's policy to comply with all laws, rules and regulations applicable to VMIL. In carrying out their responsibilities to VMIL, Directors shall comply with, and shall satisfy themselves that appropriate policies and procedures are in place for compliance by employees, officers and other Directors with, all laws, rules and regulations applicable to VMIL, including insider trading laws.

All transactions by Directors in the securities of VMIL are subject to separate written policies and procedures adopted by VMIL and distributed to the Directors. All such transactions must be strictly comply with such policies and procedures, including the requirement to provide advance notice to VMIL, and to obtain pre-clearance from the VMIL's Corporate Secretary, prior to the execution of such transactions.

## 7. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR

Directors should promote ethical behaviour and should take steps to ensure that VMIL: (a) encourages employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or the VBMS Code of Business Ethics and Conduct to appropriate personnel or through use of the establish communication protocols; and (c) informs employees that the VMIL will not allow retaliation for such reports made in good faith.

## 8. COMPLIANCE STANDARDS

Any suspected violations of this Code should be reported promptly to the Chairman of the Board and the Chair of the Corporate Governance and Nomination Committee. Violations will be investigated by the Board, or by persons designated by the Board, and appropriate action will be taken in the event of any violations.

## **9. WAIVER OF CODE OF BUSINESS CONDUCT AND ETHICS**

The Board of Directors may consider granting a waiver of this Code only in extraordinary circumstances. A waiver may be granted when a conflict of interest or other situation arises for which the Board or the Corporate Governance and Nomination Committee determines that a waiver is necessary or appropriate. Only the Board or the Corporate Governance Nomination Committee may grant such a waiver, and any such waiver must be promptly disclosed to the VMIL's shareholders (where applicable).

## APPENDIX 3

### **ROLES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD**

The Roles and Responsibilities of the Chairman are not limited to the areas stated herein and may be expanded from time to time based on the strategic imperatives of the Entity/Company.

More specifically, the duties and responsibilities of the Chairman are as follows:

1. to act as a liaison between management and the Board;
2. to provide independent advice and counsel to the Managing Director;
3. to keep abreast generally of the activities of the Company and its management;
4. to ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
5. in concert with the Managing Director, to develop and set the agendas for meetings of the Board;
6. to act as Chair at meetings of the Board;
7. to recommend an annual schedule of the date, time and location of Board and Committee meetings;
8. to review and sign minutes of Board meetings;
9. to sit on other Committees of the Board where appropriate as determined by the Board;
10. to call special meetings of the Board where appropriate;
11. in concert with the Managing Director, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
12. to act as Chair at meetings of Shareholders;
13. on the authority of the Board to review and assess the performance of the Managing Director at least annually.

14. to recommend to the Board, after consultation with the Directors, management and the Governance and Nomination Committee, the appointment of members of the Committees of the Board;
15. to assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors; and
16. to ensure that regularly, upon completion of the ordinary business of a meeting of the Board, the Directors hold discussions without management present.
17. Generally, the Chair of the subsidiary companies may be guided by these roles and responsibilities in consultation with the Chairman of the Main Board and may from time to time meet with the Managing Director regarding the Management of the subsidiary company and matters related to performance of Management Officers.

## **APPENDIX 4**

### **THE ROLE OF THE COMMITTEE CHAIR**

A Chair of a committee of the Board of Directors is responsible for the management and effective performance of the committee and provides leadership to the committee in fulfilling its mandate and any other matters delegated to it by the board.

#### **SPECIFIC RESPONSIBILITIES**

The Chair of any committee of the Board of Directors will:

- Chair committee meetings and ensure that the committee is properly organized and functions effectively.
- In consultation with the Board Chair, the Managing Director and the Corporate Secretary, plans and organizes activities of the committee including:
  - the agenda for frequency of preparation for, and the conduct of committee meetings;
  - the quality, quantity and timeliness of the information that goes to the committee; and
  - ensures that sufficient time is allocated during committee meetings for effective discussion of agenda items and key issues and concerns.
- Chairs sessions of independent Committee members, ensuring adequate opportunities to discuss issues without management and non-independent directors present.
- As appropriate and in consultation with the committee, retain, oversee and terminate independent advisers to assist the committee or its members in fulfillment of their responsibilities.
- Report to the Board of Directors with respect to the activities of the committee and any recommendations deemed desirable by the committee.

- Lead the committee in annually reviewing and assessing the adequacy of its mandate, evaluating its effectiveness and implementing improvements.
- Have unrestricted access to management and employees.
- Ensure the committee at meetings adequately address regulatory issues or concerns, as appropriate.
- Represent the committee at meetings with major shareholders and other stakeholder groups, as may be directed by the Board.

## APPROVAL HISTORY

REVIEWED BY THE VMIL CORPORATE GOVERNANCE, NOMINATIONS & COMPENSATION COMMITTEE	Feb 21, 2018
APPROVED BY THE BOARD OF DIRECTORS	Feb 26, 2018
REVIEWED BY THE VMIL CORPORATE GOVERNANCE, NOMINATIONS & COMPENSATION COMMITTEE	Jan 16, 2020
APPROVED BY THE BOARD OF DIRECTORS	Jan 29, 2020
REVIEWED BY THE VMIL CORPORATE GOVERNANCE, NOMINATIONS & COMPENSATION COMMITTEE	Jan 15, 2021
APPROVED BY THE BOARD OF DIRECTORS	Jan 27, 2021