



**JAMAICA DEPOSIT INSURANCE
CORPORATION
BOARD GOVERNANCE POLICIES**

**Developed and maintained consistent
with the Corporate Governance
Framework for Public Bodies in Jamaica as
applicable**

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JAMAICA DEPOSIT INSURANCE CORPORATION PROTECTING DEPOSITS FOR YOU AND ME
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1.0 INTRODUCTION

- 1.1. The Jamaica Deposit Insurance Corporation (the "Corporation/JDIC") Board Governance Policies serve as a guide for all members of the Board of Directors. These policies include operational procedures that govern the JDIC's activities and integrate principles from the Corporate Governance Framework for Public Bodies (CFPB) in Jamaica, with necessary and appropriate modifications. The Policies establish minimum governance standards for the Corporation, ensuring compliance with local and international corporate governance laws and best practices.
- 1.2. Additionally, these policies incorporate the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems. These principles emphasize that sound governance of agencies within the financial safety net should be established to strengthen the financial system's architecture and contribute directly to financial stability.¹
- 1.3. These policies also outline the Board's expectations of Management in supporting the Board in fulfilling its governance responsibilities.
- 1.4. The Corporation's senior management ("Management") led by the Chief Executive Officer (CEO), in addition to translating Board direction into action and managing the Corporation's day-to-day operations, is responsible for supporting the Board in fulfilling its governance responsibilities.
- 1.5. Effective Board performance ensures that objectives are met, resources are managed efficiently, key relationships are maintained, and stakeholder interests are considered in decision-making. This approach contributes to a strong organizational reputation and promotes sustainable and resilient business practices.
- 1.6. Governance regimes are unlikely to be effective without a clear understanding and delineation of roles within the organization. Therefore, these policies aim to clearly define and categorize roles and responsibilities to enhance clarity and insight.

2.0 BACKGROUND

2.1 The Corporation's Objects

- 2.1.1 The Deposit Insurance Act (DIA) outlines the Corporation's objectives, endows the Corporation and its Board with powers to

¹ The IADI Core Principles for Effective Deposit Insurance Systems, Moral Hazards, Operating Environment and Other Considerations pg 13, International Association of Deposit Insurers, Basel November 2014

fulfil its mandate, and specifies requirements for financial and other reporting.

2.1.2 Under section 4 (1) and (2) of the DIA, the Corporation's expressed objects are to establish and manage a scheme for the insurance of deposits or parts thereof against the risk of loss. In carrying out these objects the Corporation is required to take all such measures as may be necessary to ensure that there is the least possible exposure of the Corporation to loss.

2.1.3 The Corporation recognizes the importance of engaging with stakeholders, including depositors, member institutions, government bodies, and the public. Stakeholder engagement is integral to our governance framework and ensures that diverse perspectives are considered in decision-making processes.

2.2. Accountability of the Corporation and Board

2.2.1 The Corporation is accountable to Parliament through the Minister responsible for Finance.² The Corporation operates within a legal framework that provides it with operational independence.

2.2.2 The key legislation to which the Corporation is subject is the Deposit Insurance Act 1998, which defines its mandate and powers and its operating and financial reporting obligations to the Minister responsible for finance. The Corporation is also subject to the Public Bodies Management and Accountability Act. Related statutes are the Financial Administration and Audit Act; the Bank of Jamaica Act, the Banking Services Act; and the Building Societies Act.

2.2.3 The Deposit Insurance Act prescribes the composition and appointment of Board members. There are seven (7) Board members. The Minister responsible for finance appoints four (4) members, one of whom he appoints as the Chair of the Board. The Governor of the Bank of Jamaica, the Financial Secretary, and the Chief Executive Officer of the Corporation are *ex-officio* members of the Board.

3.0 STATEMENT OF COMMITMENT TO GOOD BOARD GOVERNANCE

3.1 The Board of Directors of the Jamaica Deposit Insurance Corporation (JDIC) is committed to upholding the highest standards of governance in all its activities. This commitment extends to adhering to the governance requirements set forth explicitly or implicitly in the Deposit Insurance Act (DIA), its parent Act, and the Public Bodies Management

² s.6 and s.7 of the PBMA – Corporate Governance

and Accountability (PBMA) Act. The PBMA outlines the corporate governance frameworks and principles that public bodies are required to follow.

- 3.2 The Board recognizes that sound governance practices are essential to the effective management of the Corporation, the achievement of strategic objectives, and the maintenance of public trust. In alignment with the Corporation's mandate, the Board is committed to adhering to the principles of transparency, accountability, integrity, and ethical conduct.
- 3.3 The Board is dedicated to ensuring that the Corporation's governance framework is robust, complies with relevant legislation, and reflects best practices both locally and internationally. This includes adherence to the Corporate Governance Framework for Public Bodies in Jamaica and the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems.
- 3.4 The Board is also committed to fostering a culture of continuous improvement, where the roles and responsibilities of the Board and Management are clearly defined and understood. The governance policies are designed to support effective decision-making, risk management, and the responsible stewardship of resources.
- 3.5 In fulfilling its governance responsibilities, the Board will prioritize the interests of all stakeholders, including depositors, financial institutions, and the broader financial system. Through diligent oversight and proactive engagement, it aims to enhance the stability, resilience, and reputation of the JDIC.
- 3.6 The Board values its partnership with the supervisory arm of the Bank of Jamaica ("the Central Bank") and recognizes the importance of the governance standards established by the Central Bank for Policyholders. Consistent with its mandate, the Board is committed to integrating and applying these standards in its governance practices, ensuring they meet or exceed the requirements for its Policyholders.
- 3.7 This Statement of Commitment reflects the Board's dedication to exemplary governance and its resolve to uphold the values that underpin the success and sustainability of the Corporation.

4.0. SCOPE OF THE POLICY

- 4.1 The Board Governance Policies are set out under four (4) broad categories:
 - (a) Governance Process Policies to guide the Board's oversight responsibilities;

- (b) Risk Management and Internal Controls Policies;
- (c) Linkages Policies that define relationships with, and responsibilities of, the Chief Executive Officer; and
- (d) End Policies to Guide the Chief Executive Officer in the day-to-day management of the Corporation as the agent of the Board.

5.0 BOARD APPOINTMENT/COMPOSITION AND ADMINISTRATION³

5.1 Board Appointment/Composition

- 5.1.1 The Board should be comprised as specified in the Schedule to the DIA of three (3) ex-officio members namely, the Governor of the Bank of Jamaica or his nominee, the Financial Secretary or his nominee, and the Chief Executive Officer of the Corporation or his nominee. The Board should also be comprised of four (4) other members appointed by the portfolio minister by an instrument in writing; one of whom the Minister shall appoint as the Chairman.
- 5.1.2 The Chairman and appointed members ("Directors") should be given fixed-term appointments with the outcome of the annual reviews of their performance guiding the Minister in determining the termination or renewal of their appointment⁴. The Chairman of the Board should be appointed for a period not exceeding three (3) years. The other three (3) appointed members shall be appointed for a period not exceeding two (2) years. The Chairman and the other appointed members shall be eligible for reappointment for two (2) consecutive periods.
- 5.1.3 The sole power to appoint and revoke an appointment to the Board resides with the portfolio minister. The portfolio minister may terminate the appointment of any Director (conditions are listed in the Schedule of the DIA).
- 5.1.4 The Board shall be comprised of a diverse composition in terms of gender, youth, skills, experience, and backgrounds, ensuring a breadth of perspectives that enhances the Corporation's ability to achieve its objectives. The skills, knowledge, and experience of Directors should be ideally consistent with the mandate and business operations of the Corporation⁵.

³ Deposit Insurance Act, Schedule 2, 3, 4 and 5 (see annexure at end of Policy)

⁴ *The Corporate Governance Framework for Public Bodies, Principle 8(6)*

⁵ *The Corporate Governance Framework for Public Bodies, Principle 9*

5.1.5 A person may not be appointed or remain a Director who: –

- i. is a member of either House of Parliament;
- ii. is or has during the three years preceding such appointment has been a Director, officer, employee, or auditor of a policyholder;
- iii. is a shareholder holding more than 10% of the voting shares of a policyholder

5.1.6 The portfolio minister is responsible for ensuring that a Board is always in place to oversee the management of the Corporation. Upon the change of the portfolio minister, the existing Board should offer its resignation which would not take effect until a new Board is duly appointed within the recommended timeframe of **sixty (60) days**. The roles and responsibilities of the Board during the transition period are as directed by the MoFPS⁶.

5.2 Administration

5.2.2 The Board, its Committees, Chairmen, individual Directors, and the Corporate Secretary (CS) should be subject to a formal and rigorous annual evaluation of its performance. This assessment should be conducted by a competent external consultant to ensure the integrity of the process and should be guided by the Government of Jamaica Performance Evaluation Instruments for Public Bodies.

5.2.3 The performance of the Board, its Committee, individual Directors, and the Corporate Secretary should be assessed against the ten (10) dimensions of good board performance developed by the Ministry of Finance and the Public Service (MoFPS).

5.2.4 The results of the evaluation should be compiled by the external consultant and a Board Improvement Plan developed. The Board Improvement Plan should be implemented and monitored by the Board.

5.2.5 The Board Improvement Plan should be shared with the portfolio minister.

5.2.6 A Director, other than the Chairman, may resign his office by giving written notice to the portfolio minister, through the

⁶ The Corporate Governance Framework for Public Bodies, Principle 8(7)

Chairman, and from the date of receipt by the portfolio minister of such written notice, that Director shall cease to hold office⁷.

- 5.2.7 The Chairman may at any time resign his office by giving written notice to the portfolio minister, and such resignation shall take effect from the date of receipt by the portfolio minister of such written notice⁸.
- 5.2.8 A Director shall not be absent from more than two (2) meetings in any period of the twelve (12) months except on leave granted by the Chairman; and in the case of the Chairman except on leave granted by the portfolio minister.
- 5.2.9 The Chairman, or in the event of his absence or inability to act, such Director as the other Directors elected, shall preside at the meetings of the Board⁹. If the Chairman will be absent from the Board for an extended period, the portfolio minister must be informed in writing of the elected Director who will be acting as Chairman, taking into consideration his or her term of service on the Board and experience.
- 5.2.10 The Board shall meet as often as it considers necessary and at such times and places as it determines, provided that it shall meet at least six (6) times in every calendar year¹⁰.
- 5.2.11 Four (4) Board members shall constitute a quorum¹¹.
- 5.2.12 Notice of the date, time, and place of each Board and Board Committee meeting shall be given to each member, either in writing or electronically, a minimum of fourteen (14) days before the meetings.
- 5.2.13 The Corporate Secretary, or his/her delegate, in collaboration with the Management, shall endeavour to ensure that Agendas and meeting materials (Minutes of previous meetings, submission(s) for discussion(s), notation or approval, etc) are prepared and dispatched to Board members at least seven (7) days before each meeting.
- 5.2.14 The Corporate Secretary, or his/her delegate, shall produce Minutes of the proceedings of all Board and Board Committee meetings. Minutes of meetings shall be confirmed at subsequent meetings

⁷ Section 4(1) of the Deposit Insurance Act, Schedule (Sections 2 and 3)

⁸ Section 4(2) of the Deposit Insurance Act, Schedule (Sections 2 and 3)

⁹ Section 6(3) of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹⁰ Section 6(1) of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹¹ Section 6(2) of the Deposit Insurance Act, Schedule (Sections 2 and 3)

and certified by the Chairman and Secretary within fourteen (14) days of its confirmation.

- 5.2.15 A decision of the Board shall be by a majority of votes cast. In the event of an equality vote, the Chairman (or other person presiding over the meeting) shall have both an original and a casting vote¹².
- 5.2.16 The validity of any proceedings of the Board shall not be affected by any vacancy amongst its members or by any defect in the appointment of a Director¹³.
- 5.2.17 The Chairman and other Directors shall be paid such remuneration whether by way of honorarium, salary or fees, and such allowances and on such conditions, as the Board may decide subject to the approval of the portfolio minister¹⁴.
- 5.2.18 The office of the Chairman or member of the Board shall not be a public office for the purpose of Chapter V of the Constitution¹⁵.
- 5.2.19 No action, suit, prosecution, or other proceedings shall be brought or instituted against the Corporation or any Board member, officer, employee, or any person acting on behalf of the Corporation in respect of any act done bona fide in pursuance or execution or intended execution of the Deposit Insurance Act¹⁶.
- 5.2.20 The Board may engage/retain, at the expense of the Corporation, any outside advisors, including, but not limited to, legal counsel, independent advisors and/or other Subject Matter Experts (SME), as determined necessary, to review any matter in the course of carrying out its duties and responsibilities, which includes authorization to instruct the remuneration of advisors.

5.3 Board Orientation/Induction, Ongoing Training and Education

- 5.3.1 It is desirable that all Directors have access to professional development programmes in areas such as legal reform, public sector developments, corporate governance, changing corporate environment, internal control systems, business/commercial risks and other issues that may be of interest in the execution of their role¹⁷.

¹² Section 6(4) of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹³ Section 7 of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹⁴ Section 11 of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹⁵ Section 12 of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹⁶ Section 13 of the Deposit Insurance Act, Schedule (Sections 2 and 3)

¹⁷ The Corporate Governance Framework for Public Bodies, Principle 11(4)

- 5.3.2 Upon appointment to the Board, all Directors shall participate in an orientation/induction programme that covers the JDIC's strategies, general financial and legal affairs, financial and regulatory reporting by the Board, any unique aspects of the JDIC and its activities, and the responsibilities and expectations of Directors.
- 5.3.3 The ongoing training and education of Directors are critical to ensure the maintenance of good governance. As a result, the Board, through the Chairman and Corporate Secretary, will recommend such training for Directors as is necessary for them to maintain the knowledge and expertise required to understand the operations of the JDIC and to properly discharge their roles and responsibilities as Directors.
- 5.3.4. The Board shall conduct an annual review to identify any area where the Directors require further training or education.
- 5.3.5 The cost of ongoing training and education for Board members shall be borne by the JDIC.

6.0 ROLES AND RESPONSIBILITIES

6.1. Roles and Responsibilities of the Board

- 6.1.1 The Board is responsible for overseeing the general business of the JDIC, with the entire Board being accountable for this supervision and oversight.
- 6.1.2 The Board shall be responsible for the policy and general administration of the Corporation and the management of the Deposit Insurance Fund¹⁸. The Board's role is to promote the Corporation's success both in the short and long term, consistent with its mandated objectives and accountability to stakeholders.
- 6.1.3 The Board should identify opportunities for the professional development of all its members to update their skills and improve their knowledge of the business environment in which the organization operates. These areas include legal reform, financial sector developments, public sector developments, corporate governance, risk management, internal control systems, and other issues that may be relevant to the execution of their role.

¹⁸Sections 1 – 13 of the Deposit Insurance Act, Schedule (Sections 2 and 3)

- 6.1.4 The Board may authorize the purchase of indemnity insurance for Directors and officers, consistent with the conditions outlined in the PMBA Act.
- 6.1.5 The Board should hire, appoint, evaluate and determine the tenure of the Chief Executive Officer (CEO)¹⁹. The CEO should be held accountable by the Board for the performance of the Corporation and the implementation of the Corporation's strategies and policies in accordance with mutually agreeable and written performance objectives which are outlined in the Corporate Plan²⁰.
- 6.1.6 The Corporation will appoint a Corporate Secretary (CS) to manage key administrative and governance functions essential for effective Board operations. This role requires a high level of meticulousness, diligence, and competence, and encompasses a swathe of regulatory, personnel, and administrative responsibilities. The position of Corporate Secretary is distinct from that of a Recording Secretary²¹.
- 6.1.7 The Board (through a sub-committee) should lead the recruitment and performance evaluation process of the Internal and External Auditors.
- 6.1.8 The Board shall provide specific leadership by:
- (a) reviewing and overseeing the development of, and approving the strategic plan and direction for the Corporation, taking into account opportunities, threats, and risks facing the Corporation;
 - (b) approving the Corporation's material policies;
 - (c) establishing performance objectives, monitoring the implementation of approved corporate plans, assessing the Corporation's performance against its business objectives, strategies, and plans, and overseeing significant capital expenditures, acquisitions, and resolution strategies;
 - (d) reviewing and approving the Corporation's annual budget and ensuring the integrity of financial statements, internal controls, financial information systems, projections, forecasts, and audited financial statements;

¹⁹ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012, Principle 1

²⁰ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012, Principle 4

²¹ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012, Principle 5

- (e) working with Management to identify the principal risks to the Corporation and ensuring that systems to manage those risks are in place;
- (f) ensuring compliance with legal and regulatory requirements;
- (g) ensuring that reporting, monitoring, and accountability obligations as set out in the Corporation's policies are met;
- (h) ensuring the implementation of a comprehensive communications strategy that promotes transparency and regular engagement with stakeholders, including periodic public disclosures and updates on the Corporation's activities and financial status;
- (i) approving, monitoring, and reviewing the effectiveness of governance practices, ensuring that controls, codes, or guidelines are established to address ethical conduct, conflicts of interest, and related concerns;
- (j) ensuring the Board's effective management and ongoing performance, including the creation of committees, task forces, and workgroups needed to support the Board in fulfilling its mandate effectively.;
- (k) identifying the competencies and skills required on the Board and recommending to the portfolio Minister a structured succession plan for Board members;
- (l) assessing and reviewing its performance and capability in carrying out its role and functions in relation to the Corporation's nature, scope, complexity, and risk profile;
- (m) identifying, evaluating, and appointing a suitable candidate for the Chief Executive Officer ("CEO") position, assessing his performance against established benchmarks and planning for CEO succession;
- (n) ensuring effective succession planning, which includes appointing, training, compensation, and when necessary, replacing Management;
- (o) ensuring that relevant corporate governance information is properly communicated in the annual report. This information should include at a minimum:
 - i. Commentary on the financial results;

- ii. The full compensation package of the CEO and senior managers;
 - iii. The names, expertise, length of service, meeting attendance record, list of other directorships, and a report on the reason for any Director demitting office.
- (p) monitoring of statutory disclosures, reporting, and public communications requirements, and ensuring that financial statements and other disclosures represent the Corporation fairly;
 - (q) ensuring that the remuneration and other benefits granted directly or indirectly to Board members are disclosed in the annual report;
 - (r) reviewing its information needs (quality, quantity, and timeliness) to ensure the information received is adequate for the effective discharge of their duties;
 - (s) ensuring the maintenance of effective systems and procedures for information management and disclosure within the Corporation. A reliable system of corporate disclosure requires an investment in accounting and information systems, internal controls, and internal and external auditing. It includes formulating and documenting policies and procedures, putting in place hardware and software systems, and recruiting and training qualified staff;
 - (t) establishing and maintaining robust whistleblower protection policies, ensuring that individuals who report unethical or illegal activities are protected from retaliation and that their reports are investigated thoroughly and impartially.

6.2 Establishment of Board Committees

- 6.2.1 The Board may establish various Board Committees as needed to assist in performing its duties effectively and will determine the membership of these Committees. These Board Committees may include, but are not limited to, an Investment Committee, an Audit Committee, and a Corporate Governance Committee.
- 6.2.2 The Chairman and members of the Board Committees shall be selected by the Board and must be members of the Board.

- 6.2.3 Terms of Reference (TORs) must be developed for each Board Committee. The Chairman of the Board Committees should have the specialized skills, expertise, qualifications, and experience in the areas covered by the TOR.
- 6.2.4 The TOR should indicate the roles, responsibilities, and authority of each Board Committee, its composition, structure, quorum requirements and how it should perform its duties as well as accountability requirements.
- 6.2.5 Board Committees cannot take action or make decisions on behalf of the Board unless explicitly authorized to do so. The Board should clearly define the roles, limitations, and authority of each Committee, considering the scope of their TORs.
- 6.2.6 Board Committees should analyze specific issues, and advise the Board on those issues. The final decision always rests with the Board.
- 6.2.7 The Board should receive regular updates on the activities of each Committee, including detailed reports on their findings, conclusions, and recommendations.

6.3 Co-opted Members

- 6.3.1 To ensure that Board Committees have the capability to perform the duties assigned, Boards may co-opt, to perform duties of the committee, individuals who are not members of the Board but who possess a broad range of qualifications relevant to the function of the public body²².
- 6.3.2 Individuals co-opted to a Board Committee shall have the same rights and responsibilities as other Committee members provided that²³:
 - (i) a Board member shall be the Chairman of the Committee (with a casting vote on decisions where there is an equality of votes); and
 - (ii) Board members shall comprise not less than one-half of the committee membership.
- 6.3.6 The Board remains collectively responsible for the decisions and actions taken by any Board Committee.

²² *Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised 2012, Principle 2(8)*

²³ *Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised 2012, Principle 2(9)*

- 6.3.7 A Board Committee may only perform the tasks assigned to it by the Board and its authority cannot exceed that of the Board as a whole.
- 6.3.8 Decisions that by law must be taken by the Board may not be delegated to a Board Committee.

6.4 Roles and Responsibilities of the Board Chairman

- 6.4.1 The Chairman plays a crucial role in fostering the effectiveness of the Board as a whole and of individual Directors, both within and outside the boardroom. This role is best fulfilled by demonstrating respect, patience, humour, and goodwill. By minimizing the imposition of personal views on others, the Chairman can lead the Board more effectively.
- 6.4.2 The Chairman is responsible for presiding over Board meetings, ensuring they are conducted orderly, providing participants with a reasonable opportunity to speak, and making sure that the Minutes accurately reflect the decisions made.
- 6.4.3 The Chairman, in collaboration with the Corporate Secretary, is responsible for finalizing meeting Agendas. These Agendas should take full account of the issues and the concerns of all Board members, be forward-looking and focus on strategic matters.
- 6.4.4 The Chairman is to engage all Board members and ensure that they are fully informed of any business issue on which a decision has to be taken.
- 6.4.5 The Chairman is to ensure that the CEO's performance is evaluated on an annual basis through an objective process as provided for under the GOJ Accountability Framework.
- 6.4.6 The Chairman is to authorize and oversee the execution of the annual performance evaluation of the entire Board, Board Committees, individual Directors and the Corporate Secretary.
- 6.4.7 The Chairman is to maintain communication protocols with the Minister, Permanent Secretary (PS), and other stakeholders as established by the Ministry of Finance and the Public Service.
- 6.4.8 The Chairman is responsible for maintaining the cohesion of the Board, ensuring the integrity of the meeting process, achieving the Board's objectives, and advancing the goals of the Corporation.

- 6.4.9 The Chairman should always arrive before the meeting is scheduled to start. This provides an opportunity to interact informally with everyone before the formal proceedings begin, ensuring that he is organized, composed, and updated on any matters that might impact the meeting.
- 6.4.10 The Chairman is to provide direction to the Corporate Secretary.
- 6.4.11 The Chairman must maintain neutrality to avoid stifling input from others. If the Chairman advocates for a particular position, it may distract from effectively guiding the meeting. Additionally, the Chairman should not attempt to take the Minutes; this task should always be handled by a competent secretary to ensure focused and effective leadership.
- 6.4.12 The Chairman is to ensure that the members of the Board receive accurate, timely, and clear information.
- 6.4.13 The Chairman is responsible for managing the Board to ensure that sufficient time is allocated for the discussion of complex or contentious issues.
- 6.4.14 The Chairman is responsible for leading the development of a well-structured induction programme for new Directors.
- 6.4.15 The Chairman is responsible for leading the identification and fulfilment of individual Directors' development needs, as well as addressing the collective development needs of the Board to enhance its overall effectiveness as a team.
- 6.4.16 The Chairman is to encourage active participation by all members of the Board at all Board meetings.
- 6.4.17 In circumstances where it may not be practicable for Board meetings to be held face-to-face, meetings may be held via teleconference or using virtual applications. The Chairman must be particularly clear in guiding the meeting through the agenda and managing transitions between presenters. For each agenda item, the Chairman may request that members indicate if they wish to speak on the item, then invite them to contribute in turn to facilitate an orderly discussion. The Chairman should encourage Board members to ask questions at the end of each presentation. Before making a decision, the Chairman should ensure that all members have the opportunity to comment or ask questions, either by soliciting further questions or by inviting individual participants to comment if they have not already done so. At the end of the meeting, under "Any Other Business", the Chairman should ask Board members if they have any other matters to raise.

6.5. Roles and Authority of Ex-Officio Officers

- 6.5.1 The Governor of the Bank of Jamaica, the Financial Secretary, and the Chief Executive Officer of the JDIC or their respective nominees are explicitly referred to as ex-officio members of the Board of Directors of the Corporation. The Board relies on the expertise and/or influence of the ex-officio members. Such Board members are only appointed as a result of their position/office. Where their employment with their employer is terminated, their successor automatically becomes the ex-officio member.
- 6.5.2 Ex-officio members advance the work of the Corporation with a degree of influence and expertise that substantially benefits the Corporation. As always, all Board members bear the responsibility of making sure that the bylaws regarding ex-officio board members are being followed.
- 6.5.3 Ex-Officio members have the same duties, responsibilities, rights, and privileges as all appointed Board members, including the right to vote. The ex-officio member is not to be expected to commit the Government in respect of matters which are required to be referred to a higher level of authority.
- 6.5.4 The ex-officio member should not endorse any action of the Board which will conflict with the legal and ethical obligations of a public officer and the position he/she holds and should advise against, and vote against, such action and ensure that the opposition is recorded in the Minutes of the meeting if no formal vote is taken.
- 6.5.5 The Permanent Secretary who has a constitutional role as Supervisor for Departments and Subjects within the portfolio of his/her ministry should not be appointed as a member of the Board, due to the inherent conflict of interest this would present²⁴.

6.6 Roles and Authority of Board Invitees

- 6.6.1 Individuals with relevant expertise may be invited to attend Board or Board Committee meetings to provide valuable insights and input.
- 6.6.2 Board invitees **must not** be allowed to vote at Board or Board Committee meetings. They are not members of the Board or Board Committee, rather, they are usually invited to provide specialist advice not readily available on the Board²⁵.

²⁴ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised 2012 Principle 7

²⁵ The Corporate Governance Framework for Public Bodies, Principle 6(1)

- 6.6.3 Board invitees **must not** constitute a quorum of an officially convened meeting of the Board or its committees²⁶.
- 6.6.4 Board invitees other than executives of the Public Body, or from elsewhere in government, may be paid a fee for their services, within Government guidelines²⁷.
- 6.6.5 The Ministry of Finance and the Public Service should establish within the Code of Conduct the formal procedures and rules of engagement for Board Invitees²⁸.

6.7 **Role and Responsibilities of the Chief Executive Officer**

- 6.7.1 The Chief Executive Officer (CEO) is responsible to the Board for the day-to-day administration of the Corporation and the execution of the policies of the Corporation²⁹.
- 6.7.2 The CEO heads the Corporation's senior management team ("Management"), which is responsible for implementing Board directives and overseeing the Corporation's day-to-day operations. Additionally, Management is responsible for supporting the Board in fulfilling its governance responsibilities³⁰.
- 6.7.3 The CEO's management style within the Corporation should adhere to ethical and business norms that align with industry best practices.
- 6.7.4 The CEO should determine which strategic activities are delegated to team members to ensure the Corporation's business is conducted effectively, efficiently, and in accordance with the strategic direction of the Board.
- 6.7.5 The CEO will serve as the chief spokesperson for the Corporation on behalf of the Board, communicating with stakeholders (such as the media) periodically and as required by law through monthly and quarterly reporting.

²⁶ The Corporate Governance Framework for Public Bodies, Principle 6(2)

²⁷ The Corporate Governance Framework for Public Bodies, Principle 6(3)

²⁸ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012 Principle 6

²⁹ The PBMA section 6 and PBMA (amendments) 2010 section 4 "" (e) notwithstanding the provisions of any relevant enactment or any constituent document, enter into a performance contract with its Chief Executive Officer (or person performing like duties, by whatsoever title designated), on terms approved by the responsible Minister and the Minister."

³⁰ DIA schedule 14(1) states "The Corporation may appoint and employ at such remuneration and on such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act."

- 6.7.6 The CEO is responsible for conducting the performance appraisal of all his/her senior managers.
- 6.7.7 A healthy and open relationship should exist between the CEO and the Permanent Secretary under his/her Ministry. This should be guided by a formal Memorandum of Understanding or Framework Document. However, the CEO is ultimately responsible to the Chairman of the Board³¹.

6.8. Roles and Responsibilities of the Corporate Secretary

- 6.8.1 The Board may consider the separation of the positions of Corporate Secretary and the General Counsel based on the guidelines developed by the Ministry of Finance and the Public Service. The Board, having given such due consideration, in particular, the small size of the Corporation and that both positions may be accommodated in one officer whereas between the positions there is a lack of complexity and the potential for conflict of interest is limited is has agreed that the provisions herein shall relate to the appointment and provision of services by the Corporate Secretary to the Board.
- 6.8.2 The Corporate Secretary (CS) is appointed by the Corporation and holds also the position of General Counsel to the Corporation under the Legal and Corporate Secretariat Branch of the Corporation. In carrying out the role of CS the incumbent must execute critical administrative and other functions, which demand a high level of compliance, ethical conduct and confidentiality as required by all the Board members and officers of the Corporation. Public Bodies statutes and Corporate Governance guidelines set out clear and comprehensive roles and responsibilities for the Corporate Secretary, and these roles and responsibilities shall not be delegated to any other officer of the Corporation save for an officer of the Corporation to whom the role has been assigned in the absence of an incumbent. Such officer so assigned must be an officer in the permanent employment of the Corporation and be deemed to be sufficiently knowledgeable and experienced to make them competent to undertake the roles and responsibilities pending the resumption of duties of the incumbent or the appointment of a new officer to the position of General Counsel and Corporate Secretary.
- 6.8.3 The CS is directly accountable to the Board. The position of General Counsel is accountable to the CEO.

³¹ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012 Principle 4

- 6.8.4 The CS should act as a central source of guidance to the entire Board on all matters related to corporate governance, including Board orientation, sensitization training and professional development of Directors, effective operations of the Board, regulatory compliance, and ethical standards.
- 6.8.5 The CS will be subjected to similar requirements of fit and proper tests or due diligence as any Board member.
- 6.8.6 The CS is responsible for the coordination of Board orientation and sensitization training processes for the Board. The Board orientation and sensitization process should include at a minimum:
- (a) specially designed sessions over a given period addressing issues of the business, industry, and subsector, where necessary;
 - (b) the Corporation's roles and that of each branch;
 - (c) the Public Body's strategic plan, organizational plan, and recent annual report;
 - (d) expectations of the Chairman: procedures for the conduct of meetings, calendar of events for the year, and the role of Board Committees;
 - (e) the legal instruments and all relevant legislation governing the Corporation;
 - (f) the respective rights, duties, responsibilities, and roles of the Board and Management;
- 6.8.7 The CS should assist the Chairman in developing the annual work plan for the Board.
- 6.8.8 The CS should prepare and distribute Board papers and coordinate with the recording secretary to ensure the preparation and distribution of Board and Committee minutes.
- 6.8.9 The CS should collaborate with the Chairman to coordinate the evaluation of the Board, its Committees, individual members and the CS.
- 6.8.10 The CS will implement a procedure for the orientation, training, and continued education of new Directors to support them in fulfilling their governance responsibilities.

- 6.8.11 The CS will ensure that each new Director receives an information package containing a copy of the Board Policy, the Deposit Insurance Act (DIA) and all other relevant laws, the Corporation's Code of Business Conduct and Ethical Behaviour, other relevant background material such as the most recent Corporate Plans, Annual Reports, Audited Financial Statements, notes describing the Corporation's organizational structure and statutory basis of operation.

6.9 Roles and Responsibilities of Management

- 6.9.1 Management, led by the CEO, will provide the Board with information in a form and of a quality that is appropriate to enable the Board to discharge its duties efficiently and effectively. Management should ensure that there are procedures in place so that the Board is supplied in a timely fashion with information. Management shall carry out all instructions as directed by the Board.
- 6.9.2 Management, led by the CEO, will support the Board by providing information to ensure that the Board can obtain and maintain an understanding of the Corporation's objects and powers, as well as its governance responsibilities.
- 6.9.3 Management will incorporate training segments in Board meetings as deemed appropriate.
- 6.9.4 Management shall develop a competency matrix that is updated annually. The competency matrix may be used to identify competency "gaps" on the Board and direct the search for new candidates.
- 6.9.5 Management shall establish a protocol for communication with the Minister of Finance and the Public Service to advise on appointment needs.
- 6.9.6 Management will, from time to time, make presentations to the Board regarding areas of operations.
- 6.9.7 Management is to provide the Board with updated relevant Ministry circulars and guidelines for compensation/reimbursement of Directors and executive officers³².

³²32 PBMA s.20 "In the exercise of any powers conferred on a board by the relevant enactment or any constituent documents in relation to emoluments payable to the staff of the public body, the board shall act in accordance with such guidelines as are issued from time to time by the Minister responsible for the public service."

- 6.9.8 Management is to make recommendations for the compensation of the Corporation's officers and employees.
- 6.9.9 Management is to ensure compliance with the relevant Ministry circulars and guidelines and advise the Board where there have been any failures to do so.
- 6.9.10 Management will provide timely information and report to the Board on new legislation, prospective legislation, trends, and evolving best practices in the areas of governance as may apply to the Corporation.

7.0 POTENTIAL CONFLICTS OF INTEREST

- 7.1 Potential conflicts of interest include a personal or business interest in a matter requiring a Board decision, arising either directly (e.g. through direct or indirect ownership or employment interest) or indirectly (e.g. through potential benefit from participation in a sector).
- 7.2 Board members must disclose all actual or potential conflicts of interest to the Board Chair or the Corporate Secretary. The Corporate Secretary shall maintain a conflict of interest registry. Procedures for managing conflicts shall include recusal from decision-making processes where a conflict is identified, ensuring the integrity of Board decisions.

8.0 Notice of Related Positions

Directors must inform the Board of any other positions which may be of importance to the Corporation or may affect the performance of their duties as a Director. This must be done through an annual declaration of conflict of interest or where the need arises. If the Board determines that there is a risk of conflict of interest, the matter shall be fully discussed by the Board in accordance with the JDIC Conflict of Interest Policy. The Corporate Secretary shall keep a list of the related positions held by each Director.

9.0 Conflicts of Interest of Directors

9.1 Duty to Disclose

Upon appointment, each Director shall complete a Declaration of Interest Form which will be maintained by the Corporate Secretary, and a copy of which shall be sent to the responsible Minister through the Financial Secretary. A Director shall immediately report to the Board any conflict of interest or potential conflict of interest and shall provide all relevant information, including but not limited to, information concerning spouse, registered partner, or other life companion and the details of the conflict must be recorded by the Corporate Secretary. The Director concerned must not take part in the assessment by the Board where a

conflict of interest exists. The procedures for managing conflicts of interest are outlined in the JDIC Conflict of Interest Policy.

9.2 Related Party Transaction

9.2.1 A potential conflict of interest exists if the Corporation intends to enter into a transaction with a Related Party. A "Related Party" includes the following:

- a. a Director of the JDIC;
- b. the CEO and Senior Managers of the JDIC, including anyone who reports directly to the Board or the CEO;
- c. the father, mother, sons, daughters, husband or wife, or any of the natural persons listed herein;
- d. any business, and the Directors, CEO, and senior managers of any business, in which natural persons listed above, own jointly or severally at least 20% of the voting rights; and
- e. any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in a-c above.

9.3 Abstention by Conflicted Person

Where conflicts of interest do occur, Directors shall not take part in any discussions or decision-making regarding any subject or transaction in which there is a conflict of interest with the JDIC, or exercise their right to vote in respect of such matters. Depending on the nature of the conflict, the Director concerned, and with the instruction of the Chairman of the Board, should recuse himself or herself. The Minutes of the meeting should be detailed in a manner where it does not reveal too many details of the deliberations.

9.4 Requirements to Approve Conflicts of Interest

All transactions in which there are conflicts of interest with Directors shall be agreed on terms that are customary for 'arm's-length' transactions in the JDIC's business. Decisions to enter into transactions in which there are conflicts of interest with Directors require the approval of the Board.

10.0 Confidentiality

10.1 Principle of Confidentiality

10.1.1 "Confidential information" means all data and information relating to the business, management, and affairs of the JDIC, its

employees, customers, and stakeholders, which are, or come to be, in the possession of the JDIC by virtue of his or her office as Director and which is not in the public domain.

10.1.2 As a general rule, each Director shall keep all confidential information confidential, and no Director shall use confidential information for personal gain or use. This obligation survives the termination or resignation of the Director as a Director of the JDIC.

10.1.3. Unless required to do so by law, no Director shall, during membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the JDIC, that came to the person's knowledge in the capacity as a Director and which the persons know or should know to be of a confidential nature.

10.1.4 A Director may disclose such information to fellow Directors as well as to staff members of the JDIC who, in view of their activities for the JDIC should be informed of the information.

10.1.5 A Director shall not use such confidential information for personal benefit.

10.2 Notice of Disclosure

If a Director intends to disclose to third parties information that he/she became aware of in the course of his/her duties and which may be confidential, the Director must inform the Board of the intent and the identity of the person who is to receive the information with sufficient notice for the Board to assess the situation and take a decision. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are only intended for the Board.

11.0 Access to Records

Board members shall have secure access to all necessary records, both physical and digital, to fulfil their duties. Requests for such records must be routed through the Chief Executive Officer (CEO) with the Corporate Secretary in copy.

12.0 Resolutions and Adoptions at Meetings

12.1 A Board may only approve a Resolution at a meeting if a quorum is present.

12.2 Urgent Resolutions may be drawn up and adopted immediately in the relevant meeting.

- 12.3 Each Director has the right to cast one vote. In the event of an equality of votes, the Chairman of the Board has the deciding vote.
- 12.4 Directors shall try to arrive at unanimous decisions. When unanimity cannot be reached, dissenting opinions/objections shall be recorded in the Minutes.
- 12.5 Where unanimity cannot be achieved, and the law does not preclude a majority vote, Resolutions of the Board or Board Committee shall be approved by a majority of the votes cast.
- 12.6 If an urgent decision is required before the next scheduled meeting of the Board or Board Committee, a Resolution may be circulated for round-robin approval (electronic or paper-based). All comments and/or votes shall be recorded.
- 12.7 A decision made by round robin shall be as valid and effectual as if it had been passed at a meeting of the Board or Board Committee duly convened and held.
- 12.8 All round-robin approvals should thereafter be ratified at the next regular Board or Board Committee meeting.
- 12.9 A Director who did not participate in a meeting may not object to a Resolution adopted at that meeting, provided that the meeting was duly convened and held in accordance with the Corporation's governing policies.
- 12.10 A Director who is absent from a meeting shall be deemed to have accepted any decision made at the meeting unless he/she raises an objection within seven (7) days of being informed of the decision. Absent Directors must be notified by the Corporate Secretary of any material decisions within three (3) days of the meeting.

13.0 Governance Process Policies to Guide Oversight Responsibilities

13.1 Independence of the Board

- 13.1.1 The Board will exercise its judgment independent of personal interest or undue influence³³. The Board should ensure that the Corporation is conforming to legislation, and its mandate, and achieving agreed outcomes.
- 13.1.2 Directors should be able to work cooperatively with Management and, where necessary, demonstrate objectivity and robust

³³ PMBA s 17 and DIA para 13 of Schedule – see reference at end of policy

independence of judgment. The Board may exercise independent judgment in various ways including the following:

- (a) Board members provide invaluable input but do not, however, serve on the Board under the specific direction of the Minister of Finance and the Public Service. Directors who are public servants should exercise independent judgment in ways that best fulfil their responsibilities to the Corporation, whilst avoiding any conflict of interest with their role as Public Servants.
- (b) The Board should act as a sounding board but should challenge the assumptions, identified alternatives, and assessments contained in the corporate plan and other proposals.
- (c) The Board should satisfy itself that the views of Management have been questioned and tested. The Board should actively challenge Management's proposals.
- (e) A Board should be able to obtain independent financial, legal, or other advice from an outside adviser, at the expense of the Corporation, where appropriate. There should be an approved Board policy for Directors, in furtherance of their duties, to take independent professional advice at the Corporation's expense, if necessary.

13.2 Board Effectiveness and Governance Responsibilities

13.2.1 Board members are to develop an understanding of JDIC's objects, powers, and governance responsibilities and will develop and maintain strategies to fulfil their responsibilities and evaluate objectively and regularly, their effectiveness in doing so.³⁴ To achieve this, the Board will:

- (a.) ensure that the Corporation has proper arrangements in place for the orientation of new Directors and for the facilitation of ongoing training to enable the Board to effectively carry out its responsibilities.
- (b) observe the Code of Ethics developed by the Ministry of Finance and the Public Service as part of its Corporate

³⁴ PBMA s. 6 "Every Board shall....."; PBMA s. 7 "(Corporate Plan)"; PBMA s. 8 "(Audit Committee)"; PBMA s. 18 "(Duty to Dissent)" and PBMA s. 23 "(Quarterly and Half Year Reporting)"
DIA s. 6" (Annual Report)"; DIA 10 sub s. 4 "(Annual audited financials)" see the relevant sections at the end of Policy.

Governance regime and the Corporation's Code of Business Conduct and Ethical Behaviour. However, it may enhance aspects of the Code, where necessary, based on its particular operations in keeping with guidelines established by the Ministry.

- (c) allow ex-officio Officers to assist the Board to better appreciate public policy objectives and to understand the broad public policy philosophy and the direction that should be pursued by the Corporation.
- (d) develop a process to annually evaluate the effectiveness of the Board, its committees, and individual Directors.
- (e) ensure newly appointed Directors are provided with adequate orientation and training concerning their responsibilities to the Corporation, the Corporation's relationship with the Government, compensation policies for the Corporation's Management, and Board procedures.
- (f) work with Management to develop the Corporation's corporate plans³⁵, business strategies, and performance measurement systems to achieve corporate objectives taking into account environmental and stakeholder change.
- (g) work with Management to develop management systems and structures that best align with corporate objectives, compliance, and reporting responsibilities.
- (h) ensure that management systems are adequate to allow for timely corporate reporting under the Deposit Insurance Act and the PBMA, [Appendix of Reporting timelines as per relevant statutes to be attached].
- (i) adopt Fund management strategies, Fund review, and alternative funding strategies within the context of relevant risk.
- (j) maintain, in consultation with the CEO, a profile of desirable skills and capabilities that would best enable the Board to fulfil its responsibilities and advise the Minister

³⁵ PBMA (Amendments) 2010 – Section 2 -2A (1) and (2) “Before the end of each financial year, the Minister shall cause to be prepared, in such form as may be approved by the Minister, estimates of revenue and expenditure for public bodies with respect to the ensuing financial year, containing a summary of (a) the corporate plans of all public bodies, including their total budgetary requirements;”

of the desired mix that should be sought in filling upcoming Board vacancies³⁶.

- (k) satisfy itself that the compensation package of the Corporation's officers and employees is consistent with the sustainable achievement of the Corporation's objectives, the prudent management of its affairs, and the risks to which it is exposed and adherence to its policies and procedures. The Board will review the compensation program for all Directors and make recommendations to the Minister of Finance and the Public Service in that regard.
- (l) ensure that levels of remuneration for officers and employees are sufficient to attract and retain them to run the entity successfully. Further to schedule para. 14 (4) of the DIA³⁷, officers, and employees appointed by the Corporation shall hold office for such periods, receive such salaries, allowances, and benefits, and shall be subject to such terms and conditions of service as may be determined by the Minister.
- (m) ensure that the Corporation, as outlined under schedule para 14(1). *"appoints and employs at such remuneration and such terms and conditions as it thinks fit, a Chief Executive Officer, a secretary, and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act"*.

14.0 Risk Management and Internal Controls Policies

14.1 Significant Risks to the Corporation³⁸

³⁶ DIA Schedule para. 1. (Establishment of Board)

³⁷ DIA schedule 4 "It shall be lawful for the Corporation, with the approval of the Minister- (a) to enter into arrangements respecting schemes whether by way of insurance policies or not: (b) to make regulations, for pensions, gratuities and other retiring or disability or death benefits relating to employees of the Corporation and such arrangements or regulations may include provisions for the grant of benefits to the dependents or legal personal representatives of such employees".

³⁸ **BOJ Standards of Sound Business Practices-Internal Controls**

"internal control is the process, effected by an institution's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the safe guarding of assets and asset values, the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations..."

Internal controls are established and implemented alone, or in concert with other policies or procedures, to manage and control a particular risk or business activity, or combination of risks or business activities, to which the institution is exposed or in which it is engaged..."

DIA s. 10(3)

14.1.1 The Board should ensure the implementation of a formal and comprehensive Enterprise Risk Management (ERM) framework to manage risk across all functional areas of the Corporation. The ERM framework should be designed to identify, assess, monitor, and mitigate risks. Regular reviews of cybersecurity measures shall be conducted to protect the Corporation's information assets and infrastructure. The risk profile may include operational risks; regulatory risks; market risks; credit risks; and; reputational. Any material changes to the risk profile of the Corporation should be reported to the Minister of Finance and the Public Service and the Permanent Secretary.

14.1.2 The Board will:

- (a) obtain an understanding of the significant risks to which the Corporation is exposed.
- (b) ensure that appropriate and prudent risk management systems to manage risks identified have been implemented and reviewed regularly, but at least annually, to ensure that they continue to be appropriate and prudent.
- (c) obtain reasonable assurance, regularly, but at least annually, that the Corporation has effective ERM policies which are being adhered to.
- (d) ensure the development and implementation of the ERM framework taking into consideration that:
 - i. Information Technology risks should be seen as a critical component of the ERM framework;
 - ii. The Board should decide on the Corporation's risk appetite and its ability to absorb the consequences of such risks;
 - iii. Where appropriate, the Board should ensure that an appropriate person is appointed to manage

"The accounts of the corporation shall be audited by an auditor or auditors appointed annually by the Corporation and approved by the Minister."

PBMA s. 9(1)

*"The audit committee of the public body shall –
advise the board on-the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the public body..."*

risks within the Corporation through its Audit Committee;

- iv. The Board should ensure that all staff members of the Corporation are aware of the ERM framework and how it informs their day-to-day business activities;
- v. The Board should delegate the responsibility of ERM to a Committee of the Board, preferably the Audit Committee. The Committee will be required to ensure a robust and systematic approach to improve risk management and minimize the Corporation's exposure to risks.
- vi. The Board should ensure that training in risk management is part of the ongoing professional development programme for Directors and staff.

14.1.3 Management will:

- (a) provide regular reports that will enable the Board to understand significant risks.
- (b) recommend risk management policies for the Corporation's significant risk to the Board for consideration and should review policies periodically.
- (c) provide the Board with periodic reports where risks are not being managed in accordance with established policies and assess the appropriateness of risk management policies.
- (d) provide the Board with regular Reports on whether the Corporation has an appropriate ERM process.

14.2 **Control Environment and Internal Audit**

14.2.1 The Board will ensure that the Corporation has a controlled environment that supports the prudent management of its operations and of the risks to which it is exposed (including risks to the attainment of its objects) and has effective policies and practices to assure the integrity of internal controls and management information systems³⁹.

³⁹ PBMS s. 9 (1) "The audit committee of a public body shall –
... (a) oversee any internal audit of the public body..."

- 14.2.2 The Board will establish the mandate of, and allocate sufficient, resources for the internal audit of the Corporation, approve the audit plan annually and seek, regularly, reasonable assurance that the Corporation's policies and procedures are being monitored and adhered to and that appropriate action is taken to address any significant weaknesses or gaps identified.
- 14.2.3 The Board should strive to achieve the correct balance between its various stakeholder groupings; ensuring equitable treatment and mutual respect for all, to advance the interests of the Corporation.
- 14.2.4 Management will ensure that the Corporation has a controlled environment that supports the prudent management of its operations and of the risks to which it is exposed and contributes to the achievement of its objectives. It will provide regular reports to the Board on compliance with documented controls.
- 14.2.5 Management should develop and implement a formal process to resolve internal and external disputes.
- 14.2.6 Management is to document organizational and procedural controls to:
- (a) provide the necessary guidance to individuals responsible for the Corporation's policies, procedures, and controls; and
 - (b) assist in ensuring that the controls used are authorized, adequate and current.

15.0 Environmental, Social and Governance (ESG) Considerations

The Board recognizes the value of existing ad hoc practices in environmental stewardship, corporate social responsibility, human resources policies, and governance structures. Moving forward, the Board is committed to formally integrating Environmental, Social, and Governance (ESG) principles into the Corporation's strategic initiatives and day-to-day operations. This will be achieved through the development and implementation of a comprehensive ESG Framework designed to drive sustainable, responsible, and ethical practices across all areas of the JDIC.

16.0 Data Protection

16.1 Commitment to Data Privacy

The Board is committed to safeguarding the personal data of its stakeholders, including employees, customers, and other relevant parties, in compliance with the Data Protection Act of Jamaica.

16.2 Data Governance Framework

The Board will ensure the establishment and maintenance of a data governance framework that outlines policies, procedures, and controls to manage and protect personal data, ensuring that it is processed fairly, lawfully, and securely.

16.3 Breach Reporting and Response

In the event of a data breach, the Board will ensure that clear procedures are in place for timely reporting, mitigating harm, and complying with legal obligations, including notification requirements to affected individuals and relevant authorities.

17.0 LINKAGES POLICIES THAT DEFINE RELATIONSHIPS WITH AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

17.1 Distinction of Responsibilities

17.1.1 The Board will distinguish and document the responsibilities and accountability of the Chairman and Chief Executive Officer⁴⁰ (CEO) and has done so in this Policy. Schedule para. 14 (1) and (2) of the Deposit Insurance Act provides for the Board to appoint a CEO, and the CEO shall be responsible for the day-to-day

⁴⁰ **DIA Schedule para 1** "There shall be a Board of Directors of the Corporation which, subject to the provisions of this Act, shall be responsible for the policy and general administration of the Corporation and the management of the Deposit Insurance Fund."

DIA Schedule para 14 (1) and (2)

"(1) The Corporation may appoint and employ at such remuneration and such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act."

(2) The chief executive officer shall be responsible for the day –to –day administration of the business of the Corporation and for the execution of the policy of the Corporation..."

Bank of Jamaica – Standards of Sound Business Practices – Internal Controls

"Effective corporate governance requires a high level of cooperation between an institution's Board of Directors and its Management. Management supervision is one of the board's most direct responsibilities. A Board of Directors should ensure that the institution's day – to –day operations are in the hands of qualified, honest and competent management. This necessitates that each director exercise independent judgment in evaluating management's actions and competence. Carrying out this responsibility generally periodic goal setting, review and evaluation of management performance.

administration of the business and affairs of the Corporation. The Board should avoid participating in the day-to-day management of the business of the Corporation.

17.1.2 The CEO's primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Corporation, acting as the main point of communication between the Board and corporate operations, and being the public face of the Corporation.

17.1.3 The Board will:

- (a) influence the ethical values of the Corporation;
- (b) develop a set of corporate objectives, at least annually, for which the CEO is responsible for achieving and evaluating the performance of the CEO against those objectives;
- (c) appoint the CEO, decide on his/her compensation package in accordance with relevant guidelines, establish performance standards and evaluate his/her performance annually⁴¹;
- (d) develop position descriptions for the Chairman and CEO.
- (e) define the duties and responsibilities of the CEO;
- (f) select or approve an individual with appropriate ability, integrity, and experience to fill the CEO's position;
- (g) review proposed Management appointments;
- (h) ensure the selection, appointment, and retention of qualified and competent management;
- (i) review the Corporation's Human Resource Management Policies, including reviewing and approving changes to the compensation plan for all employees and Management;
- (j) review the Corporation's Management succession plan; and
- (k) review the sufficiency and qualifications of the Corporation's human resources.

⁴¹ *Corporate Governance Framework for Public Bodies September, 2011 revised October, 2012*

17.2 Establishment of Standards of Conduct and Ethical Behaviour

- 17.2.1 The Board will establish standards of conduct and ethical behaviour for Directors and the Corporation's officers and other employees and obtain, regularly, reasonable assurance that the Corporation has an ongoing, appropriate and effective process for ensuring adherence to those standards⁴².
- 17.2.2 Management is to provide the Board with recommendations for their consideration regarding standards of conduct and ethical behaviour for Directors, officers, and employees⁴³.
- 17.2.3 Management is to develop and implement an ongoing, appropriate and effective process for ensuring adherence to the Corporation's standards of conduct and behaviour and provide the Board periodically with reports that will enable the Board to assess the quality of the Corporation's processes for ensuring adherence to these standards.

17.3 Appointment of Officers

- 17.3.1 The Corporation will appoint officers, including the CEO, who are suitably qualified and capable of carrying out duties prescribed in the DIA or other duties identified by the Corporation effectively and prudently⁴⁴.
- 17.3.2 It is important for Management positions to be filled by suitably qualified individuals capable of managing the operations of the Corporation effectively and prudently.
- 17.3.3 Management is to provide the Board with recommendations for their consideration regarding the appointment of officers (other than the CEO).

⁴² **DIA – para 13 of Schedule** "No action, suit, prosecution or other proceedings shall be brought or instituted against the Corporation or against any director, officer, employee or any person acting on behalf of the Corporation in respect of any act done bona fide in pursuance or execution or intended execution of this Act"

DIA s. 24 (Persons with official duties or employed in the administration of DIA have duty to secrecy and confidentiality)

JDIC HR Policies and Procedures section 10 – Code of Conduct (see details at end of policy)

⁴³ DIA –para 3,4,5 of Schedule (see schedule at end of policy)

⁴⁴ DIA Schedule para 14 (1) and (2)

"(1) The Corporation may appoint and employ at such remuneration and such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act."

17.4 **Succession Planning for the Chief Executive Officer and Senior Officers**

- 17.4.1 The Board will ensure that a formal succession plan is in place for the CEO and other key executive positions. This plan must outline a structured process for identifying, developing, and transitioning future leaders within the Corporation.
- 17.4.2 The Board must ensure that regular reviews of the succession plan are conducted to ensure it remains relevant, and potential successors undergo relevant and targeted development training.
- 17.4.3 The Board must ensure that as part of the succession plan, the Corporation implements emergency succession protocols to maintain continuity in leadership in the event of sudden departures, death or unavailability.

18.0. **End Policies to Guide the Chief Executive Officer in the day-to-day management of the Corporation as the Agent of the Board**

18.1 **Periodic Review of the JDIC's Objects and Plans**

- 18.1.1 The Board will periodically review and assess the Corporation's objects and plans to ensure their continued relevance, and where appropriate, propose changes for consideration by the Minister of Finance and the Public Service.
- 18.1.2 The Board will adopt a strategic planning process.
- 18.1.3 At least annually, the Board will approve the Corporate Plans and the operating and capital budget, which is appropriate and prudent in light of the Corporation's objects, current and anticipated environment, risks, resources, and financial position⁴⁵.

⁴⁵ PBMA s.6 "Every board shall –

(a) take such steps as are necessary –

(i) for the efficient and effective management of the public body;

(ii) to ensure the accountability of all persons who manage the resources of the public body;

(b) develop adequate information, control, evaluation and reporting systems within the body;

(c) develop specific measurable objectives and performance targets of that body;

(d) advise the responsible Minister on matter of general policy relating to the management of the body."

PBMA s.7 (1), (2), (3), s. 7A and PBMA (Amendment, 2010) section 5

"(1) Every board shall, not later than the 1st day of January in each year (**amendment substitute to** "The board of directors of a public body shall, not later than three months before the end of the financial year of the public body", deliver to the responsible Minister (and a copy thereof to the Minister) a draft corporate plan in accordance with regulations made hereunder

(2) Every corporate plan shall contain the information specified in the First Schedule..."

PBMA First Schedule "Each corporate plan shall contain the following information ...3 an operating budget, 4. Capital budgets and their justification..."

- 18.1.4 The Board should ensure that measures for managerial performance take into account the financial, socio-cultural, and environmental dimensions (**known as the triple-bottom-line-approach**) of business procedures, legal procedures, and ethical practices with a focus on their customers and other stakeholders.
- 18.1.5 The Board should ensure that CSR is addressed as an important tenet of the Corporation's corporate governance framework.
- 18.1.6 The Board should ensure that the Corporation develops and publishes in its annual report, a statement on its CSR activities, and should produce for public scrutiny a CSR statement of commitment and philosophy, to which stakeholders can hold it accountable.
- 18.1.7 The Board shall regularly evaluate the Corporation's performance in implementing its approved plans and budgets.
- 18.1.8 The Board shall obtain, regularly, reasonable assurance that the Corporation has an effective strategic management process.
- 18.1.9 The Board should examine its public policy objectives and periodically, the legislated mandate to ensure their continued relevance.
- 18.1.10 The Board should ensure that all public policy objectives are clearly defined in law and adequately described in the Corporation's Corporate Plans.
- 18.1.11 Management will periodically assess the continued relevance of the Corporation's objects and powers and report to the Board on the results of these reviews.
- 18.1.12 Management will periodically develop recommendations for prudent and appropriate operating objectives and strategies, an operating budget, borrowing plan, corporate plan, and premium rate that effectively take into account the Corporation's object, current and anticipated environment, risks, resources, and the financial position, and submit recommendations to the Board for consideration.
- 18.1.13 Management will provide the Board with regular reports that enable it to assess the Corporation's performance in

PBMA s.23

"Every public body shall prepare and submit to the responsible Minister, half yearly and quarterly reports in accordance with Parts II and III of the Second Schedule"

implementing its approved objectives, strategies, plans, and budgets.

18.1.14 Management will provide the Board with regular reports that enable it to assess whether the Corporation has an appropriate and effective strategic management process.

18.2 Effective Communications

18.2.1 The Board will ensure that the Corporation communicates effectively with the governmental authorities, depositors, policy-holding institutions, regulators and supervisors, and other stakeholders promptly.

18.2.2 The Board should ensure that the Corporation's reports adequately communicate the significant issues confronting the Corporation.

18.2.3 The Board must be satisfied with the main messages contained in the Corporation's Annual Report and, where applicable, in the documents tabled in Parliament, including the Corporate Plan summary, the budget summaries, and the Corporation's Annual Report.

18.2.4 The board and Management should identify and recognize discreet communication areas based on the identity of its major stakeholders and develop appropriate channels within the context of corporate operations and accountabilities.

18.2.5 The Corporation, through the Chairman or the CEO, should inform the government of any significant developments or decisions that are likely to have a major impact on the Corporation or public perceptions and attitudes towards it. Any significant direct communication between Management and the government should be brought to the attention of the Board.

18.2.6 Management is to prepare and recommend appropriate communication protocols for discrete areas within the purview of the Board and Management taking into account corporate accountabilities.

18.3 Review of Board Governance Policy

The Board will review these Governance Policies at least every two years to ensure they stay relevant to the Corporation's circumstances and needs. The Policies must, at a minimum, align with the applicable statutes governing the Corporation, reflect the standards set for its Policyholders where relevant, and incorporate any updated government policies.

DOCUMENT CHANGE CONTROL

JAMAICA DEPOSIT INSURANCE CORPORATION BOARD GOVERNANCE POLICY

Date Prepared/ Updated	Section	Title/Page	Change Summary Reference	Date Approved by Board/Board Committee
<i>Prepared by Corporate Secretariat Unit</i>	All			<i>Approved by Board of Directors 2006</i>
Revised by Management	All			September 26, 2015
Revised by Committee of Management	All			November 24, 2015 <i>Approved by Board of Directors on November 26, 2015</i>
Revised by the corporate Secretariat Unit	All			Revised by COM on May 28, 2020, and February 14, 2021 Approved by Board of Directors on April 21, 2021
Revised by the Corporate Secretariat Section in April 2022	All		The following sections were added to guide the Board: 6.0 Potential conflicts of interest; 7.0 Notice of Related Positions; 8.0 Conflict of interest of Directors; 9.0 Confidentiality and Notice of Disclosure; 10.0 Access to Records; and 11.0 Resolution and Adoption at Meetings.	Reviewed by COM on July 29 2022 Approved by the Board of Directors via round robin on September 2, 2022, and ratified at the 153 rd Board of Directors meeting held on September 28, 2022.

Date Prepared/Updated	Section	Title/Page	Change Summary Reference	Date Approved by Board/Board Committee
Revised by the Corporate Secretariat Section on November 2024	All		<p>Section 1.0 was revised for greater clarity.</p> <p>Subparagraph 2.1.3 was added to highlight the importance of stakeholder engagement.</p> <p>Section 3.0 was added to include a statement of commitment to good Board governance.</p> <p>Section 15.0 ESG Considerations was added to introduce the need to foster sustainable, ethical practices and ensure the JDIC's long-term alignment with environmental, social, and governance standards.</p> <p>Section 16.0 was added to emphasize the need for implementing measures that safeguard personal data and ensure compliance with evolving privacy laws.</p> <p>All other amendments were inconsequential and focused on enhancing grammar, sentence flow and greater clarity.</p>	Approved by the Board of Directors at the 167 th Board of Directors meeting held on January 29, 2025.