



**GENERAL ACCIDENT INSURANCE COMPANY JA. LTD**

**CORPORATE GOVERNANCE CHARTER**



## CORPORATE GOVERNANCE POLICY

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This policy sets out the core principles of the company's Corporate Governance Policy

### **PART 1:- PRINCIPLES**

#### **DIRECTORS:**

**1. The Board**

The company is headed by an effective Board, which is collectively responsible for promoting the success of the company by directing and supervising the company's affairs.

**2. Chairman and Chief Executive Officer**

There is a clear division of responsibilities at the head of the company between the running of the Board and the executive responsibility for the running of the company's business. The positions of Chairman and Chief Executive Officer are held by separate persons.

**3. Board balance and independence**

The Board includes a balance of executive and non-executive directors. Of the non-executive directors, at least one third of these are independent non-executive directors.

**4. Appointments to the Board**

New directors to the Board are appointed by majority decision.

**5. Information**

The Board is supplied with monthly Financial Statements and other reports that provide information in a form and of a quality appropriate to enable it to discharge its duties.

**6. Performance evaluation**

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.

#### **REMUNERATION**

**7. The Level and Make-up of Remuneration**

Levels of remuneration sufficiently attract, retain and motivate directors of the quality required to run the company successfully.

**8. Procedure**

There is an established formal and transparent procedure for developing policy on Board remuneration. No director is involved in deciding his or her own remuneration.

**9. Disclosure**

The company's annual report contains a statement of remuneration policy and details of the remuneration of its directors.

## RELATIONS WITH SHAREHOLDERS

### 10. Dialogue with Shareholders

There is dialogue with shareholders based on the mutual understanding of objectives.

## ACCOUNTABILITY AND AUDIT

### 11. Financial Reporting

The Board presents a balanced and understandable assessment of the company's position and prospects.

### 12. Internal Control

The Board maintains a sound system of internal control to safeguard shareholders' investment and the company's assets.

### 13. Audit Committee and Auditors

The Board has established formal and transparent arrangements for the consideration of the methods of applying financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

## PART 2: CODE OF BEST PRACTICE

### DIRECTORS

#### 1.0 The Board

##### *Principle:*

**The company shall be headed by an effective Board, which is collectively responsible for promoting the success of the company by directing and supervising the company's affairs.**

##### *Code Provisions*

- 1.1 The Board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the company's strategic aims ensure that the necessary financial and human resources are in place for the company to meet its objectives and review management performance. The Board sets the company's values and standards and ensures that its obligations to its shareholders and others are understood and met.
- 1.2 The Board shall meet sufficiently regularly to discharge its duties effectively. There is a formal schedule of matters specifically reserved for its decision.
- 1.3 All directors take decisions objectively in the interest of the company.
- 1.4 Where a director has concerns; which cannot be resolved, with regards to the manner in which the company is being run or about a course of action being proposed by the Board, such concerns shall be recorded in the Board Minutes.

## **2.0 Chairman and Chief Executive**

### *Principle*

**There shall be a clear division of responsibilities at the head of the company between the running of the Board and the executive responsibility for the running of the company's business. No one individual shall have unfettered powers of decision.**

### *Code Provision*

- 2.1 The roles of chairman and chief executive shall not be exercised by the same individual. The division of responsibilities between the chairman and chief executive shall be clearly established.
- 2.2 The chairman shall be responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The chairman shall also be responsible for ensuring that the directors receive accurate, timely and clear information. The chairman also facilitates the effective contribution of non-executive directors and ensures constructive relations between executive and non-executive directors.

## **3.0 Board Balance and Independence**

### *Principle*

**The Board includes a balance of executive and non-executive directors, such that no individual or small group of individuals can dominate the Board's decision taking.**

### *Code Provisions*

- 3.1 The Board shall be of sufficient size that the balance of skills and experience is appropriate for the requirements of the business and that changes to the Board's composition can be managed without undue disruption.
- 3.2 To ensure that power and information are not concentrated in one or two individuals, there is a strong presence on the Board of both executive and non-executive directors.
- 3.3 The Chairman shall determine whether a director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

The Chairman should state his reasons if he determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;

- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder;

As a small company, (as defined in the Companies Act) at least half the Board, excluding the chairman, shall comprise non-executive directors of whom at least one-third is determined by the Board to be independent. Accordingly, there shall be at least two independent non-executive directors.

#### **4.0 Appointments to the Board**

##### *Principle*

**There is a formal, rigorous and transparent procedure for the appointment of new directors to the Board.**

##### *Code Provision*

- 4.1 The nomination committee shall lead the process for Board appointments and make recommendations to the Board. The Chairman shall not chair the nomination committee when it is dealing with the appointment of a successor to the chairmanship.
- 4.2 Before making an appointment, the nomination committee shall evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation; prepare a description of the role and capabilities required for a particular appointment.
- 4.3 The Board shall give reasons to the shareholder why they believe an individual should be appointed to the Board.
- 4.4 The Board should satisfy itself that plans are in place for orderly succession for appointments to the Board so as to maintain an appropriate balance of skills and experience within the company and on the Board.

#### **5.0 Information and Professional development**

##### *Principle*

**The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. New directors receive induction on joining the Board and all directors are continually updated and refresh their skills and knowledge.**

### ***Code Provision***

- 5.1 The chairman is responsible for ensuring that the directors receive accurate, timely and clear information. Management has an obligation to provide such information but directors seek clarification or amplification where necessary.
- 5.2 The Managing Director and Company Secretary are accountable to the Board through the chairman on all governance matters.
- 5.3 The Board shall ensure that directors, have access to independent professional advice at the company's expense where they judge it necessary to discharge their responsibilities as directors. Committees are being provided with sufficient resources to undertake their duties.
- 5.4 All directors shall have access to the impartial advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the chairman, the company secretary's responsibilities include facilitating induction and professional development, ensuring good information flows within the Board and its committees.
- 5.5 Both the appointment and the removal of the company secretary is a matter for the Board as a whole.
- 5.6 The chairman shall ensure that new directors receive comprehensive, formal and tailored induction on joining the Board. This includes, amongst other things, meeting major investors.
- 5.7 The chairman shall ensure that the directors continually update the skills and knowledge required to fulfill their role both on the Board and on Board committees. The company acknowledges that as part of the cost of running an effective Board they need the provision of funds and time for developing and updating directors is a critical factor.

## ***6.0 Performance Evaluation***

### *Principle*

**The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.**

### *Code Provision*

- 6.1 Performance evaluation of the Board, its committees and its individual directors is undertaken at least once a year. The chairman shall act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of the Board and, where appropriate, appointing new members to the Board or seeking the resignation of directors.

## **B. REMUNERATION**

### **7.0 The Level and Make-up of Remuneration**

#### *Principle*

**Levels of remuneration shall be sufficient to attract, retain and motivate the directors of the quality required to run the company successfully but company avoids paying more than is necessary for this purpose. A proportion of Chief Executive's remuneration shall be structured so as to link rewards to corporate and individual performance.**

#### *Code Provisions*

##### Remuneration policy

- 7.1 The Remuneration Committee provides the packages needed to attract, retain and motivate executive directors of the quality required but should avoid paying more than is necessary for this purpose.
- 7.2 The Remuneration Committee judges where to position their company relative to other companies. They must be aware what comparable companies are paying and should take account of relative performance.
- 7.3 The Remuneration Committee is sensitive to broader issues, including pay and employment conditions elsewhere in the group, especially when determining annual salary increases.
- 7.4 The performance-related elements of remuneration forms a significant proportion of the total remuneration package of executive directors and should be designed to align their interests with those of shareholders and to give these directors keen incentives to perform at the highest levels.

### **8.0 Procedure**

#### *Principle*

**The Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the packages of individual directors. No director is involved in deciding his or her own remuneration.**

#### *Code Provisions*

- 8.1 The remuneration committee has at least three members including the chairman.
- 8.2 The chairman of the Board ensures that the company maintains contact as required with its principal shareholders about remuneration in the same way as for other matters.

## **9.0 Disclosure**

### *Principle*

**The company's annual report contains a statement of remuneration policy and details of the remuneration of its directors.**

### *Code Provisions*

- 9.1 The Board shall report to the shareholders each year on remuneration. The report should form part of, or be annexed to, the company's annual report and accounts. It should be the main vehicle through which the company reports to shareholders on directors' remuneration.
- 9.2.1 The report should set out the company's policy on executive directors' remuneration. It should draw attention to factors specific to the company. It should also set out the company policy on non-executive director's remuneration.

## **RELATIONS WITH SHAREHOLDERS**

### **10.0 Dialogue with Shareholders**

#### *Principle*

**There is dialogue with the shareholders based on the mutual understanding of objectives. Whilst recognizing that most shareholders' contact is with the executive directors, the chairman and the Board as a whole maintain sufficient contact with shareholders to understand their issues and concerns.**

- 10.1 The chairman shall ensure that the views of shareholders are communicated to the Board as a whole. The chairman shall discuss governance and strategy with major shareholders. Non-executive directors are offered the opportunity to attend meetings with major shareholders and shall attend them if requested by major shareholders. The senior independent director shall attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.

## **ACCOUNTABILITY AND AUDIT**

### **11.0 Financial Reporting**

#### *Principle*

**The Board presents a balanced and understandable assessment of the company's position and prospects.**

#### *Code Provisions*

- 11.1 The directors report on the business as a going concern, with supporting assumptions or qualifications as necessary.



## **12.0 Internal Control**

### *Principle*

**The Board maintains a sound system of internal control to safeguard shareholders' investment and the company's assets.**

### *Code Provisions*

12.1 The directors shall conduct a review of the effectiveness of the group's system of internal controls. The review should cover material controls, including financial, operational and compliance controls and risk management systems. This review will be done annually.

## **13.0 Audit Committee and Auditors**

### *Principle*

**The Board has established formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.**

13.1 The Board established an audit committee of at least three members, with at least one member of the Audit Committee, being a qualified accountant.

13.2 The main role and responsibilities of the audit committee is set out in written terms of reference and includes:

- to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them
- to review the company's internal financial control system and, unless expressly addressed by a separate Board risk committee composed of independent directors, or by the Board itself, to review the company's internal control and risk management systems
- to monitor and review the effectiveness of the company's internal audit function
- to make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; such recommendations must take cognizance of the supply of non-audit services provided to the company by the external auditor, which could lead to conflict of interest and impair the external auditor's independence
- to develop and implement policy on the engagement of the external auditor to supply non-audit services.

- to review and monitor the external auditor's independence, objectivity and effectiveness of the audit process, taking into consideration relevant Jamaican professional and regulatory requirements.
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

13.3 The terms of reference of the audit committee shall include its role and the authority delegated to it by the Board is made available. A separate section of the annual report describes the work of the committee in discharging those responsibilities.

13.4 The audit committee shall review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The audit committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

13.5 The audit committee shall monitor and review the effectiveness of the internal audit activities. Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.

13.6 The audit committee has primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditors.