



## CORPORATE GOVERNANCE STATEMENT

### INTRODUCTION

**Access Financial Services (AFS)** is a leading microfinance institution in Jamaica with an island-wide presence. The Company offers a wide range of business and personal loans to the microfinance sector; a sector which contributes significantly to economic growth. AFS was incorporated in 2000 and was the first company to list on the Junior Market of the Jamaica Stock Exchange (JSE) in 2009. The Company also operates its wholly owned subsidiary Embassy Loans Inc., located in Florida, USA.

Access' Corporate Governance framework guides the interaction between Shareholders, the Board of Directors, Executive Management, Employees and other key Stakeholders. It is designed to engender the confidence of all stakeholders in the effective and transparent management of the Company's affairs. Elements of the PSOJ's Corporate Governance Code, international best practices, the Rules of the Jamaica Stock Exchange (JSE) and requirements of applicable legislation are incorporated in the Corporate Governance Framework.

### THE BOARD OF DIRECTORS

#### BOARD RESPONSIBILITY

The Board has been collectively given the mandate by its shareholders for the growth, general policy direction and oversight of the Company. The Board, through the Chairman, works closely with board sub-committees and management, to ensure the effectiveness of the Company's operations and that shareholders' value is maintained over the long term. The Board is committed to maintaining the highest level of transparency, accountability and integrity in all areas of the Company's operations. The primary responsibilities of the Board include oversight for Access and its subsidiary Embassy Loans Inc, and its general functions include, but are not limited to:

- Approving and monitoring strategic plans;
- Reviewing, and approving annual performance targets, annual budget, quarterly financial statements, audited financial statements;
- Approving acquisitions and major capital expenditure;
- Overseeing subsidiary operations including compliance with licensing requirements in Jamaica and Florida;
- Evaluating the Company's performance against set financial targets;
- Monitoring the performance of the CEO and Senior Management relative to agreed performance metrics;
- Reviewing and monitoring risk management, adequacy of internal controls, compliance of management with the Codes of Conduct and regulatory compliance;
- Reviewing and approving company disclosures externally; and
- Selecting and appointing suitably qualified directors to the Board.



Where deemed necessary, the Board of Directors have access to independent professional advice at the Company's expense to effectively execute its functions and responsibilities. This includes the appointment of attorney(s) to provide representation and advice.

On an annual basis, the Board sets financial and non-financial performance targets for the Company. The Board meets on a quarterly basis, or as required, to review the Company's financial performance against established targets, and to examine the strategic initiatives geared towards achieving the Company's objectives.

## **BOARD APPOINTMENT, ROTATION, COMPOSITION & ROLES**

### **a. Appointment**

The appointment of board members is governed by the Company's Articles of Incorporation. It states that Shareholders with 20% or more of issued shares can appoint one (1) Shareholder Director. Directors are also appointed to fill any casual vacancy or as an addition to the Board.

### **b. Rotation, Retirement and Tenure**

Board rotation and retirement is also governed by the Company's Articles. At the first Annual General Meeting, one-third (1/3) of the directors, except for the Chief Executive Officer, shall retire. The Director who has been in office longest, since their last election or appointment, shall retire. However, retiring directors shall be eligible for re-election or re-appointment. The tenure of each director is three (3) years. A Board member may resign or retire at any time by providing the Chairman with a written notice of resignation.

### **c. Board Composition**

Article 79 of the Company's Article of Incorporation prescribe that the number of Directors of the Company should not exceed seven (7) members. The Board should have an adequate balance of Independent Non-Executive and Non-Executive Directors. Independent Non-Executive Directors provide autonomous views and judgements to the decisions taken by the Board. The criteria for Independent Non-Executive Directors are those who:

- Have not had any material business dealings with the Company, its Shareholders, Directors or any senior employee within the last three (3) years;
- Do not have close family ties with any of the Company's advisors, directors or senior management team;
- Have not had any employer-employee relationship with the Company within the last 5 years;
- Do not receive any additional remuneration from the Company, apart from Director's fees;
- Do not or have represented a shareholder owning more than 10% of the voting rights of the Company;
- Have not served on the Board for more than nine (9) years from date of first election;



- Have not participated in the Company's pension scheme, share option plan or performance related pay scheme.

## **CHAIRMAN**

The Chairman's primary function is to lead and guide the decision-making of the Board, provide management oversight and approve communication protocols with all stakeholders of the Company. He is the principal contact for the Chief Executive Officer, offering sage advice and counsel.

## **GROUP CHIEF EXECUTIVE OFFICER**

The Group Chief Executive Officer (CEO) reports to the Board and is responsible for the overall management and performance of the AFS Group. The Group CEO is expected to manage AFS in accordance with the strategy, plans, practices and policies approved by the Board.

## **COMPANY SECRETARY**

The Company Secretary is appointed by the Board of Directors to undertake the administrative and corporate governance functions related to Board and Annual General Meetings.

## **BOARD SKILLS AND EXPERIENCE**

With diverse functional expertise, educational qualification, independence, gender mix and combination of Independent Non-Executive and Non-Executive Directors, the Board is placed to bring care, diligence and skill in the exercise of its decision-making process for the best interest of the Company. Each member of the Board has held a senior managerial position in a public organization or a recognized privately held entity. The skills set of the Directors include without limitation:

- Strategy and Leadership
- Finance and Audit
- Governance
- Mergers and Acquisitions
- Banking
- Risk Management

## **BOARD MEETINGS**

The Board of Directors meetings are held quarterly or with such frequency as the Board may decide. The annual schedule of the Board meetings for the year is agreed on by the Board.



## **BOARD COMMITTEES**

The Board has constituted three (3) standing committees to which specific responsibilities have been delegated. The Chairperson for each sub-committee is selected by the Board and approves the Terms of Reference of these Committees. These Committees are:

- Corporate Governance Committee
- Audit & Risk Committee
- Human Resources & Compensation Committee

## **COMPENSATION FOR MEETING ATTENDANCE**

The Board sets remuneration for attendance at meetings at competitive rates to attract and retain the Directors, taking into consideration all relevant internal and external factors.

## **DISCLOSURE AND COMMUNICATION WITH SHAREHOLDERS**

The Board provides accurate and timely information on the operations of the company. The Annual General Meeting of Shareholders serves as a forum through which:

- Audited Accounts, Directors' Report and Auditor's Reports are approved and adopted respectively;
- Resolutions on dividend payments are approved;
- Directors are elected and re-elected; and
- External Auditors are appointed or re-appointed.

Shareholders are provided an opportunity during and after the Annual General Meeting to raise questions relating to the financial statements and operation of their Company, as well as provide suggestions to Management and the Board of Directors.

During the year and outside of the Annual General Meeting, material information relating to the Company's operations are disseminated to our Shareholders through media publications, such as Media Releases, Newspapers in circulation and on the Company's website.