



**DEVELOPMENT BANK  
OF  
JAMAICA LIMITED**

**Corporate Governance  
Framework**

*Updated November 2019*

DEVELOPMENT BANK OF JAMAICA LIMITED

**CORPORATE GOVERNANCE FRAMEWORK**

*Acknowledgements*

The many contributions of the senior management team, members of staff and the members of the Audit and Corporate Governance Committee are hereby acknowledged.

The Policy reflects the recommendations put forward in the Corporate Governance Framework for Public Bodies, October 2012 and the Public Bodies Management and Accountability Act (2001).

Included in the Framework also are recommendations put forward in various documents such as the Organization of Economic Corporation & Development (OECD) Principles of Corporate Governance; IFC/Global Corporate Governance Forum; Combined Code UK (2007); Effective Corporate Governance: An Emerging Market (Caribbean) Perspective of Governing Corporations in a Disparate World (2005), PSOJ Corporate Governance Code 2016 and various other pieces of literature on the topic of corporate governance.

# DEVELOPMENT BANK OF JAMAICA LIMITED

## CORPORATE GOVERNANCE FRAMEWORK

### Table of Contents

	Glossary of Terms and Interpretations	1
1.	Introduction	4
2.	Definition of Corporate Governance	4
3.	Organization and Structure of the Bank	6
4.	DBJ's Strategic Management and Governance Overview	7
5.	DBJ's Mission, Vision & Core Values	9
6.	Code of Ethics	10
7.	Board of Directors	13
8.	Executive Management	16
9.	Board Committees	21
10.	Annual General Meetings	23
11.	Terms of Reference Occupational Detriment	24
12.	Relevant Policies Supporting Framework	25
	12.1 Media Policy	
	12.2 Donations Policy	
	12.3 Anti-Fraud and Corruption Policy	
	12.4 Whistleblowing Policy	
13.	Review of Framework	27
14.	Disclaimer	27
	<b>APPENDIX</b>	<b>28</b>
	1. Code of Ethics	
	2. Board Charter	
	3. Board Committees Terms of References	
	4. Anti -Fraud and Corruption Control Policy	
	a. Anti-Fraud and Corruption Control Policy Form	
	5. Whistleblowing Policy	
	6. DBJ Organisation Chart	

# DEVELOPMENT BANK OF JAMAICA LIMITED

## CORPORATE GOVERNANCE FRAMEWORK

### GLOSSARY OF TERMS AND INTERPRETATION

**“Accountability”** implies a relationship, a hierarchy and the duty of a body to explain and justify its conduct to another body. In the systems which are based on the Westminster Model of Parliamentary Democracy (and this is an element which has been retained by the Jamaican Constitution), ministerial responsibility is the cornerstone of accountability... it is based on department hierarchy and lines of responsibility culminating in the Ministers. Ministers are traditionally accountable for the policy that underlies their Ministries and agencies – they are accountable for the policy that underlies their budgets whereas Accounting Officers account for expending the budget. Therefore, accountability is a responsibility of individuals in as much as it is for the body corporate.

**“Board”** refers to the Board of Directors of the Development Bank of Jamaica Limited (DBJ) as prescribed in law or constitution. The Board of Directors is responsible for the strategic direction of the Bank ensuring alignment with the policy directive of the Government of Jamaica, such as specific policy directives of the Ministry of Finance and Planning.

**“Board Invitee”** refers to (excluding ex officio indicated below) persons to whom an invitation is extended to attend Board meetings by virtue of their expertise. This excludes ex-officio officers as indicated below. However, where the Public Body is a subsidiary of a parent company, the Directors of the parent company may not be deemed Board invitees. They would be ex-officio officers as in fact, the Directors of the subsidiary Public Body would be in essence, shadowing for them. Hence, parent Company Directors where they are appointed ex-officio officers may be entitled to vote, while Board invitees are not entitled to vote.

**“Board composition”** refers to the number of Directors and their diversity – skills, qualifications, experience and ages, gender balancing considerations.

**“Corporate Governance”** here refers to the laws, regulations, voluntary codes, principles, guidelines, management practices and leadership styles that independently or collectively serve to advance shareholders’ wealth and stakeholders’ welfare. It represents both the long-term survival and the effective and efficient survival of the Public Body.

**“DBJ’s representatives”** employees of DBJ or any other person authorized to conduct business on behalf of the company

**“Ex-Officio Officer”** (“ex-officio” is a Latin term meaning “by virtue of office or position.”) Ex-officio members of boards and committees, therefore, are persons who are members by virtue of some other office or position that they hold. For example, if the by-laws of an organization provide for a committee on finance consisting of the treasurer and three other members appointed by the president, the treasurer is said to be an ex-officio member of the finance committee, since he or she is automatically a member of the committee by virtue of the fact that he or she holds the office of treasurer. Without exception, ex-officio members of boards and committees have exactly the same rights and privileges as all other members, including, of course, the right to vote.

**“Fraud”** <sup>1</sup>Fraud has been defined as “All multifarious means which human ingenuity can devise, and which are resorted to by one individual to get an advantage over another by false suggestions or suppression of the truth.” It includes all surprises, tricks, cunning or dissembling and any unfair way in which another is cheated.

Fraud has three main constituents:

1. Material false statement made with an intent to deceive
2. A victim’s reliance on the statement
3. Damages

**“Gift”** Public Officers shall not accept gifts from current or potential GoJ contractors (*GoJ Procurement Guidelines – May 2012*)

**“Government”** means the Government of Jamaica. Where the Government of other countries is referred, it will be specified.

**“Non-Executive Director”** refers to a director who is not an employee of the bank but may have a contractual arrangement with the bank as a supplier or in another capacity

**“Public Body”** refers to wholly-owned or partially-owned and controlled Limited Liability Companies (State-Owned Enterprises), Statutory Bodies, Authorities, Commissions and their subsidiaries – in which the Government has a controlling interest, with each having its own Board of Directors.

**“Responsible Minister”** denotes the Minister in charge of the ministry under whose portfolio responsibility the Public Body falls.

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Source:

<sup>1</sup> Black’s Law Dictionary, 5<sup>th</sup> Edition, by Henry Campbell Black  
West Publishing Co., St. Paul, Minnesota, 1979

**“Shareholder”** means the Accountant General.

**“Stakeholder”** means the Board, DBJ employees, customers, partners and associates and the people of Jamaica

# DEVELOPMENT BANK OF JAMAICA LIMITED

## CORPORATE GOVERNANCE FRAMEWORK

### 1.0 Introduction

The Board of Directors (“Board”) and the management team of the Development Bank of Jamaica Limited (“DBJ”) are committed to the practice of internationally accepted principles of corporate governance. These principles and best practices are promulgated in this DBJ Corporate Governance Framework. This Framework provides standards against which successive boards can assess their governance structures and processes.

DBJ believes that good and transparent governance practices contribute to its growth, its financial stability and improve stakeholders’ confidence in its operations.

### 2.0 Definition of Corporate Governance

DBJ’s definition of corporate governance is adopted from the Government of Jamaica Corporate Governance Framework for Public Bodies published in October 2012.

“Corporate governance” refers to the laws, regulations, voluntary codes, principles, guidelines, management practices and leadership styles that independently or collectively serve to advance shareholder’s wealth, and stakeholders’ welfare. It represents both the long-term survival and the effective and efficient survival of the Public Body.<sup>2</sup>

#### 2.1 Principles

The main principles on which this Framework is based are fairness, performance and responsibility, accountability, disclosure and transparency, engagement of stakeholders, predictability, integrity and ethical behavior, engagement of an independent and effective Board, effective risk management, and engagement of capable and independent external and internal audit function.

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<sup>2</sup> Corporate Governance Framework for Public Bodies, October 2012

DBJ has articulated its Mission, Vision, Core Values and Code of Ethics which define the relationship with its stakeholders and the environment in which it operates. The statements of DBJ's Mission, Vision, Core Values are detailed at subsections 5.1, 5.2 and 5.3.

## 2.2 **Relevant Legislation**

The Companies Act, 2004, the Public Bodies Management and Accountability Act (PBMA Act), and the Financial Administration and Audit Act (FAA Act) impact DBJ's Corporate Governance Framework by imposing certain obligations on directors, the company secretary and executive management. Section 174 of the Companies Act, 2004, and Section 17 of the PBMA Act require company officers to act in the best interest of the Bank. The FAA Act requires compliance with the statutory requirements impinging upon DBJ operations.

## 2.3 **Who are Involved?**

Every member of the Board, DBJ employees, clients, partners and associates has a role to play in the corporate governance process.

Effective Corporate Governance is promoted by best practices of the Responsible Minister, Board, all employees and internal and external auditors.

DBJ fosters a culture in which everyone is empowered to report real or perceived misconduct, as described in the Code of Ethics, Anti-Fraud and Corruption Control Policy and the Whistleblowing Policy.

It is required that misconduct, by any member of the Board, members of staff or any other stakeholder, be reported. Misconduct is identified by breaches of any principles or policies that negatively impact DBJ's objectives.

Consequent on the adoption of Part (iv) of the Protected Disclosures Act, 2011 (PDA), Sections 16, 18 and 19, DBJ through its Whistleblowing Policy ensures that reports of misconduct are appropriately treated by authorized persons who keep the sender of the reports abreast of issues raised in the report and to protect such sender from "Occupational Detriment," as adopted from the PDA and presented at *Section 11 of this Framework*.

### 3.0 Organization and Structure of the Bank

#### 3.1 Core Business

The core business functions of DBJ are development banking, management, privatisation of national assets, public private partnership, providing technical support services and acting as investment manager and administrator of its pension fund.

Pursuant to Section 7 of the PBMA Act, the Responsible Minister is authorized to approve the annual corporate plan.

#### 3.2 Structure

The DBJ is a private company limited by shares. Any invitation to the public to subscribe for any shares or debenture of the company is prohibited. One billion seven hundred and fifty-seven million five hundred and thirty-nine thousand (1,757,539,000) of the issued shares are vested in the Accountant General in accordance with Section 7(2) of the Crown Property (Vesting) Act.

##### 3.2.1 Shareholding Structure

DBJ has interests in a number of associated companies which are incorporated and domiciled in Jamaica.

##### ***Associated Companies***

Harmonisation Ltd. and  
(i) its **subsidiary**:  
- Silver Sands Estate Ltd.

(ii) its **associated company**:  
- Harmony Cove Ltd.

##### ***Principal Activities***

Property development,  
rental of resorts

Property development

DBJ encourages the management of these companies to adhere to its corporate governance principles.

DBJ is represented on the boards of the associated companies.

The DBJ Board regularly reviews the activities of the associated companies.

### 3.2.2 Organizational Structure of DBJ

The organizational chart shows that the divisional structure is fashioned to facilitate DBJ's mission and strategic objectives. (See *DBJ organizational chart in Appendix 6*)

## 4.0 DBJ Strategic Management and Governance Overview

4.1 DBJ's policies, procedures and strategic plans guides the conduct of its business affairs in accordance with internationally accepted corporate governance principles which are aligned to the Public Bodies Corporate Governance Framework of the Government of Jamaica. The stated aim of the Government of Jamaica governance framework is to strengthen the governance accountability systems in public bodies.

DBJ's Framework as amplified herein seeks to:

- (a) Outline the structures, processes, roles and responsibilities of the Board and management in decision making, facilitating the development and management of a set of policies and processes to meet DBJ's objectives.
- (b) Define the reporting relationships between Ministers, Boards and executive management.
- (c) Define the duties, responsibilities and oversight functions of the Board which are exercised over the performance of the management of the Bank. The Framework empowers the Board to provide strategic guidance to the Bank. The Bank's reporting mechanism promotes effective monitoring by the Board, which allows for accountability to the stakeholders.
- (d) Ensure that the Board streamlines the Bank's operations for transparency and probity to promote adherence to the "monitoring arrangements" as required by the Ministry of Finance and Planning and the Bank's internal audit processes and Enterprise Risk Management System (ERMS).
- (e) Protect and facilitate the exercise of the rights of and accountability to the stakeholders in accordance with the Companies Act, the PBMA Act, the FAA Act, the Articles of

Incorporation, and the appropriate approved instructions of the responsible Ministry.

- (f) Safeguard integrity in financial and non-financial reporting.
- (g) Ensure disclosure and transparency. The framework which ensures timely and accurate disclosure is made on all material matters regarding the Bank, its financial situation, performance, ownership and governance.
- (h) Practise effective Enterprise Risk Management (ERM) by implementing mechanisms to identify, measure and control risks.
- (i) Promote ethical and responsible decision making at various levels of the organization.
- (j) Provide for the appropriate quality and independence of the external and internal audit functions.

#### 4.2 **DBJ Governance Structure**

DBJ's decision making structure is decentralized. While each division is required to adhere to the strategies, policies and standards set by the management team and the Board, each division is accountable for its contribution to the achievement of DBJ's operational and strategic objectives.

Effective decision making in DBJ's decentralized structure requires a clear allocation of responsibilities at the following levels of the organization:

- (a) Annual General Meetings
- (b) The Board of Directors
  - Chairman
  - Sub committees
  - Company Secretary
- (c) Managing Director
- (d) Executive managers – divisions
- (e) Employees

DBJ's Code of Ethics sets the tone of its desired business culture and outlines its core values and principles, which will guide the performance at each level of the organization.

4.3 This Corporate Governance Framework is supplemented by the Board Charter, Terms of References of Board Committees, Code of Ethics and relevant Policies as outlined in Sections 12.

## 5.0 **DBJ's Mission and Vision**

### 5.1 **Mission**

“The Development Bank of Jamaica provides opportunities to all Jamaicans to improve their quality of life through development financing, capacity building, public private partnership and privatisation solutions in keeping with Government policy.”

### 5.2 **Vision**

By 2025 DBJ is recognized as the Latin America and the Caribbean's foremost development finance institution that drives private sector development and contributes to broad-based, inclusive economic growth in Jamaica.”

We are:

- A catalyst for economic growth, development, and job creation resulting in an improved quality of life for all Jamaicans.
- An innovative financier of economic activity.
- Supportive of national development.
- The best place to work.
- A world class development bank.

## 5.3 **Core Values**

- (a) **Integrity:**  
In ethics, integrity is regarded as the honesty and truthfulness or accuracy, transparency and internal consistency of one's actions. DBJ Directors, managers and employees must strive to be consistent in their actions.

- (b) **Accountability:**  
Commit to taking full responsibility for one's actions and behavior at all times.
- (c) **Professionalism:**  
Conduct inside and outside the workplace which embraces competence in a particular field/area, respect and tolerance for others and their views, commitment to the organization, positive attitude, proper deportment, striving for excellence, and disciplined approach to work.
- (d) **Innovativeness:**  
DBJ will strive to find new, practical and innovative ways to provide products and services that will be of real value to our clients.

## 6.0 **DBJ's Code of Ethics Introduction**

DBJ's Code of Ethics applies to the Board, all employees, including temporary personnel, and DBJ representatives. Critical to the adoption and successful implementation of this Code of Ethics, is DBJ's commitment to and relationship with the following stakeholders:

- **Employees** – As provided in its Employee Charter employees are the face of DBJ. As such, special emphasis is placed on these groups and their role in adopting and implementing the Code of Ethics. DBJ values its employees as the keystone to success and is committed to treating all employees with dignity, trust, and respect, and to building a long-term relationship based on Jamaica's labour law and the respect of human rights. The company will not employ child labour. DBJ fosters teamwork, believing that diversity in talent, perspectives, and opinions stimulate new and creative business opportunities and innovation.
- **Customers** – The Bank's Customer Charter outlines that client/customer satisfaction is tantamount to DBJ. Confidential, safe and quality services and products, fair pricing and appropriate follow up services shall define the company's relations with its clients/customers and will always seek to deliver what it promises. DBJ is committed to complying fully with the Jamaican law on anti-money laundering and only conducts business with

reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

- **Government** - DBJ will pay all taxes that are owed and due, fully and in a timely manner. DBJ abides by all national and industry-specific regulations, including voluntary codes and guidelines, in both spirit and letter.

DBJ will also legally obtain all licenses required to do business. The company seeks to build and manage a sound relationship with governmental authorities as a Public Body wholly-owned by the State. No attempts to improperly influence governmental decisions shall be made, and the company will not offer, pay, solicit or accept bribes in any form or shape, either directly or indirectly, in its dealings with the private sector or other State-Owned Enterprises or private individuals, administration or courts. Transparent procedures regarding transactions engaged in by DBJ and any other government agency or official or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

- **Community, Society and Environment** - DBJ views itself as an integral part of the community in which it operates and is committed to a sound relationship built on honesty, integrity, accountability, trust, fairness, professionalism, mutual respect, confidentiality and innovation. The company is committed to creating jobs and developing local talent when this is economically sustainable.

The preservation of the environment is of the utmost importance to DBJ. The company thus strives to minimize any disruption to the environment arising from its activities by reducing waste, emissions and discharges, and by using energy efficiently. All operations and activities will be carried out according to the highest standards of care and in-line with internationally recognized principles. As stipulated in its Donation Policy, the Bank will not knowingly make political contributions whether in cash or kind.

By ethical behavior, DBJ seeks to build and maintain trust amongst its Board, members of staff, shareholders and external

stakeholders by adhering to the highest culturally and socially acceptable practices, and the abhorrence of conduct that displays unfair discrimination on the bases of gender, race, disability, place of origin, social class, colour, religion, age, and political persuasion.

These Core Values will be honoured in accordance with the laws and regulations and consistent with the standards DBJ has put forward in its policies, principles and guidelines. In support of its Core Values, DBJ further embraces the following nine (9) business principles:

- (a) **Compliance:**  
Ensure that business transactions are done in accordance with the requirements of governing laws, mutual agreements, and policies, in particular the Companies Act, PBMA Act, etc. and regulations in relation to conflict of interest and related party transactions. Everyone has the responsibility to acquire sufficient understanding of the applicable laws and regulations pertinent to the performance of their jobs.
- (b) **Business Principles:**  
Strive to continuously foster and enhance good relationships with all stakeholders.
- (c) **Merit-based Reward/Recognition:**  
Promote a merit-based reward and recognition system which is based on measured performance. Objective evaluation of performance is required.
- (d) **Protect DBJ's Assets and Records:**  
Strive to protect DBJ's assets and its reputation. All assets should be used and maintained with care and respect; waste and abuse should be avoided.  
  
The unauthorized use of DBJ's time, materials, financial assets or facilities is prohibited. The unauthorized removal or borrowing of DBJ's assets is forbidden
- (e) **Probity:**  
Staff should always exercise probity in their relationship with clients and other stakeholders.

(f) **Commitment:**

Staff must be fully committed to achieving the objectives of DBJ; always performing with diligence, competence and excellence.

(g) **Responsive to Media and Others:**

DBJ maintains a principle of openness and transparency with external parties based on DBJ's Media Policy and the Access to Information Act.

(h) **Conflict of interest**

Incidents that could be interpreted as real or perceived conflict of interest are dealt with in *Section 3 (vi)* of the Code of Ethics

(i) **Fraud**

The Anti-fraud & Corruption Control Policy outlines the procedures for dealing with actions that may constitute fraud.

DBJ's business principles are grounded in its core values and the standards for business conduct are derived from these principles.

Any breach of the principles outlined in the Code of Ethics will result in disciplinary action being taken against the perpetrator.

## 6.1 Code of Ethics

The Code of Ethics is found in **Appendix 1**.

## 7.0 Board of Directors

The primary role of the Board is to provide leadership which will create and maintain an environment of transparency, accountability and customer relevance which will stimulate economic growth and development and promote entrepreneurship.

Each director must satisfy the "Fit and Proper" criteria determined by the Financial Services Commission (FSC). The Board should be established as the primary decision-making authority of the DBJ and its roles and responsibilities vis-à-vis executive management should be clearly documented to avoid any misunderstanding between the Board's role and that of executive management.

## Generally Accepted Criteria for Independence

An **independent director** is a director who:

- (a) Is not a controlling person of the company (or member of a group of individuals and/or entities that collectively exercise effective control over the company) or such person's brother, sister, parent, grandparent, child, cousin, aunt, uncle, nephew or niece, or a spouse, widow, in-law, heir, legatee and successor of any of the foregoing, (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any person described in this paragraph who is deceased or legally incompetent;
- (b) Does not currently have, nor has had any personal service contracts with the company, its related-parties or its senior management at any time during the past five years;
- (c) Is not, and has not been affiliated with a company that acts as an advisor or consultant to the company or its related parties, and has not acted in such capacity at any time during the past five years;
- (d) Is not, and has not been affiliated with any significant customer or supplier of the company or its related parties at any time during the past five years;
- (e) Is not affiliated with any non-profit organization that receives significant funding from the company or its related parties;
- (f) Does not receive and has not received any additional remuneration from the company apart from a director's remuneration, nor participates in the company's share option or performance related payment plans, nor is a participant of the company's pension plan;
- (g) The director's remuneration does not constitute a significant portion of the person's annual income;
- (h) Is not employed as an executive officer of another company where any of the company's executives serve on that company's board, and
- (i) Is not a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by the company or its related parties as an executive officer.

## 7.1 **Board Values**

DBJ core values are affirmed by the Board. The communication of these values to everyone in the organization will influence the quality of performance. These values include:

- (1) Working in the best interest of the Bank
- (2) Keeping the Bank's mission
- (3) Abiding by the law in matters where conflict of interest will arise
- (4) Fair evaluation of performance
- (5) Fair dealing with internal conflicts via the relevant committee
- (6) Establishing and maintaining the principles outlined in its Code of Ethics.

### 7.1.1 **Conformity**

The Board should ensure that the Bank conducts its business in conformity with:

- Regulatory requirements and best practices
- Statutory requirements
- Policy directives of the Government of Jamaica
- Respective statutes
- The Constitution of Jamaica

## 7.2 **Chairman of the Board of Directors**

The Chairman is appointed by the Minister as head of the Board. The Chairman should be an independent non-executive director and hold no executive position or material connection with the Bank. There should be a clear demarcation between the functions of the Managing Director and the Chairman

### **Role of the Chairman**

The Chairman is the leader of the Board and is always recognized in law. It is necessary that he/she sets the tone at the top and articulates his/her vision and style and lead by example.

There should be clear and easily understood Terms of Reference for the Chairman of the Bank and this is detailed in the Board Charter.

## 7.3 **Board Charter**

The Board of Directors have developed a Board Charter that will guide its operations. Upon appointment, each member of the board will be provided with the board charter which will also be posted on the governance page of DBJ website.

The Board Charter is found in **Appendix 2**

## **8.0 Executive Management (Senior Management)**

### **(a) Composition**

The Managing Director is the head of the management team and is supported by General Managers for each division. The management team is responsible for the operational management of the Bank.

### **(a) Functions**

- (i) Develops the overall strategy to achieve the Bank's objectives for submission to the Board for approval.
- (ii) Each General Manager ensures the establishment of all necessary risk management and internal control systems.
- (iii) Develops an organizational structure for their respective divisions.
- (iv) Makes recommendations to the Board.

## **8.1 Appointment and termination of Managing Director**

- (a) The Board should ensure that the Managing Director possesses the necessary skill and expertise to appropriately execute the day to day operations of the Bank.
- (b) The Board evaluates the performance of the Managing Director and in accordance with Section 6(e) of the PBMA Act, a performance contract between DBJ and the Managing Director should be effected.
- (c) The terms of reference of the Managing Director should include his job description and half yearly or yearly expectations required by the Board.
- (d) The Managing Director relies on the Board for review, ratification and approval of certain corporate activities, loans, agreements, asset acquisition and sale of certain

assets, contracts above a certain predetermined value, and new corporate policies.

- (e) Decisions taken on these and other Board decisions must be based on the objectivity of each director acting in the best interests of the DBJ.

## **8.2 Managing Director (CEO)**

The Managing Director who is the CEO is accountable to the Board through the Chairman, for the overall achievement of DBJ's national impact, financial and customer satisfaction objectives. The Board should hire, appoint, evaluate and determine the tenure of the Managing Director, whose role should be to manage the day to day operation of the Bank. The Managing Director should be held accountable by the Board for performance of the organization and the implementation of the Board's strategy and policy in accordance with "mutually agreeable and written performance objectives"<sup>3</sup> which are outlined in the Corporate Plan. The Managing Director's contract should be void of any ambiguity whatsoever, with the clear definition of roles and responsibility for management, inclusive of the authority delegated from the Board.

### **8.2.1 Role of the Managing Director (CEO)**

Appropriately delegates strategic activities to team members.

1. Ensures adherence to the level of authority recommended by the Board in the performance of his or her duties.
2. Submits the main strategic options to the Board.
3. Liaises with important stakeholders and relevant agencies of the Government, overseas financial institutions, etc. which are involved in the productive sectors and submits to the Board any strategic options relevant to DBJ's development objectives.
4. Undertakes the implementation of the decisions taken by the Board.
5. Provides all relevant information to the Board to enable it to exercise its responsibilities.

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<sup>3</sup> Corporate Governance Framework for Public Bodies, October 2012

6. Ensures the preparation and submission of reports e.g. annual reports and audited financial statements, in accordance with the relevant laws, acts and regulations.
7. “The Chief Executive Officer will operate as the chief spokesperson for the Bank and will communicate with shareholder and stakeholders as prescribed by law or as necessary.”<sup>4</sup>
8. Establishes an appropriate reporting relationship between the Permanent Secretary and himself as well as between himself and the Minister in the responsible Ministry.
9. Ensures that the organizational structure is supported by adequate managerial positions.
10. Ensures that the Bank is served by an appropriate staff structure and that human resource development programmes for staff are in place.
11. Ensures that managers provide staff with opportunities to make input in the formulation of DBJ’s strategic plans, operations and programmes such as business risks.
12. Ensures that managers provide staff with feedback on DBJ’s operations and performance.
13. Ensures that there is provision for the resolution of internal conflicts.
14. Provides all relevant information to the Board on the performance of the management team.
15. Ensures that performance appraisals are done for all team members.
16. Ensures that procedures are in place to assess, in particular, the appropriateness of the qualifications, knowledge and skills of senior management.

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<sup>4</sup> Corporate Governance Framework for Public Bodies, October 2012

### 8.3 **Company Secretary**

The Company Secretary (CS) is appointed by the Board to execute critical administrative and governance functions, which demand a high degree of compliance and ethical conduct. The appointment of a CS is a requirement under Jamaican business law, where the organization is a limited liability company irrespective of ownership. In addition, many Public Bodies statutes and Corporate Governance guidelines set out clear and comprehensive roles and responsibilities for the CS, which ought not to be delegated elsewhere under any circumstances.

#### 8.3.1 **Role of the Company Secretary**

The position of Company Secretary is to act as chief governance advisor to the Board, responsible for all administrative functions, including all matters related to minutes of mainboard and committees of the Board, and to participate actively in stakeholder relations.

1. The Board is responsible to appoint and to remove the Company Secretary.
2. The Company Secretary should be subjected to similar requirements of “Fit and Proper” requirements as a new director, being an officer of the company and a key governance fiduciary.
3. The Company Secretary is fully accountable to the Board where the position does not carry with it the responsibility of legal counsel. Where there is a duality of position (Secretary and Legal Counsel), the holder would there have a dual reporting function and should be evaluated accordingly.
4. The position of **Legal Counsel** reports directly to the Managing Director (Chief Executive Officer).
5. The following are the main duties of the **Company Secretary**:
  - (a) The Company Secretary guides the Board on all matters related to corporate governance, effective operations of the Board, regulatory compliance and ethical standards. The Company Secretary may not have certain compliance responsibility, i.e., financial and risk management, where there exists a compliance division of the company. However,

it is the responsibility of the Company Secretary to collaborate with other colleague officers across functional areas of the business to be in a position to sufficiently advise the Board as necessary on all board-related compliance matters.

- (b) Assists the Chairman in developing the annual Board work plan.
- (c) Coordinates with the Chairman the activities relating to orientation and sensitization of the advisory committees and performance evaluation of Board members.
- (d) Ensures that adequate notices of the Board and Annual General meetings are circulated to members.
- (e) Prepares the agenda and minutes for the Board and Annual General meetings.
- (f) Provides authenticated copies of contracts and/or Board resolutions and, upon request, attests to the proper use of the company's seal.
- (g) Drafts the minutes of the meetings making sure that decisions and dissenting views are recorded and consistent with an agreed style of the Board for reporting its deliberations vis-à-vis minutes.
- (h) Ensures that the draft minutes of each Board meeting are reviewed by the Chairman, within five working days of the completion of the meeting for comments.
- (i) Dispatches information on decisions taken by the Board for immediate implementation.
- (j) Assists and advises the Board on correct procedures in the performance of their duties.
- (k) Ensures that the Board acts in accordance with its obligations under the law, the by-laws, internal rules and regulations, and be able to advise the Board of new developments in law and matters which might affect the operation of the Bank.

- (l) Ensures that all returns required by the Companies Act are duly made to the Registrar of Companies (e.g. Annual Returns).
- (m) Ensures that the Bank's registers and records are in proper order.
- (n) Prepares and circulates Board papers at least **five (5) working days** before the sitting of Board meetings, consistent with international standards. It is also the responsibility of the Company Secretary to coordinate the recording secretariat in the preparation and circulation of Board and Committee minutes within predetermined time-horizons.
- (o) Performs any and all related duties delegated by the Board and that are in keeping with the responsibilities of the position.

## **9.0 Board Committees - Terms of References**

The Terms of References of board committees are incorporated herein by reference to the Corporate Governance Framework for Public Bodies in Jamaica, October 2012, as amended from time to time by the Ministry of Finance and Planning (that can be found at <http://www.mof.gov.jm>).

Board committees are established to address board-specific and highly technical issues that may require more in-depth and sometimes lengthy discussions too onerous to be thoroughly and appropriately explored during Board meetings, and consistent with the achievement of the strategic objectives of DBJ.

### **9.1 Sub Committees of the Board of Directors**

The Board appoints sub committees, which are composed primarily of Board members, namely:

- (a) Audit and Corporate Governance Committee
- (b) Investment, Finance and Loans Committee
- (c) Human Resource and Compensation Committee
- (d) Enterprise Risk Management Committee

Their main functions are to examine specific matters and to make recommendations to the Board which is empowered to accept or reject such recommendations.

#### 9.2.1 **Audit and Corporate Governance Committee**

The Board has established effective internal control systems including internal audit, procurement and enterprise risk management.

The Audit Services Department reports functionally to the Audit and Corporate Governance Committee and administratively to the Managing Director. The Department is “responsible for the monitoring, review and evaluation of the organization’s governance, enterprise risk management and control processes including internal control systems related to the financial and administrative reporting functions.”<sup>5</sup>

The Committee also provides oversight for the governance of the Bank while seeking to evaluate and monitor the board’s adequacy of its compliance with all required governance matters pursuant to approved board policies and required legislation and regulations.

The audit reviews and reports are done in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors (IIA).

The Audit Services Department reports its findings and recommendations directly to the Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee is governed by the Audit and Corporate Governance Committee Charter which defines the purpose, authority and responsibility of the Committee.

The composition and functions of the Audit and Corporate Governance Committee are outlined in the required terms of reference and includes the requirements of the PBMA Act.

**The terms of Reference of the Audit & Corporate Governance Committee is found in *Appendix 3(a)*.**

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<sup>5</sup> Special supplement to Internal Auditor magazine - “Governance Perspectives” - Strengthening Corporate Governance by Sen. Charles Schumer, member of the Senate Banking, Housing & Urban Affairs Committee

### 9.2.2 **Investment, Finance and Loans Committee (IFLC)**

The IFLC provides oversight of the finance and investment functions of the Bank and to assist the Board in evaluating investment, acquisition, enterprise services, joint and all transactions in which DBJ engages as part of its business strategy.

The terms of **Reference for the IFLC** is found in Appendix 3(b)

### 9.2.3 **Human, Resource and Compensation Committee**

This Committee oversee the Bank's programs that foster employee development and retention, with emphasis on leadership development, management capabilities and succession plans.

The **terms of Reference for the Human Resource & Compensation Committee** is found in *Appendix 3(c)*.

### 9.2.4 **Enterprise Risk Management Committee**

Provides risk oversight to the operations of DBJ through frequent monitoring of the risk implementation policy and strategy; determine the risk tolerance levels of the Bank; and approve risk management reports

The **terms of Reference for the Enterprise Risk Management Committee** is found in *Appendix 3(d)*.

## 10.0 **Annual General Meeting**

### **Terms of Reference of Annual General Meeting of Shareholders**

The principal shareholder is the Accountant General.

The powers of the shareholder at the Annual General Meeting are stated in the Companies Act, the PBMA Act, and the Articles of Incorporation.

The Bank's responsibility is to ensure that the rights and interests of the shareholder are protected as contained in the relevant enactments and regulations.

### **10.1 Purpose, Processes and Conduct of the Annual General Meeting (AGM)**

- (a) The AGM meets on an annual basis to consider the audited financial statements and the reports of the directors and auditors, and if thought fit, passes an ordinary resolution to adopt the audited financial statements and the reports of the directors and auditors.
- (b) DBJ's AGM by the amendment to clause 58 of its Articles of Incorporation has included the declaration of dividends on its agenda.
- (c) The AGM, by special resolution, amends the DBJ's Articles of Incorporation.
- (d) Resolutions pertaining to any other matter can be passed at the AGM.
- (e) The AGM approves the appointment of the external auditors and the remuneration as agreed by the Directors.

### **11. Terms of Reference of Occupational Detriment**

With the adoption of the "occupational detriment" as defined in the Protected Disclosures Act, 2011, "occupational detriment" means any act or omission that results in an employee, in relation to his/her employment, being: -

- (a) Subject to disciplinary action;
- (b) Dismissed, suspended, or demoted;
- (c) Harassed, intimidated or victimized or subjected to acts of reprisals;
- (d) Transferred against his/her will;
- (e) Refused transfer or promotion;
- (f) Subject to a term or condition of employment or retirement from employment, that is altered to his/her disadvantage;
- (g) Provided with an adverse reference;
- (h) Denied appointment to any employment profession or office;

- (i) Threatened with any of the actions specified in paragraphs (a) to (h); or
- (j) Otherwise adversely affected in respect of his/her employment, profession or office, including employment opportunities and job security;

The Audit and Corporate Governance Committee is charged with the responsibility of overseeing the Bank's standards of integrity and behavior as outlined in the terms of reference of the Committee.

## **12.0 Relevant Policies Supporting Corporate Governance Framework**

The Bank has developed four (4) Policies; approved by the Board to complement the Corporate Governance Framework. These policies are detailed below in this section.

### **12.1 Media Policy**

#### **Objective**

A Media Policy for the DBJ is necessary to provide order and consistency to the dissemination of information (from the Bank about its operations) via the media to the wider public.

#### **Rationale**

The rationale for the establishment of a Media Policy for the Bank includes:

- a) Keeping dissemination of information from DBJ as centralised as possible
- b) Allowing the Managing Director (who holds overall responsibility for the consequences of such disclosures) to be informed about the precise details of what is released to the media and, by extension, the public
- c) Allowing the DBJ's management, staff and partners with which it interacts to speak with one voice on all issues

### **12.2 Donations Policy**

There are many groups - including churches, charitable and non-governmental organizations, community groups, service clubs etc. - that do sterling work among the poor and disadvantaged in Jamaican society. Their work often complements and supports Government

assistance. But for these groups, many needy Jamaicans including the elderly poor, handicapped and homeless would not get assistance at the level, frequency and quality that they require.

Many of these entities exist by fundraising, relying to a large extent on the generosity of organizations such as the DBJ for their very survival. As a good corporate citizen, the Bank will often consider their requests but cannot sustain its assistance in an unlimited way or even on a first-come-first-served basis. Additionally, because DBJ does not have unlimited funds to apply to such requests, and because the organization is a Government institution (with the implication that it is managing taxpayer funds), the donations policy allows guidelines regarding the sectors and groups that will receive assistance and how often in a given period.

The **Donations Policy** will also allow a more streamlined, impartial and less *ad hoc* manner of decision making regarding:

- (1) Which requests are granted or denied;
- (2) How much (amounts) or what (cash or kind) a request will receive; and
- (3) The limit of a particular request.

In this regard, a maximum limit must be established for donation or sponsorship that is approved for any one group during a year.

### **12.3 Anti -Fraud and Corruption Control Policy**

#### **Purpose of the Policy**

The DBJ through its Corporate Governance Framework, Code of Ethics, and Anti-Fraud and Corruption Control Policy, aims to foster a culture within the Bank that is intolerant of any acts of fraud and corruption. The Anti-Fraud and Corruption Control Policy strengthens this affirmation as it clarifies the roles and responsibilities of DBJ members in sensitizing each other to be aware that fraud and corrupt practices can affect the growth of the institution, and to be involved in exposing any occurrences observed.

#### **The Objectives of the Policy**

The General Manager, Audit Services must ensure that management is aware of the objectives of this policy and the role they must play in ensuring that the objectives are met.

The main objective of the policy is to ensure that management is aware of their responsibilities for identifying exposures and symptoms of fraud and corruption, and to establish controls and procedures to mitigate and prevent those misdeeds.

The **Anti-Fraud & Corruption Control Policy** is found in **Appendix 4**.

#### **Acknowledgement of Anti-Fraud and Corruption Control Policy**

The DBJ regards any form of fraud or corrupt practices by its members as unacceptable behavior and requires all employees to sign an acknowledgement referred at **Appendix 4(a)**.

### **12.4 Whistleblowing Policy**

The DBJ has developed a Whistleblowing Policy based on the principles of the Protected Disclosures Act (2011) and other related DBJ governance policies. The policy seeks to encourage employees/individuals who wish to disclose good faith disclosure of Improper Conduct and/or violations of law to do so in a structured atmosphere that is free of discrimination, retaliation, threats, occupational detriment or harassment.

The policy outlines how the DBJ will receive, evaluate, investigate and resolve reports concerning whether an Improper Conduct has occurred, is occurring or is likely to occur.

The **Whistleblowing Policy** is found in **Appendix 5**.

### **13.0 Revision of Framework**

The Board should review the Framework every two years or as is necessary to ensure that all relevant changes of policies, procedures, laws, acts and regulations affecting DBJ's operations are added to the framework. The review of the Framework should be approved by the Board.

### **14.0 Disclaimer**

#### **14.1 Conflict with provisions of other relevant laws and regulations**

In the event of any conflict(s) between the principles laid down in this Framework and any principle(s) contained in existing or new legislations, regulations or relevant ministerial guidelines, then the principle(s) in those promulgations shall prevail over those in the Framework.

# **APPENDIX 1**

## **DBJ CODE OF ETHICS**



**DEVELOPMENT BANK OF  
JAMAICA LIMITED**

**CODE OF ETHICS**

**1. General**

**i. BACKGROUND**

The Development Bank of Jamaica Limited (hereinafter called the Bank, the company, DBJ, or the organisation) is a wholly owned Government institution and its only shareholder is the Accountant-General. DBJ provides funding and technical assistance to large projects, and micro, small and medium-sized enterprises (MSME). DBJ is currently the only development financing organization in the country, and are committed to Jamaican entrepreneurs in the productive sectors at all stages of development. DBJ also facilitates investment in publicly-owned entities by Jamaican entrepreneurs while simultaneously allowing the Government space to enter into private public partnerships for operations of companies that are more efficiently and profitably run by the private sector. The operations of the Bank are reinforced primarily by the Companies Act (2004) and the Public Bodies Management and Accountability (PBMA) Act (2001). The organisation's Whistleblower Policy and Anti-Fraud and Corruption Control Policy support this Code of Ethics.

**ii. DBJ'S MISSION**

The Development Bank of Jamaica provides opportunities to all Jamaicans to improve their quality of life through development financing, capacity building, public-private partnership and privatisation solutions in keeping with Government policy.

**iii. DBJ'S CORE VALUES**

The Bank's mission is underpinned by its core values which are noted below:

(a) **Integrity:**

In ethics, integrity is regarded as the honesty and truthfulness or accuracy, transparency and internal consistency of one's actions. DBJ Directors, Managers and Employees should strive to be consistent in their actions.

(b) **Accountability:**

Commit to taking full responsibility for one's actions and behavior at all times.

(c) **Professionalism:**

Conduct inside and outside the workplace which embraces competence in a particular field/area, respect and tolerance for others and their views, commitment to the organization, positive attitude, proper deportment, striving for excellence, and disciplined approach to work.

(d) **Innovativeness:**

DBJ will strive to find new, practical and innovative ways to provide products and services that will be of real value to its clients.

#### iv. **PURPOSE OF THE CODE**

The purpose of this Code of Ethics is to:

- demonstrate the Bank's commitment to the highest standards of ethical behaviour;
- encourage proper ethical conduct and sanctions for misconduct within the Bank; and
- develop an ethical culture based on such standards and conduct, led by the Bank's directors and management, and followed by all employees.

All of the Bank's ethical standards are based on:

- respecting the rule of law, Jamaican laws and regulations, and showing respect for human rights;
- managing the Bank's financial and operational performance to maximise the long-term value for its stakeholders;
- conducting business with integrity and fairness, renouncing bribery and corruption or similar unacceptable business practices, and not giving or accepting gifts and entertainment unless they fall under the organisations' business custom, are immaterial and infrequent;
- creating mutual advantage in all the Bank's relationships to build and foster trust;
- demonstrating respect for the community the organisation operates in, as well as for the natural environment. The Bank's corporate plan

will include specific measurable targets for improving ethical behaviour; and

- taking into consideration the need for corporate and community sustainability, therefore making decisions which will not compromise the quality of life and prosperity potential of future generations.

#### **v. DBJ'S BASIC CODE OF ETHICS PRINCIPLE**

DBJ's Code of Ethics is a guide to the basic standard for all stakeholders to execute their duties in a legal, professional and honorable manner in order to satisfactorily achieve the organization's mission. All employees, the Board of Directors and the Banks' representatives are expected to act with respect, integrity and competence and comply with the guidelines set out in this Code of Ethics. This Code of Ethics will create a cohesive understanding of the behaviour boundaries within DBJ and the standards set for interacting with both internal and external stakeholders.

#### **2. Who does the Code of Ethics impact?**

The Bank's Code of Ethics takes into consideration the role of all employees and the relationship to each other and stakeholders. Therefore, the Code of Ethics applies to:

- a. All Staff – Permanent, Temporary and contract
- b. The Board – all Directors
- c. Consultants -DBJ's representatives

Due to DBJ's status as the only development financing organization in the country, the Board and employees have a special responsibility for their activities, both on and off duty. The employees' behaviour, to a large extent, influences the external image of the Bank and its operations. DBJ values its employees as the keystone to success and is committed to treating all employees with dignity, trust and respect, and to building a long-term relationship based on mutual respect of human rights.

By ethical behavior, DBJ seeks to build and maintain trust amongst its Board, members of staff, shareholders and external stakeholders by adhering to the highest culturally and socially acceptable practices, and the abhorrence of conduct that displays unfair discrimination on the bases of gender, race,

disability, place of origin, social class, colour, religion, age, and political persuasion.

### **3. The Principles**

DBJ's business principles are grounded in its core values and the standards for business conduct are derived from these principles. Any breach of the principles outlined in this Code of Ethics will result in disciplinary action being taken against the perpetrator.

The basic principles of ethics are indicated below and while not exhaustive can be enhanced and clarified by the Corporate Governance Committee under which it falls.

- i. Trust and Confidentiality
- ii. Diversity & Equal Employment
- iii. Employee Conduct
- iv. Fair Dealing
- v. Improper Use or Theft of DBJ Property
- vi. Conflict of interest
- vii. Anti-money Laundering
- viii. Compliance with laws, regulations and policies
- ix. Political Activity & Donations
- x. Corporate Support and Implementation of The Code

To support the implementation of this Code of Ethics section 4 details how employees and directors can make a report of any breach.

#### **i. Trust and Confidentiality**

In ethics, integrity is regarded as the honesty and truthfulness or accuracy, transparency and internal consistency of one's actions. Therefore:

- a) All stakeholders must conduct business honorably, fairly, and respectfully with all our publics, never forgetting that ethical operations must take place every day, at all levels of the organization.
  
- b) The Bank's Customer Charter outlines that client/customer satisfaction is tantamount to DBJ. Confidential, safe and quality services and products, fair pricing and appropriate follow-up services shall define the company's relations with its clients/customers and will always seek to deliver what it

promises. DBJ is committed to complying fully with the Jamaican law on anti-money laundering and only conducts business with reputable suppliers, business customers and other partners who are involved in legitimate business activities and whose funds are derived from legitimate sources.

- c) All of the DBJ's promotional materials must be truthful, non-deceptive, and comply with Jamaican law, advertising regulations, and the internal marketing/advertising policies of the organization. Any claims about the characteristics of our products to the public, such as privatization on an entity, must be approved by the Board of Directors.
- d) DBJ is responsive to media request and maintains a principle of openness and transparency with external parties based on DBJ's Media Policy and the Access to Information Act.
- e) All proprietary information about DBJ, its confidential employee records, business activities, and its customer and supplier data, should be treated as confidential.
- f) Except where required by law, such information should not be disclosed to people inside or outside the Company who do not have a legitimate work-related need to know. Any such disclosure must be made in accordance with the Bank's policies and any applicable law, including all privacy laws relating to the protection and disclosure of personal data.
- g) In addition to the proper use of information, it is important for employees to prevent all misuse, disclosure, or destruction (other than in accordance with the appropriate record retention policy) of the information for which they are responsible. This information may be in printed form, computer based, or stored on microfilm or some other format. In handling the Bank's information or information owned by a third party and/or licensed by the Bank, employees should comply with copyright laws, computer

software licensing agreements, and relevant organisation policy. Personnel should refer to the Human Resources and/or Information Technology departments all inquiries regarding clarification of this guideline, or advice and assistance in protecting computer-based information in accordance with DBJ' Acceptance User Policy.

## **ii. Diversity & Equal Employment**

The success of the DBJ mission depends on its ability to attract and keep the best people at all levels of the Company. By ethical behavior, DBJ seeks to build and maintain trust amongst its Board, members of staff, shareholders and external stakeholders by adhering to the highest socially acceptable practices, and the abhorrence of conduct that displays unfair discrimination on the bases of gender, race, disability, place of origin, social class, colour, religion, age, and political persuasion.

Accomplishing that requires a working environment where diversity is valued and the right of each employee to fair and equitable treatment maintained.

- a) DBJ fosters teamwork, believing that diversity in talent, perspectives, and opinions stimulate new and creative business opportunities and innovation.
- b) Our policies and practices must assure equal employment and advancement opportunities for all qualified people. We will maintain appropriate standards of conduct in the workplace and always be sensitive to the concerns of our diverse group of employees.
- c) Promote a merit-based reward and recognition system which is based on measured performance. Objective evaluation of performance is required.
- d) Harassment of any employee for any reason is inconsistent with DBJ's Code of Ethics and will not be tolerated.
- e) The company will not employ child labour.

### **iii. Employee Conduct**

Rules and regulations governing employee conduct support good general order as well as the benefit and safety of all employees. Any actions that interfere with operations or discredit the Bank are in violation of DBJ's policy, and will not be tolerated. Employees should, at all times, conduct themselves positively in order to promote the best interests of DBJ.

Employees are to be loyal to the organization, honest, confidential and respectful at all times. The following behavior may result in disciplinary action, up to and including possible termination:

- a) Consistently wearing clothing inappropriate for the work being performed;
- b) Failing to report to work punctually at the appointed time or failing to be at the assigned post ready for work as scheduled;
- c) Failing to maintain cleanliness and order in the workplace and work areas;
- a) Threatening, intimidating others or fighting with/assaulting others;
- b) Engaging in acts of insubordination including, but not limited to, refusing to follow management's instructions concerning a job-related matter;
- c) Using profanity or abusive language; treating others in a discourteous manner
- d) Gambling on company property;
- e) Playing malicious or dangerous pranks or practical jokes;
- f) Abuse of alcohol and other drugs;
- g) Sexual or any other form of illegal harassment;
- h) Possession of deadly weapons on DBJ property; and
- i) Fraud and Corruption involvement as stated in the Bank's "Anti-Fraud and Corruption Control Policy".

### **iv. Improper Use or Theft of DBJ Property**

Every employee and director shares a responsibility to safeguard DBJ property from loss or theft, and may not use or take such property for

personal use, including property such as confidential information, software, computers, smart phones, cell phones, office equipment, and supplies. Employees must appropriately secure all DBJ property within their control to prevent its unauthorized use. Use of DBJ's electronic communications systems precludes using such systems to access or post material that is: pornographic, obscene, sexually-related, profane or otherwise offensive; is intimidating or hostile; or violates DBJ policies or any laws or regulations.

**v. Fair Dealing**

- a) Employees should deal honestly and fairly with suppliers, client, competitors, and employees and should award DBJ business only on the basis on quality, delivery, service, and competitive pricing.
- b) To avoid the appearance of improper influence, no employee, or member of an employee's immediate family, should accept any gift of more than a nominal value as detailed below.
- c) Gifts of a nominal, modest or insignificant value, which may be considered acceptable for you to receive from a business associate may include:
  - o Promotional material and inexpensive advertising items such as diaries, key chains etc.
  - o Small occasional gifts for special occasions such as an anniversary if this would be appropriate given the business relationship.
  - o Occasional meals, or entertainment which is not frequent or excessive and which would be consistent with the business relationship.
- d) Where a gift or entertainment is offered and there is any doubt as to its appropriateness then the approval of your supervisor should be obtained.
- e) It is inappropriate to accept loans or unusual hospitality (excesses in meals, refreshment, or entertainment) from clients.

- f) Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice in the conduct of DBJ business.
- g) DBJ will strive to find new, practical and innovative ways to provide products and services that will be of real value to our clients.

#### **vi. Conflicts of interest**

Conflict of interest arises in any situation where an individual has competing interests which will affect objectivity, action and judgment in decision making.

DBJ requires that its directors, employees and DBJ's representatives make decisions and act in a manner that reflects DBJ's core values and principles which are designed as guidelines for business conduct. Compliance with the core values and principles should assist with avoidance of real or perceived conflict of interest.

The following actions might give rise to situations of conflict of interest and should be avoided:

(a) ***Decision making***

The involvement in or seeking to influence any decision that could be interpreted as conflict of interest, actual or perceived.

(b) ***Financial interest in other businesses***

The Board, employees and DBJ's representatives or any member of their immediate family should not invest directly or indirectly in any enterprise/project if it compromises or appears to compromise their loyalty to DBJ.

(c) ***Confidential information***

The use of confidential information for personal gain or advantage.

(d) ***Gifts and other benefits***

Accepting fees, gifts, favours, entertainment, gratuities from borrowers, lenders, contractors for themselves or members of their family in connection with services rendered in their official capacity. Also receiving

personal benefits from clients, suppliers, etc. which are not made available to all Board members, employees and DBJ representatives.

(e) ***Romantic relationships***

The involvement in romantic relationships between certain employees, in circumstances where:

(i) There is a direct reporting relationship between the employees involved.

(ii) There is no direct reporting relationship between the employees but where a romantic relationship could cause loss of confidence in the objectivity of the employees involved or where the relationship could cause embarrassment to DBJ.

(f) ***Financial interest in DBJ projects***

Having financial interest in a project financed by DBJ.

(g) ***Purchases without due process***

Purchases made without full adherence to due process e.g. where competitive bidding would widen the selection process, contract sums and tasks, are splintered to put known individuals in an advantageous position.

**vi.(i) Disclosure of Conflict of Interest**

Disclosure of any such incidents shall be in writing.

(a) Board and employees have the responsibility to report in good faith and in the appropriate manner, any observance of conflict of interest. The normal reporting channels e.g. supervisor, General Manager, Managing Director, Board, should be used to report incidents where conflict of interest is suspected.

(b) Matters affecting financial issues e.g. audits, financial irregularity should be reported to the Audit Services Department.

(c) Reports of incidents of suspected breaches of core values and principles may be submitted confidentially or anonymously to one's supervisor or another officer authorized to receive such reports as outlined in the Bank's Whistleblower Policy.

(d) All reports made in good faith will be promptly investigated to determine the veracity of the report.

(e) Suspected wrongdoers will not be held responsible for any violation until the reported violation has been investigated and the findings and conclusion support the veracity of the reported violation.

- (f) Any person making the report will be protected from any form of “occupational detriment” as defined by the Protected Disclosures Act, 2011 (see *Section 8.10 – Occupational Detriment; Corporate Governance Policy*).
- (g) The identity of the person making the report will, within legal limits, be held in confidence as outline in the Bank’s Whistleblower Policy.
- (h) Knowledge of and failure to report any observable incidents of real or perceived conflict of interest will constitute an act of misconduct.

No employee should personally take for him/herself an opportunity discovered through the use of company property, information, or position, nor should company property, information, or position be exploited for personal gain. Whether directly or indirectly, employees and directors should refrain from competing with DBJ, and are required to disclose to management for employees and the Chairman, Corporate Governance Committee for directors, any situation that may be, or appear to be, a conflict of interest. When in doubt, it is best to disclose the suspected conflict.

**vi.(ii) Procedures to Manage Conflict of Interest**

(a) Responsibility of Division Heads

Division heads are responsible for ensuring compliance with the principles aimed at eliminating conflict of interest from the decision-making and actions of all employees. These principles should be reinforced through training and feedback from everyone, as well as with support from every level of DBJ.

- (b) The content and methodology used in training should emphasize and reinforce the various provisions developed by management to encourage and enable staff to be involved in mitigation of conflict of interest e.g. access to any supervisor and confidentiality of reports made.

(c) The contents of training should involve identification of incidence or situations where decisions/actions might be real or suspected conflict of interest, e.g. in cases where post-employment working relationships develop into intimate relationships or where involvement in decision-making process could benefit a preferred individual.

(d) The DBJ job application form should provide for the disclosure by prospective employees of any intimate relationship with current employees.

**(e) Employment outside of DBJ**

The Board of Directors, employees and DBJ's contractors and representatives who are employed in legitimate activities outside of DBJ's employment which might give rise to a conflict of interest should be disclosed to management and or the Chairman, Corporate Governance Committee.

(f) Frequent reviews of the organizational chart and relationships should be done to determine instances which might be viewed as real or potential conflict of interest and action should be taken to remove such situations. For example, transfer of personnel where post-employment intimate involvement may lead to conflict of interest.

(g) In cases where post-employment intimate relationships develop between individuals where one is in a subordinate position and that subordinate's performance evaluation is required from the "person in charge" then such evaluation should be done in collaboration with the "person in charge" by an independent assessor. Care should be taken to ensure that there is fairness and consistency in the evaluation of the other individuals evaluated by the "person in charge."

(h) In cases where an employee or a member of the Board has knowledge of or is involved in approving a benefit e.g. loan, contract, and that employee or director is a benefactor or is related to or associated with such a benefactor, that employee or director should declare his/her interest or disclose the nature of the relationship with the potential benefactor and should recuse himself/herself from the decision-making process. Punitive action will be taken against any such employee or director if undue influence is brought to bear on any person in the decision-making process to give preference to any individual.

**vii. Anti-money Laundering**

Money laundering is the process of ‘cleaning money’, that is, converting illegal funds (cash or any money instrument or proceeds of illegal conduct) so that they appear legal and fit for conducting legal business. The Bank’s employees must remain diligent and efficient in preventing our products and services from being used to support money laundering or terrorist financing and to detect any suspicious activity according to relevant Jamaican and international law and the DBJ Anti-Money Laundering Policy. To further these ethical aims you must know your customer by properly identifying parties involved in transactions and be on the lookout for any unusual activity.

As part of your responsibilities, you must apply the appropriate level of due diligence when entering into client relationships and/or individual transactions. Be alert and prepared to report any unusual or suspicious transaction or any sign of possible money laundering.

**viii. Compliance with laws, regulations and policies**

DBJ will pay all taxes that are owed and due, fully and in a timely manner. DBJ abides by all national and industry-specific regulations, including voluntary codes and guidelines.

The Bank's business transactions must be done in accordance with the requirements of governing laws, mutual agreements, and policies, in particular the Companies Act, PBMA Act, the Public Sector Corporate Governance Framework and regulations in relation to conflict of interest and related party transactions. Everyone has the responsibility to acquire sufficient understanding of the applicable laws and regulations pertinent to the performance of their jobs.

DBJ will also legally obtain all licenses required to do business. The company seeks to build and manage a sound relationship with governmental authorities as a Public Body wholly-owned by the State. No attempts to improperly influence governmental decisions shall be made, and the company will not offer, pay, solicit or accept bribes in any form or shape, either directly or indirectly, in its dealings with the private sector or other State-Owned Enterprises or private individuals, administration or courts. Transparent procedures regarding transactions engaged in by DBJ and any other government agency or official or in dealings with any company owned or controlled by a government agency or official, shall be established to this end.

The preservation of the environment is of the utmost importance to DBJ. The company thus strives to minimize any disruption to the environment arising from its activities by reducing waste, emissions and discharges, and by using energy efficiently. All operations and activities will be carried out according to the highest standards of care and in-line with internationally recognized principles.

- a) If you observe or know of violations of this code, or a violation of the law, or have questions about the meaning, intent, and/or application of the underlying policies, it is your responsibility to report such situations or pose any questions promptly to designated managers.

- b) The DBJ will encourage potential whistleblowers to make confidential complaints, submissions, reports and disclosures through the whistleblower system as outlined in the Whistleblower Policy, prior to, or instead of, any public complaints, reports, submissions or disclosures so as to provide the DBJ with the best opportunity promptly to investigate the matter alleged in the complaint.
- c) All complaints received through the whistleblower system shall be handled, investigated and otherwise resolved as provided for in the DBJ's Procedures for Investigation found in the Whistleblower Policy, and sanction and enforcement issued pursuant to the appropriate policy and/or regulations.
- d) DBJ will not tolerate any reprisal or retaliation against any person who, in good faith, reports a known or suspected violation of this Code or the law. DBJ will take disciplinary action, up to and including termination of employment, against any employee involved in any reprisal or retaliation.

#### **ix. Political Activity & Donations**

Generally, neither the Bank nor its representatives make political party or candidate contributions on behalf of the Bank except as specifically authorized by the Law and Government Relations Departments, and as permitted under local law. The Bank will not knowingly make political contributions whether in cash or kind. Any such contributions with the Bank's funds require prior approval from the Board of Directors. Unless authorized by the Managing Director, employees who participate in partisan political activities should not suggest or state that they speak or act for DBJ. Of course, each employee is individually free to pursue political activities he or she deems appropriate.

#### **x. Corporate Support and Implementation of The Code**

DBJ believes there are at least three (3) key elements to a successful implementation of this Code of Ethics. These elements are:

- a) the means to obtain advice on ethical dilemmas;
- b) processes and responsibility;
- c) training and orientation of directors, employees and other stakeholders on the key tenets of this Code.

**a. Means to obtain advice**

Many business decisions involve ethical dilemmas and require complex judgments to make the right choice. In cases of uncertainty, all employees are expected to act responsibly and raise the ethical dilemma with their managers. Should this not lead to a satisfactory solution, the ethical issue is to be raised with a designated officer in order to obtain clarification. All employees have the right to make confidential reports directly to the designated officer, as stated in the Whistleblower Policy, who in turn shall decide whether to report the matter to the Corporate Governance Committee, which can recommend appropriate action against any director or employee who acts in a manner inconsistent with this Code of Ethics.

**b. Processes and responsibility**

Each individual is responsible for his or her ethical behavior. DBJ has implemented a procedure for all employees to regularly state that they understand and apply the provisions of this Code of Ethics. Adherence to this Code is further made obligatory as it is referenced in all employee terms of employment and linked to disciplinary procedures. A copy of this Code of Ethics is given to every employee on his or her first working day and each employee must annually sign a Statement of Compliance to certify that they:

- (a) Have read and understand the policies;
- (b) Are aware that not complying with the policies may result in disciplinary action, up to and including termination of employment;
- (c) Are presently in compliance with the policies and have no exceptions.

The Statement of Compliance provides an opportunity to disclose any matters that may be exceptions to the policies. A permanent copy will be retained in the Bank's records.

- Division heads are accountable to the Managing Director and/or executives for implementing this Code of Ethics within their divisions, ensuring that all employees understand it, and for providing assurance on compliance.
- The Managing Director and/ or executives are in turn accountable to the Board. The principles and provisions in this Code of Ethics have been integrated into the Bank's system of internal control.
- Rigorous and objective processes to measure performance, identify gaps and implement measures to address ethical gaps are regularly reviewed and modified. Willful or careless breaches or neglect of this Code of Ethics will be treated as a serious disciplinary matter and may lead to the termination of employment.
- The Board's Corporate Governance Committee periodically reviews and updates compliance with these principles, and formulates proposals for the Board's approval. The Code of Ethics is subject to review every three (3) years, or earlier to the extent otherwise necessary.

### **c. Training and Orientation**

DBJ shall offer an introductory ethics training course once per year for all new officers and employees. This course offers practical examples of this Code of Ethics in action. Management shall include the Code as part of its induction/orientation procedures and promote and monitor compliance with it.

Periodic and specialized training courses are further offered to the company's directors and employees, as well as to the company's other stakeholders such as suppliers and other business partners, as part of the company's continuous professional education program.

By way of adopting, following, and updating this Code on a regular basis, together with the Bank's Corporate Governance Policy, the Board and members of staff of DBJ confirm their desire to demonstrably lead and promote good ethical behavior and corporate governance. In order to foster the confidence of its shareholders, employees, investors, and the general public, this Code of Ethics goes beyond the legal and regulatory framework in Jamaica, and embraces both national and internationally recognized principles and practices.

The Code of Ethics shall be published on DBJ's intranet and website and updated accordingly.

#### **4. How to make a report**

You can make a report or pose a question by contacting:

- Your immediate supervisor and/or General Manager
- Your Human Resources or Employee Relations representative
- The Legal Department and or the Audit Services Department
- The Officer so designated under the Whistleblower Policy
- The Chairman of the Corporate Governance Committee for directors.

#### Recognizing Breach of Code

It is expected that there will be situations which may confront an employee or director which are not specifically covered by this Code or otherwise in the Bank's policies. The responsibility for meeting our legal and ethical obligations cannot be fully defined or ensured by any set of written rules, no matter how extensive they are. In the final analysis, and in the absence of specific provisions,

what is considered to be the right practice will rest upon the principles of honesty, integrity and transparency and professionalism, which have guided our organisation.

The following checklist therefore provides a useful guide in determining whether particular conduct will be considered acceptable:

- Is it legal?
- Is it consistent with the Bank's policy?
- Is it consistent with the Bank's way of doing business?
- Would you be embarrassed if the details were known by your colleagues, family, friends or if printed in a newspaper?
- Does the action you are considering make you feel uncomfortable?
- Are you compromising your own personal ethics in any way?
- Would the Bank be likely to be discredited if this action were known to stakeholders?
- Will it benefit all or most of the stakeholders involved?

Remember that just because an action is not against the law or organisation policy does not mean that it is ethical. When in doubt, clear the particular issue with Senior Management and/or the Corporate Governance Committee as appropriate.

To register questions, concerns, or complaints directly to the Bank regarding accounting, internal accounting controls, or auditing matters, or if you wish to deliver an anonymous submission of concerns regarding questionable accounting, internal accounting controls, or auditing matters, you may contact the designated officer noted in the Whistleblower Policy or Human Resources Department at the following:

11A - 15 Oxford Road  
Kingston 5, Jamaica W.I  
Phone Number: (876) 929-4000; (876) 619-4000

### **Version Control Page**

Title:	Code of Ethics		
Description	Code of Ethics		
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Reviewed by:	Senior Management, Corporate Secretary, Audit Services Department		
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0-1	Greta Bogues/Audit Services	September 2017	Updated

# **APPENDIX 2**

## **DBJ BOARD CHARTER**



# THE DEVELOPMENT BANK OF JAMAICA

## BOARD CHARTER

### INTRODUCTION:

The Development Bank of Jamaica (hereinafter called the Bank, DBJ, or the Organisation) is a private company limited by shares incorporated under the Companies Act 2004. The core business functions of DBJ are development banking, management, privatisation of national assets, public private partnership, providing technical support services and acting as investment manager and administrator of its pension fund. The Bank has established a board of directors as the primary decision-making authority of the DBJ and its roles and responsibilities vis-à-vis executive management are clearly documented to avoid any misunderstanding between the Board's role and that of executive management.

This Board Charter is therefore prepared on the basis of and incorporates certain provisions of the Companies Act (2004), Public Bodies Management and Accountability Act (2001) and the Corporate Governance Framework for Public Bodies. This Charter is to be read in tandem with the Terms of Reference (TOR) of the various committees of the Bank.

### 1. CORPORATE GOVERNANCE FRAMEWORK<sup>1</sup>:

The Corporate Governance Framework for Public Bodies in Jamaica provides that:

*“The Board is collectively responsible for strategic management and oversight, serves as the focal point for Corporate Governance and is accountable to the Responsible Minister & Shareholder representatives.*

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<sup>1</sup>See section 6 of the Public Bodies Management & Accountability Act which requires Boards of Directors to establish appropriate corporate governance policies and **procedures**.

*The Board is responsible to ensure compliance with the Public Bodies Management & Accountability Act, and other applicable legislation and Government of Jamaica policies.”*

## **2. GOVERNANCE STATEMENT:**

- 2.1. The operations of the Bank are structured to ensure compliance with the Framework and the Public Bodies Management and Accountability Act.
- 2.2. The Bank, through the Chairman, works closely with the Responsible Minister of Government who has the power to issue general directions on matters of policy.
- 2.3. The Bank is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will ensure the maintenance of high ethical standards by all members and employees of the Bank which are in tandem with the organization’s core values of:
  - Integrity
  - Accountability
  - Professionalism
  - Innovativeness
- 2.4. Each Director is required to act honestly and in good faith and to ensure that the Organisation carries out activities within its prescribed purpose. Additionally, the Directors have collective responsibility for all strategic decisions made by the Board of Directors.

## **3. BOARD’S MANDATE:**

The Board shall provide strategic leadership and oversight over the management of the Bank’s business and affairs while actively participating in the development of the Bank’s strategic direction. More specifically, the DBJ’ mandate includes:

- (a) setting the Bank’s values and ethical standards and ensuring that its obligations to stakeholders are understood and met;
- (b) regularly reviewing with Management, the strategic environment, the emergence of new risks and opportunities and the implications for strategic direction;

- (c) approving strategic plans that take into account the Bank's major risks and opportunities and overseeing the management of those risks;
- (d) facilitating discussions and approval of financial operations, policy issues, corporate governance principles and all other matters relating to the effective and efficient operations of the Bank;
- (e) facilitating effective governance of the affairs of the Bank;
- (f) putting policies in place to ensure the Bank is duly diligent in meeting all requirements and obligations under law;
- (g) appointing, monitoring and assessing the performance of the Managing Director; charging the Managing Director with the general management and direction of the business and the affairs of the Bank;
- (h) ensuring the formulation, development and implementation of succession planning and evaluation for all senior management;
- (i) ensuring that adequate and effective policies and systems are in place to monitor financial reporting, internal controls and risk management processes;
- (j) reviewing and approving the administrative and operational structure of the Organisation;
- (k) providing systematic reviews of systems and structures in place at the Bank;
- (l) establishing and monitoring annual targets for the Bank in line with the long-term goals of the Organisation and maintaining oversight of the general business of the Bank;
- (m) approving the annual budget and financial statements/accounts and monitoring financial performance to ensure the financial viability of the Bank and the efficient and effective use of its resources;
- (n) ensuring that the integrity and core values of the Organisation are maintained;

(o) establishing and maintaining a policy of Directors orientation for all new board members; and

(p) providing Director development programmes as required.

#### **4. BOARD COMPOSITION, APPOINTMENT, TERM, QUORUM & TRAINING:**

##### **4.1. BOARD PROFILE, SIZE, AND INDEPENDENCE:**

###### **4.1.1 Board Profile:**

The Board, through the Audit & Corporate Governance Committee, shall support the Managing Director by preparing a profile of its composition, considering the nature of the Bank's business, and the desired expertise and background of the directors (the "Bank Competency Profile"). The Board Competency Profile shall be submitted to the Responsible Minister.

###### **4.1.2. Number of Members:**

The Board shall consist of not less than five (5) nor more than fifteen (15) members as stated in Section 6 and 6A of DBJ's Articles of Incorporation.

###### **4.1.3. General Compartment:**

The Board shall use its best efforts to ensure that:

(a) its members can act critically and independently of one another;

(b) each director can assess the broad outline of the Bank's overall policy;

(c) each director's expertise is fully utilized in the performance of his or her role as a director;

(d) the board competencies match the competency profile of the Bank; and

(e) the board has adequate independent non-executive and non-executive directors.

#### **4.1.4. Independent Board member:**

An independent director is someone who:

- (a) is not, and has not been, employed by the Bank or any of its related entities at any time during the past three years;
- (b) is not, and has not been affiliated with an entity that acts as an advisor or consultant to the Bank, nor is not and has not acted in such capacity at any time during the past three years;
- (c) is not, and has not been affiliated with any significant supplier or contractor of the Bank at any time during the past three years. A significant supplier or contractor is one that makes payments to, or receives payments from the Bank for goods or services in an amount to be agreed upon.
- (d) does not currently have, nor has had any personal service contracts with the Bank or its senior management at any time during the past three years;
- (e) does not receive and has not received any additional remuneration from the Bank apart from a Director's remuneration, nor participates in the Bank's performance-related payment plans;
- (f) is not a member of the immediate family of any individual who is, or had been at any time during the past three years, employed by the Bank as a senior executive officer;
- (g) is not, nor has been at any time during the past three years, affiliated with or employed by a present or former auditor of the Bank; and
- (h) has not been a Director for more than ten years.

#### **4.2. BOARD APPOINTMENT, TRAINING, QUORUM AND TERM:**

##### **4.2.1. Appointment of Directors:**

- (a) All Directors shall be appointed by the Responsible Minister after consultation with the Cabinet.
- (b) Each director must satisfy the "Fit and Proper" criteria determined by the Financial Services Commission (FSC).

- (c) Upon being selected for appointment, each Director may receive a letter of Appointment from the Responsible Minister stating the period of his or her appointment.
- (d) After appointment, each Director shall receive from the DBJ an introductory letter detailing his or her responsibilities and other matters relating to the operations of the Bank.

#### **4.2.2. INDUCTION PROGRAMME, ONGOING TRAINING AND EDUCATION:**

##### **Director Induction Programme:**

- (a) Upon appointment, each Director shall participate in an induction programme that covers the Bank's strategy, general financial and legal affairs, financial and regulatory reporting by the Board, any specific aspects unique to the DBJ and its activities, and the responsibilities and expectations of a Director.
- (b) The training of Directors is critical to ensure the maintenance of good governance. The Board through the Audit & Corporate Governance Committee, will recommend such training for Directors as is necessary for them to maintain the knowledge and expertise required to understand the operations of the Bank and to properly discharge their role and function as Directors. The cost of such training shall be as agreed by the Board and be included in the budget for the year.

##### **Annual Review of Training:**

- (c) The Board shall conduct an annual review to identify any area where the Directors require further training or education.

##### **Costs to DBJ:**

- (d) The costs of the induction course and any training or education shall be paid for by the Bank.

#### **4.2.3. Quorum:**

The quorum at any meeting of the Bank shall be six (6) Directors.

#### **4.2.4. Tenure of Office and Reappointment:**

The appointment of a member of the board shall be for a period of three (3) years, and every appointed member shall be eligible for re-appointment

**4.2.5. Resignation:**

- (a) A member of the Board, other than the Chairman, may at any time resign his or her office through instrument in writing addressed to the Chairman and transmitted through the Chairman and from the date of receipt by the Responsible Minister, the Director shall cease to be a member of the board.
- (b) The Chairman may at any time resign his office through instrument in writing addressed to the Responsible Minister and the resignation shall take effect from the date of receipt by the Responsible Minister.
- (c) If any vacancy occurs in the appointed membership of the board, such vacancy shall be filled by the appointment by the Responsible Minister of another member of the board who shall hold office for the remainder of the period for which the previous appointed member was appointed.

**5. CHAIRMAN OF THE BOARD:**

- 5.1 The Chairman of the Board is primarily responsible for the activities of the Board and its committees; and is the principal contact for the Managing Director who shall meet regularly with the Chairman.
- 5.2 The Chairman of the Board is also responsible for maintaining communication protocols with the Responsible Minister, Permanent Secretary and other stakeholders as established by the Ministry of Finance & Planning.
- 5.3 The Chairman presides over the meetings of the Bank and in the absence or inability of the Chairman to act, the members present and constituting a quorum shall elect one of the members present to perform the functions of the Chairman.
- 5.4 The Chairman ensures that:
  - (a) Directors, when appointed, participate in an orientation programme and, as needed, additional education or training programmes;
  - (b) the Directors receive all information necessary for them to perform their duties;

- (c) the Directors have sufficient time for consultation and decision-making;
- (d) the committees function properly and according to their respective Terms of Reference;
- (e) the performance of the overall board and individual directors are evaluated at least once every year;
- (f) the Board establishes and maintains the agreed protocols for communication with the organisation's secretariat;
- (g) the Board establishes operating procedures for its meetings;
- (h) the Board fulfils its duties to all key stakeholders and promotes sustainability;
- (i) the agendas of Board meetings are in order and that minutes are kept of such meetings;
- (j) internal disputes and conflicts of interest concerning individual Directors are addressed and resolved.

## **6. DIRECTORS:**

### **6.1. Role of a Director:**

As a member of the Board, each Director shall:

- (a) through the exercise of due diligence, fulfil the legal requirements and obligations of a Director in discharge of his/her fiduciary duties, namely: to act honestly and in good faith in the best interests of the Bank and to exercise the due diligence and skill that a reasonably prudent person would exercise in comparable circumstances;<sup>2</sup>
- (b) recognize the Board's accountability to stakeholders in the governance of the Bank and ensure that the best interests of the Bank are considered paramount;
- (c) devote sufficient time to the Bank's affairs;
- (d) assist the Bank in the achievement of corporate strategic objectives;
- (e) ensure that he or she and the Board as a whole act in the best interests of the Bank rather than in the interests of an individual Director or any other interests;
- (f) monitor his or her continued ability to meet these expectations; and
- (g) shall, if requested, join the Committees of the Bank.

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<sup>2</sup> Section 17 of the Public Bodies Management & Accountability Act.

**6.2. Specific Conduct as a Director:**

To enable the Board to discharge its collective responsibilities for stewardship, including oversight and strategic leadership, each Director shall:

- (a) conduct himself or herself honestly, fairly, ethically and with integrity;
- (b) contribute views based on his or her unique skills and experience;
- (c) address any requests of Senior Management to the Managing Director;
- (d) monitor potential conflicts of interest he or she may have regarding any matters before the Board; and
- (e) declare any potential conflicts promptly to the Board and abstain from discussion and voting on any related matter
- (f) Adhere to the Bank's Code of Ethics

**6.3. Duty to act properly:**

A Director who becomes aware of circumstances which are, or are likely to be perceived as likely to detract from his or her ability to act in accordance with his or her fiduciary duty, shall forthwith report such circumstances to the Board through the Chairman or the Company Secretary. The need to take such action may arise in the following circumstances:

- (a) a change in affiliation or employment;
- (b) being appointed to any position that creates, or appears to create inherently conflicting responsibilities; or
- (c) being unable to attend or participate in Board and Committee meetings consistent with the established standard.

**6.4. Potential Conflicts of Interest:**

Potential conflicts of interest include a personal or business interest in a matter requiring Board decision, arising either directly (e.g. through an ownership or employment interest) or indirectly (e.g. through potential benefit from participation in a sector).

**6.5 Notice of Outside Positions:**

Directors must inform the Board of their other positions which may be of importance to the Bank or affect the performance of their duties as a Director. If the Board determines that there is a risk of a conflict of interest, the matter shall be fully discussed by the Board in accordance with the appropriate section of this Charter. The Company Secretary shall keep a list of the outside positions held by each Director.

## **7. CONFLICTS OF INTEREST OF DIRECTORS:**

### **7.1. Duty to Disclose:**

Upon appointment, each Director shall complete a Declaration of Interest form which will be maintained by the Company Secretary and a copy of which shall be sent to the Responsible Minister through the Permanent 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 Secretary. The Director concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

### **7.2. Related Party Transaction:**

A potential conflict of interest exists if the Bank intends to enter into a transaction with a Related Party. A **'Related Party'** includes the following:

- (a) A Director of the Bank;
- (b) the Managing Director and Senior Managers of the Bank including anyone who reports directly to the Board or the Managing Director;
- (c) the father, mother, sons, daughters, husband, or wife of any of the natural persons listed herein; and
- (d) 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 paragraphs a-c above.

### **7.3. Abstention by Conflicted Party:**

Where conflicts of interest do occur, Directors must recuse themselves from the discussions in respect of those interests and shall not take part in any discussion or decision-making regarding any subject or transaction in which there is a conflict of interest with the Bank or exercise their right to vote in respect of such matters

### **7.4. 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 Bank's business. Decisions to enter into transactions in which there are conflicts of interest with Directors require the approval of the Board.

## **8. CONFIDENTIALITY:**

### **8.1. Principle of Confidentiality:**

**Confidential Information** means all data and information relating to the business, management and affairs of the Bank, its customers and partners, which are, or come to be, in the possession of the Bank by virtue of his or her office as Director and which is not in the public domain.

- 8.2. 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 a Director as a Director of the Bank.
- 8.3. 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 business of the Bank, that came to the person's knowledge in the capacity as a Director and which the person knows or should know to be of a confidential nature.
- 8.4. A Director may disclose such information to fellow Directors as well as to staff members of the Bank who, in view of their activities for the Bank should be informed of the information.
- 8.5. A Director shall not use such Confidential Information for personal benefit.
- 8.6. **Notice of Disclosure:**  
If a Director intends to disclose to third parties' information which the person has become aware of in 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 clearly only intended for the Board.

## **9. REMUNERATION OF DIRECTORS:**

Directors are remunerated in accordance with Ministry of Finance & Planning Circulars in effect.<sup>3</sup>

## **10. COMPANY SECRETARY:**

### **10.1. Appointment:**

The Board shall appoint a Secretary who shall report directly to the Board through the Chairman of the Board and will have an indirect operational reporting relationship with the Managing Director.

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<sup>3</sup> Section 20 of the Public Bodies Management & Accountability Act.

**10.2. Role:**

The Secretary is the secretary of the Board and its Committees and assists the Board in the execution of critical administrative and governance functions which demand a high degree of compliance and ethical conduct.

**10.3. General Access:**

All Directors may go to the Secretary for advice.

**10.4. Responsibilities:**

(a) The Secretary sees to it that the Board follows correct procedures and that the Board complies with obligations under law.

(b) The Secretary shall assist the Chairman of the Board in developing the annual Board work plan, co-ordinating the evaluation of the Board and its members; and organizing the Board's activities (including providing information, preparing agendas, reporting of meetings, evaluations and training programmes).

(c) The Secretary should prepare and circulate Board & Board minutes and board papers.

**11. COMMITTEES, MEMBERSHIP & REPORTING:**

**11.1. Establishment of Committees:**

(a) To support the Board in effectively performing its duties the Board may from time to time establish Sub-Committees and the Board shall determine the members of any such committees.

(b) The Board should establish the following committees to govern areas of its operations:

- Human Resource & Compensation
- Investment, Finance & Loans
- Audit & Corporate Governance
- Enterprise Risk Management

(c) Notwithstanding the provisions of clause 11.1(b) the Board may establish additional committees as deemed necessary.

(d) The Chairpersons of Board Committees shall be chosen by the Board and shall be members of the Board.

- (e) The Chairman of the Board is an ex-officio member of all committees.
- (f) Where the Chairman of the board is a member of a committee, he or she may be appointed by the Directors to chair said committee.
- (g) A Committee may include persons who are not Directors (hereinafter referred to as Co-opted Committee Members) but at least one half of the members of such committee shall be Directors.<sup>4</sup>
- (h) The validity of the proceedings of a committee shall not be affected by any vacancy among the members thereof or any defect in appointment of a member thereof.

#### 11.2. **Co-opted members & Invitees:**

- (a) The Board, may co-opt such persons as it deems fit to serve on Committees established by the Board
- (b) Co-opted Committee Members have the same rights and privileges at Committee meetings as other members of the Committees including the right to vote.
- (c) The admission to a meeting of persons other than co-opted members, directors, the Managing Director, the Secretary and (if invited) other executives, shall be decided by majority vote of the Committee members present at the meeting.
- (d) Invitees to meetings shall not constitute part of the quorum and shall not be entitled to vote<sup>5</sup>.

#### 11.3. **Board Responsibility for Committee Action:**

- (a) The Board remains collectively responsible for the decisions and actions taken by any committee.
- (b) A committee may only perform the tasks delegated to it by the Board and its powers may not exceed powers of the Board as a whole.

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<sup>4</sup> The Corporate Governance Framework for Public Bodies, Principle 2(9).

<sup>5</sup> The Corporate Governance Framework for Public Bodies, Principle 6(1).

(c) Decisions that by law must be taken by the Board may not be delegated to a committee.

**11.4. Committee Reporting:**

(a) Each committee must promptly inform the Board of major developments of which it becomes aware.

(b) Each Director shall have unrestricted access to all committee meeting records.

(c) The board shall, as set forth in the TOR of the committee concerned, receive a report from the committee describing the committee's actions and findings.

**11.5. Committee Terms of Reference:**

(a) The Board shall establish, and may by resolution, amend the Terms of Reference (TOR) for each committee.

(b) The TOR shall indicate the role and responsibilities of the committee, its composition, structure, quorum requirements and how it should perform its duties.

(c) The TOR of a committee shall require that the committee has no less than two members.

**12. DUTIES AND PERFORMANCE OF THE BOARD:**

**12.1. General Duties of Board:**

The general duties of the Board include duties imposed by law, the Board's Governance Framework and this Charter.

**12.2. Duties of the Board in relation to members:**

The duties of the Board (in consultation with the appropriate Board committees) in relation to the Directors:

(a) addressing any conflict of interest issues between the Board and the Directors;

**12.3. Responsibilities of Board:**

The Board oversees the general business of the Bank. The entire Board is responsible for such supervision and oversight.

**12.4. The Directors act in the interest of the Bank:**

The Directors shall act in the best interests of the Bank and its business, taking into consideration the interests of the Bank's stakeholders. Directors shall perform their duties independent of any particular interest in the Bank and should not support one interest without regard to the other interests involved.

**12.5. Quality of Performance:**

The Board is responsible for the quality of its own performance.

**12.6. Provision of Information:**

To assist the Board to fulfil its duties, the Chairman and the Managing Director shall see to it that management, in a timely manner, provides the Board and its committees with the information they need to properly function.

**12.7. Responsibility for Securing Information:**

(a) The Directors each have responsibility for obtaining all information from management and the internal and external auditor needed to carry out their duties.

(b) If the Board thinks it is necessary, it may obtain information from officers and external advisors of the Bank.

(c) The Board may require certain officers and external advisors to attend, but never to vote, at its meetings.

**12.8. Access to Records:**

Each Director has access to the relevant books and records of the Bank as necessary to discharge his or her function as a Director; requests for such books and records must be routed through the Managing Director and copied to the Company Secretary.

**12.9. Use of Experts:**

(a) The Board may hire experts to assist or advise them and the cost of such experts shall be agreed to by the Board and shall be paid by the Bank.

(b) A board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.<sup>6</sup>

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<sup>6</sup>Section 19 of the Public Bodies Management & Accountability Act.

## **13. DUTIES REGARDING THE SUPERVISION OF MANAGEMENT:**

### **13.1. Nature of Supervision**

In supervising the management, the Board shall consider:

- (a) the achievement of the Board's objectives as set out in the Corporate Plan;
- (b) the strategy and risks in the Bank's activities;
- (c) the structure and operation of the internal risk management and audit and control systems;
- (d) the financial reporting process;
- (e) whether expenditure has been in-keeping with the approved budget;
- (f) compliance with law and regulations; and
- (g) any other matters the law requires the board to consider.

### **13.2. Financial Reporting:**

The Board supervises the financial reporting in accordance with Section 15 below.

### **13.3. Annual Risk Review:**

At least once a year, the Board shall discuss the Bank's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to such systems.

### **13.4. Resolutions Subject to Approval:**

The following resolutions are subject to the approval of the Board:

- (a) determining and amending the operational and financial strategic objectives of the Bank;
- (b) determining and amending key performance indicators in support of the strategic objectives (including, for example, any financial ratios);
- (c) any other matters that Jamaican laws or regulations require the Board to approve;
- (d) such other matters as are reserved by the Board for its attention.

## **14. ANNUAL EVALUATION:**

### **14.1. Board & Director Evaluation:**

The Board will conduct an annual performance evaluation of each Director, the board on a whole and the Chairman. The evaluation process will be conducted in accordance with procedures established by the board, on the

recommendation of the Audit & Corporate Governance Committee, and shall evaluate performance in line with the Bank's set goals and objectives and may also include setting out the goals and objectives of the Bank for the upcoming year.

**14.2. Managing Director & Secretary Evaluation:**

The performance of the Managing Director and the Company Secretary are to be evaluated annually by the board led by the Chairman.

**15. SUPERVISION OF FINANCIAL REPORTING:**

**15.1. General Supervision Responsibilities:**

(a) The Board, in consultation with the Audit & Corporate Governance Committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly and semi-annual financial reports and any other financial information.

(b) The Board, through the Audit & Corporate Governance Committee, also supervises the internal control and audit mechanisms for external financial reporting.

**15.2. Discussion of Financial Reports:**

(a) The Audit & Corporate Governance Committee shall facilitate the financial reporting requirements under the Public Bodies Management Act and regularly, and in any event as soon as possible, provide the Board with reports on the annual report and accounts, and the quarterly and semi-annual financial reports, which will then be discussed at a meeting of the Board.

(b) The annual report and audited accounts for the year just ended shall be discussed in a meeting with the Board and submitted to the Responsible Minister within four months of the year-end.

(c) The semi-annual and quarterly (if any) financial reports of the Bank for the respective period just ended shall be discussed in a meeting with the Board within two months of the end of the period.

**16. DUTIES REGARDING APPOINTMENT AND ASSESSMENT OF EXTERNAL AUDITOR:**

**Appointment of External Auditor:**

16.1. The external auditor of the Bank shall be appointed by the Board and must be a registered Public Accountant under the Public Accountancy Act.

**Representation by External Auditor:**

- 16.2. When appointed, the external auditor shall indicate its awareness of the Bank's policies and other matters provided for in this Charter and the Terms of Reference of the Audit & Corporate Governance Committee and shall agree to abide by and promote such policies.

**Compensation of Auditor:**

- 16.3. Compensation of the external auditor and instructions to the external auditor to provide non-audit services shall be closely reviewed and approved by the Board on the recommendation of the Audit & Corporate Governance Committee, thus ensuring the auditor's independence.

**Attendance of External Auditor:**

- 16.4. The Bank shall ensure that the external auditor attends the meeting of the Board at which the report of the auditor with respect to the audit of the annual accounts is discussed and at which the Board decides whether or not to approve the annual accounts. The external auditor shall receive any financial information underlying the quarterly and/or semi-annual financial reports and other interim financial reports, and shall be given the opportunity to respond to all information.

**Contact with External Auditor:**

- 16.5. The Board's principal contact with the external auditor is through the Chairman of the Audit & Corporate Governance Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities in the financial reports should be between the Audit & Corporate Governance Committee and the external auditor.

**16.6. Recommendations by External Auditor:**

The Board shall carefully consider and, if accepted, put into effect any recommendation by the external auditor. This will include recommendations made by the external auditor on the Bank's internal control, as expressed in the 'management letter.'

**16.7 Reports to the Board:**

The Audit & Corporate Governance Committee shall report its dealings with the external auditor to the Board on an annual basis, including its assessment of the external auditor's independence.

**16.8 Assessment of External Auditor:**

At least once every three years, the Audit & Corporate Governance Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Board so it may assess the nomination for the reappointment of the external auditor.

**16.9 Conflicts of Interest – External Auditor:**

Conflicts of interest and potential conflicts of interest between the external auditor and the Board shall be resolved in accordance with the Audit & Corporate Governance Committee’s TOR laid down or as determined by the Board on the recommendation of the Audit & Corporate Governance Committee. Directors shall inform the Chairman of the Audit & Corporate Governance Committee of any matters they know of that may compromise the independence of the external auditor or that may result in a conflict of interest between the external auditor and the Bank.

**17. STRUCTURE OF BOARD MEETINGS:**

**17.1. Notice and Agenda:**

A notice of each meeting together with an agenda for the meeting shall be circulated to all Directors at least five (5) clear working days prior to the meeting.

17.2. For each item on the agenda, an explanation in writing shall be provided where necessary and related documentation will be attached.

17.3. The Chairman shall consult with the Managing Director prior to convening the meeting on the content of the agenda and the Managing Director and Directors shall have the right to request that an item be placed on the agenda for a Board meeting provided that the item is notified to the Chairman at least ten days prior to the meeting.

**18. VENUE, FREQUENCY OF MEETINGS & ATTENDANCE:**

**Venue of meetings:**

18.1. Board meetings are generally held at the offices of the Bank but may also take place at such places and times and on such days as the Board may determine.

18.2. In addition, meetings of the Board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

**Frequency of Meetings:**

- 18.3. The Board shall meet at least eight (8) times for the year.
- 18.4. An annual schedule of Board meetings for the following year shall be agreed by the Board and circulated to Directors at the start of each year.
- 18.5. Each year the Board reserves at least one (1) full day to discuss and develop strategic policies and to assess or review the Corporate Plan.

**Special Meeting:**

- 18.6. It is within the power of the Chairman to convene a meeting outside of scheduled meeting times as may be necessary and expedient for the transaction of business. The Chairman may therefore at any time call a special meeting of the Board and shall call a special meeting to be held within 10 days of a written request for that purpose addressed to him by any two Directors.

**19. MEETING ATTENDANCE & PREPARATION:**

**Attendance of Directors:**

- 19.1. Directors are expected to attend and actively participate in meetings of the Board and the committees on which they serve, and to meet as frequently as necessary to properly discharge their duties.
- 19.2. Attendance at the meetings by the Board must be recorded.

**19.3. Attendance by Managing Director & Management:**

The Managing Director shall attend Board meetings unless it is necessary for him to be recused.

- 19.4. To ensure proper review of materials being used at the Board meetings, Directors are to receive the materials five (5) working days in advance of meetings.
- 19.5. **Extended Absence:**  
A Director who needs to be absent from Board meetings for more than three meetings, shall be required to explain to the Chairman of the Board or the Committee (as applicable) the reason for such absence.

**19.6. COMMUNICATION:**

- 19.7. The Board is committed to providing timely, accurate and balanced information on the operations of the Bank.

**20. MINUTES, RESOLUTIONS & PREFERENCE FOR UNANIMITY:**

### **Minutes & Records:**

- 20.1 The Company Secretary is charged with the responsibility of recording accurate minutes of meetings and the decisions which are made at every Board meeting.
- 20.2 The minutes of the meeting must be confirmed by the Board and then signed by the Chairman of the meeting and the Secretary and added to the Board's records.
- 20.3 Each Director shall receive a copy of the minutes.

### **Resolutions & Adoption at Meeting:**

- 20.4 At a meeting, the Board may only pass resolutions if a quorum is present.
- 20.5 Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.
- 20.6 The Directors shall try to arrive at unanimous decisions. However, Directors are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

### **Round Robin Resolutions:**

- 20.7 In the event that an urgent decision is required before the next scheduled meeting of the Board, a round robin may be circulated to all Directors for comment and/or voting. All comments and/or votes shall be recorded.
- 20.8 A decision made by round robin shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held, and shall be noted at the subsequent meeting.
- 20.9 All resolutions approved by round robin should thereafter be noted at the next regular Board meeting.

### **Objection to Resolutions:**

- 20.10A Director who objects to any resolution adopted by the Board shall have his or her objection recorded in the minutes.
- 20.11 Directors who have taken part in a meeting may not object to resolutions adopted at the meeting on the grounds of an invalid notice.

20.12 Directors absent from meetings will be taken to have accepted any decisions made if no objections are made within 7 days of becoming aware of the decision.<sup>7</sup>

**Individual Vote:**

20.13 Each Director has the right to cast one vote.

**Majority Vote:**

20.14 Where unanimity cannot be reached and the law does not prescribe a larger majority, all resolutions of the Board shall be adopted by a majority of the votes cast. In the event of a tie, the Chairman of the Board has the deciding vote.

**21. MISCELLANEOUS:**

**Restriction on Loans and Guarantees:**

21.1 The Board does not grant personal loans, guarantees or the like to Directors.

**21.2 Agreement to be bound by Charter:**

Anyone who is appointed as a Director must, upon assuming office, declare in writing to the Bank that the person accepts and agrees to comply with the provisions of this Charter. A corresponding reference to this extent is included in a Director's appointment letter.

**21.3 Indemnity:**

No action, suit, prosecution or other proceedings shall be brought or instituted personally against any member of the Board in respect of any act done *bona fide* in pursuance or intended execution of the Director's functions.

**21.4 Seal:**

The Seal of the Bank shall be authenticated by the Chairman of the Board or any Director authorized to act in that behalf.

**21.5 Website Disclosure:**

The Board's Charter and the Terms of References and the composition of the committees shall be posted on the Bank's website.

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<sup>7</sup>Section 18 of the Public Bodies Management & Accountability Act.

**21.6 Interpretation:**

In case of uncertainty or difference of opinion on how a provision of this Charter should be interpreted, the Audit & Corporate Governance Committee of the Board shall make a decision in relation thereto and provide its recommendation to the Board.

**21.7 Partial Invalidity:**

If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provision by provisions which are valid and the effect of which, given the contents and purpose of this Charter is to the greatest extent possible, similar to that of the invalid provisions.

**21.8 Entire Charter & Amendment:**

This document represents the entire Charter; and may, subject to the Act be amended by the Board at its sole discretion.

**21.9 Charter Review:**

The Board shall review this Charter at least every two years.

**Version Control Page**

Title:	Board Charter
Description	Board Charter
Reviewed by:	Senior Management, Corporate Secretary, Audit Services Department
Approved by:	Board of Directors
Date approved:	May 24, 2018
Maintained by:	Administrative Assistant

<b>Version Number</b>	<b>Modified By</b>	<b>Modification Date</b>	<b>Status</b>
0-1	Greta Bogues/Audit Services	September 2017	Updated

# **APPENDIX 3**

## **BOARD COMMITTEES**

### **TERMS OF REFERENCES**

**APPENDIX 3a – Audit & Corporate Governance  
Committee**

**APPENDIX 3a1 – Addendum to the Audit and  
Corporate Governance Committee**

**APPENDIX 3b – Investment, Finance and Loan  
Committee**

**APPENDIX 3c – Human Resource and Compensation  
Committee**

**APPENDIX 3d – Enterprise Risk Management**



**THE DEVELOPMENT BANK OF JAMAICA LIMITED  
AUDIT AND CORPORATE GOVERNANCE COMMITTEE  
TERMS OF REFERENCE**

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**1. POLICY STATEMENT**

The Board of Directors of the Development Bank of Jamaica Limited (DBJ) shall establish an Audit and Corporate Governance Committee of no less than three directors as outlined in Section 8 of the Public Bodies Management and Accountability Act, 2001 (the “PBMAA”). The Audit and Corporate Governance Committee should report directly to the Board of Directors as set out in Section 9 of the PBMAA. The Committee exercises an independent review function to assist the board in fulfilling its oversight responsibilities.

**2. PURPOSE**

This Audit and Corporate Governance Committee Terms of Reference (“the TOR”) defines the purpose, authority and responsibility of the Audit and Corporate Governance Committee (“the Committee”). In addition, the TOR is intended to assist the Board of Directors in fulfilling its fiduciary responsibilities in relation to the Bank’s reporting processes and in relation to the appropriate standards of integrity and behaviour which are required by law.

**3. ROLE AND RESPONSIBILITIES**

**General**

3.1 The Committee assists the Board of Directors to fulfill its oversight responsibilities to the Bank and to the Government of Jamaica, as principal shareholder by carrying out the four primary responsibilities:

- Overseeing the Bank’s standards of integrity and behaviour;
- Overseeing the Bank’s reporting of financial information;
- Monitoring the Bank’s internal control systems; and
- Overseeing the Bank’s corporate governance in line with requirements detailed in the addendum to the Audit and Corporate Governance Committee Terms of Reference.

### **Financial Statements**

3.2 The Committee will carry out the following role in relation to the Bank's reporting process:

- (i) Review significant accounting and reporting issues, including complex or unusual transactions and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (ii) Review with management and the external auditors the results of the audit, including any difficulties encountered;
- (iii) Review the audited annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- (iv) Review other sections of annual report and related regulatory filings before release and consider the accuracy and completeness of the information;
- (v) Review with management interim financial information, and the nature and extent of internal and external auditor involvement; and
- (vi) Review interim financial reports with management, the Chief Internal Auditor (General Manager, Audit Services) and the external auditors, before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members.

### **Risk Management and Internal Control**

3.3 The Committee's oversight responsibilities in relation to the Bank's internal control system will require it to do the following:

- (i) Review and evaluate the effectiveness of the Bank's processes for assessing significant risk or exposure and the steps management has taken to monitor and control risk to the organization;

- (ii) Consider the effectiveness of the Bank's internal control over annual and interim financial reporting, including information technology security and control;
- (iii) Assess the scope of the internal and external auditors' review of internal control over financial reporting; and
- (iv) Obtain reports on significant findings and recommendations, together with management's responses.

### **Internal Audit**

3.4 The Committee's relationship with the Audit Services Department will encompass the following duties:

- (i) Evaluate the Audit Services Department's plans, budget, activities, staffing and organizational structure.
- (ii) Ensure there are no restrictions or limitations, on the functions of the department and reviews and concurs in the appointment, replacement or dismissal of the Chief Internal Auditor (General Manager, Audit Services);
- (iii) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*;
- (iv) On a regular basis, meet separately with the Chief Internal Auditor (General Manager, Audit Services) to discuss any matters that the Committee or Audit Services believes should be discussed privately;
- (v) Receive and consider reports on frauds and forgeries;
- (vi) Consider significant findings and management's response (including the timetable for implementation) to correct weaknesses.

### **External Audit**

3.5 In its interface with the external auditors, the Committee is expected to discharge the following responsibilities:

- (i) Review the external auditors' proposed audit scope and approach, including co-ordination of audit effort with internal audit;

- (ii) Review the performance of the external auditors, and recommend final approval on the appointment or discharge of the auditors;
- (iii) Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Bank including non-audit services, and discussing the relationships with the auditors;
- (iv) On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately;
- (v) Assess the external auditor's processes for identifying and responding to key audit and internal control risks;
- (vi) Consider significant findings and annual management letter along with management's response including the timetable for implementation to correct weaknesses.
- (vii) Ensure there is a mandatory rotation of the engagement partner to the external auditors in keeping with the stipulation of the Code of Practice.
- (viii) Review and discuss all reports from and to the Auditor General and the Contractor General and make appropriate recommendations to the Board of Directors.

### **Compliance with Laws and Regulations**

3.6. The Committee's responsibilities to ensure compliance with the relevant regulatory requirements encompass the following:

- (i) Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- (ii) Reviewing the findings of any examinations by regulatory agencies, and any auditor observations;
- (iii) Obtaining regular updates from management and company legal counsel regarding compliance matters and matters that can have significant negative financial impairment on the Bank's position.

## **Corporate Governance**

- 3.7 The Committee will establish a Sub-committee that will carry out the corporate governance oversight requirements as detailed in the addendum to the Audit and Corporate Governance Committee Terms of Reference.

The Sub-committee members will be the same as the main committee and they may co-opt other individuals knowledgeable in this area to assist them in this area.

## **4. AUTHORITY**

- 4.1 The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. In so doing it is empowered to:
- (i) Investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Bank;
  - (ii) Seek any information it requires from any officer or employee of the Bank or any officer or employee of associated companies and such officers or employees shall be instructed by the Board to respond to such enquiries;
  - (iii) Meet with officers/employee of the Bank or its associated companies for the purpose of furthering its investigations; and
  - (iv) Provided that the approval of the Board is first obtained, retain outside counsel or other experts to advise the Committee or assist in the conduct of an investigation.

## **5. COMPOSITION**

- 5.1 The Committee will consist of at least three (3) and no more than six (6) independent non-executive members of the Board of Directors, who shall be appointed by the Chairman of the Board;
- 5.2 At least one member of the Committee shall have expertise in financial reporting;
- 5.3 The Managing Director is a member of the Committee by invitation and as such is not allowed to vote on matters;

- 5.4 The General Manager of Finance, the General Manager of Audit Services and the External Auditor shall attend meetings of the Committee. Other invitees are allowed as the need arises;
- 5.5 With the approval of the Board, the Committee may invite an independent person to sit on the Committee, as the need arises; and
- 5.6 The membership of the Committee may be subject to rotation at least every three (3) years.

## **6. MEETING PROCEDURES AND WORK PRACTICES**

- 6.1 The Committee will meet at least three (3) times each year, with authority to convene additional meetings, as circumstances require;
- 6.2 Failure to attend at least three (3) consecutive meetings without acceptable reasons to the Committee Chairman, will give rise to a consideration of continued membership.
- 6.3 Any member of the Committee, management or the auditors may request the Chairman to call a meeting;
- 6.4 The Committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary;
- 6.5 The Committee will hold separate meetings with auditors (internal, external, and special examiner), with or without management present, to discuss their performance and audit findings;
- 6.6 The Committee may also hold private sessions with the Bank's executive as required; and;
- 6.7 Prepare an annual work plan which will inform the agenda for each Committee meeting.

## **7. REPORTING RESPONSIBILITIES**

- 7.1 The Committee shall report to the Board of Directors quarterly about Committee activities, issues and related recommendations. In so doing the Chairman shall, with the assistance of the General Manager, Audit Services, prepare a brief report to the Board;
- 7.2 As a part of its reporting responsibilities, the Committee shall provide an open avenue of communication between the Audit Services Department,

the external auditors and the Board of Directors and shall report to the Board on the performance of each; and

- 7.3 The Committee shall report annually to the shareholders in the annual report, describing the Committee's composition, responsibilities and how they were discharged.

## **8. QUORUM**

The quorum for meetings consists of three (3) members of the Committee of which two (2) must be members of the Board of Directors.

## **9. COMMITTEE SECRETARY AND MINUTES**

- 9.1 The Secretary for the Committee shall be appointed by the General Manager, Audit Services and shall take the Minutes of the meetings.

The Committee Secretary is required to:

- I. in consultation with the Committee Chair, prepare the agendas and circulate the notices and minutes of the Committee meetings;
  - II. distribute to Committee members, 5 working days prior to the meetings of the Committee, all agenda of meetings, reports and/or related documents which are prepared for consideration by the Committee;
  - III. keep detailed records of the Committee's meetings; and
  - IV. have such other duties as may be assigned by the Committee.
- 9.2. The Committee shall keep detailed records of its meetings and such records shall be made available to the external auditor and any examiner of the board during any external audit or examination.

## **10. REMUNERATION**

- 10.1 Committee Members remuneration is determined according to prescribed rates as formulated by the Minister responsible for Finance.

## **11. COMMITTEE DEVELOPMENT AND EVALUATION**

- 11.1 The Committee's financial literacy will be periodically assessed and an appropriate development training identified to improve skills, when required;

- 11.2 The Committee will ensure that members receive continuing education on current accounting, auditing, and financial reporting standards and practices;
- 11.3 An annual evaluation of the performance of the Committee and individual members will be done taking into consideration the Committee goals established at the beginning of the fiscal year.

## **12. CONFLICT OF INTEREST**

- 12.1 Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Committee and the details of the conflict are to be recorded by the Committee Secretary.
- 12.2 The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

## **13. CONFIDENTIALITY OF COMMITTEE INFORMATION**

- 13.1 All information received by the Committee is confidential and is the property of the Development Bank of Jamaica Limited and cannot be disclosed to parties outside of the organisation without prior approval of the Board.
- 13.2 The decisions or recommendations of the Committee are to be communicated by the Committee Secretary to the Managing Director and/or relevant senior management for action as required.

## **14. REVIEW AND ASSESSMENT OF TERMS OF REFERENCE**

- 14.1 The Committee will periodically, but at least every 2 years, assess the Committee's written terms of reference for appropriateness and present any proposed changes to the Board of Directors for approval.

## **15. GENERAL DISCLAIMER**

- 15.1 While the Committee has the responsibilities and powers set forth in this Terms of Reference, it is not the duty of the Committee to plan or conduct audits or to determine that the Bank's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards. This is and remains the responsibility of management and the external auditors.

## Version Control Page

Title:	Audit and Corporate Governance Committee Terms of Reference		
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0-1	Greta Bogues/Audit Services	September 2017	Updated
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## **ADDENDUM TO THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE**

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### **CORPORATE GOVERNANCE SUB-COMMITTEE TERMS OF REFERENCE**

#### **Governance Statement**

The Corporate Governance Sub-Committee (CGC) (hereinafter called “the Committee”) is a **Sub-Committee of the Audit and Corporate Governance Committee** established by the Development Bank of Jamaica Limited (“the Bank”) to exercise an independent review function to assist the Board in fulfilling its governance oversight responsibilities. The Sub-Committee evaluates and monitors the adequacy of and compliance with all governance matters pursuant to the Board’s Policies and will provide advice and guidelines on matters brought to its attention or on its own volition.

The Sub-Committee acts to ensure that the Bank adheres to its Corporate Governance policy which is in line with the Corporate Governance Framework for Public Bodies, Public Bodies Management and Accountability Act (PBMAA), the Companies Act and other applicable laws, regulations and government guidelines.

The Sub-Committee is committed to maintaining the highest level of transparency, accountability and integrity in all its operations and will monitor the maintenance of high ethical standards of all employees and directors of the Bank.

#### **I. Purpose**

The Bank’s Corporate Governance Sub-Committee shall:

1. Monitor compliance with applicable laws and regulations.
2. Develop a process for evaluating Board effectiveness and coordinating the annual Board effectiveness evaluation. This includes reviewing the organization and operational performance of the Bank’s Committees.
3. Develop and recommend amendments to the Bank’s corporate governance policies and principles.



## THE DEVELOPMENT BANK OF JAMAICA LIMITED

4. Review and recommend short development programmes related to new standards or regulatory developments, including but not limited to, corporate governance and accounting standards, which can assist directors to properly discharge their role and function. This must be done in line with approved budget.
5. Oversee the development and implementation of a Board induction process for new directors and a programme of continuing director development as needed;
6. Review any change in status (including fulfilment of independence requirements) and professional affiliation of current directors and make relevant recommendations to the Board in accordance with the Bank's corporate governance policy.
7. Monitor conduct of the Bank's operations to ensure adherence to principles of good corporate citizenship and that all operations are in line with the Corporate Governance Public Sector Framework.
8. Consider possible conflicts of interests of directors and any related party transactions of directors and make relevant proposals to the Board in accordance with the Company's corporate governance code/ or policy
9. Review annually the competency profile of the Bank for submission to the Permanent Secretary of responsible Minister.
10. Perform any other activities as requested by the Board from time to time.

## **II. Membership**

1. The CGC shall be comprised of at least three (3) independent non-executive Directors. The Chairman and all committee members are similar to that of the Audit and Corporate Governance Committee. At least two (2) members shall be independent non-executive directors.
2. The CGC may co-opt, to perform the duties of the Committee, individuals who are not Directors but who possess a broad range of qualifications relevant to the functions of the Committee.



THE DEVELOPMENT BANK OF JAMAICA LIMITED

3. Every co-opted individual shall have all the rights and responsibilities of the other members of the Committee with respect to the work of the Committee.<sup>1</sup>
4. The Managing Director shall be invited to all Committee meetings. As an invitee he/she will not be allowed to vote.

**III. Meetings, Quorum and Procedures**

1. The CGC will determine its own rules of procedure, provided they are consistent with the regulations that govern the Board and the organization, generally.
2. The CGC will meet at least twice annually and more frequently as circumstances require.
3. The Chairman of the Committee or a majority of the members of the Corporate Governance Committee may call a special meeting of the CGC.
4. Three (3) members of the CGC will constitute a quorum and this must include at least 2 Directors. Board invitees should not constitute a quorum of an officially convened Committee meeting.
5. The Committee may form sub-committees for any purpose that the CGC deems appropriate and may delegate to such sub-committees such power and authority as the CGC deems appropriate. No sub-committee should consist of fewer than two members.
6. Senior Management or other persons, whose advice and counsel are sought by the CGC, may be invited to attend meetings of the Committee to provide such pertinent information as the CGC requests.
7. The Committee shall keep written minutes of its meeting, which minutes shall be maintained with the records of the Board.
8. An annual Corporate Governance statement, which speaks to the state of the Bank's overall Governance, will be included in the Bank's Annual Report.

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1. <sup>1</sup> (Section 8(8) – PBMA Act)



## IV. Responsibilities and Duties

The CGC will have the following specific duties and responsibilities:

### ***IV a) Monitor Adherence to Laws & Regulations***

1. To ensure that the Board is, and remains in compliance with the Public Bodies Management & Accountability Act 2001; the Companies Act, the Corporate Governance Framework for Public Bodies and all other applicable and relevant laws and regulations.

### ***IV b) Recommend and Review Policies***

2. To develop and periodically review changes to the Corporate Governance Principles and Policies that will guide the Board in the execution of their responsibilities. The CGC will ensure that such principles and policies are appropriate to the Bank's business, and comply with applicable laws, and regulations.
3. To create and monitor a Code of Ethics for Directors and employees, and to periodically review such Code and recommend for approval any changes as required.
4. To consider any other corporate governance issues that arises from time to time, and to develop appropriate policy recommendations for the Board.

### ***IV c) Assessment / Evaluation of the Board***

5. To promote the qualities and characteristics needed by the Board to effectively execute its corporate governance responsibilities, especially when reviewing changes to the board committees. These will include:
  - a) Maturity of judgment
  - b) Experience
  - c) Range of professional skills
  - d) Accountability
  - e) Integrity
  - f) Financial Literacy
  - g) High performance standards
  - h) Time available to the Board
  - i) Industry knowledge
  - j) Networking/Contacts



THE DEVELOPMENT BANK OF JAMAICA LIMITED

- k) Degree of independence
6. With a view to supporting the Permanent Secretary in discharging his/her responsibilities for a competency profile, the Committee will do a periodic review of the existing skills and competencies of the Board, identifying gaps and submitting same to the Board for approval. The CGC review should take into consideration the following experience and skills in areas such as:
- a) Accounting & Finance
  - b) Business
  - c) Law
  - d) Development banking
  - e) Banking and insurance knowledge
  - f) Loan management
  - g) Venture capital
  - h) Leadership
  - i) Strategic Visioning
  - j) Information Communication Technology
  - k) Public-private partnerships
7. To develop and oversee evaluations/assessments of the performance of the Board and its Committees.
8. To review and recommend directors to be selected for chairmanship and/or membership on, or removal from, the various Committees based on performance evaluation.
9. To review and approve appropriate Bank related short development programmes for directors, within budget, that will assist the Board to properly discharge their role and function.
10. To ensure appropriate orientation of new Directors, in order to improve director's ability to contribute effectively to the deliberations of the Board.

***IV d) Corporate Social Responsibility (CSR)***

11. The Committee will review and approve CSR initiatives in line with the Bank's CSR Policy ensuring that each initiative adds value to the Bank and supports the vision and mission of the Bank.



**V. Self-Evaluation**

1. The CGC shall periodically conduct a self-evaluation of its performance.
2. In conducting this review, the CGC will also evaluate whether this term of reference appropriately addresses the matters including but not limited to attendance and participation, or should be within its scope.
3. In conducting this review, the CGC will address all matters that it considers relevant to its performance, including at least the following:
  - The adequacy, appropriateness and quality of its information and recommendations to the Board;
  - The manner in which they were discussed or debated; and
  - Whether the number and length of meetings are adequate for the CGC to complete its work in a thorough and thoughtful manner.
4. The CGC will provide the Board with a written report of the results of its self-evaluation, including any recommended amendments to this term of reference.

**VI. SUB-COMMITTEE SECRETARY**

The Secretary for the Sub-Committee shall be the Company Secretary and shall attend all meetings and take the Minutes.

The Sub-Committee Secretary is required to:

- I. circulate the notices and minutes of the Sub-Committee meetings;
- II. distribute to Sub-Committee members, 3 working days prior to the meetings of the Sub-Committee, all agenda and documents of meetings, reports and/or related documents which are prepared for consideration by the Committee;
- III. keep detailed records of the Sub-Committee's meetings; and
- IV. have such other duties as may be assigned by the Sub-Committee.



## **VII. REPORTING RESPONSIBILITIES**

The Sub-Committee shall submit a report to the board on the Sub-Committee's activities, findings and related recommendations.

## **VIII. REMUNERATION**

Government guidelines makes provision for remuneration of Sub-Committee Members and this is determined according to prescribed rates as formulated by the Minister responsible for Finance.

## **IX. CONFLICT OF INTEREST**

Where there is a conflict of interest, the Sub-Committee Member so affected shall declare his interest to the Chairman and the details of the conflict are to be recorded by the Committee Secretary.

The Sub-Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will recuse himself from the discussions in respect of those interests during the period of discussion of the matter.

## **X. CONFIDENTIALITY OF COMMITTEE INFORMATION**

All information received by the Sub-Committee is confidential and is the property of the Development Bank of Jamaica and cannot be disclosed to parties outside of the organisation without prior approval of the Board.

## **XI. REVIEW AND ASSESSMENT OF CHARTER**

The Board will conduct a review and assessment of the Sub-Committee terms of reference at least every 2 years in such manner as the Board deems fit.



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# **APPENDIX – 3B**

## **TERMS OF REFERENCE**

### **INVESTMENT, FINANCE AND LOANS COMMITTEE**



## THE DEVELOPMENT BANK OF JAMAICA

### TERMS OF REFERENCE INVESTMENT, FINANCE AND LOANS COMMITTEE

#### **1. Policy Statement**

The Investment, Finance and Loans Committee (“IFLC”) (hereinafter called “the Committee”) is established by the Development Bank of Jamaica (hereinafter called “the Bank”) and is a Committee of the Board.

#### **2. Purpose**

The purpose of the Committee is to provide oversight of the financial, investment and loan functions of the Bank and to assist the board in evaluating investment, acquisition, enterprise services, joint and all transactions in which the Bank engages as part of its business strategy. Overall the Committee will review and make recommendations to the Board on the investment, financial and loan activities of the Bank.

#### **3. Roles and Responsibilities**

The Committee shall review and make recommendations in respect of:

- i. Policies and changes to policies relating to investment, finance and loans to the Board for approval;
- ii Approving loans to Approved Financial Institutions (AFI’s), Micro Finance Institutions(MFI’s) and loans to direct borrowers within loan limits set by the Board;
- iii Monitoring the investment portfolio to identify and manage risks e.g. liquidity risks associated with exchange rates and interest rates that might affect the Bank’s commitments;
- iv Approvals and or recommendations of investments and divestments of properties or companies under the Government of Jamaica divestment programme;
- v Examining loan applications in excess of its approval limits and making recommendations to the Board;
- vi Reviewing the Bank’s loan portfolio for impairment and the adequacy of loan provisions;
- vii Recommending credit write offs for board approval;
- viii Considering the restructuring of loans and the approving terms of any re-negotiated loans;

- ix Examining and making recommendations in respect of monthly financial statements; and
- x Any other matter relating to the Bank's investments e.g. investment mix, finance, loans and AFIs' status.

#### **4. Composition**

The Members of the IFLC shall be appointed by the Board and should consist of no less than five (5) non-executive directors one of whom is to be designated as the Chairman

- A. The Chairman shall ensure that decisions and recommendations of the Committee are arrived at in a timely manner and reports on the Committee's proceedings and recommendations are submitted to the Board for approval.
- B. The Board may co-opt, to perform the duties of the Committee, individuals who are not Directors but who possess a broad range of qualifications relevant to the functions of the Committee.
- C. Every co-opted individual shall have all the rights and responsibilities of the other members of the Committee with respect to the work of the Committee.  
1
- D. The majority of the members of the Committee should be financially literate and at least one member of the Committee should be a qualified accountant or should have significant, recent and relevant financial experience and knowledge.
- E. The Committee should not include the Chairman of the Audit Committee.
- F. The Managing Director, General Manager Finance & Treasury, General Manager Loan Origination & Portfolio Management, General Manager Public-Private Partnerships & Privatisation, General Manager Micro Finance Services, Manager Risk and Compliance and Programme Manager, JVCP shall be invitees to all Committee meetings. Committee invitees should not be allowed to vote at meetings as they are not members of the Committee.

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<sup>1</sup> Section 8(8) – PBMA Act)

## **5. Meetings**

- A. The IFLC shall meet monthly and have the authority to convene additional meetings, as may be required. A meeting may be called by the Chairman or by the majority of the members of the Committee.
- B. Failure to attend at least 3 consecutive meetings without acceptable reasons to the Committee Chairman, will give rise to a consideration of continued membership.
- C. The Committee shall determine its own procedures.
- D. The Committee may request any member of management or staff to attend meetings of the Committee in order to carry out its responsibilities.
- E. Meeting agendas and documents will be prepared for each meeting and provided within a minimum of five (5) working days in advance to the Committee members along with appropriate briefing materials.

## **6. Authority**

The Committee has the authority to request the Audit & Corporate Governance Committee to conduct investigations into any matters within its scope of responsibility.

The Committee is empowered to:

- I. seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests;
- II. meet with officers of the Bank or outside counsel, as necessary; and
- III. recommend to the Board that independent counsel, experts and other advisors be retained to advise the Committee or assist in the conduct of any review as may be required.

## **7. Reporting Responsibilities**

The Committee shall submit reports of its meetings to the Board and this should include the Committee's activities, findings and related recommendations.

## **8. Quorum**

The quorum for meetings consists of at least four (4) members of which three (3) must be members of the Board.

Board invitees should not constitute a quorum of an officially convened Committee meeting.

## **9. Committee Secretary/Minutes**

The Secretary for the Committee shall be appointed by the General Manager Finance & Treasury. The appointed person shall attend all meetings and take the required minutes of the meetings.

The Committee Secretary is also required to:

- I. circulate the notices and minutes of the Committee meetings;
- II. distribute to Committee members, prior to the meetings of the Committee, all agenda of meetings, reports and/or related documents which are prepared for consideration by the Committee;
- III. keep detailed records of the Committee's meetings; and
- IV. have such other duties as may be assigned by the Committee.

## **10. Remuneration**

Government guidelines makes provision for remuneration of Committee Members and this is determined according to prescribed rates as formulated by the Minister responsible for Finance.

## **11. Committee Evaluation**

The Committee will conduct annually a self-evaluation of its performance taking into consideration specific goals and objectives which have been identified each fiscal year.

## **12. Conflict of Interest**

Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Chairman and the details of the conflict are to be recorded by the Committee Secretary.

The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

## **13. Confidentiality of Committee Information**

All information received by the Committee is confidential and is the property of the Development Bank of Jamaica and cannot be disclosed to parties outside of the organisation without prior approval of the Board.

**14. Review and Assessment of Terms of Reference**

The Committee will review and assess the adequacy of its Terms of Reference at least every 2 years and request the Board's approval for any proposed changes.

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# **APPENDIX 3C –**

## **TERMS OF REFERENCE**

### **HUMAN RESOURCE AND COMPENSATION COMMITTEE**



## THE DEVELOPMENT BANK OF JAMAICA

### TERMS OF REFERENCE HUMAN RESOURCE AND COMPENSATION COMMITTEE

#### **1. Policy Statement**

The Human Resource and Compensation Committee (“HRCC”) (hereinafter called “the Committee”) is established by the Development Bank of Jamaica (hereinafter called “the Bank”) and is a Committee of the Board.

#### **2. Purpose**

The purpose of the Committee is to oversee the Bank’s programmes that foster employee development and retention, with emphasis on Compensation and performance management, management capabilities and senior management succession plans.

#### **3. Roles and Responsibilities**

The Committee shall review and make recommendations in respect of:

- A. A remuneration policy to the Board, which is within the Government of Jamaica guidelines;
- B. Ensuring that the Bank has up-to-date policies and procedures which govern its employment practices and are in accordance with the guidelines of the Ministry of Finance and Planning, and are in compliance with the Jamaica Labour Relations and Industrial Disputes Act, and other relevant acts, laws and regulations;
- C. Overseeing and evaluating the Bank’s overall compensation structure to determine whether the structure is competitive at all levels;
- D. Ensuring that attainable performance targets are set for senior management by the Managing Director;
- E. Ensuring the establishment and monitoring of a system for the resolution of internal conflicts so that there is no miscarriage of justice.
- F. Ensuring that the Bank is protected against legal, administrative and other insurable risks.
- G. Any other matter relating to the Bank’s human resource and compensation programmes.

#### **4. Composition**

The Members of the HRCC shall be appointed by the Board and should consist of no less than three (3) non-executive directors. The Chairman of the Board or his designate will chair the Committee.

- A. The Chairman shall ensure that decisions and recommendations of the Committee are arrived at in a timely manner and reports on the Committee's proceedings and recommendations are submitted to the Board for approval.
- B. The Board may co-opt, to perform the duties of the Committee, individuals who are not Directors but who possess a broad range of qualifications relevant to the functions of the Committee.
- C. Every co-opted individual shall have all the rights and responsibilities of the other members of the Committee with respect to the work of the Committee.  
1
- D. At least one member of the Committee should be a qualified Human Resource Specialist or should have significant, recent and relevant human resource experience and knowledge.
- E. The Managing Director and the General Manager Human Resources and Administration shall be invitees to all Committee meetings. Committee invitees are not member of the Committee and as such should not be allowed to vote at Committee meetings.

## **5. Meetings**

- A. The HRCC shall meet quarterly and have the authority to convene additional meetings, as may be required. A meeting may be called by the Chairman or by the majority of the members of the Committee.
- B. Failure to attend at least two (2) consecutive meetings without acceptable reasons to the Committee Chairman, will give rise to a consideration of continued membership.
- C. The Committee shall determine its own procedures.
- D. The Committee may request any member of management or staff to attend meetings of the Committee in order to carry out its responsibilities.
- E. Meeting agendas and documents will be prepared for each meeting and provided within a minimum of three (3) working days in advance to the Committee members along with appropriate briefing materials.

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<sup>1</sup> Section 8(8) – PBMA Act)

## **6. Authority**

The Committee has the authority to request the Audit & Corporate Governance Committee to conduct investigations into any matters within its scope of responsibility.

The Committee is empowered to:

- I. seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests;
- II. meet with Officers of the Bank or outside counsel, as necessary; and
- III. recommend to the Board that independent counsel, experts and other advisors be retained to advise the Committee or assist in the conduct of any review as may be required.

## **7. Reporting Responsibilities**

The Committee shall submit reports of its meetings to the Board and this should include the Committee's activities, findings and related recommendations.

## **8. Quorum**

The quorum for meetings consists of at least two (2) members of which at least one (1) must be a member of the Board.

Board invitees should not constitute a quorum of an official Committee meeting.

## **9. Committee Secretary/Minutes**

The Secretary for the Committee shall be appointed by the General Manager, Human Resources and Administration. The appointed person shall attend all meetings and take the required minutes of the meetings.

The Committee Secretary is also required to:

- I. circulate the notices and minutes of the Committee meetings;
- II. distribute to Committee members, prior to the meetings of the Committee, all agenda of meetings, reports and/or related documents which are prepared for consideration by the Committee;
- III. keep detailed records of the Committee's meetings; and
- IV. have such other duties as may be assigned by the Committee.

**10. Remuneration**

Government guidelines makes provision for remuneration of Committee Members and this is determined according to prescribed rates as formulated by the Minister responsible for Finance.

**11. Committee Evaluation**

The Committee will conduct annually a self-evaluation of its performance taking into consideration specific goals and objectives which have been identified each fiscal year.

**12. Conflict of Interest**

Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Chairman and the details of the conflict are to be recorded by the Committee Secretary.

The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

**13. Confidentiality of Committee Information**

All information received by the Committee is confidential and is the property of the Development Bank of Jamaica and cannot be disclosed to parties outside of the organisation without prior approval of the Board.

**14. Review and Assessment of Terms of Reference**

The Committee will review and assess the adequacy of its Terms of Reference at least every 2 years and request the Board's approval for any proposed changes.

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# **APPENDIX 3D**

## **TERMS OF REFERENCE**

### **ENTERPRISE RISK MANAGEMENT COMMITTEE**



## THE DEVELOPMENT BANK OF JAMAICA

### TERMS OF REFERENCE ENTERPRISE RISK MANAGEMENT COMMITTEE

#### **1. Policy Statement**

The Enterprise Risk Management Committee (“ERMC”) (hereinafter called “the Committee”) is established by the Development Bank of Jamaica (hereinafter called “the Bank”) and is a Committee of the Board.

#### **2. Purpose**

The purpose of the Committee is to provide risk oversight to the operations of DBJ through frequent monitoring of the risk implementation policy and strategy; determining the risk tolerance levels of the Bank; and monitoring and approving risk management reports and methodologies.

#### **3. Roles and Responsibilities**

The Committee shall review and make recommendations in respect of:

- i. Reviewing risk policies and strategies ensuring the adequacy of risk management systems at all times;
- ii. Establishing and reviewing risk tolerance levels and makes recommendations to the board regarding the overall risk appetite of the Bank;
- iii. Reviewing and approving high level risk management reports;
- iv. Making decisions regarding critical risk treatment options in line with the board approved risk profile for the Bank;
- v. Assessing the management team’s management of key business risks within the risk management policy and risk tolerance levels;
- vi. Reviewing recommendations for Board members’ risk management professional development; and
- vii. Any other matter relating to the Bank’s risk management practices, systems and policies.

#### **4. Composition**

The Members of the ERMC shall be appointed by the Board and should consist of no less than four (4) non-executive directors one of whom is to be designated as the Chairman

- A. The Chairman shall ensure that decisions and recommendations of the Committee are arrived at in a timely manner and reports on the Committee's proceedings and its recommendations are submitted to the Board for approval.
- B. The Board may co-opt, to perform the duties of the Committee, individuals who are not Directors but who possess a broad range of qualifications relevant to the functions of the Committee.
- C. Every co-opted individual shall have all the rights and responsibilities of the other members of the Committee with respect to the work of the Committee.<sup>1</sup>
- D. The majority of the members of the Committee should be financially literate and at least one member of the Committee should be a qualified Chief Financial Analyst (CFA) or should have significant, recent and relevant risk management experience and knowledge.
- E. The Managing Director, Chief Risk Officer, Chief Financial Officer, General Manager Audit Services and the General Manager Finance & Treasury shall be invitees to all Committee meetings. Committee invitees are not member of the Committee and as such should not be allowed to vote at Committee meetings.

## **5. Meetings**

- A. The ERM shall meet at least quarterly and have the authority to convene additional meetings, as may be required. A meeting may be called by the Chairman or by the majority of the members of the Committee.
- B. Failure to attend at least 3 consecutive meetings without acceptable reasons to the Committee Chairman, will give rise to a consideration of continued membership.
- C. The Committee shall determine its own procedures.
- D. The Committee may request any member of management or staff to attend meetings of the Committee in order to carry out its responsibilities.
- E. Meeting agendas and documents will be prepared for each meeting and provided within a minimum of 3 working days in advance to the Committee members along with appropriate briefing materials.

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<sup>1</sup> Section 8(8) – PBMA Act)

## **6. Authority**

The Committee has the authority to request the Audit & Conduct Review Committee to conduct investigations into any matters within its scope of responsibility.

The Committee is empowered to:

- I. seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests;
- II. meet with Officers of the Bank or outside counsel, as necessary; and
- III. recommend to the Board that independent counsel, experts and other advisors be retained to advise the Committee or assist in the conduct of any review as may be required.

## **7. Reporting Responsibilities**

The Committee shall submit reports of its meetings to the Board and this should include the Committee's activities, findings and related recommendations.

## **8. Quorum**

The quorum for meetings consists of at least two (2) members of which at least one (1) must be a member of the Board.

Board invitees should not constitute a quorum of an official Committee meeting.

## **9. Committee Secretary/Minutes**

The Secretary for the Committee shall be appointed by the Chief Risk Officer and shall attend all meetings. An in-house recording secretary can be appointed in this position.

The Committee Secretary is required to:

- I. circulate the notices and minutes of the Committee meetings;
- II. distribute to Committee members, prior to the meetings of the Committee, all agenda of meetings, reports and/or related documents which are prepared for consideration by the Committee;
- III. keep detailed records of the Committee's meetings; and
- IV. have such other duties as may be assigned by the Committee.

**10. Remuneration**

Government guidelines makes provision for remuneration of Committee Members and this is determined according to prescribed rates as formulated by the Minister responsible for Finance.

**11. Committee Evaluation**

The Committee will conduct annually a self-evaluation of its performance taking into consideration specific goals and objectives which have been identified each fiscal year.

**12. Conflict of Interest**

Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Chairman and the details of the conflict are to be recorded by the Committee Secretary.

The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

**13. Confidentiality of Committee Information**

All information received by the Committee is confidential and is the property of the Development Bank of Jamaica and cannot be disclosed to parties outside of the organisation without prior approval of the Board.

**14. Review and Assessment of Terms of Reference**

The Committee will review and assess the adequacy of its Terms of Reference annually and request the Board's approval for any proposed changes.

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# **APPENDIX 4**

## **ANTI-FRAUD AND CORRUPTION**

### **CONTROL POLICY**



**Development Bank  
of Jamaica Limited**

Facilitating economic growth and development



# **ANTI-FRAUD AND CORRUPTION CONTROL POLICY**

The Development Bank of Jamaica's Policy on the prevention of prohibited practice and/or improper conduct in its Activities

The Board of Directors approved this Policy on the 2<sup>nd</sup> day of May 2019.



1	Contents	
2	Purpose of the Policy	114
2.1	Scope of the Policy	114
2.2	Definition of Fraud	115
2.3	Definition of Corruption	115
2.4	Control Environment	116
2.4.1	Pre-employment Screening	116
2.4.2	Conflict of Interest	116
2.4.3	Financing (Loan) agreements	116
2.4.4	Monitoring of Project Implementation	117
2.4.5	Sanctions and Remedies Available to the Bank	117
2.5	Related Policies/Procedures/Legislation	118
2.6	The Fraud and Corruption Control Officer	118
3	Obligations to Report Suspected Prohibited Practice	119
3.1	Reporting Obligations of DBJ Staff	119
3.2	Reporting Obligations of DBJ Related Parties	119
3.3	How to Report	119
3.4	Protection of Staff Members and External Complainants	120
4	Principles for the Conduct of Investigations	120
4.1	Authority to conduct investigations	120
4.2	Independence	121
4.3	Professional standards	121
4.4	Confidentiality	121
4.5	Access to information by the Audit Services Department	122
4.6	Rights of DBJ Board of Directors and staff	122
5	Disciplinary Actions	123
6	Referrals and Assistance to Other Agencies	123
7	Miscellaneous	123
8	Acknowledgement of Fraud and Corruption Control Policy	124



## 2 Purpose of the Policy

The Development Bank of Jamaica Limited (DBJ) through its Corporate Governance Framework, Code of Conduct, Code of Ethics, and Anti-Fraud and Corruption Control Policy, aims to foster a culture within the Bank that is intolerant of any acts of fraud and corruption. The Anti-Fraud and Corruption Control Policy strengthens this affirmation as it clarifies the roles and responsibilities of DBJ in sensitizing each other to be aware that fraud and corrupt practices can affect the growth of the institution, and to be involved in exposing any occurrences observed.

The DBJ shall ensure that its products (loans, grants, vouchers etc.) are used for the purposes intended. In this context, the Bank shall endeavour to ensure that activities defined as Prohibited Practice and/or Improper Conduct<sup>1</sup> are avoided.

### 2.1 Scope of the Policy

This Policy applies to all DBJ's activities, including projects financed by DBJ using third party resources and procurement for the Bank's use. It applies to the following persons and entities:-

- (a) The Board of Directors, staff and consultants, without regard to their position, rank, or length of service (referred to herein as "DBJ Board of Directors and staff");
- (b) Borrowers, promoters, contractors, sub-contractors, consultants, suppliers, beneficiaries (as the case may be), and in general relevant persons or entities involved in DBJ-financed activities (referred to herein as "DBJ Related parties");
- (c) Other persons or entities procured by DBJ for its own account and through which the DBJ deals in its borrowing or treasury activities (referred to herein as "DBJ counterparts")

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<sup>1</sup> As defined in the DBJ Whistleblower Policy



## 2.2 Definition of Fraud

<sup>2</sup>Fraud has been defined as “All multifarious means which human ingenuity can devise, and which are resorted to by one or more individual to get an advantage over another by false suggestions or suppression of the truth.” It includes all surprises, tricks, cunning or dissembling and any unfair way in which another is cheated.

Examples of Fraud:

- (a) Cheque fraud
- (b) Accounts recoverable fraud
- (c) False accounting
- (d) Forgeries of any kind
- (e) Unauthorized or unapproved salary advances, staff loans, or overtime reimbursements.
- (f) Overstatement of expenditure and reimbursement claims
- (g) Manipulation of accounting data
- (h) Mismanagement, impropriety or misconduct in carrying out of any activity that involves use of public funds.

Included among these fraudulent activities are, deliberate falsification, concealment, destruction or use of falsified documentation intended to be used for a normal business purpose or the improper use of the information or position.

## 2.3 Definition of Corruption

<sup>3</sup>Corruption has been defined as “An act done with the intent to give some advantages inconsistent with official duty and the rights of others.”

Examples of corruption:

- (a) Selling of confidential information relating to business operations
- (b) Granting or requesting preferential treatment to/from anyone
- (c) Bribery
- (d) Extortion
- (e) Graft (*the acquisition of gain (such as money) in dishonest or questionable ways*)
- (f) Nepotism

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Source:

<sup>2</sup> Black’s Law Dictionary, 5<sup>th</sup> Edition, by Henry Campbell Black  
West Publishing Co., St. Paul, Minnesota, 1979

<sup>3</sup> The Lectric Law Library Lexicon on Corruption



## 2.4 Control Environment

The Corporate Governance Policy has affirmed DBJ's commitment to ensure that there are effective processes to prevent, detect and manage fraud and corruption.

- (a) Management must develop policies dealing with internal controls and must with the approval of the Board of Directors implement and enforce these policies.
- (b) Management must give employees the assurance that dishonest acts, if detected, will be investigated, regardless of the individual's years of employment and position in the organization. The Bank's Code of Conduct and Code of Ethics are designed to reinforce transparency and accountability in its business practices and behaviour.
- (c) Management is responsible to create an environment of trust which is open and just, which will discourage any contemplation of fraud.
- (d) Training should be geared to focus on fraud awareness and emphasis should be placed on issues such as acceptance of gifts, etc. as set out in the Ethics Policy.

### 2.4.1 Pre-employment Screening

Prospective employees will be subjected to the following:

- (a) Reference checks
- (b) Verification of qualifications
- (c) Explanation of employment gaps in resumes submitted
- (d) Credit checks

### 2.4.2 Conflict of Interest

Employees shall be given the meaning of "conflict of interest" and advised to report incidents of such to the GM – Audit Services as outlined in the DBJ Corporate Governance Framework.

### 2.4.3 Financing (Loan) Agreements

DBJ's financing agreements shall contain appropriate contractual provisions to prevent and deter Prohibited Practice and/or Improper Conduct.



#### **2.4.4 Monitoring of Project Implementation**

Monitoring of projects by DBJ operational staff after the disbursement of the relevant loan aims to ensure that the underlying project financed by DBJ is implemented as planned and that any risks that occur are managed appropriately.

The Monitoring and Evaluation Officer will be regularly involved in the monitoring of the implementation of projects as an essential part of the ongoing monitoring of DBJ's activities. Such monitoring is aimed at detecting integrity and compliance concerns which may arise after the project implementation stage, including but not limited to cases of restructuring and change of ownership.

Any such material integrity and compliance concerns are promptly reported to the governing bodies of the Bank for their decision on the appropriate course of action, together with specific recommendations on possible remedies and risk mitigating factors, if any available.

#### **2.4.5 Sanctions and Remedies Available to the Bank**

##### ***2.4.5.1 Contractual Remedies:***

DBJ's financing (loan) agreements include appropriate remedies for dealing with breaches of the relevant undertakings/ obligations under such financing agreements. Such remedies may include the ability to suspend disbursements or seek early reimbursement of the loan (or part thereof).

The Bank will also take legal steps to recover misapplied funds, whenever appropriate.

##### ***2.4.5.2 Procurement remedies and sanctions***

In addition, if it is established that a DBJ related party has engaged in Prohibited Practice and/or Improper Conduct in the course of a procurement process or implementation of a project, DBJ:

- (a) may seek appropriate remediation of the Prohibited Practice and/or Improper Conduct to its satisfaction;
- (b) may declare ineligible such related party to be awarded the contract; and/or
- (c) may withhold its no objection to contract award and may apply appropriate contractual remedies, which may include suspension and cancellation of the product, unless the Prohibited Practice and/or Improper Conduct has been dealt with to the satisfaction of DBJ.



## 2.5 Related Policies/Procedures/Legislation

The following policies, procedures and legislation should be read in conjunction with the Anti-Fraud and Corruption Control Policy since they also offer guidelines for the prevention, detection, management and reporting of fraud and corruption.

- (a) DBJ's Code of Conduct;
- (b) DBJ's Code of Ethics;
- (c) DBJ's AML/CTF Policy;
- (d) DBJ's Whistleblower Policy;
- (e) The Public Bodies Management and Accountability Act;
- (f) The Companies Act 2004;
- (g) The Financial Administration and Audit Act;
- (h) The Corruption (Prevention) Act;
- (i) The Proceeds of Crime Act.

## 2.6 The Fraud and Corruption Control Officer

The General Manager, Audit Services is the designated Fraud and Corruption Control Officer.

### **The responsibilities of the Fraud and Corruption Control Officer**

Fraud control is one of the risks that require consideration when assessing risks and exposures that will impact DBJ's operations. The responsibilities of the Fraud and Corruption Control Officer includes: -

- (a) developing systems to deter, detect, investigate and report on incidence of fraud and corruption;
- (b) determining if controls need to be implemented or structured to reduce future vulnerabilities;
- (c) ensuring there is an internal control review following suspected or proven fraud or corruption, which should be done expeditiously;
- (d) coordinating fraud and corruption risk assessment processes e.g. design audit tests to disclose the existence of similar fraud and corruption in the future;
- (e) managing fraud and corruption reports and associated documentation;



- (f) monitoring and recording follow-up action taken; and
- (g) ensuring that senior managers know their responsibility to identify and report any acts of fraud or corruption or suspected fraud or corruption within their departments.

The responsible/authorized persons must protect the legal rights of the informant of the fraudulent act, and the person accused before, during and after the investigation and where applicable the hearing.

### 3 Obligations to Report Suspected Prohibited Practice and/or Improper Conduct

#### 3.1 Reporting Obligations of DBJ's Staff

DBJ's Whistleblower Policy provides Staff Members with a framework within which to report suspicions of Prohibited Practice and/or Improper Conduct.

Under the Policy and Code of Conduct, DBJ staff members are required to report any suspected incidents of prohibited practices and/or improper conduct, or any action that is or could be harmful to the mission or reputation of the Bank immediately on becoming aware of the matter.

#### 3.2 Reporting Obligations of DBJ Related Parties

Borrowers shall be required to inform the Bank of any fact or information related to possible Prohibited Practice and/or Improper Conduct.

#### 3.3 How to Report

Complaints/allegations regarding corruption, fraud, and other prohibited practices, which occurred or is occurring may be submitted through any of the following.



- ☑ **Email:** [auditservices@dbankjm.com](mailto:auditservices@dbankjm.com)
- ☑ **Mail** (posted or hand delivered **MUST BE** marked “**Strictly Confidential**”) to the following address:
  - General Manager, Audit Services**
  - Development Bank of Jamaica Limited
  - 11a-15 Oxford road, Kingston 5
  - Jamaica W.I.
- ☑ **In Person:** 11a-15 Oxford Road, Kingston 5, Jamaica
- ☑ **Telephone:** (876) 920-4666
- ☑ **Online Report Form** (available on the DBJ website)

### 3.4 Protection of Staff Members and External Complainants

All complaints regarding allegations of fraud, prohibited practices and/or improper conduct will be treated by DBJ as strictly confidential and may be made anonymously.

As regards reports made by a DBJ Staff Member, DBJ’s Whistleblower Policy provides that the Bank will ensure confidential treatment for members of staff who make Good Faith reports of suspected misconduct, and that such members of staff will enjoy the protection of the Bank.

## 4 Principles for the Conduct of Investigations

### 4.1 Authority to conduct investigations

The General Manager, Audit Services, shall be responsible for:

- (a) receiving reports of and investigating alleged or suspected Prohibited Practice involving the DBJ’s activities or DBJ staff.
- (b) reporting its findings to the Managing Director and the Audit Committee, which has an oversight function, as well as any other staff member, or Authority on a need-to-know basis.



#### 4.2 Independence

The Audit Services Department (ASD) shall enjoy complete independence in the exercise of its responsibilities. Without prejudice to the powers conferred on Audit and Corporate Governance Committee, the Head of the Audit Services Department shall have full authority to open, pursue, close and report on any investigation within its remit without prior notice to, the consent of, or interference from any other person or entity.

#### 4.3 Professional standards

All investigations conducted by the ASD shall be fair and impartial, with due regard to the rights of all persons or entities involved. The presumption of innocence applies to those alleged to have engaged in misconduct. Those involved in the investigation (being those under investigation or those conducting the investigation) should be aware of their rights and obligations and ensure they are fully respected.

In particular, those investigations will be undertaken in conformity with the DBJ's Investigation Procedures.

#### 4.4 Confidentiality

All information and documents collected and generated during an investigation, not already in the public domain, shall be kept strictly confidential. The confidentiality of the information collected must be respected both in the interests of those concerned and the integrity of the investigation.

In particular, during the investigation, the confidentiality of the identity of the subject, witnesses and informants must be respected in so far as it does not breach the principles of natural justice.

The Audit Services Department shall disclose in writing and or discuss such information and documents only to those persons, entities or law enforcement authority and the relevant employees authorized to receive them or otherwise on a need-to-know basis.

When the incidence of fraud or corruption has been established to a reasonable certainty, management and/or the Board should be notified immediately.

A written report should be issued to the Chairperson of the Audit and Corporate Governance Committee at the conclusion of the investigative phase. It should include all findings, conclusions and recommendations, and corrective action taken.



#### 4.5 Access to information by the Audit Services Department

DBJ's Board of Directors and staff are required to cooperate with the ASD promptly, fully, efficiently and in the manner specified by the ASD, including by answering relevant questions and complying with requests for information and records.

In order to conduct an investigation, the ASD shall have full access to all relevant personnel, information, documents and data, including electronic data, within DBJ, in accordance with the applicable procedures.

The ASD shall have the right to examine and copy the relevant books and records of the relevant DBJ related parties or DBJ counterparts and partners, as appropriate.

The Bank may sign a Memorandum of Understanding with law enforcement agencies or other similar organizations in order to facilitate the exchange of information on cases of mutual interest concerning suspected Prohibited Practice and or Improper Conduct, subject to the provisions of applicable data protection legislations.

#### 4.6 Rights of DBJ's Board of Directors and staff

A DBJ Board of Director or staff who is the subject of an investigation shall be entitled to due process; in particular, to be notified of that fact as early as possible, unless it is determined that to do so would be harmful to the investigation. The provisions of this Policy, the Investigations Procedures and the appropriate Code of Conduct shall provide the framework for the rights of DBJ's Board of Directors and staff during an investigation.

In any event, a member of DBJ's Board of Directors or staff who is the subject of an investigation shall be given notice of the allegations and evidence against him or her, and the opportunity to respond before any hearing takes place.

The investigation of suspected misconduct should commence without delay and should be concluded within a reasonable period of time.



## 5 Disciplinary Actions

The Managing Director on the advice of the GM Legal Services and GM Human Resource shall decide the appropriate and proportionate disciplinary actions, in accordance with the provisions of the Staff Manual and the Grievance & Disciplinary Procedures, taking into account the severity of the offence and any aggravating and/or mitigating circumstances.

If a member of the Bank's Board of Directors is implicated, the Managing Director, or, as appropriate, the Audit and Corporate Governance Committee, shall inform the Parent Ministry.

## 6 Referrals and Assistance to Other Agencies

The ASD is authorized to and may refer suspected Prohibited Practice and/or Improper Conduct to national authorities for further investigation and/or criminal prosecution and provide further assistance as may be requested.

If an investigation into suspected Prohibited Practice and/or Improper Conduct has commenced by a national authority and may involve DBJ financing, the ASD shall, in consultation with the Legal Services, liaise with and provide appropriate assistance to the national authorities.

In the event of an investigation by judicial authorities, law enforcement, Auditor General, legal or tax authorities, the ASD may decide to await the results of such an investigation and request a copy of their findings before taking further action.

## 7 Miscellaneous

Formal reviews of this Policy will take place regularly.

The policy will be updated based on:

- (a) changes in legislation, etc.;
- (b) changes to policies and procedures within the DBJ; and
- (c) any other changes that DBJ deems necessary and appropriate.



## 8 Acknowledgement of Anti-Fraud and Corruption Control Policy

DBJ regards any form of fraud or corrupt practices by its members as unacceptable behaviour and is requesting all employees to sign the acknowledgement attached.

The policy is to be acknowledged by staff members by signing this form after carefully reading the contents.

I have read the attached Anti-Fraud and Corruption Control Policy. I understand that DBJ will not tolerate activities of a fraudulent or corrupt nature and it is my responsibility to report such activities and vehemently refuse to engage in such activities or to collude with any person or group.

I acknowledge that disciplinary action will be taken against me if found guilty for my involvement in any fraudulent or corrupt activity.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Signature: \_\_\_\_\_  
Witness

Signature: \_\_\_\_\_  
Employee



## Version Control Page

Title:	Anti-Fraud and Corruption Policy		
Description	Anti-Fraud and Corruption Policy		
Created by:	Blaine Baker, Manager - Quality Assurance		
Reviewed by:	Senior Management and Audit & Corporate Governance Committee		
Approved by:	Board of Directors		
Date approved:	May 2, 2019		
Maintained by:	Administrative Assistant		
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## APPENDIX 4a

### Acknowledgement of Anti-Fraud and Corruption Control Policy

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I acknowledge that disciplinary action will be taken against me if found guilty for my involvement in any fraudulent or corrupt activity.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Signature: \_\_\_\_\_  
Witness

Signature: \_\_\_\_\_  
Employee

## **APPENDIX 5**

# **WHISTLEBLOWER (Protected Disclosure) POLICY**



**Development Bank  
of Jamaica Limited**

*Facilitating Economic Growth & Development*

# 2017

## **WHISTLEBLOWER (Protected Disclosure) POLICY**

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*To provide for a Whistleblower System and the protection  
of Whistleblowers from Retaliation*

## TABLE OF CONTENTS

1	INTRODUCTION .....	130
2	POLICY PURPOSE .....	130
3	KEY DEFINITIONS .....	131
4	PRINCIPLES.....	135
5	SCOPE OF THE POLICY .....	135
6	THE WHISTLEBLOWER SYSTEM.....	135
7	WHISTLEBLOWER PROTECTION .....	136
8	GOOD FAITH.....	136
9	DUTY TO REPORT AND COOPERATE .....	136
10	COMPLAINTS ALLEGING INTEGRITY & SAFEGUARDS VIOLATIONS, ETHICS VIOLATIONS AND MISCONDUCT.....	136
11	FORM OF COMPLAINTS .....	136
12	ANONYMOUS COMPLAINTS .....	137
13	USING THE WHISTLEBLOWER SYSTEM .....	137
14	INVESTIGATION OF COMPLAINTS .....	137
15	INVESTIGATION OF RETALIATIONS - SHIFTING BURDEN OF PROOF .....	137
16	SANCTION AND REMEDIATION OF RETALIATIONS .....	138
17	MEASURES TO ASSIST A WHISTLEBLOWER .....	138
18	CONFIDENTIALITY .....	138
19	COLLABORATION .....	139
20	REPORTING.....	139
21	REVIEW.....	139
22	OVERSIGHT AND IMPLEMENTATION .....	139
23	Frequently Asked Questions: .....	140

# Whistleblower (Protected Disclosure) Policy

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## 1 INTRODUCTION

Accountability and transparency are key tenets of all governance systems and require an enabling mechanism for all individuals (employees and clients) to make good faith reports regarding fraud, corruption or other improper activity that exposes the Development Bank of Jamaica Limited (the DBJ), its employees, clients, partners, agents and the general public to risks.

Globally, major organizations, especially those involved in developmental financing activities such as the World Bank, Caribbean Development Bank and International Monetary Fund have in place a whistleblowing policy. The implementation of its own Whistleblower Policy is the DBJ's signal to participate in the fight against corruption and its commitment to safeguard the use of public resources.

The DBJ adheres to the highest standards of integrity, ethics, compliance, transparency and accountability, with zero tolerance for fraud, corruption, money laundering, financing of terrorism and similarly improper conduct as expressed in the DBJ Corporate Governance Charter and its Anti-Money Laundering Policy.

The DBJ's Whistleblower Policy (the Policy) is developed on the principles of the Protected Disclosures Act, 2011 (hereinafter called "the Act") and the dictates of the DBJ Corporate Governance Charter.

DBJ has adopted this Policy to:

- a) Cause violations or suspected violations to be disclosed before they can disrupt the operations of the DBJ
- b) Promote a climate of accountability with respect to the DBJ's resources, including its employees, and
- c) To ensure that no one should feel or be intimidated for raising legitimate concerns.

The Policy is intended to be used for the purposes as set out in the Act i.e. the disclosure of improper conduct as defined in the Act (hereinafter called Improper Conduct"). Other employee concerns not covered under the Act or this Policy should continue to be reported through the Human Resources Department.

## 2 POLICY PURPOSE

The general purpose of this Policy is intended to:

- a) Encourage employees/individuals who wish to disclose good faith disclosure of Improper Conduct.
- b) Describe the process that will be followed by the DBJ in receiving, evaluating, investigating and resolving whether reports concerning whether an Improper Conduct has occurred, is occurring or is likely to occur.

- c) Provide employees with protection from discrimination, retaliation, occupational detriment or harassment.
- d) Encourage an atmosphere that allows employees/individuals to raise concerns, and/or to meet their obligations to disclose violations of law and serious breaches of conduct whether or not covered by the DBJ policies and be free of discrimination, retaliation, threats, occupational detriment or harassment.

### 3 KEY DEFINITIONS

For the purposes of this Policy:

Accountability	means ‘operations-related’ and, specifically, ‘project-related accountability,’ which is the extent to which the DBJ should prevent, monitor and resolve the adverse environmental and social impacts of its Projects.
Allegation	means an unproved assertion against someone related to suspected wrongdoing.
Code of Conduct	means the Code of Conduct for Staff and/or for the Board of Directors and any other Codes of Conduct issued by the DBJ and as amended from time to time.
Complaint	means a formal allegation or expression of discontent, concern or suspicion submitted to the Prescribed Person regarding any suspected violation, wrongdoing or presumed Misconduct.
Complainant	means the person who has submitted a formal complaint to the Prescribed Person.
Compliance	means the DBJ’s adherence to a policy and procedures which adopt relevant rules, regulations, standards, codes and norms to combat money laundering and financing of terrorism, and for monitoring in order to avoid violations and financial sanctions.
Director	means a member of the DBJ’s Board of Directors. Every reference to a “Director” means the Director and his/her alternate and advisors.
Disclosure	means "disclosure" means disclosure of information made by person (including an employee), regarding any conduct of an employer of that employee or another employee of the employer, where the employee has a reasonable belief that the information disclosed shows or tends to show that improper conduct has occurred, is occurring or is likely to occur, and "disclose" shall be construed similarly;
employee	means- (a) any person who (i) works or has worked for the DBJ; and

- (ii) receives, received, or is entitled to receive, any remuneration for work done;
- (b) any person who in any manner assists or has assisted in the carrying on or conduct of the business of the DBJ, without any entitlement to receive remuneration or reward; or
- (c) any person who is, or was, engaged or contracted under a contract for services to do work for another person, or any agent of the person;

Ethics	means adherence by relevant persons to any Code of Conduct or rules and regulations issued by the DBJ for its Directors and Staff.
Ethics Violation	means a violation of any ethical principle, rule or standard of conduct applicable to Staff and Directors as provided for in a Code of Conduct and/or rules and regulations issued by the DBJ for its Directors and Staff.
Environmental and Social Safeguards	means protection afforded by the operational policies and procedures issued by the DBJ to minimise or mitigate any adverse environmental or social impacts from projects financed by the DBJ.
Good faith	means that the Whistleblower reasonably believes the transmitted information to be true.
Integrity	means ‘institutional integrity’ and includes but is not limited to the prohibition of wrongdoing related to fraud, corruption, collusion, coercion (known as Prohibited Practices) and other corrosive practices like theft, bribery, Conflicts of Interest, deception, forgery, extortion, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, Misconduct and any interference with, or obstruction of, investigations undertaken pursuant to the Policy.
Investigation	means the process designed to gather and analyze information and to determine whether a Violation has occurred and if so, the Person or Persons responsible. An Investigation is deemed to commence from the date of receipt of a Complaint by the responsible officer and ends only when the responsible officer has made a determination in writing that it has ended.
Improper Conduct <sup>1</sup>	means <ul style="list-style-type: none"> <li>a) Criminal offence;</li> <li>b) Failure to carry out a legal obligation;</li> <li>c) Conduct that is likely to result in a miscarriage of justice;</li> <li>d) Conduct that is likely to threaten the health or safety of a person;</li> <li>e) Conduct that is likely to threaten or damage the environment;</li> </ul>

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<sup>1</sup> The definition of Improper Conduct was taken from the Protected Disclosures Act, 2011  
Whistleblower Policy – November 2017

- f) Conduct that shows gross mismanagement, impropriety or misconduct in the carrying out of any activity that involves the use of public funds;
- g) Act of reprisal against or victimization of an employee;
- h) Conduct that tends to show unfair discrimination on the basis of gender, race, place of origin, social class, colour, religion or political opinion; or
- i) Wilful concealment of any act described in paragraphs (a) to (h);

**Misconduct** means the failure by any Person to observe the rules of conduct or standards of behaviour as prescribed by the DBJ and includes a breach of any provision in the Code of Conduct and any act of Retaliation against a Whistleblower whether such failure or act occurs within or outside of the DBJ's premises.

**Occupational Detriment** means any act or omission that results in an employee, in relation to his employment, being –

- a) Subject to disciplinary action;
- b) dismissed, suspended, or demoted;
- c) harassed, intimidated or victimized;
- d) transferred against his will;
- e) refused transfer or promotion;
- f) subject to a term or condition of employment or retirement from employment, that is altered to his disadvantage;
- g) provided with an adverse reference;
- h) denied appointment to any employment, profession or office;
- i) threatened with any of the actions specified in paragraphs (a) to (h); or
- j) otherwise adversely affected in respect of his employment, profession or office, including employment opportunities and job security;

**Person** means any individual or entity and shall include a Director, a member of Staff, a body corporate, a trust and any other entity legally recognized as having the capacity to contract.

**Prescribed Person** means an independent person appointed by the DBJ Board for receiving, investigating or otherwise dealing with disclosures under this Policy.

**Prohibited Practices** are the following:<sup>2</sup>

- a) A Corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

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<sup>2</sup> The definitions of "a" to "d" are taken from the "Uniform Framework for Preventing and Combating Fraud and Corruption," agreed in September 2006 by the leaders of seven major International Financial Institutions

- b) A Fraudulent practice is any act or omission, including a misrepresentation, that knowingly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- c) A Coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party, or the property of the party, to influence improperly the actions of a party; and
- d) A Collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

Project	means any activity which the DBJ has financed or committed to finance from its Ordinary Capital Resources or Special Funds Resources, trust funds or from other funds administered by the DBJ.
Retaliation	means any form of harassment, victimisation or other action taken against a Whistleblower by any Person where it is suspected that such harassment, victimisation or other action is related to or undertaken in response to a Complaint, submission, report or disclosure made by a Whistleblower through the Whistleblower System.
Staff	means the management, (including the Managing Director), professional and support staff, temporary employees, other contracted employees, consultants, secondees, interns and personnel on exchange assignments without regard to their position, rank, title, duration of contract with, or length of service to, the DBJ.
Violation	means an abuse of any ethical principle, rule or standard of conduct applicable to Staff and Directors as provided for in a Code of Conduct including a Violation related to Integrity, Compliance and Ethics of the DBJ Corporate Governance Charter.
Whistleblower	means any Person who makes a Complaint, submission, report or disclosure of a suspicion, concern, or Allegation or provides any information concerning any Violation with respect to the DBJ's systems and operations or in any Project or financing, in the knowledge or good faith belief that the Complaint, submission, report or disclosure is true.
Whistleblower Hotline	means the secure telephone hotline for receipt of confidential Complaints, submission, reports and disclosures made by Whistleblowers.
Whistleblower System	means the DBJ's processes, procedures and systems for secure receipt and handling of all Complaints, submission, reports and disclosures from Whistleblowers and witnesses as provided for in this Policy and any procedures issued pursuant to this Policy.

Whistleblowing means the actions of a Whistleblower in making a Complaint, submission, report or disclosure through the Whistleblower System.

## **4 PRINCIPLES**

This Policy is founded upon the following five principles which includes those of the DBJ Corporate Governance Charter.

- a) Integrity;
- b) Accountability;
- c) Professionalism;
- d) Transparency, and
- e) Independence

## **5 SCOPE OF THE POLICY**

The Policy applies broadly to any Whistleblower, Witness or other Person named in a Complaint or who is otherwise connected with the subject matter of a Complaint.

This Policy covers all complaints, submissions, reports and disclosures of suspected violations and misconduct related to the areas of Integrity, Ethics, Compliance, Accountability and Environmental and Social Safeguards as provided for under the Corporate Governance Charter that occurs within any of the DBJ's internal and external activities, systems and operations.

This Policy does not apply to Complaints, submissions, reports and disclosures wholly unrelated to Integrity, Ethics, Accountability and Environmental and Social Safeguards which are ordinarily addressed by the Strategic Services Department, Loan Origination and Portfolio Management Department and other offices and internal mechanisms except to the extent that the alleged conduct is being used in Retaliation against a Whistleblower. Complaints to which this Policy does not apply include personal grievances relating to dissatisfaction with probation reports and Staff performance appraisal reports; discrimination and equal opportunity issues.

Reporting suspected violations (under this policy) in no way protects a whistleblower from sanctions arising from their own conduct. In other words, blowing the whistle is no 'escape hatch' for complicity in misconduct.

## **6 THE WHISTLEBLOWER SYSTEM**

The DBJ shall provide a Whistleblower System which will be managed by the Prescribed Person.

The DBJ will encourage potential Whistleblowers to make confidential Complaints, submissions, reports and disclosures through the Whistleblower System prior to, or instead of, any public complaints, reports, submissions or disclosures so as to provide the DBJ with the best opportunity promptly to investigate the matter alleged in the Complaint.

The Prescribed Person may refer any complaint which violates relevant laws and or regulations to the appropriate national authority as deemed appropriate.

## **7 WHISTLEBLOWER PROTECTION**

Every Whistleblower making a complaint, submission, report or disclosure in good faith shall be entitled to confidentially, securely and discreetly disclose any suspected violation or misconduct, including an attempt to carry out such violation or misconduct and after the complaint, submission, report or disclosure, to benefit from protection against Retaliation as provided for in this Policy.

Conduct suspected to be Retaliation against a Whistleblower shall be treated as a separate act of Misconduct and shall be investigated by the Prescribed Person and sanctioned accordingly.

## **8 GOOD FAITH**

All Complaints must be made in good faith.

Complainants who knowingly make unsubstantiated, intentionally incomplete (so as to withhold critical information), malicious or false Allegations or Allegations with reckless or negligent disregard for the truth shall not be protected by this Policy and may be treated as having committed a separate act of Misconduct and shall be investigated by Prescribed Person and sanctioned accordingly.

## **9 DUTY TO REPORT AND COOPERATE**

Each member of Staff has a duty to promptly report to the Prescribed Person and in any event not later than One (1) month after becoming aware of any suspected, actual or attempted violation or misconduct. Each such member of Staff is also expected to cooperate with the Prescribed Person, to provide information in support of his/her report and generally to assist the Prescribed Person in its investigation of the relevant suspected, actual or attempted violation or misconduct.

Each member of staff has the right and an obligation to refuse to participate in any wrongdoing. This duty overrides any confidential rules or policies which would otherwise restrict the report.

## **10 COMPLAINTS ALLEGING INTEGRITY & SAFEGUARDS VIOLATIONS, ETHICS VIOLATIONS AND MISCONDUCT**

Integrity Violations, Ethics Violations and Misconduct may be reported by using the Whistleblower Hotline, local telephone, by email, mail, or in-person visits to the **Prescribed Person** or any other method outlined in the Procedures issued pursuant to this Policy.

## **11 FORM OF COMPLAINTS**

All Complaints submitted to the Prescribed Person through the Whistleblower System must as far as possible, identify the Complainant by name and provide relevant supporting information to enable the Prescribed Person to adequately assess each Allegation made in the Complaint.

## **12 ANONYMOUS COMPLAINTS**

To ensure appropriate attention and assessment the Prescribed Person prefers to receive Complaints in which the Complainant is named but will accept all Complaints including anonymous Complaints. Complainants are encouraged to make Complaints and any related submissions, reports and disclosures in a manner that will facilitate an effective investigation. Complainants who choose to disclose anonymously are encouraged to provide in a timely manner, any information and supporting evidence in sufficient detail to enable PRESCRIBED PERSON responsibly to pursue assessment of each Allegation made in the Complaint.

Anonymous Complaints will be treated with the same degree of diligence as a Complaint in which the Complainant has provided his/her name subject to the Prescribed Person being satisfied that it can be supported based primarily on the:

- a) Seriousness of the issue raised;
- b) Credibility of the concern in the context of any other known facts; and
- c) Likelihood of corroboration of the Complaint by other reliable sources.

## **13 USING THE WHISTLEBLOWER SYSTEM**

The Whistleblower System provides the best protection for Whistleblowers and the DBJ is committed to receiving and assessing all Complaints, however they are submitted. Complainants are encouraged to use the Whistleblower System instead of first resorting to non-Bank public forums like the media or other non-confidential reporting channels which do not provide security, independent review of their concerns and protection from retaliation. Complainants will be made aware that only when Complaints are formally submitted through the Whistleblower System will the Complainant be classified as a Whistleblower for the purpose of this Policy and entitled to benefit as far as possible from protection from Retaliation.

The DBJ encourages full and appropriate use of the Whistleblower System by Staff. Each member of Staff has a right to discuss concerns and suspicions with the management officers to whom they report in accordance with their general duty to report wrongdoing, and are expected to assist a potential Complainant to make prompt Complaints, submissions, reports and disclosures appropriately through the Whistleblower System.

## **14 INVESTIGATION OF COMPLAINTS**

All Complaints received through the Whistleblower System shall be handled, investigated and otherwise resolved as provided for in the DBJ's Procedures for Investigation, and sanction and enforcement issued pursuant to the appropriate policy and/or regulations.

## **15 INVESTIGATION OF RETALIATIONS - SHIFTING BURDEN OF PROOF**

A Whistleblower who alleges to have suffered from Retaliation is required only to prove to the Prescribed Person that in their reasonable belief their Whistleblowing was a factor in the subsequent action which action they reasonably believe to be the Retaliation. The burden of proof shall then shift to the management of the DBJ to establish, that the same action believed

by the Whistleblower to be a Retaliation would have been taken (whether by itself or as part of a series of actions) if the Whistleblowing did not occur.

## **16 SANCTION AND REMEDIATION OF RETALIATIONS**

Pursuant to the DBJ's Procedures for Investigation, sanction and enforcement, the Prescribed Person shall make appropriate findings and recommendations to the DBJ Board for the resolution, remediation and sanctioning of any conduct determined to be a Retaliation.

To promote Whistleblowing and to assist in deterring Retaliation, the DBJ will pursue a full remediation of Retaliation as soon as possible, so that, as far as possible, the Whistleblower is made whole and the effects of the Retaliation are mitigated or removed.

## **17 MEASURES TO ASSIST A WHISTLEBLOWER**

The Prescribed Person shall, after reviewing a Complaint submitted by a Whistleblower, recommend to the DBJ Board, any interim or permanent measures to avoid, mitigate or remediate the likelihood or impact of Retaliation. Such a recommendation to the DBJ may include recommendations with respect to: (a) special measures to terminate, suspend or review the effects of any actions suspected to be retaliatory; (b) action to be taken with respect to the person committing the Retaliation; (c) the reassignment of Staff; (d) the authorisation of appropriate leave; and (e) the exercise of contractual rights by the DBJ.

The DBJ may act at any time and of its own volition (with or without a recommendation from the Prescribed Person) undertake any special measures to assist a Whistleblower or Witness who is a Staff, including measures to avoid, mitigate or remediate the likelihood or impact of a Retaliation. Such special measures may include assistance undertaken by the DBJ alone or in collaboration with any competent national authority, local police, local prosecutors or international organization to protect the identity, safety and security of any Whistleblower or witness who is a member of Staff.

## **18 CONFIDENTIALITY**

The Prescribed Person and the DBJ shall protect with strict confidentiality, the substance of any information disclosed to the Whistleblower System including the identities of the Whistleblower and any Witness, subject only to the following exceptions, when:

- a) A Whistleblower or, where applicable, any Witness has provided written permission to the Prescribed Person and/or the DBJ to make the disclosure; and
- b) The Prescribed Person determines that there is an imminent threat to public health, security or safety and after reasonable prior notice to the Whistleblower and any Witness advises of his/her intention to make the disclosure.

General information, related to use of the Whistleblower System, particularly basic numerical data like the number and origin of complaints received, may be published at any time by the Prescribed Person and the DBJ as appropriate and in accordance with the DBJ's Media Policy.

**19 COLLABORATION**

The Prescribed Person shall collaborate with development partners in outreach programmes and for the development of international best practices to enhance the effectiveness of this Policy and the procedures issued pursuant to it.

**20 REPORTING**

The Prescribed Person shall have direct access to the Board of Directors. It shall be the duty of the Prescribed Person to ensure submission of reports required by the Board of Directors.

**21 REVIEW**

The DBJ Board shall commission a review of this Policy every three years, or as necessary, to help ensure its effectiveness.

**22 OVERSIGHT AND IMPLEMENTATION**

Pursuant to the Corporate Governance Charter, the Prescribed Person directly oversees this Policy.

The DBJ Board bears primary responsibility for working with the Prescribed Person to ensure effective implementation of, and adherence to, this Policy.

Dated this ..... day of ..... 2017

\_\_\_\_\_  
Chairman,  
Board of Directors

\_\_\_\_\_  
Managing Director  
(Responsible Executive)

## 23 Frequently Asked Questions:

What is the difference between whistleblowing and making a complaint?

- In practical terms, whistleblowing occurs when a worker raises a concern about danger or illegality that affects others (e.g. clients or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concerns. As a result, the whistleblower should not be expected to prove their case; rather he or she raises the concern so others can address it. This is different from a complaint. When someone complains, they are saying that they have personally been poorly treated. This poor treatment could involve a breach of their individual employment rights or bullying and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint, and, for this reason, is expected to be able to prove their case.

Can concerns be raised confidentially or anonymously?

- Yes. However, the best way to raise a concern is to do so openly. Openness makes it easier for the firm to assess the issue, work out how to investigate the matter, understand any motive and get more information. An individual raises a concern confidentially if he or she gives his or her name on the condition that it is not revealed without their consent. An individual raises a concern anonymously if he or she does not give his or her name at all. Clearly, if the firm does not know who provided the information, it is not possible to reassure or protect them.

What information should a whistleblower provide?

- Supporting evidence for the allegations, if available, is clearly helpful. However, the Policy does not require individuals to have evidence before reporting the matter, but it does say that the individual must reasonably believe the information is substantially true. Individuals should talk to someone in their service line or the whistleblower Helpline about their concern at the earliest opportunity rather than wait to collate any evidence.

What activity is covered under this Policy?

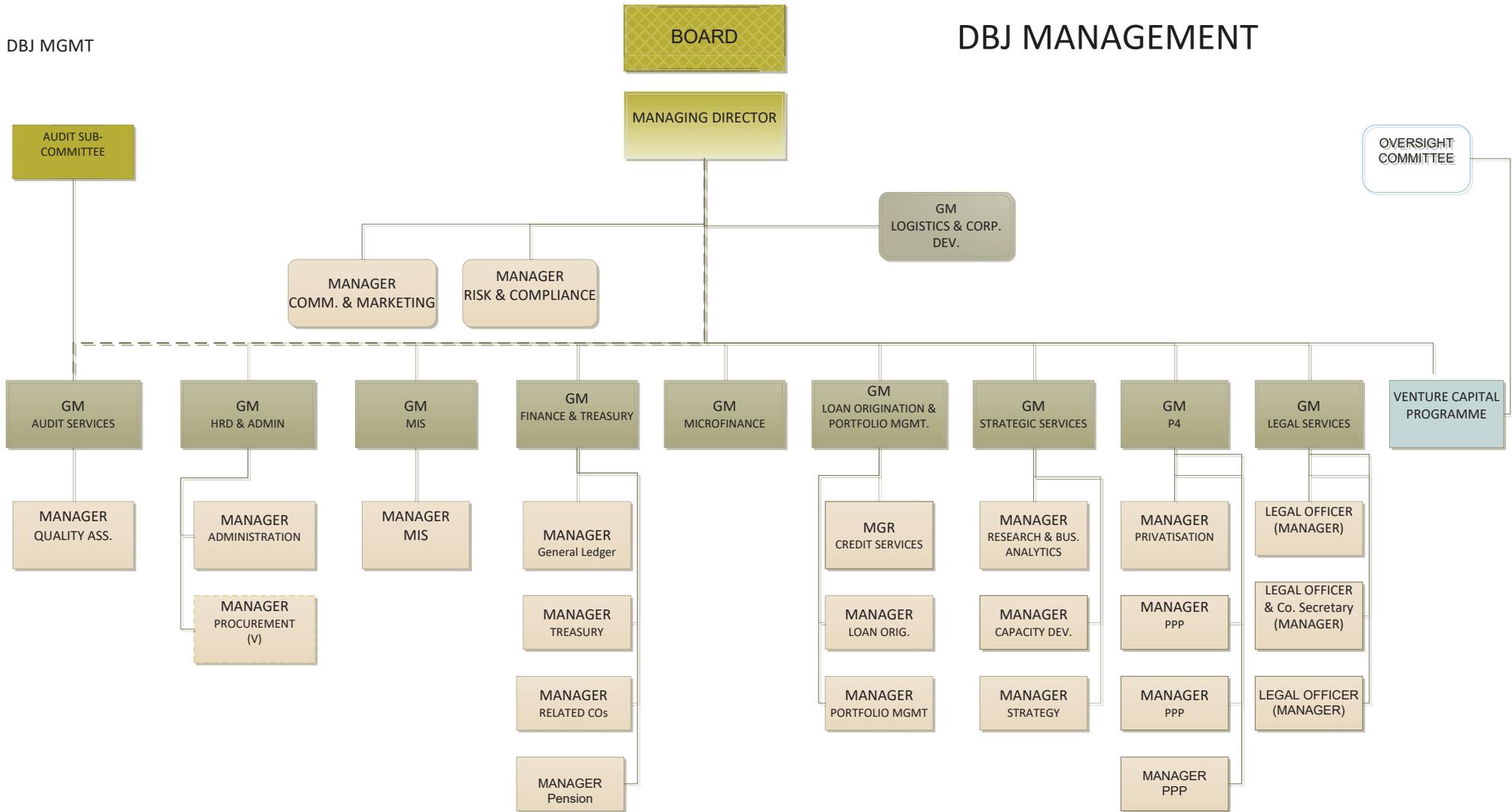
- This Policy covers all confidential Complaints, submissions, reports and disclosures of suspected Violations and Misconduct related to the areas of Integrity, Ethics, Compliance, Accountability and Environmental and Social Safeguards that occur within any of the DBJ's internal and external activities, systems and operations.

## Version Control Page

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DBJ MGMT

# DBJ MANAGEMENT



DEVELOPMENT BANK OF JAMAICA

Management Positions

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