



SAGICOR SELECT FUNDS LIMITED
CORPORATE GOVERNANCE POLICY

Board Mission

Sagicor Select Fund Limited (“the Company”) was incorporated in 2019 as a public company, for the primary purpose of trading in securities listed on recognized exchanges. The Financial Select Fund is a close-ended non-diversified investment fund. The Company entered into a management agreement with Sagicor Investments Jamaica Limited to act as Fund Manager. The fund manager, Sagicor Investments Jamaica Limited is part of Sagicor Group Jamaica Limited and therefore related companies include Sagicor Group Jamaica Limited and its fellow subsidiaries, associated companies, related entities including funds managed by Sagicor Group Jamaica Limited and related entities.

Overall Board Responsibilities and Activities

The role of the Company’s Board of Directors is to provide leadership, guidance, and oversight to the management of the Company and the investment of the assets of the Company.

Specific responsibilities for Chairman, Company Secretary and Directors

The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office. In the absence of the Chairman the Members present shall choose one of their numbers to act as Chair.

The **Chairman** is principally responsible for the effective operation of the Board and for ensuring that information that it receives is sufficient to make informed judgments.

The **Company Secretary** is responsible for ensuring that the Board’s processes and procedures are appropriately followed and support effective decision-making and governance. The Company Secretary is appointed by, and can only be removed by the Board. The Company Secretary is responsible for organizing

an Orientation Session for new directors and presenting to the director, a package containing copies of the Company's Incorporation documents and relevant Company Policies.

Each **Board member** is expected to commit sufficient time for preparing for and attending meetings of the Board, its Committees and, if applicable, of the Independent Directors. Regular attendance at Board meetings is a key function therefore, unless explicitly agreed in advance; a Director may appoint an alternate Director to attend regular Board meetings in his/her absence. Directors who are unable to attend a board meeting have a responsibility to review board papers received prior to the meeting and submit any general comments or questions to the Company Secretary for discussion at the board meeting.

In-depth knowledge of the particulars of the Company's business is vital for each Director in making informed and objective decisions and management should be allowed direct involvement and review of operational activities. Similarly, management should communicate to Board members opportunities to interact in strategy and day-to-day business settings. Board members are strongly encouraged to take advantage of such opportunities as frequently as feasible. The Directors have complete access to the Leadership of the Company.

Selection and Composition of the Board

The Board is responsible for the over-viewing of the interest of all stakeholders on the matters as outlined above. The composition of the Board should be such that these interests are best served and therefore the Directors require diversity in skills and characteristics.

- (i) The Board shall be composed of a minimum of three (3) directors.
- (ii) At no time should the Board consist of more than two (2) Executive directors
- (iii) The Board shall include at least two (2) independent directors

The term 'independent' means a Director who has no material relationship with the Company save to the extent that he receives remuneration for holding office as Director.

Independent directors should be free from any interest and any business or other relationship, other than an interest or relationship arising purely from their shareholding or a customer relationship being strictly in accordance with the Company's normal business practices.

Other considerations to determine the independence of a director are:

- whether the director has been and employee of the Company within the last 3 years
- whether the director has or has had within the last three years, a material business relationship with the Company either directly as a director, shareholder, or senior employee of a body that has such a relationship with the Company
- whether the director receives additional remuneration from the Company or participates in a performance related pay scheme
- whether the director has close family ties with any of the Company's directors or senior employees
- whether the director (or a related party) holds 5% or more of the total shareholdings in the Company

Conflicts of Interest/Disclosure

Any dealings in the Company's shares by any Director must be promptly reported to the Company Secretary who is obliged to disclose such information promptly to the Jamaica Stock Exchange.

With respect to 'black out dates', no Director should trade in the Company's shares during the period from which the Company declares the payment of a dividend to the payment date of such dividend.

'Black out' periods start thirty (30) days after the end of each quarter and end twenty-four (24) hours after the release of interim or final Financial results.

A Director who has an interest in the Company or in any transactions with the Company which could create or appear to create a conflict of interest must disclose such interests to the Company. These would include:

- o Any Interest in contracts or proposed contracts with the company
- o General disclosure on interest in a firm, which does business with the company
- o Interest in securities held in the Company

- Emoluments received by the Company
- Loans or Guarantees granted by the Company to/for the Director.

Disclosure shall be made at the first opportunity to the Board in writing and such disclosure shall be recorded in the Minutes of the Board.

The Director shall then excuse himself from the Board meetings when the Board is deliberating over any such contract and shall not vote on any such issue. The Disclosure of a Director's interest shall include interests of his family and affiliates

Every Director shall annually complete and return to the Board, a Conflict of Interest Statement.

Election, terms, re-election and retirement

Election, terms, re-election and retirement of each Board member is conducted in accordance with the Articles of Association of the Company, Articles 44 to 47.

Board Compensation

The level of compensation of the **Independent Directors** reflects the time commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Independent Directors of the quality required. The compensation is competitive and subject to regular review to what is paid in comparable situations elsewhere.

A review by the Board of the remuneration policies for **Directors** will take place during a regular Board meeting annually.

Access to outside advisors and funds

The Company will make such funds available to the Board and in particular the Independent Directors as is reasonably required for those Directors to objectively make decisions. This may include providing funds to access outside advisors and cover cost associated with travel and the gathering of relevant information for the execution of their responsibilities.

Code of Conduct

The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all the Company's codes and policies as well as the Sagicor Group's Codes and Policies. The Board will not permit any waiver of any of these policies for any Director or Executive officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman. If a conflict exists and cannot be resolved, the Director should resign.

Meetings

The Board of Directors shall meet quarterly or more frequently as the Directors may determine. The time and place of meetings of the Board of Directors and the procedure at such meetings shall be determined from time to time by the members thereof, provided that:

- (a) A quorum for meetings shall be three (3) Directors, one of whom must be independent.
- (b) A Memorandum signed by all the Directors who are entitled to receive notice of a meeting of the Directors and attached to the Directors' Minutes Book shall be as effective for all purposes as a resolution of the Directors passed at a meeting duly convened, held and constituted.
- (c) Notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Board at least 24 hours prior to the time fixed for such meeting.
- (d) The affirmative vote of a majority of the members of the Board participating in any meeting of the Board is necessary for the adoption of any resolution.

General scope of responsibilities and purpose

The duties of the Board of Directors shall include:

- Monitoring the compliance by the Investment Manager within the Guidelines, Rules and Regulations established for the Investment Manager;

- Reviewing annually or at such other frequency as may be required or deemed appropriate by the directors the investment strategy of the Investment Manager with respect to the investment assets of the Company;
- Monitoring on a quarterly basis or such other frequency as may be determined by the Directors the performance of the investment assets held by the Company against the targets established with the Investment Manager;
- Approving the appointment of new Directors,
- Reviewing and approving the issue of the Annual Report of the Company;
- Ensuring that the Company has a consistent and effective risk management process to manage and control the risks arising from its business activities;
- Ensuring that the Company complies with the laws of the countries in which the company operates;
- Ensure that the Company is in sound financial condition and operates in a safe manner within an appropriate internal control environment;
- Ensuring that stakeholders receive meaningful information with an appropriate degree of transparency with which to judge reasonably, the effectiveness of the board of directors and executives in meeting their corporate governance responsibilities;
- Ensuring that the Board is effectively exercising its corporate governance responsibilities.

Director Orientation and Education

The objective of the orientation program is to assist the new director in developing a high level of institutional, boardroom and interpersonal comfort in order to expedite his/her effectiveness as a director. The Secretary is to ensure directors receive all the information they require to provide the guidance, leadership and oversight demanded of their role. The orientation process is conducted on two levels, one comprising documentary information and the other, interpersonal communication.

- (i) Essential Documents - The following items should be packaged and given to the director on the first day of his/her appointment, together with a letter signed by the Chairman of the Board welcoming the new director, encouraging study of the material sent (in particular the Board Charter and Role of the Director),
 - Company Overview and Board Charter

- Copy of Articles of Incorporation
- Copies of the Minutes of the last 5 meetings of the Board
- Corporate Governance Guidance specifically for Directors
- Last copy of the Annual Report for the company
- Investment Guidelines for Investment Manager
- Annual Audit Management Letter, if any
- Annual Board Meeting Schedule

(ii) Orientation meetings _

Upon joining the Board, Directors must familiarize themselves with the Board's policies and the Company's corporate profile, corporate governance policies and practices.

The Board also recognizes the importance of education for its Directors. It is the responsibility of the Board to advise the Independent Directors about their education, including corporate governance issues. Directors are encouraged to participate in continuing Director educational training programs.

Board Committees

The Board has established three Committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

1) Audit Committee

This Committee comprises at least three (3) non-Executive Directors, of whom at least two (2) must be independent, appointed by the Board of Directors to hold office until otherwise determined by the Board of Directors or until they cease to be directors.

- i) The Committee shall be composed of not less than three directors.
- ii) None of the members of the Committee shall be an officer, employee or affiliate of the Company or its subsidiaries.
- iii) All directors shall be independent within the meaning of "independence" as contained in the Company's Corporate Governance policy requirements.

The Committee's purpose is to:

- Monitor the adequacy and effectiveness of the Company's systems of risk management and control, the Business Risk Assurance function and external auditors;
- Review the Company's annual and quarterly unaudited financial statements and related policies and assumptions and any accompanying reports or related policies and statements;
- Monitor and review the effectiveness of the Company's internal audit function;
- Monitor and review the external auditor's independence, objectivity and effectiveness;
- Develop and implement policy on the engagement of the external auditor to supply Non-audit services.

The Chairman of the Audit Committee shall also be appointed by the Board. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three members.

The Audit Committee shall meet at least quarterly and at such other times as the Committee may deem necessary or as the external auditors may request.

2) Investment Committee

This Committee comprises at least four (4) Directors, at least one of whom must be independent, appointed by the Board of Directors to hold office until otherwise determined by the Board of Directors or until they cease to be directors. The Board Chairman and the investment Manager will also form a part of the Committee.

Other Directors may be co-opted, as deemed necessary.

The primary purpose is to assist the Board of Directors to:-

- a. Ensure that the company adheres to prudent standards in making investment and lending decisions and in managing its investments;
- b. Approve the annual strategy for the Company;
- c. Review annually the Investment Policies of the Company and make such recommendations to the Board of Directors, as may be determined to be necessary or desirable;
- d. Review and approve of specific transactions and initiatives beyond the limits set for Executives.

The Investment Committee shall meet at least quarterly and at such other times as the Committee may deem necessary.

3. Corporate Governance Committee

This Committee comprises the Chairman and at least two (2) other Directors. Two of these directors must be independent and appointed by the Board of Directors to hold office until otherwise determined by the Board of Directors or until they cease to be directors. The Committee shall meet at least twice annually. The Committee's purpose is to:-

1. Investigate and take decisions including making recommendations to the Board, in respect of any employee related matter which has the potential to reflect negatively on the Company and its subsidiaries.
2. Approve or decline to approve transactions between the Company and its subsidiaries and/or related parties;
3. Establish and ensure adherence to procedures designed to identify potential conflicts of interest, preventing conflicts of interest and resolving them, if they occur.
4. Establish and ensure adherence to procedures regarding disclosure to customers with whom the Company may be dealing.
5. Review the annual Board Evaluation and initiate and assess the outcome of the evaluations of the previous year or as the election and re-election procedures determine and at such other times as any member of the Board may request.

Distribution of Board Material

All Board materials should be distributed at least three (3) days in advance of a Board meeting.

Independent Director Meetings

The Company is to provide opportunity for the Independent Directors to meet independently of the Executive Directors. On the decision of the Independent Directors, the investment Manager may be invited, if they desire.

Strategy and Operating Plan-setting Meeting

The Board is consulted on a regular basis on matters which are of strategic importance to the Company. Annually the Company will set, in coordination with the Chairman, a meeting to review the Company's strategy in depth prior to final agreement of such strategy and annual operating plan.

Selection of Agenda Items for Board Meetings

The Chairman, Company Secretary/Secretariat and investment Manager will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of item(s) on the Agenda.

Information important to the Board's understanding of the business will be distributed electronically and or in writing to the Board before the Board meetings.

As a general rule, presentations on specific subjects should be sent to the Board members in advance to save time at Board meetings and focus discussion on the Board's questions. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

Additional attendees to the meeting

Furthermore, the Board encourages the Executive Team to, where it assists the ability of the Board members to execute their responsibilities, bring managers of the Investment Manager into Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the Executive Team believes should be given exposure to the Board.

Board Relationships

Board relationships will include:

- a. Interaction with the Investment Manager
- b. Contact with Investors, Media
- c. Access to management and employees of the Investment Manager

Communication with Stakeholders

The Board of Directors will ensure that the Company has in place a policy to enable the company to effectively communicate with its stakeholders. The Board is committed to providing timely, accurate and balanced disclosure of all material information about the company and will provide fair and equal access to such information.

The Board requires that the Executive/s have in place a process to support the Company's policy of providing true, full and timely disclosure of financial results and other material information to appropriate stakeholders including shareholders, regulators, employees (if any), rating agencies, analyst and stockbrokers.

Board Evaluation

The Company Secretary/Secretariat develops, maintains and executes an annual process of self-evaluation and 360 degrees feedback among Board members. Results of the self-evaluation are discussed annually in a Board meeting after an independent analysis.

The Chairman will present results of the 360 degrees feedback to the relevant Board member individually.

The Corporate Governance Committee shall meet at least annually to initiate and assess the outcome of the evaluations of the previous year or as the election and re-election procedures determine and at such other times as any member of the Board may request.

Review of Policy

This Policy shall be reviewed every two (2) years.