

CORPORATE GOVERNANCE



The Board of Directors of the East Caribbean Financial Holding Company Limited is responsible for the governance of the Group, and is committed to adhering to the highest standards of Corporate Governance. It is guided by a formal Corporate Governance Policy.

The Board is composed of appointed and elected directors who govern the affairs of the Group. It reviews the Group's strategies, financial objectives and operating plans and plans for management succession. The Board meets every month and special meetings may be held when the need arises.

The Board provides leadership to the Group within a framework of sound governance practices, prudent and effective controls that facilitate risk assessment and management. It sets the Group's strategic goals and objectives. The Board establishes the Group's values and ensures that its obligations to its shareholders and other stakeholders are understood and met.

All directors must take decisions objectively in the interest of the company.

There is a clear delineation of responsibilities between the running of the Board and the

executive responsibility for the running of the Group. No one individual has unrestricted powers of decision making. The roles of Chairman and Group Managing Director cannot be exercised by the same individual.

To facilitate accountability and transparency, no one individual or group of individuals dominates the decision making process.

The Board comprises eleven members, ten of whom are elected or appointed by the holders of ordinary shares and one, the Group Managing Director, is an Executive Director. Collectively, the members of the Board must demonstrate a balance of skills and experience appropriate for the requirements of the business.

Criteria for membership on the Board include a candidate's knowledge, skills, expertise, diversity of experience and that they should be a fit and proper person.

SUBSIDIARY BOARDS

The ECFH Board should be aware of all material risks and other issues that may ultimately affect the Group. As some of these risks may originate

in subsidiaries, it is necessary that the parent board be able to exercise adequate oversight over the activities of the subsidiaries.

- *Except for the Group Chairman and Group Managing Director, no director shall hold more than three directorships in the Group.*
- *Except in exceptional circumstances, the chairmanship of subsidiaries will be held by a member of the ECFH Board.*
- *Non-executive directors should always constitute a majority of the Boards of subsidiaries and no subsidiary shall take a decision where the majority in a quorum is of executive directors.*
- *The Board shall ensure that adequate risk management procedures are in place to identify, assess and monitor risk activities and to provide the desired balance between risk acceptance and returns. The Risk Management Function of the Board is delegated to the Asset Liability Management Committee, which is chaired by the Group Managing Director. The committee meets*

at least quarterly and reports to the Board quarterly.

COMMITTEES OF THE BOARD

In an effort to effectively allocate tasks and responsibilities at the Board level, the Board has established committees with clearly defined objectives, authorities, responsibilities and tenure. These committees serve the Boards of all subsidiary companies. The Board shall not delegate matters requiring special approvals to any of its committees.

These committees consist mainly of five independent directors and meet at least three times a year or when the need may arise. The Committees are as follows:

AUDIT COMMITTEE

This committee is responsible for providing oversight of the company's operations, in particular:

- The quality and integrity of the financial statements of the Group
- The effectiveness of the systems of internal control over financial reporting
- The internal and external audit processes, the Group's processes for monitoring compliance with applicable laws and regulations, risk management processes and the code of conduct.

The Committee met six times during the year and is comprised of the following members:

- Victor Eudoxie – Chairman
- Emma Hippolyte
- Isaac Anthony
- Henry Mangal

During the year Mr. Henry Mangal was certified as a Director under the ECSE Director Certification programme hosted by the ECSE in conjunction the Institute of Chartered Secretaries of Canada.

CREDIT COMMITTEE

This committee considers and approves credit proposals in excess of management's limit and meets on a needs basis. Three meetings of the committee were held during the year. The committee is comprised of the following members:

- Victor Eudoxie - Chairman
- Emma Hippolyte
- Hildreth Alexander
- Henry Mangal
- Robert Norstrom

HUMAN RESOURCE COMMITTEE

This committee is responsible for approving staff compensation, staff policies, and appointment of senior management and is also responsible for management succession planning. One meeting of the Committee was held during the year. The committee comprises of the following members:

- Victor Eudoxie - Chairman
- Hildreth Alexander
- Henry Mangal
- Robert Norstrom

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