**Factories Corporation of Jamaica Limited**

# TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

## BACKGROUND

The Finance Committee ("FC") (hereinafter called "the Committee") is established by the Board of Directors of the Factories Corporation of Jamaica Ltd (hereinafter called "the Corporation") and is a committee of the Board. The Committee shall function in accordance with the terms of reference conferred by the Board, and shall have no authority other than that conferred by the Board.

The key objective of the Finance Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities. The Committee will act in an advisory capacity to the Board on the overall financial condition of the Corporation, in reviewing the short term and long-term financing of the Corporation and will explore alternative and innovative financing structures.

The Committee may examine, recommend for Board approval, the disposal of non-revenue generating assets (to include machinery, furniture, equipment, motor vehicles) within the guidelines established by the Corporation, the Portfolio Ministry and the Responsible Ministry for Finance; evaluate and make recommendations about proposed new projects that require funding approval by the Board.

## A. PURPOSE

The Board will appoint a Finance Committee to:

1. Monitor the financial structure, operations and policies of the Corporation including the disposal of assets.

2. Oversee the financial reporting and performance of FCJ.

3. To ensure that the investment activities of the FCJ are carried out in line with Board approved policies.

4. Examine and recommend designs that facilitate maximization of revenue flows and will monitor and review the annual budgets of the Corporation.

## B. MEMBERSHIP

1. The FC shall be comprised of a maximum of seven (7) members with at least five (5) members being Directors.

2. The Board, through the Chairman, shall appoint the Chairman of the Committee, who at all times must be a sitting Director.

3. Members will be appointed by the Board and will serve until resignation or until the termination of their appointment to the Board. Members may also be removed by majority vote of the Board of Directors.

4. 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 and investment experience and knowledge.

5. The Committee should not include the Chairperson of the Audit & Risk Management Committee.

6. The Board may co-opt, to perform the duties of the Committee, individuals who are not Directors but who possess a broad range of financial related qualifications relevant to the functions of the Committee.

7. Co-opt members should not constitute more than forty percent (40%) of the committee's membership.

8. 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]

9. The Corporate Secretary will be the assigned secretary for the FC. In the absence of the Corporate Secretary, the Chair of the FC may make alternate arrangements for a member of the Corporation's staff to act as Secretary to the Committee.

10. The **Managing Director and Director of Finance** shall **be invited** to all Committee meetings.

11. The Committee has the power to require any member of staff of the Corporation to attend meetings.

12. On a **quarterly basis,** the **Property Manager will attend** committee meetings and provide the Committee with the required Disposal of Assets listing to determine the most appropriate disposal mechanism.

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1. [1] *(Section 8(8) – PBMA Act)*

## C. MEETINGS, QUORUM AND PROCEDURES

1. The FC will determine its own rules of procedure, provided they are consistent with the regulations that govern the Corporation and the organization, generally.

2. The FC will meet at **least monthly** and more frequently as circumstances require. Monthly meetings should be held at a time to allow for presentation of the monthly financial report to the Board.

3. Failure to attend at least there (3) consecutive meetings without acceptable reasons to the Committee Chairman, will give rise to consideration of continued membership.

4. The Chair of the FC or a majority of the members of the Finance Committee may call a special meeting of the FC.

5. **The Committee's quorum will be fifty percent (50%) membership plus 1.** This must include at least three (3) appointed Directors.

6. The FC may form sub-committees for any purpose that the FC deems appropriate and may delegate to such sub-committees such power and authority as the FC deems appropriate. No sub-Committee should consist of fewer than two (2) members.

7. 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.

8. Senior Management or other persons, whose advice and counsel are sought by the FC, may be invited to meetings of the Committee to provide such pertinent information as the FC requests.

9. The FC shall keep written minutes of its meeting, which minutes shall be maintained with the records of the Board.

10. An annual report, which speaks to the activities of the FCJ's Finance Committee, will be included in the Corporate Governance section of the FCJ's Annual Report.

## D. SPECIFIC RESPONSIBILITIES AND DUTIES

The Finance Committee will have the following duties and responsibilities:

1. The Committee shall monitor, evaluate, advise and make recommendations to the Board on all financial matters and policies of the organization, and shall consider any other matter delegated to the Committee by the Board.

2. The Finance Committee shall have general responsibilities for reviewing and recommending to the Board:

    2.0 The annual and other budgets along with budget principles to ensure achievement of the organization’s strategic and financial objectives.

2.1 The guiding principles for changes to approved budgets and the transfer reallocation of funds in approved budgets.

2.2 Policies regarding the acquisition and disposal of the organization’s property, plant and equipment.

2.3 Policies regarding proposals and the implications of these short- and long-term capital proposals to the strategic vision of the organization.

2.4 Policies governing contract management.

2.5 Policies surrounding financial risk management, particularly those risks that may prejudice the achievement of the organization’s financial strategic objectives.

2.6 Policies over banking and insurance services as well as the authorized signing officers and safekeeping of titles.

2.7 The review of monthly/annual financial statements.

2.8 Reviewing the policies and procedures over the Corporation’s investment activities.

2.9 Overseeing policies and procedures dealing with the donations and any other contributions.

**Other specific responsibilities to include**:

a. Monitoring the Corporation’s fiscal performance against its budget.

b. Reviewing monthly financial statements with senior management.

c. Advising on appropriate investigation and collection policies and procedures.

d. Considering matters referred to it by the Board.

e. Appraising the adequacy and effectiveness of the organization’s financial management systems.

f. Reviewing and referring documents bearing the Seal of the Corporation for ratification by the Board.

g. Review and recommend the disposal of assets.

## E. SELF-EVALUATION

a) The FC shall periodically conduct a self-evaluation of its performance.

b) In conducting this review, the FC 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.

c) In conducting this review, the FC will address all matters that it considers relevant to its performance, including at least the following:
   i. The adequacy, appropriateness and quality of its information and recommendations to the Board;
   ii. The manner in which they were discussed or debated;
   iii. Whether the number and length of meetings are adequate for the FC to complete its work in a thorough and thoughtful manner and
   iv. Understanding of the business, its objectives and services.

d) The FC will provide the Board with a written report of the results of its self-evaluation, including any recommended amendments to this term of reference.

## F. COMMITTEE SECRETARY

The Secretary for the Committee shall be the Corporate Secretary who shall attend all meetings and shall take the Minutes of the meetings.

The Committee Secretary is required to:

a) circulate the notices and minutes of the Committee meetings;

b) distribute to Committee members, **3 working days prior to the meetings** of the Committee, all agenda and documents of meetings, reports and/or related documents which are prepared for consideration by the Committee;

c) keep detailed records of the Committee's meetings; and

d) have such other duties as may be assigned by the Committee.

## G. REPORTING RESPONSIBILITIES

The Committee shall report to the Board of Directors within seven (7) days after each meeting of the Committee. A written report shall be submitted to the Board through the Chairman of the Committee, at the following Board Meeting.

## H. REMUNERATION

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

**I. CONFLICT OF INTEREST**

Where there is a conflict of interest, the 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 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.

**J. CONFIDENTIALITY OF COMMITTEE INFORMATION**

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

**K. AUTHORITY**

The Committee has the authority to request the Audit Committee to conduct investigations into any matters within its scope of responsibility. In so doing, it is empowered to:

a) Investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the FCJ;

b) Seek any information it requires from any officer or employee of FCJ and such officers or employees shall be instructed by the Board to respond to such enquiries;

c) Meet with officers/employee of the FCJ for the purpose of furthering its investigations; and

d) 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.

**L. AUTHORITY TO ENGAGE ADVISORS**

The FCJ, with the prior approval by the Board, may engage outside advisors as it deems appropriate and necessary to assist it in the effective discharge of its functions.

**M. REVIEW AND ASSESSMENT OF TERMS OF REFERNCE**

The Board will conduct a review and assessment of the FCJ terms of reference at least every two (2) years in such manner as the Board deems fit.

**<u>DOCUMENT CONTROL</u>**

## REVISION HISTORY

| Version | Description | Reviewed by | Date Reviewed |
|---|---|---|---|
| 1 | Reviewed and updated | Consultant | March 2019 |
| 2 | No amendments made | Corporate Governance Committee | March 2021 |
| 3 | Reviewed. No amendments necessary. | Committee Chairman | March 2023 |
| 4 | Reviewed. The TOR is in keeping with the requirements for finance matters. No amendments made. | Committee Chairman and Corporate Governance Committee. | February 12, 2025 |

## APPROVAL HISTORY

| Version | Approved by | Date Approved | Date Effective |
|---|---|---|---|
| 1 | Board of Directors | September 2016 | Septemebr 2016 |
| 2 | Board of Directors | March 2019 | March 2019 |
| 3 | Board of Directors | March 30, 2023 | March 30, 2023 |
| 4 | Board of Directors | May 1, 2025 | May 1, 2025 |