

Minutes Of The 12th

Annual General Meeting

David Grey

Secretary of the Board



The Minutes Of The 12th Annual General Meeting

HELD ON JUNE 9, 2022, AT 10:00 AM AT THE COURTLEIGH HOTEL LOCATED AT 85 KNUTSFORD BOULEVARD, KINGSTON 5

1 QUORUM AND CALL TO ORDER

There being a quorum, the Chairman, Mr. Winston Fletcher, called the 12th Annual General Meeting to order at 10:20 a.m.

1.1 Prayer

Vice President Mr. Edmund Jones offered prayer.

1.2 Apology

An apology for absence was tendered for Director Mr. Maurice Bolt who was absent due to illness.

1.3 Reading of the Notice Convening the Meeting

Board Secretary Mr. Jerry Hamilton read the Notice of the Annual General Meeting.

1.4 Welcome and Introduction

Chairman Fletcher welcomed everyone to the Meeting and introduced QNET's Board of Directors and management.

1.5 Special Welcome

A special welcome was extended to Mrs. Cheryl Brown and Ms. Karen Atkinson of the Department of Co-operatives & Friendly Societies; the Jamaica Co-operative Credit Union League's Group Internal Auditor, Ms. Yolanda Wint and its Group Chief Risk Officer, Ms. Sandra Hucey; and the external auditor, Ms. Jacqueline Roberts of BDO Auditors Limited.

1.6 Chairman's Remarks

Chairman Fletcher remarked that the ongoing changes resulting from the COVID-19 pandemic and reverberating impact they have on the Movement, especially where digitisation was concerned and the need to adapt to the changing environment to remain relevant and survive.

He also reminded the meeting that the celebration of the Movement's 80th anniversary was symbolic of the oak tree, which was aptly emblematic of the Movement's strength and endurance, evidenced by growth in the Movement's assets, loans and savings grew during a crisis.

He mentioned that the impending regulation of the Movement by the Bank of Jamaica (BOJ) represented a transition from the Movement being internally regulated to being externally regulated and created an opportunity for reflection by the Movement regarding the need for technological innovation and staff empowerment.

He posited that QNET's role in the Movement locally, and the Caribbean, remains pivotal in the face of these changes and the need to remain competitive, hence the need for greater partnership and collaboration.

2 THE MINUTES OF THE 11TH ANNUAL GENERAL MEETING

Secretary Hamilton directed the Meeting to the minutes on pages 26-36 of the Annual Report.

2.1 Motion for the 11th AGM Minutes to be taken as Read

The motion for the minutes of the 11th Annual General Meeting to be taken as read was moved by Director Mr. David Grey, seconded by Vice President Mr. Edmund Jones and carried by the Meeting.

2.2 Corrections of the Minutes

The minutes were corrected as follows:

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Page 36: “Damon Escoffery of Lascelles Co-operative Credit Union” should read “Damon Escoffery PWD Co-operative Credit Union”.

2.3 Approval of the Minutes

The motion for the approval of the corrected minutes was moved by the representative of COK Co-operative Credit Union, seconded by Director Mr. Ian Sutherland and carried by the Meeting.

2.4 Matters Arising from the Minutes

Secretary Hamilton updated the Meeting on the matters arising from the minutes.

Debit Card Switch

QNET and JCCUL would explore how best to on-board the 5 remaining credit unions to the debit card switch.

Corporate Social Responsibility

QNET had not yet established an outreach programme but continued to contribute to credit unions’ outreach efforts. It was, however, exploring the opportunity of assisting schools with their information technology (IT) needs.

Accumulated Deficit

The original target of eliminating the accumulated deficit by 2020 was not achieved due to the setback experienced because of the JCCUL Group’s 2023-transformation initiative.

3 REPORT OF THE BOARD OF DIRECTORS

Chairman Fletcher directed the Meeting to the Board of Directors’ Report on pages 42-48 of the Annual Report booklet. He presented a summarized (power point) version of QNET’s performance during 2021 as follows:

3.1 Economic Environment

In 2021, Jamaica’s gross domestic product (GDP) grew by 4.4%. The BOJ policy rate began to rise in the latter quarters of the year, while the foreign exchange rate of the Jamaican dollar to US dollar pair fluctuated throughout the year. During the year, the Movement’s loans grew by 6%, its savings by 10.4 % and its assets by 9.8%.

3.2 Technological Environment

The technological environment remained fast-paced. The scarcity of raw materials and logistics challenges caused by the COVID-19 pandemic adversely impacted QNET’s procurement of products to serve its members/clients.

3.3 Strategic Priorities

Our key strategic pillars for 2021 were efficiency, financial performance, customer satisfaction and innovation. These pillars would drive the achievement of QNET’s 2030 vision and goals, while competing on price, service delivery and customer relationships. As QNET goes in pursuit of realizing its long-term vision, it is also mindful of its enabling role during the short to medium term, with nomenclature by the BOJ as a Financial Market Infrastructure (FMI) enterprise, within the payments industry.

3.4 Strategic Initiative

QNET’s performance is measured by financial and non-financial targets. The overall financial targets that were achieved was 89%, which represented a shortfall that was attributed to the impact of the logistics challenges experienced with sourcing of products to serve members. 96% of overall non-financial targets was achieved.

3.5 Corporate Governance

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3.6 2021 Financial Performance

QNET realised revenue of \$210 million, which was below the budgeted \$245 million. Expenditure was within the \$200 million budgeted, resulting in a surplus at the end of a challenging year.

3.7 Business Lines

The four business lines that were main contributors to QNET's revenue were sales, Managed IT Services, Professional Services and Switch Management.

3.8 AccessPlus Debit Card

The debit card service was consistently maintained above the regulated issuer database availability (IDA) of 99%. The ATM service was maintained at 99.80%, while the point of sale (POS) service was maintained at 99.92%. There were 19 credit unions on the AccessPlus debit card network. Approximately 22,000 new debit cards were issued during the year resulting in 319,000 cards in circulation, representing a 7% increase when compared to the prior year's circulation. Of the cards in circulation, 308,000 were active and 14% or 48,000 of those active cards were used to complete at least one transaction on the network.

3.9 ATM Services

There were 20 issuers, 10 acquirers and 25 ATMs on the network serving 8 parishes. The 25 ATMs represented 2% of the 856 ATMs on the island and the 308,000 active Access Plus cards accounted for 3.7 million transactions on the MultiLink network, a 3% increase over the prior year.

3.10 MasterCard Debit Card Pilot

QNET had collaborated with JCCUL to implement the MasterCard debit card for the Movement. A pilot was launched during the year and 438 cards were issued that generated 1,083 local transactions and one cross-border transaction. Credit unions were encouraged to issue the cards to their members when they became available.

3.11 Human Resources

Flexible work arrangement was now a staple of QNET's work environment, guided by a policy at the Group level. The League collaborated with the Private Sector Organisation of Jamaica (PSOJ) to assist the Group staff and the Movement's COVID-19 vaccination effort by using the League site as a vaccination site. The Group also established a counselling arrangement with the Family Life Ministry to assist employees and their families who needed counselling.

3.12 The Future

The Meeting's attention was steered towards QNET's 5-year, 2021-2025, growth trajectory, showing gradual growth for the projected future. However, this trajectory was not static.

3.13 Appreciation

Chairman Fletcher expressed appreciation to QNET's stakeholders, management and staff, members/customers, and the Board of Directors for their continued support.

3.14 Questions Arising from the Board of Directors' Report

There were no questions arising from the Board of Directors' Report.

3.15 Adoption of the Report of the Board of Directors

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The Board of Directors' Report was adopted on a motion moved by Ms. Karen Arscott of PWD Co-operative Credit Union, seconded Mr. Ryan Muir of Lascelles Co-operative Credit Union and carried by the Meeting.

4 INDEPENDENT AUDITOR'S & FINANCIAL REPORTS FOR 2021

Director and Chairman of the Audit and Finance Committee, Mr. David Grey, invited the external auditor, Ms. Jacqueline Roberts of BDO Auditors Limited, to present an abridged version of the Audited Financial Report.

4.1 Independent Auditors' Report for 2021

The auditor referred the Meeting to the Audited Financial Statement on pages 58-60 of the Annual Report.

The auditor reported that proper accounting records were maintained and that the financial statements were correct and duly vouched in accordance with international standards and the Co-operative Societies Act.

4.2 Financial Report for 2021

Motion for the Financial Report to be taken as Read

A motion for the Financial Report to be taken as read was moved by Mr. Clive Medwynter of COK Sodality Co-operative Credit Union, seconded by Director Winston Fletcher and carried by the Meeting.

4.3 Presentation of the Financial Report for 2021

Director Grey presented on QNET's financial performance for 2021.

Total Revenue increased marginally by 1% to **\$210** million when compared to 2020. Operating expenses increased by 8% from **\$186** million in 2020 to **\$200** million. Staff cost, which was the most significant expense, increased by 4% from **\$104** million in 2020 to **\$108** million.

Surplus of **\$4.7** million was realised after a **\$3.9** million impairment charge on the financial assets and a **\$1.6** million IFRS 16 provision. The surplus represented a 75% decline when compared to 2020.

The four-business lines contribution to revenue included sales, accounting for 5%, managed IT services 21%, professional services 31% and payment systems management 43%. While sales performed well in 2020, the logistics challenges throughout 2021 resulted in the underperformance of this line. Managed IT services generated **\$44** million in revenue, which represented a 9.5% or **\$3.5** million increase when compared to 2020. Revenues earned from professional services increased by 45% to **\$66** million.

The comparative analysis of the 5-year (2017-2021) key performance indicators revealed the following:

- 27% increase in revenues from **\$166** million in 2017 to **\$210** million in 2021,
- A reduction in the accumulated deficit from **\$91** million in 2017 to **\$42** million in 2021,
- 52% increase in total assets from **\$190** million in 2017 to **\$289** million and
- Growth in shareholders' equity by 33% from **\$166** million to **\$201** million.

There would be no dividend payment for 2021 given the **\$42** million in accumulated deficit.

4.4 Fixing of the Maximum Liability

The Meeting was referred to the Fixing of the Maximum Liability on page 104 of the Annual Report.

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4.5 Resolution for the Fixing of the Maximum Liability

Be it resolved that in keeping with Rule 62, the maximum liability of QNET remained at **\$200** million.

On a motion moved by Ms. Karen Arscott of PWD Co-operative Credit Union, seconded by Ms. Roxann Linton of First Heritage Co-operative Credit Union and carried by the Meeting, it was resolved that QNET's maximum liability remains at \$200 million in keeping with Rule 62.

4.6 Question(s) Arising from the Financial Report Big Data Management

In response to a query regarding QNET's availability to assist credit unions with big data management through its managed IT services business line, Mr. Grey advised that QNET was already assisting credit unions with various technological needs, however, credit unions could approach QNET to develop customised packages for its specific needs.

4.7 Adoption of the Financial Report for 2021

The Financial Report for 2021 was adopted on a motion moved by Mr. Richard Hutchinson of Lascelles Co-operative Credit Union, seconded by Vice President Mr. Edmund Jones and carried by the Meeting

5 REPORT OF THE NOMINATING COMMITTEE

Vice Chairman Mr. Edmund Jones directed the Meeting to the Report of the Nominating Committee on pages **97-100** of the Annual Report.

The motion for the Report of the Nominating Committee to be taken as read was moved by Mr. Richard Hutchinson of Lascelles Co-operative Credit Union and was seconded by Ms. Roxann Linton of First Heritage Co-operative Credit Union and carried by the Meeting.

5.1 Reading of the Report of the Nominating Committee

In the absence of the Nominating Committee Chairman, Director Maurice Bolt, Director Edmund Jones read the Report of the Nominating Committee, which informed that the Committee met in accordance with the provisions of Article 5, Rules 32 and 33. The members of the Nominating Committee were Director and Nominating Committee Chairman, Mr. Maurice Bolt; Mrs. Bethune Lugg-Banton, QNET's Chief Executive Officer and Mr. Christopher Smith, Group Treasury Manager of JCCUL.

The directors retiring at this Annual General Meeting were:

Mr. Ian Sutherland	Delegate of EduCom Co-operative Credit Union
Mr. Carlton Barclay	Delegate from C&WJ Co-operative Credit Union
Mr. David Grey	Delegate of JCCUL

The directors retiring at the 2023 Annual General Meeting were:

Mr. Winston Fletcher	Delegate of JCCUL
Mr. Maurice Bolt	Delegate of JCCUL
Mr. Robin Levy	Delegate of JCCUL

The directors retiring at the 2024 Annual General Meeting were:

Mr. Jerry Hamilton	Delegate of JCCUL
Mr. Edmund Jones	Delegate of First Heritage

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Dr. Cleveland Robinson

Delegate of Manchester Co-operative Credit Union

The Committee nominated the persons listed below to fill the three (3) vacancies on the Board for the term adjacent to their names:

Mr. Ian Sutherland – Delegate of EduCom Co-operative Credit Union – 3 years.

Mrs. Karen Arscott – Delegate of PWD Co-operative Credit Union Ltd – 3 years.

Mr. David Grey – Delegate of the Jamaica Co-operative Credit Union League – 3 years.

In accordance with the rules, Mr. Grey was automatically appointed to the Board.

5.2 Election to the Board

Mrs Sheryl Brown of the Department of Co-operatives and Friendly Societies was invited to conduct the election of directors to the Board. Mrs Brown advised QNET to consider amending its rules to remove the requirement to invite nominations from the floor.

Mrs. Brown invited nominations from the floor for the three (3) Board vacancies. There were no nominations from the floor. Mr. Sutherland and Mrs. Arscott was declared duly elected members of QNET's Board.

5.3 Adoption of the Election to the Board

The election of the directors was adopted on a motion moved by Mr. Medwynter of COK Sodality Co-operative Credit Union, seconded by Mr. Austin Brown of C&WJ Co-operative Credit Union and carried by the Meeting.

6 RESOLUTIONS

Board Secretary Mr. Jerry Hamilton referred the Meeting to the proposed rule changes on pages **103-105** of the Annual Report.

6.1 Motion for the Resolutions to be taken as Read

The resolutions were taken as read en bloc on a motion moved by Mr. Richard Hutchinson of Lascelles Co-operative Credit Union, seconded by Mr. Austin Brown of C&WJ Cooperative Credit Union and carried by the Meeting.

6.2 Resolutions – Proposed Rule Change

The resolutions for the proposed rule change with amendments from the Meeting were:

1. **“Be** it resolved that Article 1 – 12 Definitions and Interpretations be amended as follows to include “Delegate or Alternate Delegate” right after the Co-operative Societies definition. A “Delegate or Alternate Delegate” shall be a nominee of a duly qualified member society in accordance with rule 4, provided that there shall be no nominee of individuals from the member society from the following categories of individuals: credit union manager or CEO, line manager or senior managers.”
2. **“Be** it resolved that Article 3, rule 17e, subsection 3 – General Manager and Auditor will be replaced by “Chief Executive Officer and Auditor.”
3. **“Be** it resolved that Rule 18a and 18b – Notice of Meetings to Members be amended to 7 days’ notice.
4. **“Be** it resolved that Article 4, Rule 25 – Terms of office of directors be amended as follows:
At the first Annual General Meeting of QNET, approximately one third (1/3) of the Directors shall be elected for

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three (3) years, approximately one-third (1/3) for two (2) years and the remaining one-third (1/3) or fraction thereof for one (1) year. Thereafter Directors shall be elected for three (3) years and shall serve no more than three (3) consecutive terms or maximum of nine years." Directors, who have served nine consecutive years, may be eligible for re-election to the Board, after a period of twelve (12) months has elapsed.

5. **With additional amendments from the Meeting:**

"Be it resolved that Article 6, Rule 37 – General Manager will be replaced with Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer and delegate to him/her such powers and duties as it thinks fit. The Chief Executive Officer shall report to the Board of Directors and shall attend meetings of the Board. The Chief Executive Officer is not entitled to vote on any matter."

6. **With additional amendments from the Meeting:**

"Be it resolved that Article 7, Rule 41 – Corporate Governance Committee be amended as follows:

The Board shall appoint a Committee not exceeding five (5) persons, but not less than three (3) persons, to establish a Corporate Governance Committee. Directors serving on the Corporate Governance Committee shall serve for a term comprising one (1) year. Meetings of the Corporate Governance Committee shall be held quarterly or at such other intervals as is required to transact the functions of the Committee. Quorum of the Committee shall comprise three (3) directors and the functions of the Committee are outlined in the Terms of Reference approved by the Board of Directors."

6.3 Motion to Accept the Amendments to the Proposed Resolutions

The amendments proposed by the Meeting to the resolutions for amendments to the rules were accepted en bloc on a motion moved by Mr. Ornell Bedasse Gateway Cooperative Credit Union, seconded by Director David Grey, and carried by the Meeting.

6.4 Adoption of the Resolutions

The resolutions were adopted en bloc on a motion moved by Mr. Austin Brown of C&WJ Co-operative Credit Union, seconded by Ms. Roxann Linton of FHC Co-operative Credit Union and carried by the Meeting.

6.5 Election for the Resolutions

The Registrar of the Department of Co-operatives and Friendly Societies conducted the election for the resolutions.

The resolutions were approved en bloc by a vote of the members as follows: 15 in favour, none against and one abstention.

7 ANY OTHER BUSINESS

Chairman Fletcher led the Meeting in the recitation of the Prayer of St. Francis of Assisi.

8 ADJOURNMENT

The being no other business the Meeting adjourned at 12:25 p.m.

David Grey



Secretary

Winston Fletcher



President