



**THE CIC INSURANCE GROUP LIMITED CODE OF  
CONDUCT**

**CODE OF PROFESSIONAL CONDUCT AND ETHICS FOR  
MEMBERS OF THE BOARD**

**2021**

## TO MY COLLEAGUES ON THE BOARD

As Directors of the CIC Insurance Group and subsidiaries, we are all expected not only to exercise commercial judgement but also to have the highest degree of probity in our business behaviour and conduct.

The purpose of this Code is to help us as Directors meet high standards of professionalism and ethics. Directors should see the Code as a guide to increasing their professionalism and adherence to ethical conduct.

Their adherence to this Code will be tangible evidence of their commitment to professionalism and probity.

As we endeavour to make The CIC Insurance Group one of the top insurers in this country and the Region, with a sterling reputation for great service, competence and profitability, I highly commend this Code to all of you to serve as a guide and beacon in our drive to realize our ambitions and vision for the CIC Insurance Group.

Japheth

Magomere

**Chairman**

## Regulatory Introduction

As per the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, a key role of the Board is to establish a corporate culture with ethical conduct that permeates the whole company. The Board needs to develop a Code of Ethics and Conduct and ensure the implementation of appropriate internal systems to support, promote and ensure compliance. The Code of Ethics and Conduct shall include appropriate communication and feedback mechanisms which facilitate whistle-blowing.

The Board shall periodically review its Code of Ethics and Conduct. Besides, a summary of this code shall be made available on the company's website.

## Background

To promote and sustain high levels of ethics is as important in the private sector as it is in the public sector. In the private sector, particularly in insurance companies, codes of conduct are important to set the tone for boards and workers and to indicate to third parties the standards to be expected from the organization. In the co-operative sector, codes of conduct are important to help meet growing demands that they be run professionally, democratically and accountably.

The policy of the CIC Insurance Group is to be open and transparent in all respects. Integrity is our key guiding principle. Respect between people and businesses imply honesty and truthfulness. CIC's determination is to serve all stakeholders with total commitment, an open mind and communicate in full transparency on all the parameters of its own policies. A code of conduct for those who determine the CIC course is part and parcel of this principle.

The Board and management of CIC are committed to uphold high standards of integrity, transparency and accountability, to act according to the core values and guiding principles of the co-operative movement and to promote these standards and principles.

Codes of Conduct are vital instruments to increase awareness. Those who believe in the underlying principles observe these codes, but such codes do not stop people who do not want to be stopped. Our aim in CIC shall be to consistently maintain a trust-based and inclusive internal culture in which misconduct is not tolerated

**Article 1: A director shall observe his/her primary duty in accordance with the principles of good corporate governance. Accordingly, each director undertakes:**

- To act first, foremost and always in the best interest of the company and not for any other collateral purpose;
- To exercise his/her power as a director of the company in good faith; and
- To act with the skill and care a prudent person would take when acting on their own behalf.

Each director undertakes that, in arriving at a decision on any issue, he or she shall strive to ensure that the decision is in the best interest of the company and is not driven by any other interests.

**Article 2: A director shall exercise leadership, enterprise and judgement in directing the company so as to achieve its continuing prosperity and act in the best interests of the company as a whole.**

- I. A director should recognize that, as a member of the Board he or she has an individual and collective responsibility for enterprise and the exercise of commercial judgement for the benefit of the company. Each director should endeavour to ensure that the Board fulfils its key purpose of safeguarding and improving the company's prosperity.
- II. A director should endeavour to make certain that the responsibilities of the Board have been specified clearly and are properly understood.
- III. A director should be diligent in discharging his duties to the company and must acquire a broad knowledge about the business of the company and the statutory and regulatory requirements affecting the company's direction.

**Article 3: A director should endeavour to ensure that the Board is properly constituted and managed, subject to the principles of the Co-operative movement and the electoral**

**rules of the company and that it addresses its key tasks and devotes sufficient time to address each of them.**

- I. A director should always assist the Board in ensuring that the Board establishes vision, mission and values for the company, sets strategy and the appropriate corporate structure, delegates appropriately to management, and exercises accountability to shareholders and is responsible to stakeholders.
- II. A director should insist that the Board is provided with sufficient regular and timely information to enable the directors to discharge their duties of care and diligence. If adequate and timely information is not provided, the director should make an appropriate objection. Any objection, and the reasons for it, should be included in Board minutes. An internal audit of systems supporting the Board should be conducted regularly.
- III. A director should endeavour to make sure that access between the Board and the auditors is open and unimpeded. A director should be satisfied that the scope of the audit is adequate and that management and any internal auditors have co-operated fully.

**Article 4: A director should avoid conflict between his or her personal interests, or the interests of any associated company or person, and his or her duties to the company.**

- I. The personal interests of a director must not take improper advantage of the position as director to gain, directly or indirectly, a personal advantage or an advantage for an associated person which might cause detriment to the company. A director shall not use inside information for gain. In particular, if there is a substantial risk that a director of CIC who also serves on the board of another apex society may be exposed on a regular basis to a significant conflict of interest.
- II. A director should seek to avoid conflicts of interests wherever possible. Full and prior disclosure of any conflict or potential conflict must be made to the Board. Where an actual or potential conflict does arise, a director should at least refrain from participating in the debate and/or voting in the matter and in the extreme case of continuing material conflict of interest should resign from the Board.

- III. In all circumstances each director undertakes to preserve his or her independence of analysis, judgement and action, and to resist any pressure, direct or indirect, whether by other directors, member group, company creditors, politicians, suppliers or, more generally, any third party.
- IV. A director who is appointed to a Board at the instigation of a supporter with a substantial interest in the company, such as a major shareholder or creditor, should recognize the potential for a conflict of interest. The director's duty is to make a contribution in the interests of the company and the shareholders as a whole and not only in the interest of the supporter. Confidential matters should not be disclosed to such supporters without the prior agreement of the Board. If it is the case that obligations to other people or bodies preclude a director from taking an independent position on an issue, the director should disclose the position to the rest of the Board and it is for the Board to judge whether or not he should take part in the Board's consideration of the issue..
- V. A director from time to time may need expert advice in order to discharge his or her duties properly. Separate independent advice should always be sought by a director on matters that may affect his or her position vis-à-vis the company.

## **Article 5: Board Effectiveness and Evaluation.**

- I. Each director is fully aware of the importance of regular attendance and effective participation at meetings. Each director undertakes to do everything within their power to attend all meetings.
- II. Each director further undertakes to prepare sufficiently for meetings by carefully considering Board papers and attachments thereto, and where necessary seeking clarification. Where a director is unable to attend a meeting, each director undertakes to communicate through the chairman or the chief executive officer any concerns or issues they would wish considered.

- III. Board deliberations should give rise to consensus or formal votes covering, matters of importance to the company.
- IV. Each director shall be attentive to and respectful of the delineation and exercise of powers and responsibilities attributed to the company's respective decision making organs. Directors shall however ensure that no single person can exercise uncontrolled discretionary powers. They shall support the proper functioning of the Board Committees, and any particular attention to ensure that the company's internal controls are effective and that it's auditors perform their mission in a satisfactory manner.
- V. At regular intervals, not exceeding twelve months, the Board of Directors shall undertake an evaluation of its functioning as a collective agency, as individual directors, the chair and chief executive officer. Where necessary the Board may obtain the assistance of an external facilitator to guide the evaluation.

## **Article 6: Serve the legitimate interests of the company's shareholders.**

- I. A director should endeavour to ensure, acting as a member of the Board, that the company is financially viable, and properly managed so as to protect and enhance the interests of the company and its shareholders over time.
- II. A director should seek to understand the expectations of shareholders and endeavour to fulfill them when deciding upon the best interests of the company.
- III. A director should seek to ensure that proper communication is made with shareholders on the general strategies being adopted for the company and on other matters of importance, bearing in mind the needs of commercial security and other compliance requirements where appropriate.
- IV. A director should seek to ensure that all shareholders are treated fairly according to their rights.

## **Article 7: Exercise responsibilities to employees, customers, suppliers and other stakeholders, including the wider community.**

- I. Whilst the obligations of a director are primarily owed to the company, it is also necessary to take into account the interests of all individuals and groups with a legitimate and a direct interest in the achievement of company objectives and the way in which these objectives are achieved.
- II. A director should ensure that the Board identifies and knows the interests, views and expectations of these stakeholders. He should ensure that communications with such stakeholders are timely, effective and unbiased, subject to the needs of commercial security and regulatory compliance where appropriate.
- III. A director should help the Board to promote goodwill with stakeholders and be prepared to be held responsible by them for company actions.
- IV. A director should encourage the Board to set up procedures for managing relationships with stakeholders particularly at times of crisis in order to secure and safeguard the good name and reputation of the company.

## **Article 8: Comply with relevant laws, regulations and Codes of practice, refrain from anti-competitive practices and honour obligations and commitments.**

- I. A director must at all times comply with the law and should and should endeavour to ensure that his or her company at all times complies with the law governing its operations.
- II. In evaluating the interests of the company, a board of directors is accountable to shareholders as a whole, but various Acts of Parliament have imposed wider responsibilities on the companies and directors so that directors must evaluate their actions in a broader social context and must be conscious of the impact of their business on society. Particular attention should be paid to the environment, questions of



occupational health and safety, employee relations, equal opportunity for employees, the impact of competition rules and consumer protection rules, and other legislative and regulatory initiatives that may arise from time to time.

**Article 9: At all times have a duty to respect the truth and act honestly in his or her business dealings and in the exercise of all his or her responsibilities as a director.**

- I. A director should not obtain, attempt to obtain, or accept any bribe, secret commission or illegal inducement of any sort.
- II. A director must be prepared, if necessary, to express disagreement with colleagues, including the chairman, and the managing director.
- III. A director should accept that resignation or expulsion may sometimes be the ultimate consequence of sustained protest on a matter of conscience or principle.
- IV. However, if there is no need to express disagreement, a director should accept collective responsibility and implement the decisions of the Board as a loyal member of the Board.

If there is any doubt whether a proposed course of action is consistent with a director's fiduciary duties, then he or she should not support the course of action. Independent advice should be sought as soon as possible to clarify the issue.

When a director concludes that he is unable to acquiesce in a decision of the Board, some or all the following steps should be considered:

- a. making his or her dissent and its possible consequences clear to the Board as a means of seeking to influence the decision;
- b. asking for additional legal, accounting or other professional advice;
- c. asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion;
- d. tabling a statement of dissent or writing to the Chairman and asking that the statement or letter be minuted;
- e. calling a special Board meeting to consider the matter;
- f. resigning and considering advising the appropriate regulator.

A director who chooses to resign on a point of principle should consider disclosing the reasons for resignation to shareholders or to the appropriate regulator, though a director should bear in mind the duty not to disclose confidential information.

**Article 10: Not make improper use of information acquired as a director or disclose, or allow to be disclosed, information confidential to the company.**

- I. A director must not knowingly or recklessly disseminate false or misleading information or impute improper motives on a colleague director without sound reasons.
- II. A director must not make improper use of information acquired by virtue of his or her position as a director. This prohibition applies irrespective of whether or not the director or any associated person would gain directly or indirectly a personal advantage or whether or not the company might be harmed.
- III. A director must not disclose or allow to be disclosed, confidential information received in the course of his or her duties as a director, unless that disclosure has been authorised by the Board of the company or is required by law.

**Article 11: Ensure that he or she keeps himself/herself abreast of current good practice.**

- I. A director should keep abreast of both practical and theoretical developments in direction to ensure that his or her experience is constantly relevant. Continuous and

rapid change is the norm in business and it is the responsibility of a director continually and systematically to add to his or her knowledge and expertise; it is not enough to match present good practice and thereafter regard oneself as adequately equipped for the future.

- II. Before accepting to be a director, each director must familiarize himself/herself with the legal and regulatory texts associated with the company, the memorandum and articles of association; the Board's operating rules and procedures, and any other issues necessary for the proper discharge of his or her or her duties.

**Article 12: Set high personal standards by keeping aware of and adhering to this Code, both in the spirit and in the letter.**

A director must honour the Code in the spirit as well as in the letter.

No Code can be all-embracing. It is not possible to identify every circumstance in which the provisions of this Code need to be applied and undoubtedly there are many other circumstances not mentioned in the Code in which the conduct and integrity and enterprise of a director must be of considerable importance. However the Code is not intended merely to prohibit certain specified kinds of conduct, allowing any kind of actions it does not specifically rule out. When questions arise which are not covered explicitly by the Code, personal adherence to the generally accepted principles of honesty, professionalism and justice should determine a director's behaviour.

- I. A director is expected to use common sense in applying the spirit of the Code, but the intention of the Code is that members should consistently meet a standard higher than basic acceptable requirements.
- II. A director is expected to bring the same high standard of integrity to his or her non-business life as is demanded in his or her professional activities when these spheres of activity overlap.

- III. A director must not knowingly cause or, where he or she has the power to prevent, permit any other party to be in breach of this Code or be a party to a breach.

**Article 13. Sanctions for breach of the Code**

The Governance and Human Resources Committee of the Board, or such other Committee as the Board may designate is authorised to receive and consider all complaints of a breach of this code by a member of the board and to institute thorough investigation into such complaint and may, where upon such investigation it makes a finding that such director is in breach of the code recommend the following measures be taken against such a director:

- (a) a reprimand by the Board,
- (b) A surcharge, or
- (c) A recommendation by the Board to the shareholders/delegates that such director be removed from the Board pursuant to s.185 of the Companies Act, the memorandum and articles/by-laws as the case may be.

I.....HAVE READ AND UNDERSTOOD THE CONTENTS OF THIS CODE OF PROFESSIONAL CONDUCT AND ETHICS AND HEREBY UNDERTAKE TO OBSERVE AND BE BOUND BY ITS PROVISIONS

NAME.....

DATE.....

WITNESS.....