



CIC LIFE ASSURANCE LIMITED
BOARD CONFLICT OF INTEREST POLICY

Adopted 2017

Revised 2021

Next Review 2023

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1.0 Policy Statement

The Board of CIC Life Assurance (the Company) has developed this policy because conflicts of interest commonly arise, and do not need to present a problem if they are openly and effectively managed. It is the policy of the Company as well as a responsibility of the board, that ethical, legal, financial or other conflicts of interest be avoided and that any such conflicts (where they do arise) do not conflict with the obligations of the Company.

2.0 Overview and Objective

Directors, management and staff are barred from engaging directly or indirectly in any business activity that competes or conflicts with the company's interest or those of its clients unless fully disclosed to the clients, including all other stakeholders. The Board of CIC Life Assurance aims to ensure that board members, management and staff are aware of their obligations to disclose any conflicts of interest that they may have, and to comply with this policy to ensure they effectively manage those conflicts of interest as representatives of the Company.

3.0 Purpose

The purpose of this policy is to help directors and senior management of the Company to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest, that may be financial or non-financial, in order to protect the integrity of the Company and manage risk.

This policy has been developed to provide a framework for:

- All Board Members in declaring conflicts of interest and,
- The Board, when determining how to deal with situations of conflict.

4.0 Definition and Interpretation

“*Conflict of Interest*” means a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest.

“*Conflict of Interest*” means a conflict between the private interests and the official responsibilities of a person in a position of trust¹

¹ Merriam-Webster Dictionary.

5.0 Introduction

It is the duty of a director to avoid conflict of interest. Additionally, directors have a duty to declare conflict of interest.

The Company is required to have in place a conflict of interest policy relating to directors and management which shall be regularly reviewed and updated as necessary. Upon appointment to the Board and thereafter, where circumstances so demand, directors shall declare any real or perceived conflict of interest with the company. Directors are prohibited from taking part in any discussions or decision-making regarding any subject or transactions in which they have a conflict of interest. A register of declared conflict of interests shall be maintained and regularly updated.

Conflict of interest also relates to the exploitation of any property, confidential information, director's position in the company or opportunities in or for the company, and it does not matter whether the company could take advantage of the property, confidential information or opportunity.

6.0 Applicability

6.1 Outside Financial Interest:

Where directors or senior management have a financial interest in a client, such an interest must be disclosed immediately to the management and the client. Thereafter, the affected director or member of management should not be directly involved in the Company's dealings with the client so long as the interest continues to exist.

6.2 Other Business Interests:

It is considered a conflict of interest if an executive director or senior management conducts business other than the Company's business during office hours. Where the acquisition of any business interest or participation in any business activity outside the Company and office hours demands excessive time and attention from the member, thereby depriving the Company of the director's best efforts on the job, a conflict of interest is deemed to exist.

6.3 Other Employment:

Before making any commitment, executive directors and management are to discuss possible part-time employment or other business activities outside the Company's working hours with their manager or

departmental head. A written approval of the board of directors, chief executive, manager or departmental head respectively should be obtained before an executive director, member of management or employee embarks on part-time employment or other business activities. Approval should be granted only where the interest of the Company will not be jeopardized.

6.4 Corporate Directorship:

Directors should provide information about share ownership, executive positions and other directorships in order to prevent conflict of interest situations. Directorship interests should be declared and further, directors should not serve as director of other corporations without approval of the board of directors. Those who hold directorships without such approval must seek approval immediately, if they wish to remain as directors of other corporations. However, such persons may act as directors of non-profit public service corporations, such as religious, educational, cultural, social, welfare, and philanthropic or charitable institutions, subject to policy guidelines of the Company.

6.5 Trusteeships:

Directors and senior management must not solicit appointments as executors, administrators or trustees of clients' estates. If such an appointment is made and the individual is a beneficiary of the estate, his signing authority for the estate's bank account or accounts must be approved by the board of directors, who will not unreasonably withhold such approval.

7.0 Declaration of Interest

7.1 A director is taken to be aware of matters of which the director ought reasonably to be aware.

7.2 As the case may be, if a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, or in a transaction or arrangement that the company has already entered into, the director is mandated to declare the nature and extent of that interest to the other directors.

7.3 A declaration should be made before the company enters into the transaction or arrangement concerned.

8.0 Knowledge of an Interest

A director is not required to make a declaration of an interest if the director—

- (a) is not aware of the interest; or
- (b) is not aware of the transaction or arrangement to which the interest relates.

9.0 Non-Disclosure of Interest

Directors may not disclose an interest in instances where;

- a) if, it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- b) if, or to the extent that, the other directors are already aware of the interest, and for this purpose the other directors are treated as being aware of anything which they ought reasonably to be aware;
- c) if, or to the extent that, it concerns terms of the director's service contract that have been or are to be considered—
 - i. by a meeting of the directors; or
 - ii. by a committee of the directors appointed for the purpose under the constitution of the company.

10.0 Identification and Disclosure of Conflicts of Interest

10.1 Once an actual, potential or perceived conflict of interest is identified, it must be entered into the Company's register of declared conflicts of interest, as well as be put to the attention of other directors.

10.2 Declaration of conflict of interest shall be a standing agenda item at Board meetings.

10.3 The register of declared conflicts of interest shall be maintained by the Company Secretary, who shall record information related to a conflict of interest (including the nature and extent of the conflict of interest and any steps taken to address it).

11.0 Procedure on Making a Declaration of Interest

11.1 A director who is required to make a declaration of interest shall give a notice in writing in the prescribed form (see Appendix) to the other directors.

11.2 The notice may be given in hard copy form or if the recipient has agreed to receive it in electronic form, in an agreed electronic form.

11.3 The notice may be delivered by hand or by post, or if the Board has agreed to give such notices by electronic means, by the agreed electronic means.

- 11.4 When a director declares an interest by notice given in the prescribed form and manner, the making of the declaration forms part of the proceedings at the next meeting of the directors after the notice is given.
- 11.5 A general notice is a sufficient declaration of interest in relation to the matters to which it relates.
- 11.6 A general notice must state the nature and extent of the director's interest in the body corporate, or firm or the nature of the director's connection with the person.
- 11.7 The notice must be given at a meeting of the directors or the director should take reasonable steps to ensure that the notice is brought to the attention of the directors and read aloud at the next meeting of the directors after it is given.

12.0 Board Action on the Declaration of Interest

- 12.1 Once the conflict of interest has been appropriately disclosed, the board (excluding the board member disclosing and any other conflicted board member) must decide whether or not those conflicted board members should:
- vote on the matter (this is a minimum),
 - participate in any debate, or
 - be present in the room during the debate and the voting.
- 12.2 **Quorum must be met. Quorum means one-third of the directors should be present during discussions and voting on such matters.**
- 12.3 In exceptional circumstances, such as where a conflict is very significant or likely to prevent a board member from regularly participating in discussions it may be worth the board considering whether it is appropriate for the person conflicted to resign from the board.
- 12.4 In deciding what approach to take, the board will consider:
- Whether the conflict needs to be avoided or simply documented,
 - Whether the conflict will realistically impair the disclosing person's capacity to impartially participate in decision-making,
 - Alternative options to avoid the conflict,
 - The Company's objects and resources, and
 - The possibility of creating an appearance of improper conduct that might impair confidence in, or the reputation of, the Company.

- 12.5 The approval of any action requires the agreement of at least a majority of the board (excluding any conflicted board member/s) who are present and voting at the meeting.
- 12.6 The action and result of the voting will be recorded in the minutes of the meeting and in the register of interests.
- 12.7 Board members are not barred from engaging in business dealings with the organization, provided that these are negotiated at arm's length without the participation of the Board member concerned.

13.0 Exception to Declaration of Conflict of Interest

The duty of a director to declare a conflict of interest is not infringed if the matter has been authorized by the other directors.

An authorization is deemed given when the directors of the company are propositioned of the matter and it is authorized by them, so long as nothing in the company's constitution invalidates the giving of such an authorization.

An authorization is effective only if any requirement relating to the quorum at the meeting at which the matter is considered is satisfied without counting the director concerned or any other interested director; and the matter was agreed to without that director or any other interested director voting.

14.0 Responsibility of the Board

The board is responsible for:

- 14.1 Establishing a system for identifying, disclosing and managing conflicts of interest across the Company.
- 14.2 Monitoring compliance with this policy, and
- 14.3 Reviewing this policy on a bi-annual basis to ensure that the policy is operating effectively.

15.0 Non-Conformity with this Policy

If the board has a reason to believe that a director subject to the policy has failed to comply with it, it will investigate the circumstances and take necessary measures.

If it is found that this director has failed to disclose a conflict of interest, the board may take action against them. This may include seeking to terminate their relationship with the Company.

16.0 Appendix

DECLARATION OF CONFLICT OF INTEREST FORM

Name of Director: _____

Company: _____

Date	Name and Address of the person (legal/natural) with whom the director has an interest	Nature and Extent of the Interest	Signature

I hereby declare that the disclosed information is correct and that no other situation of real, potential or apparent conflict of interest is known to me. I undertake to inform the Board of Directors of the Company of any change in these circumstances, including if an issue arises during the course of the meeting or after.

Signature

Date

17.0 Guiding Legislation

- Insurance Act.
- Insurance Regulatory Authority Corporate Governance Guidelines for Insurance and Reinsurance Companies, 2011.
- Companies Act.
- Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.
- Constitution of Kenya.
- Public Officer Ethics Act.
- Leadership and Integrity Act.
- Anti-Corruption & Economic Crimes Act.
- Public Service (Values and Principles) Act.
- Public Procurement and Disposal Act.
- ICPSK Governance Standards.

Adopted by the Board of Directors on _____ day of _____, 2021

Board Chairman _____

Managing Director _____

Witnessed by:

Company Secretary _____