



CONFLICT OF INTEREST POLICY

2021

1. Definition of Conflict of Interest

As per the Code of Corporate Governance Practices for Issuers of Security to the Public 2015, “*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.

A conflict of interest may be actual, potential or perceived and may be financial or non-financial. These situations present the risk that a person will make a decision based on, or affected by, these influences, rather than in the best interests of the Company and must be managed accordingly.

2. Introduction

Section 2.3.8 of the Code 2015, requires companies to form a conflict of interest policy. It states as follows; “*The Board shall put in place a policy to manage conflict of interest with the following guidelines;*

- a. *Upon appointment to the Board and thereafter, where circumstances so demand, directors shall declare any real or perceived conflict of interest with the company.*
- b. *Directors shall not take part in any discussions or decision-making regarding any subject or transactions in which they have a conflict of interest.*
- c. *The company shall maintain a register of declared conflict of interest. “*

The Board of CIC Insurance Group Limited (the Company) is committed to high standards of ethical conduct and accordingly places great importance on making clear any existing or potential conflict of interest. **Section 146 of the Company’s Act, 2015** states as follows, “*A director of a company shall avoid a situation in which the director has, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the company. (2) Subsection (1) applies in particular to the exploitation of any property, information or opportunity, and it does not matter whether the company could take advantage of the property, information or opportunity. ”*

3. Declaration of Interest

Section 151 (1) Of the Act states that, *“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 shall declare the nature and extent of that interest—*

(a) to the other directors; and

(b) if the company is a public company, to the members of the company.”

A director does not need to declare a conflict of interest under the following circumstances stated under **section 151 (8)** of the Act;

(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 it, 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.

3.1 Director to make declaration by notice in writing

A director who is required to make a declaration of interest shall give a notice to the other directors as stated under **section 152 (1)** of the Act.

(2) The director may give the notice in hard copy form or, if the recipient has agreed to receive it in electronic form, in an agreed electronic form.

(3) A notice required by subsection (1) may be given—

(a) by hand or by post; or

(b) if the recipient has agreed to receive such notices by electronic means, by the agreed electronic means.

(4) If a director declares an interest by notice given in accordance with this section— (a) the making of the declaration forms part of the proceedings at the next meeting of the directors after the notice is given.

A general notice given in accordance with **section 153** of the Act is a sufficient declaration of interest in relation to the matters to which it relates. A general notice is not sufficient unless it states the nature and extent of the director's interest in the body corporate or firm or the nature of the directors' connection with the person. It should be given at a meeting of the directors or the director takes 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.

4. Purpose

The purpose of this policy is to help board members of the Company to effectively identify, disclose and manage any actual, potential or perceived conflicts of interest 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.

5. Objective

The Company aims to ensure that board members 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.

6. Policy Statement

This policy has been developed because conflicts of interest commonly arise, and do not need to present a problem to the Company 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.

The Company will manage conflicts of interest by requiring board members to:

- avoid conflicts of interest where possible
- identify and disclose any conflicts of interest
- carefully manage any conflicts of interest, and
- follow this policy and respond to any breaches.

6.1 Responsibility of the board

The board is responsible for:

- establishing a system for identifying, disclosing and managing conflicts of interest across the Company
- monitoring compliance with this policy, and
- reviewing this policy on an annual basis to ensure that the policy is operating effectively.

6.2 Identification and disclosure of conflicts of interest

Once an actual, potential or perceived conflict of interest is identified, it must be entered into the Company's register of interests, as well as being raised with the board. The register of interests must be maintained by the Company Secretary, and 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).

7. When is it not a Conflict of Interest?

Section 146 (3) of the Companies Act, states that;

The duty of a director under subsection (1) is not infringed—

- (a) if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (b) if the matter has been authorised by the other directors.

Section 146 (5 & 6) of the Act states as follows, “An authorization under subsection (3) (b) may, in the case of a public company, be given by the directors of the company by the matter concerned being proposed to and authorised by them, but only if the company’s constitution includes a provision enabling the directors to give such an authorization and the directors comply with the requirements of the provision.”

An authorization given under subsection (3) (b) is effective only if—

- (a) 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
- (b) the matter was agreed to without that director or any other interested director voting.”

8. Action required for management of conflicts of interest

8.1 Conflicts of interest of board members

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.

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.

8.2 What should be considered when deciding what action to take?

- 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.

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. The action and result of the voting will be recorded in the minutes of the meeting and in the register of interests.

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.

9. Compliance 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.

Adopted by the Board of Directors on 20th May 2021