

**CONFLICT OF INTEREST
POLICY**

MSINGI

DECEMBER 2016

CONFLICT OF INTEREST POLICY
DECEMBER 2017

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DOCUMENT REVIEW AND APPROVAL

Revision history

Version	Author	Date	Revision
1	Richard Kisang'	7 June 2016	

This document has been reviewed by

	Reviewer	Date reviewed
1	Chiunda Leonard	3 November 2016
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3		
4		

This document has been approved by

	Subject matter experts		Date reviewed
	Name	Signature	
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I. DEFINITIONS

- I.1 **Affected Person** means, in relation to each Director or Staff Member, himself/herself as well as his/her Family.
- I.2 **Conflict of Interest**, which may be may be potential, real, apparent or perceived, means a situation in which an Affected Person has an Interest that conflicts with the interest of a Msingi Company.
- I.3 **Director** means a director of a Msingi Company.
- I.4 **Family** includes a child, parent, grandchild, grandparent, brother, sister, spouse, civil partner or in-laws of a Director or Staff Member, or any person living with the Director or Staff Member as his or her partner.
- I.5 **Interest**, in relation to a Director or Staff Member, is a professional or personal interest including:
- I.5.1 a financial or economic interest by an Affected Person in a Restricted Entity; or
 - I.5.2 an undertaking, arrangement or beneficial interest in a contract (written, oral or otherwise) made involving a Restricted Entity which might reasonably be deemed to conflict with an Affected Person's obligations to a Msingi Company; or
 - I.5.3 non-financial interests and affiliations with for-profit or non-profit organisations or with political or professional organisations which might reasonably be deemed to conflict with an Affected Person's obligations to a Msingi Company.
- For the avoidance of doubt, this:
- includes, but is not limited to, any commercial interaction with a Restricted Entity or with suppliers of goods or services to or purchasers of goods or services from such an entity as well as any advisors thereto or investors therein;
 - includes any involvement in negotiating, managing or monitoring a contract in which they have a personal or professional interest; and
 - excludes any interest held or made through a genuine fully-discretionary or "blind" trust or similar vehicle.
- I.6 **Msingi Company Secretary** means the Company Secretary or, in his or her absence, the Deputy Company Secretary (if any) of Msingi East Africa CLG.
- I.7 **Msingi** or **Msingi Group** means, as the context may require, Msingi East Africa CLG, any subsidiary thereof, and any company in which it has a minority or majority equity interest (directly or indirectly) and **Msingi Company** means any company in the group.
- I.8 **Non-related Entity** means any business or entity other than a Restricted Entity.
- I.9 **Recipient of Financial Assistance** means any business or entity that is currently receiving, or is proposed to receive, financial assistance including, but not limited to, grant, debt, equity and technical or other assistance whether directly or indirectly and in whatever form from any Msingi Company.
- I.10 **Restricted Entity** includes:
- I.10.1 Any Recipient of Financial Assistance;

- I.10.2 Any business or entity in any industry that any Msingi Company is considering, or has selected, to become a focus industry;
 - I.10.3 Any business or entity actually or considering financing projects alongside any Msingi Company;
 - I.10.4 Any business or entity actually or potentially supplying goods or services to, or purchasing goods or services from:
 - I.10.5 any Msingi Company; or
 - I.10.6 any other category of restricted entity in this definition;
 - I.10.7 Implementing partners of any Msingi Company; and
 - I.10.8 Any other business or entity which might reasonably be deemed to conflict with an Affected Person's obligations to Msingi.
- I.11 **Responsible Officer** means the office holder responsible for monitoring compliance with this policy by an Affected Person. In the case of a Staff Member, this is the Msingi CEO or his/her designate and, in the case of a Director, the Msingi Company Secretary.
- I.12 **Staff Member** includes an employee of, and (for the purposes of this policy only) a consultant or advisor to, any Msingi Company.

2 PURPOSE

- 2.1 The purpose of this policy is to provide for integrity of decision-making within Msingi and to protect the reputation of Msingi, its members, funders, directors and staff.
- 2.2 This document sets out the policy and procedures that enable Directors and Staff Members of a Msingi Company to identify and disclose all relevant Interests and to identify, disclose, manage and resolve any Conflicts of Interest.
- 2.3 This document is a guide to help Directors and Staff Members comply with laws and regulations applicable to Msingi and its directors and staff. Laws and regulations change from time to time and this guide should not be taken as definitive – it is the duty of every Director and Staff Member to be familiar with current laws.
- 2.4 This policy forms part of the Msingi's overall approach to managing issues such as conflicts of interest, inducements and anti-bribery. This will ultimately be reflected in a Code of Business which will require Directors and Staff Members to observe the highest standards and it should be noted that, in some cases, the Code of Business may be broader and more prescriptive than this policy.

3 CONFLICT OF INTEREST

- 3.1 A Conflict of Interest may cause Msingi's interests not to be properly safeguarded or represented.
- 3.2 It may also result in inappropriate gain (financial or otherwise) by a Director or Staff Member, failure by a Director or Staff Member to discharge his or her responsibilities impartially, or a negative impact on the integrity in Msingi's decision-making process and its reputation.
- 3.3 The existence of a Conflict of Interest may not, in and of itself, be evidence of wrongdoing. In fact, for many professionals, it is virtually impossible to avoid having conflicts of interest from time to time.

- 3.4 Disclosure of an Interest or a Conflict of Interest does not in itself resolve a conflict. However, it enables the necessary steps to be taken to determine what measures are needed to manage and resolve any conflict.

4 POLICY AND PROCEDURES

- 4.1 Responsibility for disclosing an Interest and a Conflict of Interest lies with each individual Director or Staff Member and this shall be communicated and reinforced in Directors' service contracts and Staff Members' employment contracts by way of reference to Msingi's policies and procedures or by way of direct notification to a Director or Staff Member.
- 4.2 Each Director and Staff Member must disclose an Interest and a Conflict of Interest in writing to his/her Responsible Officer on appointment and promptly on the occurrence of any circumstances which change an Interest or Conflict of Interest or create a new Interest or Conflict of Interest and, in order to remind themselves of these Interests, re-confirm all Interests on each anniversary of his/her appointment.
- 4.3 Each disclosure must contain all relevant information in sufficient detail about an Interest and a Conflict of Interest to enable an adequately-informed decision to be made about the management of any Conflict of Interest.
- 4.4 Such disclosure must also contain the measures taken to demonstrate that a specific Conflict of Interest is being, or has been, appropriately identified, managed and resolved.
- 4.5 Msingi shall, on behalf of each Msingi Company, maintain a register of Interests at its main executive office as well as a duplicate copy at its registered office.
- 4.6 Disclosure to the Responsible Officer of all Interests and Conflicts of Interest must be made using the Declaration of Interest and Conflict of Interest Form in Annex I.
- 4.7 A Responsible Officer must, on becoming aware of an unresolved Conflict of Interest, determine an appropriate plan of action to manage and resolve such a conflict.
- 4.8 The relevant Director or Staff Member must give every assistance to the Responsible Officer to make such a plan and resolve such a conflict.
- 4.9 If a Director or Staff Member is not sure what to declare, or whether/when their declaration needs to be updated, it is prudent to make the earliest and broadest disclosure possible so that decision-makers can make informed decisions to achieve the purpose of this policy.
- 4.10 Directors and Staff Members should contact the Msingi Company Secretary for confidential guidance on disclosure.
- 4.11 If a Director or Staff Member willfully or knowingly fails to declare a known Interest or Conflict of Interest, then any other Director or Staff Member having such knowledge shall notify the relevant Responsible Officer who will then cause the Interest or Conflict of Interest to be declared.
- 4.12 Any failure to disclose an Interest or a Conflict of Interest may be a disciplinary offence.
- 4.13 The Msingi CEO will monitor Msingi's proposed or ongoing transactions (e.g. contracts with vendors, collaborations with third parties, investment in firms) for potential conflicts of interest, and disclose any identified Conflict of Interest to the Board, whether discovered before or after the conflict has occurred.

- 4.14 Msingi will establish appropriate due diligence procedures on a Recipient of Financial Assistance, implementing partners and customers of and suppliers to a Recipient of Financial Assistance which are similar to “Know-Your-Customer” policies and procedures to assess conflicts of interest.

5 MANAGEMENT AND RESOLUTION OF A CONFLICT OF INTEREST

- 5.1 Where one or more of the Directors has a Conflict of Interest, it will be considered by the other Directors of that Msingi Company.
- 5.2 A Director with the Conflict of Interest (and any other Director with a similar interest):
- 5.2.1 shall not count in the quorum nor vote on a decision in respect of the conflict;
 - 5.2.2 may, if the other Directors so decide, be excluded from the board meeting while the conflict is considered;
 - 5.2.3 shall serve as a resource to provide the other Directors with all relevant information required to enable them to make a decision.
- 5.3 For the avoidance of doubt, decisions where one or more of the Directors has/have a Conflict of Interest will be made only by non-conflicted Directors whereas, in the case of a Staff Member having a Conflict of Interest, all the Directors may participate in the decision-making process.
- 5.4 All decisions relating to a Conflict of Interest will be noted by the Chair and reported in the minutes of the meeting. The minute must record:
- 5.4.1 The nature and extent of the conflict;
 - 5.4.2 An outline of the discussion and who was present; and
 - 5.4.3 The actions taken and to be taken to manage and resolve the conflict.
- 5.5 The options for management and resolution of Conflicts of Interest can include one or more strategies, as appropriate, such as:
- 5.5.1 recusal from involvement in an affected decision-making process;
 - 5.5.2 restriction of access by the affected individual to particular information;
 - 5.5.3 divestment or liquidation of the Interest;
 - 5.5.4 transfer of the individual to duty in a non-conflicting function;
 - 5.5.5 re-arrangement of the individual’s duties and responsibilities;
 - 5.5.6 assignment of the conflicting Interest to a genuine fully-discretionary or “blind” trust arrangement;
 - 5.5.7 resignation by the individual from a function giving rise to the conflict;
 - 5.5.8 resignation by the individual from any affected Msingi Company.
- 5.6 As a general rule, an Affected Person may not buy, own or sell securities (whether listed or not) in any Restricted Entity as defined in 1.10.1 and 1.10.2 without prior authorisation and any such transaction or ownership must follow the procedure in section 8 of this policy.

- 5.7 Msingi will establish a helpline with a whistle-blowing facility that will allow internal and external stakeholders to confidentially seek support as well as report Conflict of Interest situations.

6 MONITORING AND AUDIT

- 6.1 The Msingi CEO and Company Secretary shall put in place measures to monitor and ensure ongoing compliance with this policy at least once quarterly and will report to the Board at least once annually, such report to include a summary of all Interests and Conflicts of Interest and their management and resolution.
- 6.2 Compliance with this policy will be reviewed at least once annually as part of the annual external audit.

7 COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

- 7.1 Any information disclosed under this policy must be processed in accordance with data protection principles as set out in the laws of Kenya and the Data Protection Act 1998 of the United Kingdom (see Annex 2 for key principles). Data must be processed only for the purpose of ensuring that Directors and Staff Members act in the best interests of Msingi and not for any other purpose.

8 PERSONAL ACCOUNT DEALING (PAD)

- 8.1 Each Director and Staff Member must provide a list (using the form in Annex 1) of all securities (e.g. equity, debt or hybrid securities and also derivatives of financial instruments, whether quoted or unquoted) in a Restricted Entity held by a related Affected Party within 30 days of joining Msingi and confirm that all Affected Persons will adhere to this policy.
- 8.2 An Affected Person must obtain pre-authorisation from the relevant Responsible Officer for any transaction involving the purchase, holding or sale of securities (e.g. equity, debt or hybrid securities and also derivatives of financial instruments, whether quoted or unquoted) in a Restricted Entity.
- 8.3 In respect of authorised transactions, the Director or Staff Member must provide details of trades or confirm that no trade has taken place to the Responsible Officer within 21 working days of the authorisation.
- 8.4 If any Family member makes investment decisions independently, the related Director or Staff Member must declare this to the Responsible Officer and explain why that Family member should be exempt from this policy.
- 8.5 A Responsible Officer may order the disposal of securities in a Restricted Entity referred in 5.6.
- 8.6 Such securities may be held for a maximum of 90 days from the date of the disposal order.

ANNEX I – DECLARATION OF INTEREST AND CONFLICT OF INTEREST FORM

To:

Name: [Name of Responsible Officer]

Position [Position of Responsible Officer]

I. Notes

- i. Ensure that you have read and understood the current policy before completing this declaration form.
- ii. Please declare below, under the appropriate headings, any professional or personal interests as required under the Conflict of Interest policy. Please put 'none' where there nothing to declare under any heading.
- iii. You may wish to contact the Company Secretary for guidance if needed.

2. Appointments and nominations to Restricted Entities

Provide details of appointments and nominations (e.g. director, committee member, observer, trustee, etc.) to Restricted Entities, whether or not remunerated, and the appointing or representing authority if different from the entity.

Name of Entity	Position	Appointed by or Representing	Remuneration (if any)

3. Details of other employment, business, office, trade, profession or vocation interests in respect of any Non-related Entity

Please provide details of non-related entities with which you have any other employment, business, office, trade, profession, vocation or other working arrangement.

Entity	Nature of Business	Nature of Relationship	Approximate Time Spend	Remuneration

4. Shareholdings and securities

Please provide details of entities in which you have securities (e.g. equity, debt or hybrid securities and also derivatives of financial instruments, whether quoted or unquoted and whether held directly or indirectly by an Affected Party.

The qualifying securities to be declared are:

- a) More than the lower of US\$ 10,000 (market value) or 5% of any class of securities for listed entities;
or
- b) More than the lower of US \$ 2,000 (nominal or face value) or 1% of any class of securities for unlisted entities.

Also provide details of any income in respect of the securities:

Entities	Nature of Business	% equity held	Other interest or income	Description

5. Other Interests

Please provided details of other conflicts of interest not declared above.

6. Declaration

1. I **CONFIRM** have read and understood the Conflict of Interest policy.
2. I **AGREE** to be bound by the Conflict of Interest policy so long as I remain involved with Msingi.
3. I **DECLARE** that my responses and any information supplied is, to the best of my knowledge, complete and correct, and that no material fact is omitted. Other than as detailed above, I am not aware of any conflicts of interest arising from my professional or personal affairs which might conflict with Msingi in any way.

4. I **AGREE** that I will promptly notify the Responsible Officer of any changes in the information or any additional circumstances that arise after completion of this form.

5. I **UNDERSTAND** and **ACCEPT** that withholding, misrepresentation of information in completing this form may be treated as gross misconduct and may lead to dismissal or other disciplinary action.

Date: _____
(Day/Month/Year)

Signed: _____

Name: _____
(Please print full name in capital letters)

Position: _____
(Please print in capital letters)