

CODE OF CONDUCT

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DRAFT CTI CODE OF CONDUCT

1.0 Preamble

- 1.1 The Confederation of Tanzania Industries (CTI) was established in 1991 as an independent, legally constituted organisation that serves manufacturing and associated companies by speaking out on their behalf and generally representing their interests.
- 1.2 CTI's main purpose is to ensure that there is a conducive legal, financial and economic environment in the country with which industry can operate effectively, prosper and contribute to national wealth and growth.
- 1.3 The Vision of CTI is to make Tanzania a modern open economy led by industrial growth and development.
- 1.4 The Mission of CTI is to facilitate improvement of the business environment in Tanzania and assist Tanzania's industrial competitiveness in the regional and global markets.
- 1.5 To pursue the intended mission, CTI has developed a Code of Conduct that is applicable to its members.
- 1.6 The CTI Code of Conduct, hereinafter referred to as the "Code", is a common framework for what is legitimate, just and fair regarding conducting business in Tanzania. The Code relies on moral principles and values that have been shared by members and supported by common practical experience and acceptable norms.
- 1.7 CTI and its member companies have realized their key role in the development of the business sector and the industrial sector in particular, and have expressed their willingness and readiness to play an active part in supporting sustainable economic development.

- 1.8 The Code is a fundamental pillar of the national, regional and global competitiveness and is essential in promoting interests of all stakeholders.
- 1.9 Doing business with integrity is more likely to generate good returns, attract investors and retain motivated employees, among other benefits. In contrast, companies that do not make efforts to do business responsibly can face long-lasting reputational and financial damage.
- 1.10 The Code recognizes the need for social responsibility and establishment of public confidence in the market, including ethical and environmental responsibility.
- 1.11 The Code sets the business ethical standards for all members and:
- i. Sets the general principles for ethical business conduct;
 - ii. Outlines a common business-ethical framework, within which all members must act;
 - iii. Sets minimum standards of behaviour and formalizes expectations;
 - iv. Is a trustworthy basis for collaboration among business entities;
 - v. Meets global legal requirements and ensures integrity and sustainable business practice; and
 - vi. Enforces compliant, reliable and trustworthy business partnerships.

2.0 The Principles and Basic Values of the CTI Code of Conduct

- 2.1 The principles and basic values of the Code are built on the Values of CTI, which are but not limited to:
- i. Reliability and Trustworthiness
 - ii. Transparency and Efficiency
 - iii. Dedication and Commitment
 - iv. Innovativeness and Creativity
 - v. Incorrigibly Ethical and Incorruptible
- 2.2 The Code urges for the respect of:
- i. Rule of Law
 - ii. Human Rights
 - iii. Non-discrimination and commitment to peaceful and harmonious development
 - iv. Compliance and respect for democratic values
 - v. Care for the environment and natural resources
- 2.3 The Code has been developed through an interactive and participatory process by CTI members and stakeholders, who are committed to an implementation process that promotes creation of awareness, education and substantial structural changes in the Tanzanian business traditions and culture.
- 2.4 The Code is built on international and regional experiences and practice, taking into consideration the prevailing Tanzanian conditions. It is a voluntary Code for CTI members, based on internationally accepted and respected principles, standards and norms for responsible business conduct and compliance. Hence formal compliance with the Code is expected and companies should eventually be inspired and embrace the principles of the Code for a successful, business-led development of the country's economy.

3.0 Scope and Coverage

- 3.1 The Code shall be applicable to all members of CTI, as the context dictates, to all their non-executive and executive directors, managers, officers, full time and part time employees, and out-sourced service providers.

4.0 Compliance and Monitoring

- 4.1 Companies should declare in their strategy documents and their annual reports that they are committed to the Code.
- 4.2 Companies should prepare progress reports in adherence to the Code through standard forms. The reports shall be used for monitoring compliance and taking appropriate measures for improvement.

5.0 Business & Personal Integrity

- 5.1 A company's interaction with all stakeholders must be based on the highest standards of disclosure. The company must prohibit acts of bribery or any other form of corrupt behaviour, whether conducted by the company employees or by third party intermediaries acting on their behalf. As a general principle, the company must never offer anyone anything of value to influence his or her decision in favour of the company.
- 5.2 A company or employee or any other person representing the company such as agents, suppliers, joint venture partners or others should not directly or indirectly offer, make, or authorise payment of money or anything of value to unlawfully:
- i. Influence the judgment or conduct of any individual, customer, or company;
 - ii. Win or retain business;
 - iii. Influence any act or decision of any governmental official;
or
 - iv. Gain an advantage or as a reward for a favour.

6.0 Commitment to the principle of fair competition in the market place

- 6.1 A company should comply with all applicable competition and antitrust laws and regulations, and support and respect all efforts to adhere to fair competition. This includes the condition that a company must never agree to coordinate or cooperate with competitors in any way to fix prices, exchange confidential information, agree on a minimum price level, market division, or to impose significant conditions of supply.
- 6.2 A company should strive to maintain a transparent, open, and honest culture where potential or actual conflicts of interest are promptly reported and resolved. Companies are advised to have in place standard declaration of interest forms to be completed by their managers on annual basis.

7.0 Corporate Responsibility

- 7.1 A company should recognize that it is in its best self-interest to operate within the expectations entrusted to it by society and to show its corporate responsibilities.
- 7.2 A company should have an Environmental Sustainability Policy for all its operations related to the external environment to ensure care for the environment. Such a policy should reflect issues of elimination of pollution, conservation of resources and materials, energy efficiency and others things affecting the preservations and sustainability of the environment.
- 7.3 A company should have Personnel Policy respecting Human Rights, Gender Equalities, Children's Rights and the special needs of disabled and/or handicapped citizens.

- 7.4 A company should maintain open and transparent relations with tax authorities by paying its justified taxes and avoiding all forms of tax evasion.
- 7.5 A company should involve itself in community activities by promoting and/or participating in projects of a civic, social or cultural nature, concerning the wellbeing and/or development of local populations.

8.0 Accounting, Auditing and Disclosure of Information

- 8.1 A company should ensure the application of good and generally accepted accounting standards and independent internal control of its business.
- 8.2 Financial statements presented should be in line with International Financial Reporting Standards and any deviations from these standards and the impact thereof should be disclosed in the annual report.
- 8.3 The annual report should contain objective and readily understandable assessments of the company's performance, operating position and prospects, as well as the audited financial statements prepared in accordance with internationally accepted auditing and reporting standards, the statement of the auditors, and the non-financial statement regarding the relations with stakeholders, the environment and the community.
- 8.4 A company should accord the external auditors access to all the information required for the purpose of the audits.
- 8.5 The external auditors should attest that the accounting principles and systems as well as the internal control mechanisms used in the financial transactions of the company fulfil the expected quality in accordance with established regulations and standards.

- 8.6 A company should prepare and issue an annual report, which should be an integrated report. Beside financial statements, explanatory notes and economic issues, the report should include the social and environmental factors impacting upon the operations of the company. Furthermore, the annual report should be available on the company's website.

9.0 Board of Directors and Management responsibilities

- 9.1 The Board of Directors and Management should act honestly, ethically, faithfully and diligently, and offer strategic guidance and leadership. Furthermore, it is the responsibility of the Board of Directors and Management to control the company and be accountable and responsible to its stakeholders.
- 9.2 Assigning Board of Directors shall be transparent and timely. There should be a formal and transparent procedure in the appointment and reappointment of Directors. For ensuring continuity of the functions of the Board, Directors may be elected for two or more terms as may be specified in a company's procedure.
- 9.3 The Board shall have a Chairperson, who will be responsible for the leadership of the Board and should ensure the effectiveness in all aspects of its activity.
- 9.4 The Board of Directors should meet regularly, should have a pre-determined agenda, receive full and timely information regarding all items on the agenda, and should deliberate and decide on the items, and minutes of the proceedings.
- 9.5 Directors and members of management with any material interest in the dealing of the company should disclose their interest. The Board of Directors shall be responsible for determining and maintaining all material controls of business, including financial controls, risk controls, operational controls and compliance with relevant laws, regulations and directives.

- 9.6 The Board should delegate the day-to-day management of the company to the executive management. There should be a clear division between the duties and tasks of the Board and those of the Executive Management.

10.0 Risk Management & Stakeholders

- 10.1 A company is responsible for the management of risks, by determining the nature and extent of the significant risks it is willing to accept in achieving the company's strategic objectives, by ensuring monitoring and assessment of risk on a continual basis, and by implementing risk mitigation measures.
- 10.2 A company should recognize the rights of stakeholders as established by law or through mutual agreements and encourage active co-operation between the company and the stakeholders in creating wealth, jobs, and sustainability of the environment.
- 10.3 A company should have an inclusive approach, always considering the legitimate interest and expectations of stakeholders and those decisions should be made in the best interest of the company.
- 10.4 A company should have a Labor Relations and Work Place Environment Policy to ensure fair treatment and remuneration of the workforce, and to make sure that proper care is taken to preserve safe and healthy work conditions.
- 10.5 A company should have a Customer Relations Policy ensuring customers' rights for adequate delivery of agreed goods and services, prompt response to complaints, and the customers' right to compensation when the company fails to meet its contractual obligations.

- 10.6 A company should consider ethical practices in its:
- i. Interactions with suppliers in a manner which ensures that there is fair treatment of suppliers,
 - ii. Commitment to establish long-term relationships for mutual benefit, and
 - iii. Rights to demand from its suppliers, compliance to minimum responsible ethical business conduct.
- 10.7 The company should have an open and constructive relation with relevant government agencies and representatives.

11.0 Enforcement and Sanctions

- 11.1 The Code shall be enforceable and binding to all members and their employees. Every member shall accept and subscribe to the Code by signing the prescribed Attestation Form and cause it to be read, understood and acknowledged by its employees. The CTI Secretariat shall keep a record of the Attestation Form dully signed by each member.
- 11.2 The Code shall be executed and enforced by the Governing Council of CTI. Each member shall be obliged to ensure compliance with the Code and provide the necessary cooperation to CTI and fellow members in ensuring its enforcement.
- 11.3 The Governing Council of CTI may impose any of the following sanctions to its members for violating the Code:
- i. Warning
 - ii. Censure
 - iii. Suspension
- 11.4 A member shall be responsible for the enforcement and imposing appropriate sanctions to its employees for violating this code in accordance with its internal disciplinary procedures and underlying employment and labour laws.

12.0 Effective Date

- 12.1 This CTI Code of Conduct is effective upon the approval of the 26th Annual General Meeting of CTI held on ----- in Dar es Salaam.

Signed by:

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Subhash Patel
Chairman

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Leodegar Tenga
Executive Director



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