




Small & Medium Enterprises Development Corporation

CODE OF ETHICS AND BUSINESS CONDUCT

Prepared in terms of

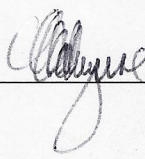
Section 26(2) (b) of the

Public Entities Corporate Governance Act (Chapter 10:31)

 <i>Legal Department</i>		
Reviewed By: Legal Advisor and Corporate Secretary		Approved By: SMEDCO BOARD
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TITLE:	CODE OF ETHICS AND BUSINESS CONDUCT	

Approved By:

DR. C. KADUNGYRE
Name: _____

Signature 

Date: 21/06/2023

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1. Preamble

- 1.1. Small and Medium Enterprises Corporation (SMEDCO) (“the Corporation”) is a Corporation with limited liability which is in the business of developing and supporting the development of small and medium enterprises.
- 1.2. The Corporation’s business is managed under the direction of the Corporation’s Board of Directors (“the Board”). This Code of Ethics and Business Conduct (“the Code”) serves as a code of conduct for the Board members, Management and Staff of the Corporation. The principles and requirements under this Code are based on and are designed to ensure full compliance by the Corporation and its Board of Directors, officers, and employees with the duties imposed on such individuals by the Constitution of Zimbabwe, Companies and Other Business Entities Act (*Chapter 24:31*) Administrative Justice Act (*Chapter 10:28*), the Public Entities Corporate Governance Act (*Chapter 10:31*), the Public Finance Management Act (*Chapter 22:19*), the Labour Act (*Chapter 28:01*), the Public Procurement and Disposal of Public Assets Act (*Chapter 22:23*) and the Small and Medium Enterprises Act (SMEs Act) (*Chapter 24:12*).
- 1.3. The checks and balances built into this Code are designed to strike the proper balance between ensuring full compliance with the legal obligations of the Corporation and the integrity and efficacy of the Code on the one hand and, on the other, protecting Board members, Management and Staff of the Corporation through the use of reasonable due process and procedures, against patently false, malicious, or groundless accusations that could result in significant business or personal harm if not properly handled.
- 1.4. No code or policy can anticipate every situation that may arise; however, Board of Directors, Management and or Staff are encouraged to bring to the attention of the Chairman of the Audit Committee, questions on any issue that may impact on one or more of the provisions of this Code. The Audit Committee Chairman may consult on the issue with the Corporation’s legal department or external legal counsel, as he deems appropriate.
- 1.5. Directors (including ex- officio members of the Board), Management and Staff shall at all times abide by and conform to the provisions of this Code in their capacity as Board members, and employees of the Corporation. Furthermore, each Director, the Chief Executive Officer, members of management and staff shall at all times comply with all applicable laws and regulations and shall ensure that the Corporation fully cooperates with all relevant regulatory authorities as required to uphold the law.
- 1.6. The Board of Directors, Management and Staff affirm their endorsement of this Code and acknowledge their commitment to upholding its principles and obligations by accepting appointment to, and continuing to be a member of the Board or employee of the Corporation.

2. Applicability of the Code of Ethics and Business Conduct

This Code is applicable to members of the SMEDCO Board of Directors, Management and all employees.

3. Ethical Leadership

3.1. Responsible Leadership

The Board of Directors and Management shall conduct the business affairs of the Corporation in good faith and with honesty, integrity, due diligence and reasonable competence.

It shall be the Board of Director's and Management's responsibility to provide the Corporation with effective leadership based on an ethical foundation by:

- 3.1.1. Directing the strategy and operations of the Corporation to build a sustainable business;
- 3.1.2. Considering the short term and long term impacts of the strategy on the economy, the society and the environment;
- 3.1.3. Doing business ethically;
- 3.1.4. Not compromising the natural environment; and
- 3.1.5. Taking into account the Corporation impact on external stakeholders.

3.2. Ethical Foundation

The Board of Directors, Management and Staff shall ensure that all deliberations, decisions and actions of the Corporation are based on the values underpinning good governance and that the conduct of each individual adheres to their duties. The Board of Directors, Management and Staff shall also ensure that the Corporation's ethics are managed effectively by:

- 3.2.1. Building and sustaining an ethical corporate culture in the Corporation;
- 3.2.2. Determining the ethical standards which should be clearly articulated and by ensuring that the Corporation takes measures to achieve adherence to them in all aspects of the business;
- 3.2.3. Having indicators to show that ethical standards are being adhered to;
- 3.2.4. Aligning internal and external ethics performance around the same ethical standards;
- 3.2.5. Incorporating ethical risks and opportunities into the risk management process;
- 3.2.6. Implementing policies that have a bearing on the Code;
- 3.2.7. Integrating compliance with this Code into the operations of the Corporation; and
- 3.2.8. Assessing, monitoring, reporting and disclosing the Corporation ethics practices to stakeholders.

3.3. Corporate Citizenship

To ensure that the Corporation is seen to be a responsible corporate citizen, the Board of Directors, Management and Staff shall:

- 3.3.1.** Not only consider financial performance but also the impact of the Corporation operations on society and the environment;
- 3.3.2.** Protect, enhance and invest in the well-being of the economy, the society and the environment;
- 3.3.3.** Ensure that collaborative efforts with stakeholders are embarked on to promote ethical conduct and good corporate citizenship;
- 3.3.4.** Ensure that measurable corporate citizenship programmes are implemented; and
- 3.3.5.** Ensure that management develops corporate citizenship policies.

4. Stakeholder Relationships

4.1. The Board of Directors, Management and Staff should appreciate that stakeholders' perceptions affect the Corporation reputation and shall ensure that:

- 4.1.1.** The gap between stakeholder perceptions and the performance of the Corporation is managed and measured to enhance or protect the Corporation reputation;
- 4.1.2.** The Corporation reputation and its linkage with stakeholder relationships are a regular Board agenda item;
- 4.1.3.** It identifies the important stakeholder groupings;
- 4.1.4.** It oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the Corporation;
- 4.1.5.** Considers formal as well as informal processes for interaction with the Corporation stakeholders;
- 4.1.6.** It takes account of the legitimate expectations of its stakeholders in its decision-making in the best interests of the Corporation;
 - 4.1.6.1.** It delegates to management to proactively deal with stakeholder relationships. Management should then develop a strategy and formulate policies for the management of relationships with each stakeholder;

4.1.7. It ensures that communication with stakeholders is in clear and understandable language; and

4.1.8. That it adopts communication guidelines that support responsible communication programmes with stakeholders because transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.

5. Integrated Reporting and Disclosure

5.1. Transparency and Accountability

5.1.1. The Board shall :

- Ensure the integrity of the Corporation's financial statements and shall delegate to the Audit Committee the function to evaluate sustainability disclosures;
- Include a commentary on the Corporation financial results and shall report on how the Corporation has made its income and profits;
- Disclose to the shareholders if the Corporation is a going concern; and
- Ensure that the sustainability reporting and disclosure is independently assured by the Audit Committee.

6. Conflicts of Interest

6.1. Board of Directors, Management and Staff shall avoid any conflicts of interest between him/her and the Corporation. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Corporation, should be disclosed promptly.

6.2. Board of Directors, Management and Staff shall avoid any conflicts of interest between him/her and the Corporation. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Corporation.

6.3. A "conflict of interest" may occur:

6.3.1. When an individual's personal interest interferes in any way, or even appears to interfere with, the interest of the Corporation; or

6.3.2. When a Director, Manager or Staff member takes action or has interests that may make it difficult for him/her to perform his/her work for the Corporation, objectively and effectively; or

6.3.3. When a Director, Manager, Staff member or a member of his or her immediate family, receives improper personal benefits as a result of his or her position within the Corporation

“Immediate family” includes a person’s spouse, parents, children, siblings, mothers-in-law and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than employees) who shares such person’s home.

6.4. This Code does not attempt to describe all possible conflicts of interest that could develop. The Board, Management and Staff must, however, act at all times in the best interests of the Corporation and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, Board of Directors, Management and Staff shall identify the conflict and, as required, remove themselves from all discussion and voting on the matter. Specifically, Board members and Management shall follow these guidelines:

- 6.4.1.** Avoid placing and avoid the appearance of placing one's own self-interest or any third-party interest above that of the Corporation; while the receipt of incidental personal or third-party benefit may necessarily flow from certain Corporation activities, such benefit must be merely incidental to the primary benefit to the Corporation and its purposes;
- 6.4.2.** Do not abuse Board membership by improperly using Board membership or the Corporation staff, services, equipment, resources, or property for personal or third-party gain or pleasure; Board members shall not represent to third parties that their authority as a Board member extends any further than that to which it actually extends;
- 6.4.3.** Do not engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the Corporation;
- 6.4.4.** Do not engage in or facilitate any discriminatory or harassing behaviour directed towards Corporation staff members, officers, directors, meeting attendees, exhibitors, advertisers, sponsors, suppliers, contractors, or others in the context of activities relating to the Corporation;
- 6.4.5.** Do not solicit or accept gifts, gratuities, free trips, honoraria, personal property, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donor with respect to matters pertaining to the Corporation without fully disclosing such items to the Board;
- 6.4.6.** Board of Directors, Management and Staff or members of their families may not accept a gift from persons or entities who deal with the Corporation in those cases where the gift:
 - a) Would be illegal or result in a violation of the law; or
 - b) Is part of an agreement to do anything in return for the gift; or
 - c) Has a value beyond what is normal and customary courtesy in the Corporation business; or
 - d) Is being made to influence the Director’s actions as a member of the Board; or
 - e) Could create the appearance of a conflict of interest.

6.5. Corporation Assets

No member of the Board, Management or Staff shall misuse Corporation property or resources and shall at all times keep the Corporation property in his or her custody secure and not allow any person not authorized by the Board or Management to have or use such property.

7. Corporate Opportunities

7.1. No member of the Board, Management or Staff shall use any information provided by the Corporation or acquired as a consequence of the individual's service to the Corporation in any manner other than in furtherance of his or her duties.

7.1.1. No member of the Board, Management or Staff may compete with the Corporation for business opportunities, provided, however, that, if the Corporation's disinterested directors determine that the Corporation will not pursue an opportunity that relates to the Corporation business, a Director of the Board, Management or Staff may, with the consent of the Board, pursue the business interest.

7.1.2. No Board of Director, Manager or member of Staff shall persuade or attempt to persuade any employee of the Corporation to leave the employ of the Corporation or to become employed by any person or entity other than the Corporation. Furthermore, no member of the Board, Manager or employee shall persuade or attempt to persuade any staff member, exhibitor, advertiser, sponsor, subscriber, supplier, contractor, or any other person or entity with an actual or potential relationship with the Corporation to terminate, curtail, or not enter into its relationship with the Corporation, or to, in any way, reduce the monetary or other benefits to the Corporation.

8. Fair Dealing

Board of Directors, Management and Staff shall exercise proper authority and good judgment in their dealings with the Corporation staff, its suppliers and the general public, and will respond to the needs of the Corporation in a responsible, respectful and professional manner.

"Fair dealing" means the avoidance of unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

9. Compliance with Laws, Rules and Regulations, Codes and Standards

The Board of Directors, Management and Staff shall ensure that:

- It understands the context of laws applicable to the Corporation and how other applicable laws interact with those laws;
- Board of Directors, Management and Staff shall sufficiently familiarize themselves with the general content of the applicable laws, rules, codes and standards to enable them to discharge their legal duties to the Corporation;
- The Corporation, its employees, officers and Directors comply with the laws, rules and regulations applicable to the Corporation, including insider trading laws;
- The Board of Directors shall ensure the Corporation's compliance with applicable laws, rules, codes and standards;

- Compliance is a regular item on the agenda of the Board meetings;
- It discloses details in the annual report on how it discharged its responsibility to establish an effective compliance framework and processes; and
- The Board of Directors delegates to Management the implementation of an effective compliance risk framework.

10. Health and Safety

The Corporation is committed to treating all its employees fairly and with respect and dignity. In order to honour this commitment, the Board of Directors and Management shall ensure that the Corporation creates and maintains a safe and healthy workplace through the design of the work environment, the planning and performance of work, the provision and use of all necessary equipment, tools and procedures, the appropriate training and the constant identification and elimination of risks present in the workplace.

11. Breaches of the Code

- 11.1. "Errant behaviour" in terms of this Code shall refer to that behaviour which is in breach of this Code or any other Corporation policy or any applicable law.
- 11.2. Any act by a Board of Director which is deemed to be errant behaviour or which is a violation or a suspected violation of the Code shall be reported to the Chairperson of the Audit Committee for a preliminary investigation and assessment by the Audit Committee.
- 11.3. Any act by an employee which is deemed to be errant behaviour or which is a violation or a suspected violation of the Code shall be reported to the Human Resource Department for a preliminary investigation and assessment by a Committee set up and approved the CEO.
- 11.4. The Audit Committee shall table its preliminary findings before the full Board. If satisfied that there is, on the face of it, errant behaviour or a violation of the Code by a board member, the Board shall refer the matter for further investigation by an external competent person.
- 11.5. The Board shall take appropriate legal or other action against the Board member in the event that the report by the external investigator finds that there was errant behaviour on the part of, or a violation of the Code by, the Board Member.

12. Confidentiality

- 12.1. Except as the Board may otherwise require, or as otherwise required by law, no Board of Director, Management, Staff member shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information relating to the affairs of the Corporation and each member of the Board and the Corporation's employees shall uphold strict confidentiality in respect to all Board and Committee meetings and to all deliberations and communications of the Board. For the purposes of this Code, "confidential information" includes all non-public or proprietary information relating to the Corporation.
- 12.2. Except as the Board may otherwise require, or as otherwise required by law, no member of Management or Staff shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information relating to the affairs of the Corporation and each member of the

Board, Management and Staff shall uphold strict confidentiality in respect to all Board and Committee meetings and to all deliberations and communications of the Board. For the purposes of this Code, "confidential information" includes all non-public or proprietary information relating to the Corporation.

- 12.3. Upon termination of service, a Board member will promptly return to the Corporation all documents, electronic and hard files, reference materials, and other property entrusted to the Board member for the purpose of fulfilling his or her job responsibilities. Such return will not abrogate the Board member from his or her continuing obligations of confidentiality with respect to information acquired as a consequence of his or her tenure on the Board of directors.

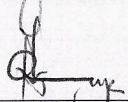
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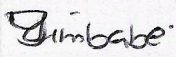
This Code was approved by the Board of Directors and will be reviewed annually.

Signed: 
Board Chairperson

Date: 21/06/2023

Signed: 
Chief Executive Officer

Date: 21/06/2023

Signed: 
Board Secretary

Date: 21/06/2023