



CODE OF CONDUCT OF THE CLIFTON CID BOARD OF DIRECTORS AND MANAGER

Adopted 2023

Introduction:

This constitutes a code of conduct for the Board of Directors of the Clifton Improvement District (a registered Non-Profit Company). The Code of Conduct is drawn from similar resource material for other NPC Boards and our own Memorandum of Incorporation. It is also aligned to and should be read in conjunction with the King IV Governance Code, its specific application for NPC's and the more recent and applicable Independent Code of Governance for Non-Profit Organisations in South Africa.

The King IV Code includes differentiated practice for municipalities and not-for-profits and is therefore applicable to the functioning of the Clifton Improvement District Board of Directors. According to this code we understand the role of non-executive directors as follows:

- The non-executive Director plays an important role in providing objective judgement independent of management on issues facing the company.
- Non-executive Directors are independent of management on all issues including strategy, performance, sustainability, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance.
- The non-executive Directors should meet from time to time without the Executive Directors to consider the performance and actions of executive management.

The Clifton CID further understands the role the Clifton CID Board is to:

- Direct and approve, for adoption by AGM, a:
 - 5 year strategy, implementation plan and budget;
 - Annual version of the same;
- Adopt necessary policies for the Clifton CID;
- Monitor and evaluate the performance (financial and non-financial) of the Clifton CID and the Clifton CID Manager as the accountable manager;
- Take key strategic and governance decisions and manage risk;
- Review and adopt the audited financial statements and annual performance report;
- Account to members, primarily at the AGM;
- Report to and engage with the community at large, including ratepayers, residents, business and workers in the area.

Objectives:

This Code of Conduct provides a framework for Non-Executive Directors to perform their function in a manner that ensures adherence to the spirit and principles of the King IV Code across all aspects of their scope of responsibility, defined as:

- Consideration and adoption of the strategy and policies for the organisation;
- Exercises oversight and accountability for the achievement of these;
- Emulates the principles and practices laid out in the Code towards the outcomes of:
 - Ethical practice
 - Good performance
 - Effective Control
 - Legitimacy

Code of Conduct commitment:





As an individual charged with governance duties in an organisation, the Clifton CID Directors undertake :

- To serve the best interest of the organisation with integrity, care, skill, diligence and courage.
- To be responsible for the actions and assets of the organisation and for keeping the organisation on its strategic path.
- To be accountable to stakeholders for decisions and actions of the organisation.
- To be fair to stakeholders of the organisation by considering the legitimate interests of those who are affected by the organisation.
- To be transparent by disclosing information that will enable stakeholders to hold the organisation to account and which information will provide a holistic representation of the organisation's past performance and its prospects for future value-creation.

Leadership and stewardship:

Directors shall promote public benefit values to employees through their exemplary behaviour. They shall encourage a strong culture of accountability where issues are raised early, Board decisions are implemented quickly and people operate within their delegated authority and respectfully cooperate with one another.

Complying with establishing legislation and board policies:

The Clifton CID Directors shall comply with the Constitution of the Republic of South Africa, the Municipal Property Rates Act, the Companies Act, the SRA By-Law of the City of Cape Town and the Memorandum of Incorporation of the Clifton CID. They shall also comply with any government policies and Clifton CID policies affecting the work of the Board. By signing the code of conduct, directors confirm that they are fully acquainted with and bound by the City of Cape Town City Improvement District Policy (policy number 64295) as approved by Council on 8 December 2022 including Schedule 1 thereto.

Care, diligence and skill:

1. The Clifton CID Directors shall exercise their powers with a reasonable degree of care, diligence and skill. They shall understand the business of the Clifton CID and the role of the Board. They will act responsibly, drawing on any knowledge they possess when considering matters before the Board.
2. The Clifton CID Directors shall regularly attend bi-monthly Board meetings, apologising when they cannot, will be actively involved in matters before the Board and consider the financial, strategic and other implications of Board decisions. The MOI requires that Directors seek the permission of the Chairperson should they not be able to attend a Board meeting. This code of conduct will also require the Chairperson to seek the permission of the Vice-Chairperson should he or she not be able to attend. The MOI states that a Director will cease to be a Director if they have been absent for more than three consecutive meetings without the permission of the Chairperson. This code of conduct further stipulates that a Director will cease to be a Director if they do not attend three meetings in a period marked by annual AGMs, irrespective of apologies or non-consecutive occurrence.
3. The Clifton CID Directors shall seek and consider all relevant information and ignore irrelevant information. They will base their decisions on the best information available at the time, seek further information if necessary and accept responsibility for their actions.



4. The Clifton CID Directors shall critically assess all matters before the Board and they may request detailed briefings from the Clifton CID Manager on the Clifton CID's business to inform strategic planning and risk minimisation.

Best interests of the Clifton CID:

The Directors shall be active members of the Board and will act in good faith in the best interests of the Clifton CID.

All Directors shall take personal responsibility for taking all decisions in the interest of the Clifton CID.

Only the Clifton CID Manager or the delegated Manager shall officially represent the Clifton CID in any forum or meeting and will act as the Clifton CID spokesperson on the Clifton CID business. On matters related to the governance of the Clifton CID, the Chairperson, or another delegated Board member may represent the Board of the Clifton CID, or speak on its behalf.

Impartiality and fairness

The Clifton CID Directors shall act professionally, fairly, impartially, respectfully and courteously at all Board meetings. They shall behave in a respectful manner that is free of favouritism and self-interest when participating in Board deliberations or when resolving disputes between Directors. They shall be courteous to each other and to third parties and shall respect human rights and foster a culture that is free of intimidation and bullying. The Clifton CID Directors shall behave in a respectful manner that reflects well on their standing as Directors and on the reputation of the Clifton CID.

They shall consider all relevant facts objectively when implementing Clifton CID policy and programs to ensure equitable outcomes. They shall act in accordance with the equal opportunity legislation which protects people from discrimination.

When participating in Board deliberations and decisions or when resolving disputes between Directors, they shall behave in a respectful manner that is free of favouritism and self-interest.

While the Clifton CID Directors may be members or office-bearers of other organisations, they may not represent those organisations on the Clifton CID Board. The Clifton CID Directors shall not allow their personal or professional interests or relationships to influence their judgement and they shall remain objective when participating in Board discussions and decisions.

Proper use of position:

The Clifton CID Directors shall use their position to promote the best interests of the Clifton CID. They will not use their position to seek an advantage for themselves or another person or to cause detriment to the Clifton CID.

The Clifton CID Directors shall not benefit financially or otherwise from their involvement in the Clifton CID and shall not benefit or be perceived to benefit, directly or by association from the Clifton CID operations.

The Clifton CID Directors shall not seek gifts or favours for themselves, family members or other close personal or business associates. In addition, they will decline gifts or favours that may cast doubt on their ability to apply independent judgement.



Directors shall not offer or accept any gifts, hospitality, preferential treatment or other benefits that might affect, or appear to affect the recipient's objectivity and ability to make independent judgements. Subject to this provision, a director may not offer or accept any gift, hospitality or other benefits in the ordinary course of the CIDs activities which either individually or in aggregate exceed R500 over a 12 month period. Directors are obliged to record any gifts, hospitality or other benefits above the value of R200 in the CIDs Gift at Hospitality Register.

Information and communication:

Directors shall not disclose, either during or after their term of office, any information collected or held by the CID that is not in the public domain, and which is confidential, commercially or operationally sensitive unless authorised by the Board.

The Clifton CID Directors shall use the information they gain in the course of their Board duties only for its intended purpose. They may not use the information, including privileged or commercially sensitive information, to obtain an advantage for themselves or another person or to cause detriment to the Clifton CID.

The Clifton CID Directors shall be cognisant of freedom of information, privacy and protected disclosure legislation. They will respect confidentiality and use their discretion, prudence and good judgement when deciding how to treat information.

The Clifton CID Directors shall make a protected disclosure to relevant regulatory and anti-corruption authorities if they believe improper conduct is occurring within the Clifton CID.

They shall not leak information internally or externally.

Directors must return documentation obtained during their term of office to the chairperson, or indicate to him or her that all such documentation in their possession has been disposed of appropriately.

The Clifton CID Directors shall use e-mail appropriately and adhere to this code of conduct in their use of e-mail. E-mails should be brief, professional and respectful.

E-mails can only be used to make decisions on the official Clifton CID e-dresses and provided that all the Clifton CID Directors have had adequate opportunity to be part of the decision. The Clifton CID Directors are required to respond to Clifton CID email-decisions (chaired by the Chairperson) within 72 hours. Should a Clifton CID Director not be available on e-mail for more than 72 hours, he or she should inform both the Chairperson and Manager thereof at the very least.

Political activities:

Directors may not occupy a salaried political party position or hold a leadership position in any political party or make party political speeches in public. Subject to this condition, Directors may engage in lawful political activities provided they are compatible with their CID responsibilities and provided they exercise proper discretion.

Directors shall advise the chairperson in writing before undertaking any political activity which could give rise to a potential conflict of interest and they shall not use the Clifton CID's resources in connection with their candidature.



Use of public funds and financial responsibility:

Directors must ensure that public funds paid over to the CID are applied only pursuant to the provisions of its business plan and that such funds, as well as publicly funded assets under its management or control, are properly safeguarded and accounted for. Directors must take appropriate steps to ensure that the CID employs its resources efficiently, responsibly and in a manner that gives effect to the procurement principles enshrined in the constitution

The Clifton CID Directors shall act in a financially responsible manner. They will exercise care in relation to public funds and assets and, if applicable, comply with the requirements of government and the City of Cape Town.

The Clifton CID Directors shall demonstrate due diligence through active monitoring of the Clifton CID's financial accounts and financial position. They shall regularly review financial statements and management reports at bi-monthly board meetings.

The Clifton CID Directors shall ask questions about the financial material presented to the Board if that material is unclear or raises matters that may be of concern from a financial perspective. They must understand the financial justification for decisions taken by the Clifton CID Board. They must vote to record their disagreement if they do not believe the financial implications are sufficiently clear or if a Board resolution has financial implications that they consider imprudent.

Honesty and integrity:

The Clifton CID Directors shall act with honesty and integrity and will comply with laws, policies and generally accepted standards of behaviour. They shall be open and transparent in their dealings and activities.

The Clifton CID Directors shall give proper consideration to matters before the Board and shall express their views genuinely, clearly, respectfully and without ambiguity with full disclosure of the information or considerations they relied upon in coming to their view.

They will speak up when a decision or advice is being considered that may be detrimental to the public interest and vote to record their view.

Caucuses amongst groups of Directors, in person and on e-mail, is strongly discouraged. Caucuses refer to an increasing use of informal and unaccountable structures or blocs that undermine the effective and democratic deliberation expected in Board meetings. Caucuses are not minuted and thus undermine a culture of openness and transparency and the independence and impartiality expected of Directors. Discouraging caucuses does not restrict Directors from engaging with each other or in groups outside board meetings or as appointed members of a sub-committee of the Board. As this requirement is difficult to enforce, it will be important for Directors to self-regulate their discussions which are better held openly and transparently at Board meetings. It is understood that caucuses may become necessary in the extreme event that democratic and open discussion is stifled in Board meetings.

Conflicts of interest and duty:

The Clifton CID Directors shall follow Board policy on managing conflicts of interest and duty. Wherever possible, they will avoid any real, potential or perceived conflicts.



Upon appointment each director must declare in writing to the chairperson his/her private interests which could give rise to a potential conflict of interest. At the start of each Board meeting, the Clifton CID Directors will confirm that their entries in the register of interests are complete and correct and will disclose any interests that relate to particular agenda items. The minutes of each meeting shall record whether or not there was compliance with this requirement.

The Clifton CID Directors who have a material conflict of interest or duty in a matter as determined by the Board, shall leave the room while the matter is being considered and they may not discuss or participate in any decisions on the matter.

Similarly, employees such as the Clifton CID Manager will recuse themselves when matters related to their respective contracts or performance is being discussed.

Process for resolution of non-compliance with the Code of Conduct:

Should there be non-compliance with the Code of Conduct, or dispute regarding compliance with the Code of Conduct, the following process is to be followed:

1. Full disclosure to all Clifton CID Directors regarding the nature of the non-compliance or dispute, led by the Board Chair, or in the case where the Board Chair is implicated, the Deputy Chair, or in the case where both are implicated, a representative nominated to act on behalf of the remaining Clifton CID Directors
2. The Clifton CID Director concerned will be given notice of at least one week to present their response to the Board.
3. The Meeting may through a vote determine on a remedial process or response, or act to remove the Clifton CID Director based on the guidelines for the removal of a Director below.
4. Remedial processes or responses may include public apologies, personal apologies to affected parties, or recuperation of financial losses.

Removal of a director:

A Clifton CID Board member can be removed from the Board by agreement of the majority of the other Board members on the basis of

- 6.1 non-performance or unsatisfactory performance;
- 6.2 absence at three consecutive meetings (as per the rules of care and diligence set out above);
- 6.3 actions in conflict with the aims and objectives of the Clifton CID;
- 6.4 the member being declared insane or of unsound mind;
- 6.5 the member no longer meeting the requirements of a director as determined by the South African Companies Act and/or the relevant Special Ratings Area by-laws and Policies,
- 6.6 is directly or indirectly interested in any contract or proposed contract with the Clifton CID and fails to declare his interest and the nature thereof,
- 6.7 bringing disrepute to the Clifton CID.

Director termination:

The office of a Clifton CID Director shall be vacated if the Director:

- 7.1 ceases to be a Director or becomes prohibited from being a Director by virtue of any provision of the above
- 7.2 resigns their office by notice in writing to the Chairperson and is accepted at a fully constituted board meeting; or
- 7.3 is removed from office by a resolution by the Board of Directors of the Clifton CID.