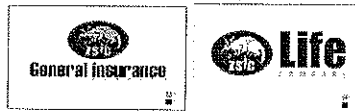


RECOGNITION AGREEMENT

BETWEEN

**THE ZSIC LIMITED
& IT'S SUBSIDIARIES**



AND

**ZAMBIA UNION OF FINANCIAL
INSTITUTIONS AND ALLIED WORKERS
(ZUFIAW)**



SIGNED THIS DAY OF MAY 2009

This **RECOGNITION AGREEMENT** made this day of
Two Thousand and Nine between **ZSIC LIMITED** a company registered under
the Companies Act and its subsidiaries (namely **ZSIC Life Company** and **ZSIC
General Insurances Company**) having its registered office at Premium House
Lusaka (hereinafter referred to as "**The Employer**") AND **ZAMBIA UNION OF
FINANCIAL INSTITUTIONS AND ALLIED WORKERS (ZUFIAW)** a Union
registered under the Industrial and Labour Relations Act and having its Head
Office at Luangwa House Lusaka (hereinafter referred to as "**The Union**")

PREAMBLE

The Employer and the union, desiring to make the greatest possible contribution to the strength and prosperity of the Corporation hereby agree to subscribe to the principle that the Corporation operates at maximum efficiency. Therefore, the parties agree to accept practices which promote individual and collective efficiency in the Companies.

1. INTERPRETATION

In this Agreement and in any reference of whatever manner of the Agreement, unless the context otherwise requires:

"Act" means the Industrial and Labour Relations Act CAP 269 of the Laws of Zambia and where the context requires such other act as may be relevant and in force;

"Appropriate time" shall have the same meaning as provided in the Industrial and Labour Relations Act section 5 (6) (a) and (b);

"Bargaining Unit" means;

(a) In relation to Collective Bargaining at the level of an undertaking other than an industry, the negotiating team representing the Management of the undertaking together with the trade union representatives of employees in such undertaking; and

(b)*In relation to collective bargaining at the level of an industry, a Joint Council;*

"Collective Agreement" *means an Agreement negotiated by an appropriate bargaining unit in which the terms and conditions affecting the employment and remuneration of employees are laid down;*

"Collective Bargaining" *means the carrying on of negotiations by an appropriate bargaining unit for the purpose of concluding a collective agreement;*

"Collective dispute" *Shall be construed in accordance with section seventy five (75) of the Act;*

"Competent authority" *means the Labour Commissioner;*

"Deadlock" *means a situation arising out of a collective dispute where the parties to the dispute have exhausted the procedure, whether formal or otherwise, mutually agreed to by the parties for the settlement of the dispute, where conciliation in terms of section seventy-eight (78) of the Act has proved unsuccessful, and where either or both parties are of the opinion that further negotiations are unlikely to lead to the settlement of the dispute;*

"Eligible employee" *means a unionized employee other than a member of the management of an undertaking;*

"Employer" *means any person who, or body of persons, firm, company, Corporation or public authority which, has entered into a contract to employ any person and includes any agent, representative or any person or manager of such person, body of persons, firm, Corporation, company or public authority who is placed in authority over the persons employed;*

"Essential service" shall be construed in accordance with section one hundred and one(107) of the Act in addition to the provisions of clause 6(v) herein;

"FFTUZ" means the Federation of Free Trade Unions in Zambia;

"Lockout" means the closing down of a place of employment or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him, as a result of a dispute, and done with a view of compelling those persons, or to aid him, to accept terms or conditions of employment or terms of conditions affecting employment;

"Member" means a member of the Union;

"Officer of the trade Union" means a duly elected or appointed office holder of a trade union including a trustee, but does not include its employees;

"Proper Officer" means the Labour Officer as defined in section 3 of the Employment Act;

"Recognition Agreement" means this very document as signed by both the employer and the union;

"Strike" means the cessation of work or withdrawal of labour contrary to the terms and conditions of a contract by a body of persons employed in any undertaking acting in combination; or a concerted refusal or a refusal under a common understanding of any number of persons who are so employed to continue to work or provide their labour;

"Trade Union" means an organization of employees which is registered as a Trade Union under the Act and whose principal objects regulate collective relations between employees and employers, or between employees and organizations of employers or between employees;

2. RECOGNITION

The Employer agrees to recognize the Union as representative and bargaining agent for all eligible employees of the Corporation for as long as the union remains registered in accordance with the Laws of Zambia in force from time to time affecting labour Laws, and for as long as both parties continue to observe terms of this Agreement.

3. SCOPE OF AGREEMENT

Eligible employees shall be those who are on permanent establishment and probation period of the companies with the exception of the following;

- (i) Employee in Grade ZS 7 and above
- (ii) Employees entrusted with Human Resources management and Industrial Relations functions
- (iii) Employees empowered to make management decisions
- (iv) Employees that report to the Managing Director
- (v) Regional Directors
- (vi) Management Secretaries and Personal Assistants to the Directors

In terms of this clause, it is understood that matters negotiated between the parties to the Agreement shall be confined to Grades ZS 8 – ZS 11.

4. CONDITIONS OF AGREEMENT

(i) The Employer's recognition of the Union is on the basis of the current registered Constitution of the Union at the date of the execution of this Agreement. It is further agreed that the constitution of the employer's recognition of the Union depends on the Union's observance of the conditions contained in any legislation enacted to provide for the conduct of Trade Unions and upon the Union's continued registration with the competent authority.

(ii) The Union agrees that any alteration or additions to the Union constitution will be done in strict accordance with section 11 of the Industrial and Labour Relations Act CAP 269 of the Laws of Zambia or the law in force at that time.

(iii) The parties undertake to settle any collective disputes according to the procedures as set out in the Agreement and as stipulated in sections 75-78 of the Industrial and Labour Relations Act CAP 269 of the laws of Zambia.

5. FUNCTIONS OF THE EMPLOYER

In light of the Union's understanding as given above the employer agrees:

(i) To organize, direct and control the business it is engaged in so that the best possible return may be obtained from the capital invested and so that the assets of the business in land machinery, building and equipment are conserved and maintained to the greatest practicable extent and so that the future of the business will assure to both employer and employee generally the highest possible degree of prosperity and security.

(ii) Not to do anything which may be interpreted as a desire on the part of the Employer to discourage or frighten workers covered by this Agreement from becoming and/or continuing to be full members of the Union or from participating fully in its activities in accordance with the accepted custom.

(iii) Not to discriminate against any employee because of his membership or his active participation in the union and its activities. When acting as a representative of the Union, employees shall be allowed to be free to express their views in good faith without fear that the individual relations between employer and employee will be affected in any way thereby.

(iv) To review the wages and the rate of pay of all eligible employees in accordance with the provisions of the collective agreement governing these matters which may be negotiated with the Union to carry out their legitimate function.

(v) To afford every assistance and reasonable facilities to the Union to carry out their legitimate functions.

(vi) That its policy shall be first and foremost to provide security of employment to employees. In this connection it recognizes realistic forward human resource planning as the most effective way of providing security of employment.

(vii) To meet duly accredited representatives of the Union for the purpose of discussing matters of mutual interests from time to time as the case may be. Notwithstanding the above the employer agrees to hold quarterly Union/Management Consultative Meetings whose agenda shall be provided by either Party.

(viii) That matters negotiated between the parties to this Agreement shall only be confined to bonafide members of the Union.

(ix) The Employer undertakes to notify the General Secretary of the Union in writing the names and designation of its officials and to advise any changes in the office bearers of the employer.

Provided that the Employer reserves to itself the right to conduct its business and manage its operations and for this purpose to engage, promote and terminate the services of any employee in accordance with agreed terms of lawful requirements, provided further that the employer shall inform the Union of any engagements, promotions and termination of services of eligible employees.

6. UNION FUNCTIONS

In recognizing the need for improved relations between the Employer and the employees for improved discipline and productivity the Union agrees:

- (i) To co-operate in any scheme aimed at increasing efficiency and productivity.
- (ii) To honor and follow procedures laid down in Agreement mutually reached between the Employer and the Union.
- (iii) That the Employer shall be entitled to redefine any particular job or to change the title of any job or the content of the duties and activities pertaining to such a job provided that the wage rate applicable to any job the content of which has been changed as aforesaid shall be commensurate with the duties and activities pertaining to the job change.
- (iv) That it will observe the ballot procedure set out in section 18 and 109 of the Industrial and Labour Relations Act 1993.
- (v) That in the event of a strike the Union will ensure that essential services will be maintained in accordance with Section 107 of the Industrial and Labour Relations Act. For purposes of clarity, essential services in the undertaking refers to the following category of employees:

- (a) Plumbers
 - (b) Electricians
 - (c) Telex and Telephone operators
 - (d) Maintenance Workers
 - (e) Security Guards
 - (f) Personnel engaged in work of domestic nature (i.e. cooks, waiters, barmen, messengers etc)
 - (g) Personnel in charge of stations at Branch and District levels of the Employer
 - (h) Information Technology personnel
-
- (vi) Where a Branch has five (5) members or more but not exceeding ten, there shall be shop stewards.
 - (vii) The Union undertakes to notify the Employer in writing the names, designations and areas of operations of all local Branch and national officials elected as per Union constitution and advise of any changes of office bearers.
 - (viii) Shop stewards shall be responsible to the Union Branch Executive Committee.
 - (ix) The Union recognizes that it is the prerogative of Management to discipline its employees for improper acts done in their capacity as employees. However in the case of unionized employees, the Union Branch officials shall be subsequently informed within the shortest possible time of the disciplinary action taken.

7. JOINT UNDERTAKING

(a) The Employer and the union agree both separately and jointly that they will not cause countenance or support a lock-out or a strike until the matter or matters in dispute have been referred for settlement in accordance with the provisions contained in Section 75 to 78 of the Industrial and Labour Relation Act 1993.

(b) The Employer and the Union further agree not to take part in a lock-out or a strike which is in contemplation or furtherance of a collective dispute in which mediation and/or conciliation is in progress or which has been referred to the Industrial relations Court or referred the dispute to Arbitration in accordance with the Arbitration Act of 2000.

8. COLLECTION OF DUES

(a) In accordance with section 22 of the Industrial and Labour Relations Act, the employer undertakes with consent of employees who are members of the Union to recover subscription fees at the rate of two percent (2%) of basic pay or any rate as amended by the Union in accordance with the constitution.

(b) The remittance referred to in (a) above shall be made by crossed cheque marked "not Negotiable" and "Account Payee Only" and sent to the Head Office of the Union.

(c) In the Event of an unlawful, unofficial or unconstitutional strike the Union and Management agree that the collection of Union dues on its behalf by the employer may immediately be suspended during that period.

(d) Nothing contained in this clause shall prejudice the right of the employer or the union to terminate this Agreement under the provision of clause 18 herein.

9. BARGAINING PROCEDURES

(i) Collective Claims Originating from the Union

Whenever the Union wishes to discuss any matter or matters of general principle or matter concerning general conditions of employment or any question as to the interpretation of this Agreement the Union through the National Executive Council shall make a written request for a meeting within fourteen days with the Employer's Head of Human Resource department and the same time submit an agenda setting out in detail the matters they wish to discuss. Provided, always, that the various Branch chairpersons shall attend the meetings with the National Executive Council as members of the Union's Bargaining Team.

(ii) Collective Claims – Originating from the Employer

Should the employer wish to discuss any matter with the Union, they shall make a written request for a meeting through the National Executive Council and at the same time submit an agenda setting out in detail the matters they wish to discuss. Provided, always, that such discussion shall be conducted between the Employer and the National Executive Council with the Branch Chairpersons within fourteen days.

Notwithstanding the above, the Employer may, in writing, refer any Collective Grievance to the Bargaining Unit through the office of the Head of Human Resource.

10. **GRIEVANCE PROCEDURE**

The grievance procedure shall be as per Disciplinary and Grievance Procedure Code.

Nothing in this Agreement shall deprive any employee of his right to approach management on any personal grievance he may have. The provisions of this Agreement as to grievance procedure and negotiation between the Union and the Employer are in addition to provisions in any existing legislation with regard to the settlement of collective disputes and related matters.

11. **COLLECTIVE GRIEVANCES**

This shall mean all grievances arising from a breach, real or alleged, of existing terms and conditions of service on the matters specified in Appendix 'B' of this Agreement which may affect all unionized employees of the company, and such grievances shall be raised by the Union's National Executive Council for consideration by the Bargaining Unit.

12. **UNION MEETINGS**

- (i) Meetings between representatives of the Employer and the Union will normally be held during working hours and on the employer's premises.

- (ii) On request from the Union or representative of the Union to Management, facilities will be given for Union members to meet on Employer's premises. Such meetings will take place outside working hours.

Where, however, an urgent issue is to be resolved which requires immediate discussion between a representative and his members, a request for a meeting within working hours will be considered against the need to maintain production and allowed where appropriate in the light of this consideration.

13. **ATTENDANCE OF OFFICIALS AT UNION MEETINGS**

An officer or official of the Union a Shop Steward or a representative of eligible employees may at any appropriate time attend any meeting called under the provisions of the Constitution of the Union or this Agreement or take part in the activities of the Union without the employer taking any act which is unfavorable to the employee in any manner whatsoever, provided that "appropriate time" shall have the same meaning as is given in the Industrial and Labour Relations Act Section 5 (b) and provided further that reasonable notice shall have been given to the employer where appropriate.

14. **JOB EVALUATION EXERCISE**

The employer and the Union agree to carry out from time to time a Job Evaluation Exercise for the purpose of:

- (i) Evaluating jobs in order to establish and maintain an equitable wage/salary structure.
- (ii) Preparing job summaries designed to record and draw up job descriptions and other pertinent information from which the job can be evaluated.
- (iii) To prepare salary grades and structures which would group jobs having substantially equivalent content into the same job group regardless of location.

15. **NOTICE BOARDS**

The employer agrees that to a reasonable degree the Notice Boards used by the Employer shall be available to the Union.

16. **PRESS STATEMENTS**

It is hereby agreed that only the following may issue press statements concerning the Employer or the Union on Management/Union Relations.

- (a) The Chief Executive or his/her Deputy or any officer who may be authorized by the Chief Executive.
- (b) The President and General Secretary or their deputies or any member of the National Executive Council acting in the above capacities.

17. **CONSTITUTION**

In any instance where the terms of this Agreement and the terms of the Union's Constitution are at variance then at all times the terms of this Agreement shall prevail since it is particular to the relationship existing between the Union and the Employer.

18. **AMENDMENT AND TERMINATION OF THE AGREEMENT**

- (i) This agreement shall remain in full force and effect unless;
 - a) Terminated by mutual consent or.

- b) This agreement may be amended and/or replaced by a new agreement negotiated by the parties hereto.
 - c) One or both parties cease to be a legal entity.
- (ii) Either party wishing to amend or modify this Agreement shall give three (3) months notice to the other party of its proposed amendments giving full details of the same.

Provided that nothing in this agreement shall invalidate any actions done pursuant to the preceding Recognition Agreement

19. **EFFECTIVE DATE**

This Recognition Agreement shall come into effect on this.....day
of..... 2009.

APPENDIX 'A'

CONSTITUTION AND RULES OF THE BARGAINING UNIT

1. MEMBERSHIP

The membership of the Bargaining unit shall not be more than twelve (12) with an equal number of representatives. The quorum shall be eight (8) with equal representation. In the case of the Union, one seat shall be reserved for the representative from the Women's Committee.

2. MEETINGS

- (a) Meetings of the Bargaining Unit shall commence three (3) months before the expiry of the current Collective Agreement. The meeting shall be held at a venue suitable to both parties.

3. MINUTES

Copies of the minutes of every meeting shall be prepared by the secretary and circulated to each member of the Bargaining unit. Copies of which shall be submitted for approval at the next meeting.

4. FAILURE TO REACH AGREEMENT AND DEADLOCK AT BARGAINING UNIT

- (a) If the two parties fail to agree on any matter referred to the bargaining unit, the purported difference or dispute shall be adjourned for consideration at a further meeting to be held at mutually convenient time but not later than two (2) weeks from the date of the adjournment.

- (b) If after a further meeting the Bargaining unit is still unable to reach an agreement, either party may give notice in writing three (3) weeks-twenty-one (21) days after the second meeting indicated in (a) above of their intention to refer the dispute to appropriate authority in accordance with the Labour Laws of Zambia in force at the time.
- (c) Any agreements reached by the Bargaining Unit regarding any proposal, difference or dispute referred and pursuant to clause 4(b) above, shall be binding upon each party. Each of the parties shall promptly do all such acts and things as are necessary or expedient to secure mutual agreement, settlement or determination on the matter.

5. AGREEMENTS

Agreements reached between the two parties shall be written and signed by the duly authorized member(s) of each side of the Bargaining Unit. Copies shall be given to each party and registered with the appropriate authorities in accordance with Labour Laws in force at that time.

6. ELECTION OF CHAIRPERSON

- (a) The Bargaining Unit shall elect a Chairperson from among its members present or in substitution thereof nominate an independent Chairperson. The independent Chairperson shall be proposed by either parties and mutually agreed by both parties. The Chairperson so elected or nominated shall Chair the meetings until the conclusion of the business.
- (b) A representative from Management shall be Secretary for the Bargaining Unit.

APPENDIX 'B'

ITEMS FOR NEGOTIATIONS

1. Rates of pay, Hours of work and Overtime
2. All forms of leave and their benefits
3. All allowances and their benefits
4. Loans, advances and mortgages
5. Medical Scheme /Allowances
6. Group Personal Accident and Staff Pension Scheme
7. Funeral grant benefits
8. Protective Clothing
9. Principles of Early Separation Procedures
10. Disciplinary Code Grievance Procedure
11. Job Evaluation
12. Sick benefits
13. Study leave
14. House Ownership Scheme
15. Any other issues as may be deemed appropriate by both parties

APPENDIX 'C'

ITEMS NOT FOR NEGOTIATIONS

1. Statutory Contributions - i.e. National Pensions Scheme Authority (NAPSA), etc
2. Individual contracts of employment and duration
3. Terms and Conditions for non-unionized staff

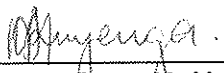
APPENDIX 'D'

ITEMS FOR DISCUSSION


1. Conditions of work premises
2. Social, recreation and Sports Activities
3. Canteen facilities
4. Higher purchase schemes
5. Administrative Activities of the institution i.e. Debt collection Scheme
6. Staff Insurance or Assurance policies
7. Any other issues as may be deemed necessary by both parties

In WITNESS whereof the parties have set their hands at Lusaka on this day of May Two Thousand and Nine (2009) in the presence of the subscribing witnesses

**FOR AND ON BEHALF OF THE
ZSIC GROUP OF COMPANIES**


Irene M. Muyenga
**Group CEO & Managing Director
(ZSIC Group of Companies)**

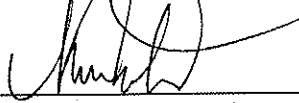
**FOR AND ON BEHALF OF THE
ZAMBIA UNION OF FINANCIAL
INSTITUTIONS AND ALLIED
WORKERS**


Cephas. Mukuka
ZUFIAW President

WITNESSES


Clint. K.M. Mbangweta
**Group Director Human Resources
(ZSIC LTD)**



Gilbert Sikazweh
**Managing Director
(ZSIC GI Company)**


Simachila Makwembo
**Managing Director
(ZSIC Life Company)**



Richard Kasanda
Acting Group Director Finance (ZSIC Ltd)


Mataa Mwiya
Chairperson


WITNESSES


Deluxe. B. Mwansa
**ZUFIAW Director
-Workers Education**


Ian Simuchoba
Branch Chairperson - Lusaka


Yvonne Bwalya
Branch Chairman -Ndola


Janet Banda
Branch Chairman - Kitwe


Kay Kamatuwa Chirwa
Secretary