



CONFLICT OF INTEREST POLICY

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| Developed by | Integrity & Ethics Section |
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| Document Owner | Risk & Integrity Department Corporate Affairs & Company Secretary Division |

Our Vision

To Provide World Class Power that Delights our Customers

Our Mission

Powering People for Better Lives

Our Values

1. Customer First

The customer is our top priority and should always be our first thought. Our customers, whether internal or external are treated as our best friend. We are individually dependable to continuously provide high quality service that exceeds our customers' expectations.

2. One Team

We are interdependent in all aspects of our work. We appreciate that as teams we can achieve much more than as individuals. We value teams within and across functions as a means to achieve the corporate vision.

3. Passion

Our consistent enthusiasm, self drive and total commitment to service enables us to remain focused and to deliver exceptional performance.

4. Integrity

Our business practices are based on trust, honesty keeping promises and strong moral principles as perceived by our customers and other stakeholders. We are safe custodians of our business and are responsible for the protection of the environment and societies within which we operate.

5. Excellence

We persistently strive to attain the highest levels of achievement. We benchmark to ensure best practice and ensure life-long learning for continuous improvement.

1. INTRODUCTION

This policy document sets out the obligations of employees with regard to conflicts of interest and the declaration and management of these interests. This policy should be read together with Kenya Power's other policies in this regard, in particular the overarching Code of Ethics. The Code of Ethics is supported by specific ethics policies and guidelines that deal with particular areas of importance.

All employees are expected to perform their duties honestly, fairly, transparently and act in the best interests of the Company at all times. Article 73(2) (b) and (c) of the Constitution of Kenya (2010) state that the guiding principles of leadership and integrity include:

- o objectivity and impartiality in decision making, and in ensuring that decisions are not influenced by nepotism, favouritism, other improper motives or corrupt practices;
- o selfless service based solely on the public interest demonstrated by-
 - i. Honesty in the execution of public duties
 - ii. The declaration of any personal interest that may conflict with public duties.

It is therefore the expectation that employees in all situations should avoid interests, activities, investments, relationships and influences that might compromise our objectivity, effectiveness and the faithful performance of our duties. In addition, all employees shall use their best efforts to avoid being in a position whereby their personal interests conflict with their official duties.

A conflict of Interest may arise when an employee has competing interests between public duty and private interests which could improperly influence the performance of official duties and responsibilities.

While every employee has a duty to avoid conflicts of interest, situations of actual or perceived conflict of interest could. It is therefore necessary to have a process in place to manage these conflicts of interest effectively in order to uphold good corporate governance and organizational integrity.

2. POLICY STATEMENT

In support of its Vision, Mission, Values and statutory obligations, Kenya Power will take all steps within its reasonable control to manage conflicts of interest throughout the Company. Employees have an obligation to manage and declare conflicts of interest. This process is critical to ensure that the objectivity and integrity of the employees are not compromised, that the

employees act in Kenya Power's best interests, and that Kenya Power avoids situations where it can be accused of improper or unfair conduct.

3. PURPOSE

The purpose of this policy is to ensure best practice by:

- 3.1. Ensuring Kenya Power employees carry out the business of the Company in a fair, impartial and transparent manner.
- 3.2. Avoiding any decision-making by employees in respect of official Kenya Power business where an employee has a conflict of interest.
- 3.3. Managing economic risk and protecting the reputation of Kenya Power and its employees.

4. APPLICABILITY

This policy applies to all employees and relevant stakeholders of Kenya Power. In the event of conflict between this and other policies dealing with the issue of conflict of interest, this policy will take precedence as far as conflicts of interest are concerned.

5. REFERENCES AND LEGAL REQUIREMENTS

The duty to declare conflicts of interest is not only in keeping with good governance practices, but is also a legal obligation. Stakeholders using this policy must therefore apply the most recent editions of the following documents:

- The Kenya Power Code of Ethics
- The Constitution of Kenya (2010)
- The Company's Act (Cap 486)
- The Capital Markets Act (CAP 485A) - Code of Corporate Governance Practices for Public Listed Companies in Kenya.
- Public Procurement & Disposal Act (2005)
- Leadership & Integrity Act (2012)
- Anti-Corruption and Economic Crimes Act (2003)

- International standards, including the United Nations Convention Against Corruption (UNCAC), The AU Convention on Preventing and Combating Corruption and the OECD guidelines for managing conflict of interest in the public service.

6. DEFINITIONS

- 6.1. Conflict of Interest: A Conflict of interest arises when one's personal interests or other interests affect, or could be perceived to affect, or has the potential to affect, one's objectivity and discretion or the discretion of another employee in performing Company duties or making decisions on behalf of the Company.

A conflict of interest is therefore any relation that is, or appears to be, not in the best interest of the Company. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

- 6.2. Supplier: Means any person or entity that does business with Kenya Power or tenders to do business with Kenya Power. These include but are not limited to providers of goods, services and works, contractors, sub-contractors, consultants and agents.

7. CONFLICT OF INTEREST SITUATIONS

Conflicts of interest commonly arise in situations such as:

- i. Having a personal financial, partnership or profit-sharing interest in a firm that is doing or seeking to do business with the Company.
- ii. An employee holding a directorship position with an entity having a direct or indirect business relationship with the Company.
- iii. Awarding contracts to family members or a company controlled by an associate or other proxy.
- iv. Being involved in the engagement, management or supervision of business parties in which you have a financial interest.
- v. An employee being compromised by a supplier or contractor in order to procure substandard goods, works or services for Kenya Power.
- vi. Employing or influencing the employment of a family member, friend or associate.
- vii. Soliciting or obtaining loans or guarantees of personal obligations for you or close family member and close associates from entities doing business with the company.
- viii. An employee having business interests or activities that create or appear to create an excessive demand on their time, attention and energy that would negatively impact the interests of the Company.
- ix. Any other situation whereby a Conflict of Interest as defined in 6(1) would arise.

8. POLICY GUIDELINES

In order to effectively manage and declare conflicts of interest, all employees are required to abide by the following guidelines:

I. Confidentiality

- a) An employee shall not disclose or use any confidential information of Kenya Power or any information of third parties obtained through the carrying out of his/her duties for Kenya Power for any purposes other than to fulfil his/her Kenya Power duties.

II. Other Guidelines

- b) Leaders, managers and supervisors will lead by example; Know, understand and personally abide by the policy at all times.
- c) Each employee shall receive a copy of this policy. In addition, new employees joining the Company will be required to complete a conflict of interest declaration form (see *appendix 1*). All other employees will be required to fill the conflict of interest declaration form whenever an actual or potential conflict arises in individual circumstances.
- d) With regard to procurement, conflicts of interest declarations and necessary disclosures must separately be made at all stages of the procurement process from procurement planning to tendering, procurement of products, services, works and contract management.
- e) An employee shall not have any business interests or activities that create or appear to create an excessive demand on their time, attention and energy that would negatively impact the interests of the Company.
- f) Queries regarding tenders and contracts should be referred to the Supply Chain Division and employees should refrain from directly intervening in any procurement issues outside the normal procurement processes or lines of authority.
- g) Users involved in tender evaluation should not be in contact with suppliers during the procurement process except where this is at the request of, and under the supervision of, the Supply Chain Division.
- h) Employees should not under any circumstances be involved in the preparation of tenders to be submitted to Kenya Power by Companies bidding to provide goods, services or works to the Company.

- i) With regard to Human Resources, all employees who form part of the recruitment, training, development and promotion processes shall submit conflict of interest declarations at the beginning of each process.
- j) Where there is a conflict of interest, the employee must declare and excuse himself/herself from any deliberations or committee meeting or access to information dealing with that particular item and will not participate in any decisions relating to the matter.
- k) Employees in their private capacity shall not become involved as a director, adviser or in any other capacity in an entity that has contracts with Kenya Power as a supplier, or is a competitor of Kenya Power.
- l) With regard to events sponsored by suppliers, costs of travel to the event and accommodation shall be borne by Kenya Power and not the supplier.
- m) All staff travelling for factory acceptance or other procurement related visits shall submit conflict of interest declarations before any such travel.
- n) For employees travelling on official duties, any costs incurred other than those of official travel and accommodation must be declared to the Company for approval.
- o) The Risk Management and Integrity Department shall keep a central database of all conflict of interest declarations made in the Company.

9. NON-COMPLIANCE

Non-compliance of this policy will result in disciplinary action being taken against the employee, consequences of which may include dismissal.

If an employee fails to disclose a conflict of interest, any other employee who is aware of the conflict should declare it to his/her supervisor or the Integrity & Ethics Office. Employees who make such disclosures in good faith will have the necessary protection in accordance with the Company's Whistle Blower Policy.

This policy supplements the Company Code of Ethics, Standards, Values, and other existing Staff Regulations.

If you have any queries on any aspect of this policy, please seek guidance from the Risk & Integrity Department. The Department will endeavor to educate all stakeholders on the provisions of this policy.

The effective date of this policy is 1/04/2015).



DR. BEN CHUMO OGW

MANAGING DIRECTOR & CEO