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Citation

This code may be cited as the “Code of Ethics for the Board of Directors of [insert WSP’s name]”

DEFINITIONS AND INTERPRETATIONS

In this Code, the following words and expressions shall have meanings assigned hereto;

“Act” means the Water Act 2002.

“AWSB” means the Athi Water Services Board

#“Board” means the Board of Directors of [insert WSP’s name]

##“Board Member” means a member of the Board of Directors of the [insert WSP’s name].

###“Company” means [insert WSP’s name].

“Plan” means the Corporate Strategic Plan for the company.

“SPA” means the Service Provider Agreement signed between the AWSB and the Company [or Association]

“WSP” means Water Services Provider as defined under the Water Act 2002.

Notes

#where the WSP has a management committee replace as follows: “Management Committee” means the Management Committee of [insert name of the WSP].

##Where the WSP has a management committee replace with as follows: “Committee Member” means a member of the Management Committee of [insert name of the WSP].

###Where the WSP is an Association, replace “Company” with “Association”

1.0 INTRODUCTION

The [insert WSP's name] is a Limited Company registered under the Companies Act (Cap 486) Laws of Kenya [or is an Association registered under the Societies Act (Cap 108) Laws of Kenya]. The Company [or Association] has been appointed as a Water Service Provider by the Athi Water Services Board under Section 53 and 55 of the Water Act 2002 under the terms and conditions set out in the SPA.

The Company is one of the WSPs appointed as an agent within the ...WSBs area of jurisdiction and is responsible for the provision of Water Services within [insert WSP's service area] and their environs.

The core responsibility of the agent is to bring about efficiency, economy and sustainability in the provision of water and sewerage services within its service area. This is a great responsibility and challenge for the Board of Directors of the Company [or Management Committee of the Association], who are supposed to provide guidance, Leadership and direction on how the Company will be run, in order to provide quality service to consumers within its service area, as envisaged by the Water Act 2002.

As an agent] appointed as a WSP by theWSB, the Company [or Association] takes charge of public resources. The Board [or Management Committee] therefore must ensure that there is economy and efficiency in the utilization and management of these allocated resources and that the public experiences change in the provision of water services within the company's Service area as prescribed in the Company's Corporate Strategic Plan.

The Board members [or Management Committee members] are keen in ensuring that they embrace the principles and ethos of Corporate Governance which include accountability, effectiveness, efficiency, probity, integrity, responsibility, transparency and open leadership in the management of the resources and to bring the levels of governance in the Company in line with International Standards.

Corporate Governance refers to the manner in which the power of the Company [or Association] will be exercised in the stewardship of the Company's [or Association's] total portfolio of Assets and resources, with the objective of maintaining and increasing shareholder value with the satisfaction of the stakeholders in the context of the corporate vision and mission.

To show commitment of proper utilization and management of public resources and proper running of the Company's [or Association's] affairs, the Company [or Association] has this Code of Ethics to be signed by all the Board members[or Management Committee members].

1.1 PREAMBLE

A Code of Ethics is a definition of the guiding ethical principles which are considered essential in providing guidance and direction in the manner in which members of the Board of Directors are expected to conduct themselves when handling matters relating to the Company.

This Code is derived from the Company's Corporate Strategic Plan and is geared towards achieving the strategic objectives stated therein.

The Code is aimed at ensuring that the principles of Corporate Governance are understood, embraced and adhered to by the Board Members in order to achieve the set organizational goals and objectives.

The Board members are committed to observing the Code in order to achieve the mission, vision, strategic objectives and the millennium development goals as spelt out in the Plan.

The Board of Directors are sure that with this Code, the Company will be able to achieve economy and sustainability in the provision of water and sewerage services within its area of jurisdiction.

Where it is shown that a Board member has acted in breach of the Code the Director shall relinquish his post and resign from the position

1.3 COMMITMENT TO THE TENETS OF THE CODE

I,, a Member of the Board of Directors of the [insert WSP's name], do solemnly and sincerely swear that I shall at all times, abide by the following tenets:-

Tenet 1: Primary Duty

I recognize that I shall at all times respect my primary duty of acting to and in the best interest of the Company [or Association] and exercise my powers in good faith.

I shall at all times abide by the provisions of the Anti-Corruption and Economic Crimes Act (No. 3 of 2003) and the Public Officer Ethics Act (No.4 of 2003) to ensure that I adhere to all the obligations and responsibilities stipulated therein.

Tenet 2: Transparent and Open Leadership

I shall at all times uphold the values of the Company [or Association] and shall exercise transparency, enterprise and openness in directing the Company [or Association], towards achieving its Mission and Vision. Where I suspect wrong doing, either on the part of a Director or a member of staff, I shall raise my concern(s) through the Board.

Tenet 3: Provide Direction to the Company

I recognize that for the Company [or Association] to achieve its goals there must be a Strategic Plan in place. I shall individually and collectively participate in providing direction by ensuring that an implementable strategic plan is in place and is understood by the Board, the Management and staff of the Company.

Tenet 4: Attendance of Board and Board Committee Meetings

In order to bring effectiveness in the governance of the Company [or Association], as a business enterprise, I shall devote such time as is required of me by the Board to prepare, attend and effectively participate in meetings of the Board and Board Committees where I am appointed as a member.

Tenet 5: Accountability

Corporate Governance calls for proper utilization of allocated resources and this calls for Transparency and accountability. I shall be honest and open in all the transactions pertaining to the Board and will be responsible and answerable to my

appointing authority and to the laws and regulations pertaining to such appointment.

Tenet 6: Effectiveness and Efficiency

The Board of Directors has a great responsibility in accounting for the management of public resources. To this end, I shall individually and collectively be effective and efficient in the administration of the Company's policies to ensure proper resource management.

Tenet 7: Integrity

Integrity is key to the success of any organization. I shall always uphold and practice integrity in the administration of the Company activities to ensure positive image of the Company, and I will not involve myself in activities that may be prejudicial, injure and/or bring into disrepute the image of the company.

Tenet 8: Social and Environmental Responsibility

I recognize that for the Company to achieve its objectives, it must know who its stakeholders are and take into account the relationship it maintains with the stakeholders. I shall take it upon myself to know the Company's stakeholders and to guard their interests to ensure that all their needs are appropriately addressed. I shall participate, when called upon, in social welfare activities organized by the Company aimed at bringing about sustainable development in the community.

Tenet 9: Non-Interference with the Daily Operations of the Company

I acknowledge that the Board of Directors will always provide strategic direction for the Company. However, I shall not interfere with the day to day operations of the Company. This shall be left entirely to the Management.

Tenet 10: Compliance with Statutory Requirements

There are various laws, statutes and regulations/agreements that govern the operations of the Company [or Association] as a Company and as an agent ofWSB which makes it a WSP. I shall familiarize myself with such Laws, Statutes and regulations/agreements and ensure strict compliance of the same.

Tenet 11: Compliance with Systems, Rules & Regulations of the Company

For any organization to observe and embrace good corporate governance practices, rules, regulations and systems must be put in place. I shall participate in the development and implementation of systems, rules and procedures for the

Company and will endeavour to familiarize myself and comply with all the said rules, systems and procedures to ensure smooth operations in the Company.

Tenet 12: Disclosure of Interest

I shall declare my interest or any potential interest in any matter before the Board, before the said matter is considered and deliberated upon. Subject to the direction of the Board, I will then excuse myself from any discussion, decision and taking position(s) in such a matter.

Tenet 13: Confidentiality

I shall take necessary precautions to preserve confidentiality by not divulging any company information, to anyone, that is communicated to me in the course of my duties in my capacity as a Board member, unless authorized to do so by the Board of Directors.

Tenet 14: Preserve Independence

I undertake to preserve independence of analysis, judgment, decision and action and to resist any pressure, direct or indirect, whether by fellow directors, suppliers or more generally, any third party, in the course of undertaking my duties.

Tenet 15: Gifts

I shall ensure that I do not directly or indirectly solicit, accept or receive any gift, payment or other consideration from any person in return for providing any service in my capacity as a Board member or other unethical advantage to such a person, or his/her agent.

Tenet 16: Misuse of the Company's Property

I shall not, directly or indirectly use or allow use of any of the Company's property for my own personal gain or for any other reason other than for approved Company activities.

Tenet 17: Relations with Interest Groups

I shall not, knowingly, enter into, or continue any business relationship with any interest group(s) knowing that such relationship may prejudice my integrity and reputation while carrying out official duties and responsibilities for the Company.

Tenet 18: Use of Company's Name for Personal Advantage

I acknowledge that the Company's name, logo, letter heads and other facilities belong to the Company. I shall not use the Company's name or other facilities for personal advantage in political, commercial or retail purchasing transactions or in similar types of activities.

Tenet 19: Communication with the Customers and the Public

Proper communication to the Company's publics is considered key in expounding the Company's Mission, Vision and Values. I shall not communicate with the public unless the same is authorized by the Board.

When I do, I shall communicate with the customers, public officers and the general public courteously, clearly and effectively. So far as possible, I shall use simple language and avoid ambiguity, obscurity and unnecessary use of complicated jargons, and I shall at all times uphold and guard the interest of the Company.

Tenet 20: Involvement in Legal Issues

I shall immediately and officially notify the Board of any summons or other legal issues which may involve me and the company in litigation, charges of fraud, corruption or other matters that may be to the prejudice of the Company and bring the company into disrepute and/or loss.

Tenet 21: Promoting Anti-Corruption Activities

I acknowledge the fact that corruption is one "evil" that can easily bring down an organization. I shall oppose corruption and support the vision, mission and values of the Company and play an active voluntary role in promoting anti corruption activities in the Company. I shall also comply with all statutes, laws and governing policies that relate to corruption and corrupt activities. If I discover any corruption or corrupt activity in the Company, I shall immediately report the same to the Board.

Tenet 22: Promoting Team Work

Team synergy is key for increased efficiency in the Company. I shall promote team work by ensuring that I live up to the Company's values, vision and mission.

Tenet 23: Hospitality

I shall be at liberty to offer and accept entertainment and hospitality in the course of business provided that it is modest, does not exceed reasonable business practice and is permissible under all applicable laws.

Tenet 24: Official Communication with Members of Staff

There is need, in any organization, to preserve the chain of command to ensure free flow of the right information. I shall ensure that any communication with members of staff shall be made through the Managing Director or the holder of the office at any given time.

Tenet 25: Employment of Relatives and/or Friends

Proper recruitment is considered crucial by the Board. To ensure that the recruitment policy of the Company is adhered to, I shall not directly or indirectly influence the employment of my relatives, friends or any other person related to me in whatever way.

Tenet 26: Adherence to the Terms of Reference of the Board

In addition to the Laws and Statutes governing the Company, I shall at all times be guided by the Terms of Reference of the Board of Directors, and any other decisions of the Board made from time to time, in carrying out my duties and responsibilities as a Board Member.

Tenet 27: Breach of the Code

I accept that in the event that I am found to be in breach of any of the above tenets of the code, the Board shall forthwith report me and my conduct to my reporting authority for the appropriate sanction and penalty as they may deem fit.

Sworn by the said)	
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This..... day of..... 2010))
Before me)
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)	
<u>COMMISSIONER FOR OATHS</u>)	