



THE KENYA POWER AND LIGHTING COMPANY PLC

BOARD REMUNERATION POLICY

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Part A- Document Control Sheet

Part B- Policy Purpose

This Policy provides the framework for the remuneration of the members of the Board of Directors in a manner that supports the creation of long-term value for shareholders and delivery of the Company's strategic priorities, while taking due account of market best practice.

Part C- Policy Statement

The Kenya Power & Lightning Company Plc ('the Company') is committed to promoting its long-term strategic goals and creating value for shareholders, employees, customers and communities by attracting, retaining and motivating an effective Board of Directors.

This Policy recommends that in determining their remuneration, due regard be given to Board Member's required competencies, effort, and scope of Board obligations, including the number of meetings.

Part D- Scope

This Policy applies to the Board of Directors of the Company.

Part E- Rationale

This Policy is guided by and developed in accordance with-

1. Constitution of Kenya, 2010
2. Capital Markets Authority Code of Corporate Governance For Issuers of Securities to the Public, 2015,
3. Companies Act 2015 and the Companies (General) (Amendments) (No.2) Regulations, 2017. The regulations require the Board to establish and approve formal and transparent remuneration policies and procedures that attract and retain Board members.

4. Best Corporate Governance Practices

Part F- General Guidance and Procedures for Remunerating the Board

1. Definition of Directors

1.1 The definition of the various Directors of the Company shall apply as follows as defined under the Code of Corporate Governance for Issuers of Securities to the Public, 2015-

1.1.1 **Executive Director** – A member of the Board who is also an employee of the Company and has management responsibilities in the Company.

1.1.2 **Non-Executive Director** – A member of the Board without responsibilities for daily management or operations of the Company and he/she is not an Independent Director as defined in (c) below.

1.1.3 **Independent Director** – A Non-Executive Director who:

- a) Has not been employed by the Company in an executive capacity within the last three years
- b) Is not associated with an adviser or consultant to the Company or a member of the Company's senior management or a significant customer or supplier of the Company or with a not-for-profit entity that receives significant contributions from the Company; or within the last three years, has not had any business relationship with the Company (other than service as a director) for which the Company has been required to make disclosure
- c) Has no personal service contract with the Company, or a member of the Company's senior management
- d) Is not employed by a public listed company at which an executive officer of the Company serves as a director
- e) Is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the Company

- f) Is not a representative of a shareholder who has the ability to control or significantly influence management
- g) Is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner
- h) Does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated group with the Company) which is either material to the director or to the Company. A holding of five percent or more is considered material
- i) Does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies
- j) Has not served for more than six years since they were first elected.
- k) Does not own shares in the Company

2. Compliance with the KPLC Articles of Association:

- 2.1 The Managing Director & Chief Executive Officer's (MD&CEO) remuneration shall be as stipulated in the agreement between the Board and the MD&CEO, and, in accordance with Government guidelines as well as the Company's Human Resource Policy & Manual.
- 2.2 Each of the Directors shall be entitled to remuneration for their services at the rate that the Board may from time to time determine and such remuneration shall be divided among them in such proportion and manner as the Board may determine. The remuneration shall be determined in accordance with the law and Government guidelines.
- 2.3 Any Director holding office for less than a year shall only rank for remuneration in proportion to the period during which he/she has held office during such year.
- 2.4 The Directors (including alternate Directors) shall be entitled to reimbursement of reasonable travel, accommodation, and

incidental expenses incurred in attending and returning from meetings of the Board, Board committees, general meetings, or while otherwise engaged in the business of the Company.

3. Role of the Governance and Human Resource Committee

- 3.1 The Board of Directors has assigned the Board Governance and Human Resource Committee the mandate of reviewing this Policy and recommending to the Board for approval, the remuneration structure for Non-Executive Directors on an annual basis.

4. Principles of Remuneration

- 4.1 The Board Governance and Human Resource Committee shall ensure that the remuneration to Directors is competitive and guided by the following principles:
- 4.1.1 The directors' remuneration shall be sufficient to attract and retain Directors to run the Company effectively.
 - 4.1.2 The remuneration levels shall retroactively be approved by shareholders in an Annual General Meeting.
 - 4.1.3 The Executive Directors' remuneration shall be structured in line with remuneration for other Directors in the same industry and aligned with the business strategy and long-term objectives of the Company.
 - 4.1.4 The remuneration of the Executive Directors shall include an element that is linked to corporate performance, to ensure the maximization of the shareholders' value.
 - 4.1.5 The remuneration of Non-Executive Directors shall be competitive and in line with remuneration for other non-executive directors in the same industry.

- 4.1.6 The remuneration package for the Board of Directors shall be appropriately disclosed.

5. Types of Remuneration to the Board

Board Remuneration shall include:

5.1 Allowances

- 5.1.1 Members of the Board shall receive attendance allowance for meetings attended.
- 5.1.2 The attendance allowance shall be disclosed in the Annual Report.
- 5.1.3 The attendance allowance shall be subject to legal and regulatory requirements.

5.2 Incentive programme and bonus pay

The Board of Directors will not be included in any Company staff incentive programs. Payment of bonus or similar plans will be subject to legal and regulatory approvals.

5.3 Reimbursement of expenses

Expenses in connection with Board and Committee meetings are reimbursed as per the accounts rendered by the Board members.

5.4 Insurance Cover Scheme

The Company shall provide Directors with, and will pay the premiums for, indemnity and insurance covers while acting in their capacities as Directors of the Company to the fullest extent permitted by the Kenyan law.

Part G– Responsibility for Implementation of the Policy

1. Board of Directors

- 1.1 Approval and adoption of this Policy
- 1.2 Provide oversight on the Policy

2. Governance and Human Resources Committee

- 2.1 Provide oversight on implementation of this Policy
- 2.2 Reviewing this Policy and recommending to the Board for approval, the remuneration structure for Non-Executive Directors on an annual basis.

3. Managing Director & Chief Executive Officer

- 3.1 Ensure accountability and adherence for successful implementation of this Policy

4. General Manager, Legal, Regulatory Affairs & Company Secretary

- 4.1 Ensure compliance with the Policy
- 4.2 Continually review the Policy and recommend to Governance and Human Resources Committee any necessary changes

Part K - Triggers for Policy Review

- 1. The Policy will be reviewed under any of the following circumstances: -
 - a) Every 3-year period from commencement or after the last review of the Policy
 - b) Emerging issues, significant change in day-to-day operations and business
 - c) Change in organizational structure
 - d) Review of KPLC Corporate Strategy
 - e) Legal and regulatory changes
- 2. The Board of Directors shall approve any revisions to the Policy.

Dated at Nairobi on the day of 2025.

JOY BRENDA MASINDE
CHAIRMAN, BOARD OF DIRECTORS