



THE KENYA POWER AND LIGHTING COMPANY PLC

STAKEHOLDER ENGAGEMENT POLICY

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Part A- Document Control Sheet

Part B - Definitions

Stakeholder

means Individuals, groups, or entities that have a vested interest in or are affected by the activities, decisions and outcomes of an organisation or project. They can have various interests and perspectives related to the entity.

They can either lend support or opposition to the Company's projects or decisions, possess significance influence within the community, hold relevant official roles, or simply be impacted by the Company's business operations or choices, whether in the immediate or long term.

Beyond the Company's employees, stakeholders include contractors, organised labour, shareholders, financial analysts, customers, elected and governmental officials, regulators, suppliers, business partners, lenders, community leaders, various groups and organisations, environmental advocates and the media.

Engagement

refers to the active involvement, interaction, and collaboration between an organisation or entity and the various stakeholders that have an interest in or are affected by its activities, decisions, or outcomes.

Modes of engagement may encompass public gatherings, open house events, forums, meetings,

community activities, telephone conversations, face-to-face interviews, surveys and group sessions where stakeholders are encouraged to articulate their perspectives.

Part C - Policy Statement

The Kenya Power & Lightning Company Plc ('the Company') is committed to conducting its operations in a manner that prioritises responsible business practices, sustainability, and transparency. This Policy underscores the Company's dedication to engaging with a diverse range of Stakeholders in a meaningful and mutually beneficial manner.

The Company recognises the importance of building and maintaining trust, addressing concerns, and fostering collaboration with all its Stakeholders, which include customers, employees, communities, regulators, suppliers, shareholders, and non-governmental organisations (NGOs). The Company's approach to Stakeholder Engagement is guided by principles of inclusivity, transparency, accountability, respect, accessibility and the pursuit of mutual benefit.

Through this Policy, the Company aims to establish clear processes for identifying, prioritising, and engaging with its Stakeholders, while upholding the highest standards of ethical conduct and compliance with all relevant laws and regulations.

The Company is committed to continuous improvement, regularly reviewing and adapting its Engagement practices to meet evolving Stakeholder expectations and global best practices. Stakeholders play a vital role in shaping the Company's future, and their input, feedback, and insights are valued. By embracing the principles outlined in this Policy, the Company seeks to ensure that its business operations contribute positively to the well-being of all its Stakeholders, the environment and the communities it serves.

Part D - Policy Scope

1. This Policy encompasses the Company's comprehensive range of activities and meaningful Engagement with various Stakeholder groups in the context of its operations. The scope includes but is not limited to the following -
 - 1.1 Principles and procedures for engaging with a broad spectrum of Stakeholders, including but not limited to customers, employees, local communities, regulators, suppliers, shareholders, business partners and non-governmental organisations (NGOs)
 - 1.2 Applicability across all Company entities, branches, business units, and departments, ensuring uniformity in Stakeholder Engagement practices
 - 1.3 Compliance with all relevant laws, regulations and industry standards governing Stakeholder Engagement in the energy sector
 - 1.4 Mechanisms for ongoing monitoring of Stakeholder Engagement initiatives, with accountability resting with designated individuals or teams within the organisation
 - 1.5 Periodic review and enhancement of Stakeholder Engagement practices to adapt to evolving industry trends, regulatory changes, and Stakeholder expectations
 - 1.6 Synergise with the Company's broader set of policies, including those related to ethics, corporate social responsibility, environmental sustainability, and community relations
 - 1.7 Forms part of the group's operating philosophy, policies, standards and values.

Part E – Policy Purpose

1. This Policy serves to outline the Company's approach to engaging with various Stakeholders and to provide guidance on how these interactions will be managed to achieve mutually beneficial outcomes. The purpose of this Policy is to -

- 1.1 Provide guidance on how the Company should be engaging with its Stakeholders to strengthen and maintain relationships with its Stakeholders
- 1.2 Identify the opportunities and threats arising from Stakeholders' material issues
- 1.3 Develop and promote a good understanding of Stakeholders' needs, interests, and expectations
- 1.4 Assist with strategic, sustainable decision-making
- 1.5 Set out a method of Engagement with Stakeholders who impact and influence our long-term resilience.

Part F - Fundamental Principles

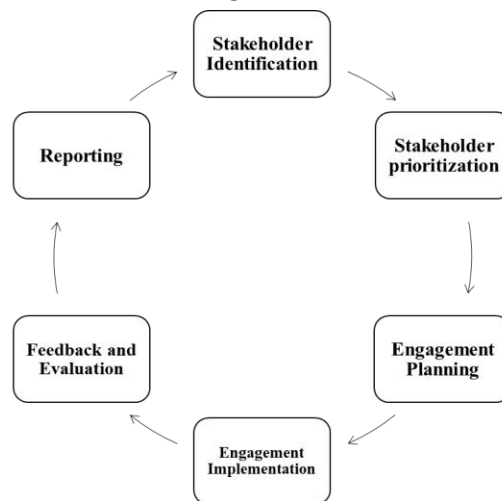
The Company upholds and advances the following fundamental principles in its interactions with Stakeholders -

1. Commitment to fostering an innovative, transparent, inclusive, open, and dedicated business model capable of generating sustainable value for all our Stakeholders in a collaborative manner
2. A strategy of active involvement within the communities where the Company operates, recognising its responsibility to contribute positively to the well-being of those communities
3. Allocation of the necessary resources to create open lines of communication proactively, continuously and systematically with Stakeholders; with an aim to foster balanced relationships that align corporate values with social expectations, taking into consideration Stakeholder interests, concerns and needs
4. Maintain a flexible organisational structure that facilitates the promotion and coordination of responsible actions with its Stakeholders. The Company employs various communication tools to encourage dialogue, constantly adapting to evolving needs, expectations, and interests of Stakeholders
5. Uphold business ethics and corporate social responsibility, with a special emphasis on principles such as integrity, fairness, and transparency. These values form the basis of the Company's relationships with Stakeholders
6. Design, approve and oversee a Stakeholder relations strategy that it aligns with the Company's overarching goals and values

7. Annually disclose and report meaningful and reliable information about the Company's performance and activities through financial and non-financial information using international best standards.

Part G - Stakeholder Engagement Process

The Company has established a structured Stakeholder Engagement process that includes the following steps -



1. Stakeholder Identification

Stakeholders are those individuals, groups of individuals or organisations that impact and/or could be impacted by our organisation's activities, products or services and associated performance. The Company identifies the following as its key Stakeholders -

- 1.1 **Customers** - Residential, commercial and industrial consumers of electricity supplied by the Company
- 1.2 **Shareholders/Investors** - Individuals or entities that own shares in Company
- 1.3 **Employees** - The Company's workforce, including management, staff, contractors and labour unions
- 1.4 **Regulatory Bodies** - Government agencies and regulatory authorities responsible for overseeing and regulating the energy sector in Kenya
- 1.5 **Suppliers** - Providers of goods and services necessary for the Company's operations, including equipment suppliers, fuel suppliers, and service providers

- 1.6 **Government** - Various government departments and ministries, as the Government of Kenya may have a direct interest in the Company's operations and success
- 1.7 **Local Communities** - Communities in the areas where the Company operates power generation facilities, substations, and transmission lines
- 1.8 **Environmental Organisations** - Organisations concerned with the environmental impact of the Company's operations
- 1.9 **NGOs and Civil Society** - Non-governmental organisations and advocacy groups that monitor and engage with the Company on social and environmental issues
- 1.10 **Financial Institutions** - Banks and financial organisations that provide loans and financial services to the Company
- 1.11 **Media** - News outlets, journalists, and media organisations that report on the Company's activities and developments
- 1.12 **Competitors** - Other companies in the energy sector, both within Kenya and internationally
- 1.13 **Academic and Research Institutions** - Universities, research organisations, and think tanks that may study or collaborate with the Company on energy-related research and development
- 1.14 **Energy Industry Partners** - Companies that collaborate with the Company on joint ventures, partnerships, or infrastructure projects
- 1.15 **International Organisations** - Entities such as the World Bank or international development agencies that may provide funding or support for energy projects in Kenya.

2. **Stakeholder Prioritization**

- 2.1 The Company will continuously prioritise Stakeholders based on the significance of each Stakeholder group and their potential impact on the Company's operations, their level of interest, regulatory requirements, proximity to facilities, and potential risks and opportunities.

2.2 Below is an illustration of Stakeholder prioritisation matrix that the Company employs -

High influence, low stakes Keep satisfied. <i>Inform + Consult routinely</i>	High influence, high stakes Work together <i>Inform + Consult + Collaborate frequently</i>
Low influence, low stakes Minimal effort <i>Inform and Monitor</i>	Low influence, high stakes Show Consideration <i>Inform + Consult routinely.</i>

3. **Engagement Planning**

The Company shall develop tailored Engagement plans for key Stakeholder groups. These plans should outline the following components -

- 3.1 **Objectives** - Define specific Engagement objectives for each Stakeholder group, such as gathering feedback on environmental impact assessments or ensuring community support for new projects
- 3.2 **Method of Engagement** - Determine the most effective Engagement methods for each group, which may include surveys, public meetings, focus groups, or one-on-one discussions
- 3.3 **Timeline** - Establish a timeline for Engagement activities, ensuring that they align with project timelines and regulatory requirements
- 3.4 **Resources** - Allocate necessary resources, including personnel, budget, and technology, to support Engagement efforts.

4. **Engagement Implementation**

The Company shall execute the Engagement plans as outlined, taking into consideration the unique needs and preferences of each Stakeholder group as detailed below -

- 4.1 **Customers** - Engage through customer surveys, feedback mechanisms, and educational outreach programs

- 4.2 **Employees** - Foster regular internal communication, including town hall meetings and feedback channels
- 4.3 **Communities** - Conduct public meetings, site visits and information sharing sessions.
- 4.4 **Regulators and Government Bodies** - Participate in regulatory consultations, provide requested data, and maintain open lines of communication
- 4.5 **Suppliers and Business Partners** - Maintain ongoing communication and collaboration on sustainability initiatives
- 4.6 **Shareholders and Investors** - Engage in shareholder meetings, respond to inquiries, and provide transparent financial reporting
- 4.7 **Non-Governmental Organisations (NGOs)** - Collaborate on environmental and social projects, share information, and participate in joint initiatives.

5. **Feedback and Evaluation**

- 5.1 The Company shall collect and analyse Stakeholder feedback through the chosen Engagement methods. The Company will use the feedback to assess the effectiveness of Engagement activities in achieving their objectives and identify areas for improvement and make necessary adjustments to Engagement plans.

6. **Reporting**

- 6.1 The Company shall communicate Engagement outcomes and actions taken in its annual reports, sustainability reports, and other relevant publications, demonstrating the Company's commitment to transparency and accountability.

Part H – Confidentiality

The Company has established stringent measures and protocols to protect sensitive Stakeholder information and will ensure strict adherence to data protection laws and ethical handling of confidential information. Data shall be handled as per the Company's Data Protection Policy. Confidential information may include Stakeholder data, feedback, and any other sensitive information obtained during Engagement processes.

Part I - Conflict Resolution

The Company is committed to resolving conflicts and disputes with Stakeholders in a fair, transparent, and accountable manner, in line with the Company's Dispute Resolution Policy. Mediation and arbitration procedures will be utilized when necessary to address conflicts effectively. The conflict resolution process will prioritise open dialogue and constructive problem-solving to maintain positive Stakeholder relationships.

Part J – Compliance

1. The Company will ensure strict adherence to all relevant Kenyan laws, regulations, and international standards governing Stakeholder Engagement and corporate responsibility.
2. Compliance will extend to ethical standards and industry-specific regulations. Regular assessments and audits will be conducted to ensure ongoing compliance. Any identified non-compliance issues will be addressed promptly and transparently.

Part K – Communication

1. The Company will actively promote and communicate this Policy to all employees and external Stakeholders. The Policy's principles, objectives and importance will be clearly explained to ensure support and understanding.
2. This Policy will be readily accessible to Stakeholders through various communication channels including the Company's website.

Part L - Responsibilities for Implementation of the Policy

1. **Board of Directors**
 - 1.1 Approval and Adoption of this Policy

1.2 Provide oversight on implementation of this Policy.

2. Managing Director & CEO

2.1 Ensure accountability for successful implementation of this Policy.

3. General Manager, Business Strategy

3.1 Ensure that Stakeholder Engagement objectives are aligned to the Company's strategy

3.2 Continually review the Company's strategy on how they engage Stakeholders to ensure its effectiveness.

4. Manager, Corporate Communications

4.1 Monitor and report on progress of implementation of this Policy

4.2 Develop and implement the Stakeholder Engagement Framework and Strategy.

Part M - Triggers for Policy Review

1. This Policy will undergo a review under the following circumstances –

1.1 Legal and regulatory changes

1.2 Changes in business environment

1.3 After three years.

2. The Board of Directors of the Company will approve any revisions to this Policy.

Part N - Distribution List

This Policy shall be distributed to all Stakeholders and shall be displayed on the website.

SIGNED BY: -

JOY BRENDA MASINDE
CHAIRMAN, BOARD OF DIRECTORS

Signature Date:

