



THE KENYA POWER AND LIGHTING COMPANY PLC

APPOINTMENT OF DIRECTORS POLICY

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Part A- Document Control Sheet

Part B- Introduction

The Kenya Power and Lighting Company PLC (The Company) is incorporated in Kenya under the Companies Act 2015 and its shares are listed on the Nairobi Securities Exchange. The CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (the CMA Code) requires the Board to publish the criteria and procedures for nominations and appointment of Board members.

Part C- Policy Statement

1. Shareholders are responsible for the appointment and election of Directors to the Board, and it is in their best interest to ensure that the Board is properly constituted.
2. In line with the Companies Act, 2015, the Company's Articles of Association, and the CMA Code, the Board shall be constituted of suitable individuals reflecting diversity in terms of skills, experience, gender, demographics and independence among others.
3. The Board shall be unitary with executive and non-executive directors working together to execute the Board's mandate of effectively overseeing management of the affairs of the Company.

Part D- Policy Purpose

The purpose of this policy is to provide the principles, criteria, and procedures for the nomination and appointment of directors to the Board of the Company while ensuring that the Board is comprised of individuals who possess the necessary skills, experience and expertise to collectively contribute to effective governance.

Part E- Principles/Criteria to be observed.

1. A Director shall be: -

- 1.1 In the case of Class B shares, duly appointed by the holder of Class B shares;
 - 1.2 In the case of Class A shares, duly elected by the holders of Class A shares at the Company's General Meeting; or
 - 1.3 In the case of the Executive Director/Managing Director, appointed by way of a fixed term contract
2. Independent Non-executive Directors shall, in addition to the requirements set out in Chapter 3 of the Board Charter, be required to satisfy the following criteria:
 - 2.1 Have appropriate professional skills, training, and experience;
 - 2.2 Enhance board diversity but also fit with the existing directors from different sectors and industries;
 - 2.3 Have not been declared bankrupt.
3. The mix of skills and competencies required for the Board members may include:
 - 3.1 Corporate Communication
 - 3.2 Information Communication Technology
 - 3.3 Legal and Regulatory Compliance
 - 3.4 Risk management
 - 3.5 Human Resource Management
 - 3.6 Engineering
 - 3.7 Finance or Accounting
 - 3.8 Strategic Planning
 - 3.9 Leadership and Governance
 - 3.10 Energy Industry Knowledge
 - 3.11 Innovation and Change Management
 - 3.12 Project Management
 - 3.13 Supply Chain Management
 - 3.14 Business Sustainability

Part F- Identification of Skills Gaps in the Board

1. The procedure for the nomination of Board members shall be formal, rigorous, and transparent and shall be a matter reserved for the Board.
2. The Board shall delegate its authority to the Governance and Human Resource Committee (the Committee) to periodically assess the skills required to competently discharge the Board's duties, having regard to the strategic direction of the Company.
3. The assessment in no. 2 above shall also be done for the purpose of filling in casual vacancies which may arise on the Board. The Committee, having regard to the skills required and the skills represented shall implement a process for the identification of suitable candidates to fill casual vacancies.
4. The members of the Committee shall be required to adhere to the obligations of conflict of interest stipulated in the Company's Articles of Association
5. A report on the outcome of that assessment shall be provided at the meeting of the Board for consideration.
6. The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing director retires, assess the skills represented on the Board by the remaining non-executive directors and determine whether they meet the required skills identified.
7. In addition to the foregoing, to identify the skills gap, the Committee may, where appropriate, utilize the service of a qualified independent third party to identify the skills sought.

Part G- Nomination and Appointment of Directors

1. The vacancies for Directors to be elected by Class A shareholders shall be indicated in the notice convening the General Meeting. Vacancies shall arise whenever directors retire and are up for rotation.

2. The Board will, at least twenty-one (21) days before the General Meeting, notify the Shareholders of skill gaps identified in the Board for shareholders to consider when proposing candidates. The Board shall determine the mode of notification.
3. Class A shareholders will be required to submit the names of proposed candidates for appointment to the Board in a prescribed form to the Company Secretary at least fourteen (14) days before the General Meeting.
4. Pursuant to the Articles of Association, Class B Shareholder will have the right to appoint and remove Directors. The names of Class B Shareholder's Nominees shall be submitted to the Company Secretary for presentation at the General Meeting.
5. All nominees for election from Class A shareholders will undergo a formal suitability screening process. The Board may use the services of external third parties to assist in the screening, and evaluation of the candidates.
6. The Committee will screen the nominees to:-
 - 1.1 Ensure that they are not disqualified from acting as directors.
 - 1.2 Ensure that their backgrounds have been checked in compliance with the Listing Requirements of the Capital Markets Authority.
 - 1.3 Make recommendations on appointments to the Board having due regard to the issues of diversity and the appropriate balance of executive, non-executive and independent directors as prescribed by the Articles of Association, Board Charter and the Board Diversity Policy.
 - 1.4 Ensure that any potential area of conflict that may undermine their position or service as director are disclosed.
 - 1.5 Categorize their capacity as executive, non-executive and independent.
 - 1.6 Ensure that the nominees to be appointed as independent directors satisfy the independence test set out in the CMA Code.
2. The Board will present to the Annual General Meeting:

- 2.1 Class A shareholders' nominees it has vetted and recommended for election in line with the Board's skills mix and competency requirements;
- 2.2 Class B shareholder's appointees for noting.

Part H- Re-Election of Directors

A retiring Director shall be eligible for re-election to the office in accordance with the Articles of Association.

Part I- Appointment of Alternate Directors

1. Board members shall be appointed by name and shall sit on the Board in their individual capacity, save for the Directors Appointed by Class B shareholder.
2. Board members have no power to appoint alternate directors. However, Directors appointed by Class B shareholder to represent a Government Ministry or State Department may appoint any person as an Alternate Director, subject the approval of the Board and in accordance with the Company's Articles.

Part J- Formal Appointment of Directors

1. All Board members shall accept their appointment in writing.
2. Upon acceptance of the appointment, the Company Secretary will ensure that:
 - 2.1 Prior notification is made to the Capital Markets Authority (CMA) and the Nairobi Securities Exchange (NSE) and as per Listing requirements and that an announcement is made in the daily newspapers.
 - 2.2 Appropriate statutory returns are filed with the Companies Registry.
 - 2.3 A robust induction program commences for the new director(s).

Part K- Responsibility 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. Governance & Human Resource Committee

- 3.1 Ensure accountability for successful implementation of this Policy.

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

- 4.1 Monitor the implementation of this policy.
- 4.2 Initiate the changes to the policy when it is due for review or when there are legislative changes.

Part L- Triggers for Policy Review

- 1. This Policy will undergo review under the following circumstances:-
 - 1.1 Legal and regulatory changes
 - 1.2 Change in organization structure, corporate strategy and business models
 - 1.3 Changes in business environment
 - 1.4 A lapse of a 3-year time period after the last review
- 2. The Board of Directors shall approve any revisions to the Policy.

Part M- 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: