

THE COMPANIES ACT, 2015

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

THE KENYA POWER AND LIGHTING COMPANY PLC

(ADOPTED BY SPECIAL RESOLUTION PASSED ON THE)

TABLE OF CONTENTS	
TABLE OF CONTENTS	2
INTERPRETATION	6
1. Exclusion of the Model Articles.....	6
2. Definitions and Interpretations	6
3. Business	8
DIRECTORS AND COMPANY SECRETARY	8
Division 1 — Directors’ powers and responsibilities	8
4. Directors' general authority	8
5. Members' reserve power	8
6. Directors may delegate their powers	8
7. Committees of the Board	9
Division 2— Decision-taking by Directors.....	9
8. Directors to take decisions collectively	9
9. Convening Directors' meetings	9
10. Remote Participation in Directors Meetings	10
11. Quorum for Directors' meetings.....	10
12. Meetings if total number of Directors is less than quorum.....	10
13. Presiding over Board meetings.....	10
(1) The Board will appoint a Chairman to preside over its meetings. 10	
(2) If and when necessary, the Board may elect to remove the Chairman and appoint another Director as the Chairman.	10
(3) If at any meeting the Chairman is not present, within 15 minutes of the time at which the meeting was to start, the Directors present may appoint one of their own to preside over the meeting.	11
14. Voting at Directors' meetings.....	11
15. Casting vote of person presiding at Directors' meetings	11
16. Conflicts of interest	11
17. Authorisation of Directors’ conflicts of interest	13
18. Proposing Directors' written resolutions	14
19. Adoption of Directors' written resolutions	15
20. Effect of Directors' written resolutions	15
21. Validity of acts of meeting of Directors	15
22. Record of decisions to be kept.....	15
23. Director Shareholding Register.....	15

24. Directors discretion to make further rules	16
Division 3 — Appointment and retirement of Directors	16
25. Appointment and retirement of Directors	16
26. Retirement of Directors by rotation	17
27. Composite resolution	18
28. Termination of Directors appointment	18
29. Directors' remuneration	19
30. Directors' expenses	19
Division 4 — Alternate Directors	19
31. Appointment and removal of alternate Directors	19
32. Rights and responsibilities of Alternate Directors	19
33. Termination of Alternate Directorship	20
Division 5 — Managing Director	20
34. Appointment and termination of Managing Director	20
35. Powers of a Managing Director	20
Division 6 — Directors' indemnity	20
36. Indemnity of Directors for certain liabilities	20
Division 7 — Company Secretary	21
37. Appointment and removal of Company Secretary	21
DECISION-TAKING BY MEMBERS	21
Division 1 — Organisation of General Meetings	21
38. General Meetings	21
39. Virtual General Meetings and Resolutions	21
40. Extraordinary General Meetings	22
41. Notice of General Meetings	22
42. Persons entitled to receive notice of General Meetings	23
43. Accidental omission to give notice of General Meetings	23
44. Participating at General Meetings	23
45. Quorum for General Meetings	23
46. Presiding over General Meetings	23
47. Attendance and speaking by non-Members	24
48. Adjournment of General Meetings	24
Division 2 — Voting at General Meetings	25
49. General rules on voting	25
50. Errors and disputes	25
51. When poll may be demanded	25
52. Number of votes to which a Member is entitled	26

53. Votes of joint Holders of shares	26
54. Votes of Members with disability	26
55. Content of proxy notices	26
56. Delivery of proxy notice and notice revoking appointment of proxy	27
57. Effect of Member's voting in person on proxy's authority	28
58. Effect of proxy votes in case of death, mental disability, etc. of Member appointing the proxy	28
59. Amendments to proposed resolutions	28
Division 4 — Application of rules to class meetings	29
60. Class meetings	29
SHARES AND DISTRIBUTIONS	29
Division 1— Issue of shares	29
61. Share capital	29
62. Powers to issue different classes of shares	31
63. Payment of commissions on subscription for shares	31
Division 2 — Interests in shares	32
64. Company only bound by absolute interests	32
65. Application of the Central Depositories Act	32
Division 3 — Transfer and transmission of shares	32
66. Transfer of shares	32
67. Power of Directors to refuse transfer of shares	33
68. Power of Directors to suspend registration of transfer of shares	33
69. Transmission of shares	33
70. Transmittees' rights	34
71. Exercise of Transmittees' rights	34
72. Transmittees bound by prior notices	35
Division 4 — Alteration and reduction of share capital, acquisition of own shares and allotment of shares	35
73. Alteration of share capital	35
74. Reduction of share capital	35
75. Acquisition by Company of its own shares	35
76. Allotment of shares	35
Division 5 — Dividends and other distributions	35
77. Procedure for declaring dividends	35
78. Calculation of dividends	36
79. Payment of dividends and other distributions	36
80. Interest not payable on distributions	37

81. Unclaimed distributions	37
82. Non-cash distributions	37
83. Waiver of distributions	37
Division 6 — Capitalisation of profits	38
84. Capitalisation of profits	38
SUPPLEMENTARY PROVISIONS.....	38
Division 1 — Communications to and by Company.....	38
85. Means of communication to be used	38
86. Failure to notify contact details	39
87. Registration of address for Members outside Kenya	39
88. Proof and time of service	39
Division 2 — Administrative arrangements.....	40
89 . Company seal-	40
A common seal may be used only by the authority of the Directors. .	40
90. Board's Power to Appoint Attorney(s)	41
91. Board's Transactional Powers	41
92. Board's Record-Keeping Duties.....	42
93. Restrictions on right to inspect accounts and other records of the Company.....	42
94. Financial Records.....	42
95. Appointment and duties of the Auditors	43
96. Auditors insurance	43
97. Distribution of surplus on liquidation of Company	43

INTERPRETATION

1. Exclusion of the Model Articles

The Regulations contained in the Third Schedule- Model Articles for Public Companies Limited by shares to the Companies Act (General) Regulations, 2015) shall not apply to the Company except as far as the same are repeated or contained in these Articles.

2. Definitions and Interpretations

(1) Definitions

In these Articles, the following words shall have the meanings ascribed to them:

Words	Meaning
Act	The Companies Act, 2015;
Alternate Director	A person appointed by a Director as an alternate under article 31(1);
Appointor	Any government appointed director by holders of Class B;
Articles	The Articles of Association of the Company;
Associated company	(a) a subsidiary of the Company; (b) a holding company of the Company; or (c) a subsidiary of such a holding Company;
Company	The Kenya Power and Lighting Company Plc.
Disability	Has the meaning assigned to it under section 2 of the Persons with Disabilities Act, no 14 of 2003 or any other written law in Kenya.
Distribution Recipient	In relation to a share in respect of which a dividend or other sum is payable— (a) the Holder of the share; (b) if the share has two or more joint Holders, whichever of them is named first in the register of Members; or (c) if the Holder is no longer entitled to the share because of death or bankruptcy or otherwise by operation of law, the Transmitttee;
Fully Paid	In relation to a share, means the price at which the share was issued has been fully paid to the company;
General Meeting	Meeting of the Shareholders of the Company
Holder	In relation to a share, means the person whose name is entered in the register of Members as the Holder of the share and is also referred to as a Shareholder

Managing Director	Any Director who has day to day responsibility for managing the affairs of the company, irrespective the title by which the Director is known;
Member	A Holder of shares in the Company
Notice	Notice in writing;
Proxy Notice	Has the meaning assigned to it in article 55(1);
Register of Members	The register of Members of the company;
Statutes	Shall mean the Act and every other statute or subordinate legislation for the time being in force concerning companies and affecting the Company (including the Capital Markets Act (Chapter 485A), the Central Depositories Act, 2000 and the Unclaimed Financial Assets Act, No. 4 of 2011) including every amendment or re-enactment (with or without amendment) thereof for the time being in force;
Transmittee	A person entitled to a share because of the death or bankruptcy of a Member or otherwise by operation of law.

(2) Interpretations

- i. Other words or expressions used in these articles have the same meaning as in the Act as in force on the date these Articles become binding on the Company.
- ii. For the purposes of these Articles, a document is authenticated if it is authenticated in any way in which the Act provides for documents or information to be authenticated for the purposes of the Act.
- iii. Words importing the singular number only shall include the plural number and vice versa;
- iv. Words importing persons shall include corporations.

BUSINESS

3. Business

- (1) The Company shall carry on the business of producing, storing, supplying, distributing, and selling electrical energy and power in accordance with the provisions of these Articles, the Energy Act, 2019, and applicable laws.
- (2) For avoidance of doubt, and notwithstanding the provisions of sub-article (1) of this article 3, the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry on any object not prohibited under the Act or any other law in Kenya.
- (3) The registered office of the Company shall be in Nairobi or in such other place in Kenya as the Directors may from time to time determine.

DIRECTORS AND COMPANY SECRETARY

Division 1 — Directors' powers and responsibilities

4. Directors' general authority

- (1) Subject to the Act and these Articles, the Directors are responsible for managing the business and affairs of the Company and may exercise all the powers of the Company.
- (2) An alteration of these Articles does not invalidate any prior act of the Directors that would have been valid if the alteration had not been made.
- (3) The powers given by this article are not limited by any other power given to the Directors by these Articles.
- (4) A Directors' meeting at which a quorum is present may exercise all powers exercisable by the Directors.

5. Members' reserve power

- (1) The Members may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- (2) The special resolution does not invalidate anything that the Directors have done before the passing of the resolution.

6. Directors may delegate their powers

- (1) Subject to these Articles, the Directors may, if they consider appropriate, delegate any of the powers that are conferred on them under these Articles—
 - (a) to any person or committee;
 - (b) by any means (including by power of attorney);
 - (c) to any extent and without territorial limit;

- (d) in relation to any matter; and
- (e) on any terms and conditions.

(2) If the Directors so specify, the delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

(3) The Directors may—

- (a) revoke the delegation wholly or in part; or
- (b) revoke or alter its terms and conditions.

7. Committees of the Board

(1) The Directors may make rules providing for the conduct of business of the committees to which they have delegated any of their powers.

(2) The committees to comply with the rules.

Division 2— Decision-taking by Directors

8. Directors to take decisions collectively

- (1) A decision of the Directors can be taken only—
- (a) at a Directors' meeting; or
 - (b) in the form of a Directors' written resolution.

9. Convening Directors' meetings

(1) The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings as they deem fit.

(2) Any Director may convene a Directors' meeting.

(3) The Company Secretary shall convene a Directors' meeting if a Director requests it.

(4) A Directors' meeting is convened by giving notice of the meeting to the Directors.

(5) A notice of a Directors' meeting is not effective unless it indicates—

- (a) its proposed date and time; and
- (b) where it is to take place.

(6) The Company shall give notice of a Directors' meeting to each Director, but the notice need not be in writing.

(7) If a notice of a Directors' meeting has not been given to a Director (the failure) but the Director waives their entitlement to the notice by giving notice to that effect to the Company not more than 7 days after the meeting, the failure does not affect the validity of the meeting, or of any business conducted at it.

- (8) Notice of a Director's meeting may be given to a Director personally or in writing or by electronic means to the Director at their last known address or any other address given by the Director to the Company for that purpose.

10. Remote Participation in Directors Meetings

- (1) Any Director or Alternate Director shall be treated as present in person at a meeting of the Directors or any committee of the Directors if they are in communication with the meeting by telephone conference, video or other communication equipment permitting those attending to properly identify and hear one another.
- (2) Directors or Alternate Directors taking part in a meeting by such communication equipment shall be counted in the quorum of the meeting and shall be entitled to vote at it.
- (3) A meeting of the Directors or of a committee to which this Article applies shall be deemed to take place where the majority of those participating are assembled or, if there is no majority, at the place where the Chairman of the meeting is present.

11. Quorum for Directors' meetings

- (1) Provided that the number of Directors does not fall below the prescribed minimum, the quorum necessary for the transaction of business shall be two-thirds of the total number of Directors or the number nearest to but not less than two-thirds of the Directors of the Company at the time of the relevant Directors' meeting.
- (2) At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to convene another meeting.

12. Meetings if total number of Directors is less than quorum

- (1) If the total number of Directors for the time being is fewer than the minimum number fixed under these Articles, the remaining Directors may convene a Directors meeting or a General Meeting with a view of appointing sufficient Directors up to the minimum number fixed under these Articles.
- (2) If a Directors' meeting is convened but only one Director attends at the date and time fixed for it, that Director may appoint sufficient Directors up to the minimum number fixed under these Articles or convene a General Meeting to do so.

13. Presiding over Board meetings

- (1) The Board will appoint a Chairman to preside over its meetings.
- (2) If and when necessary, the Board may elect to remove the Chairman and appoint another Director as the Chairman.

- (3) If at any meeting the Chairman is not present, within 15 minutes of the time at which the meeting was to start, the Directors present may appoint one of their own to preside over the meeting.

14. Voting at Directors' meetings

- (1) Subject to these Articles,
- (a) A decision is taken at a Directors' meeting by a majority of the votes of the participating Directors.
 - (b) A Director participating in a Directors' meeting has one vote.

15. Casting vote of person presiding at Directors' meetings

If the number of votes for and against a proposal are equal, the person presiding at the Directors' meeting has a casting vote.

16. Conflicts of interest

- (1) This article applies if—
- (a) a Director or a body corporate connected with the Director is in any way (directly or indirectly) interested in a transaction, arrangement or contract with the Company that is significant in relation to the Company's business; and,
 - (b) the Director's or the entity's interest is material.
- (2) The Director shall declare the nature and extent of the Director's or the entity's interest to the other Directors in accordance with section 151 of the Act (Director to declare interest in proposed or existing transaction or arrangement).
- (3) The Director and the Director's alternate must neither:
- (a) vote in respect of the transaction, arrangement, or contract in which the Director or the entity is so interested; nor
 - (b) be counted for quorum purposes in respect of the transaction, arrangement, or contract.
- (4) If the Director or the Director's alternate contravenes subarticle (3) (a), the vote may not be counted.
- (5) Subarticle (3) does not apply to—
- (a) an arrangement for giving a Director any security or indemnity in respect of money lent by the Director to or obligations undertaken by the Director for the benefit of the Company;
 - (b) an arrangement for the Company to give any security to a third party in respect of a debt or obligation of the Company for which the Director has assumed responsibility wholly or in part under a guarantee or indemnity or by the deposit of a security;
 - (c) an arrangement under which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries, which do not provide special benefits for Directors or former Directors; or

- (d) an arrangement to subscribe for or underwrite shares.
- (6) Reference in this article to a body corporate connected with a Director has the meaning given by section 124 of the Act.
- (7) A reference in this article (except in subarticles (5) (d) and (6) to a transaction, arrangement or contract includes a proposed transaction, arrangement, or contract.
- (8) In this article—
“Arrangement to subscribe for or underwrite shares” means—
(a) a subscription or proposed subscription for shares or other securities of the Company;
(b) an agreement or proposed agreement to subscribe for shares or other securities of the Company; or
(c) an agreement or proposed agreement to underwrite any of those shares or securities.
- (9) A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with their office of Director upon such terms as the Board may determine and may receive such remuneration therefore as the Board may think fit in addition to any other remuneration hereunder.
- (10) Subject to subarticle (11) of this Article, no Director or intending Director shall be disqualified by their office from contracting with the Company, either with regard to their tenure of any such other office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided.
- (11) A Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of their interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if their interest then exists, or in any other case at the first meeting of the Board after they become so interested.
- (12) A general notice to the Board given by a Director to the effect that they are a Member of a specified company or firm and is to be regarded as interested in all transactions with such company or firm shall be a sufficient declaration of interest under this Article, and after such general notice it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm provided that either the notice is given at a meeting of the Board or the Director giving the same takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

- (13) A Director shall not vote (nor be counted in the quorum) in respect of any contract or arrangement in which they are interested, and if they shall do so their vote shall not be counted, but this prohibition shall not apply to any arrangement for giving to any Director any security or indemnity in respect of money lent by them to or obligations undertaken by them for the benefit of the Company, nor to any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the Director has themselves guaranteed or secured, nor to any contract by a Director to subscribe for or underwrite shares or debentures of the Company, nor to any contract or arrangement with a corporation in which they are interested only by reason of being a Director, officer, creditor or Member of such corporation, and it may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, by the Company in General Meeting.
- (14) A Director, notwithstanding their interest, may be counted in the quorum present for the purpose of considering their appointment or of any other Director to hold any such office or place of profit under the Company as aforesaid or of arranging the terms of any such appointment, and they may vote on any such appointment or arrangement other than their own appointment or the arrangement of the terms thereof.

17. Authorisation of Directors' conflicts of interest

- (1) The Board may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an interested Director) breaching his duty under the Act to avoid conflicts of interest.
- (2) A Director seeking authorisation in respect of a conflict of interest under article 16 shall declare to the Board the nature and extent of their interest in a conflict of interest as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict of interest together with such additional information as may be requested by the Board.
- (3) Any authorisation under this article will be effective only if:
- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these articles;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the interested Director and any other interested Director; and
 - (c) the matter is agreed to without the interested Director voting or would be agreed to if the interested Director's and any other interested Director's vote is not counted.

- (4) Any authorisation of a conflict of interest under this article must be recorded in writing (but the authority shall be effective whether or not the terms are so recorded) and may (whether at the time of giving the authorisation or subsequently):
 - (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the conflict of interest;
 - (c) impose upon the interested Director such other terms for the purposes of dealing with the conflict of interest as the Directors think fit;
 - (d) provide that, where the interested Director obtains, or has obtained (through their involvement in the conflict of interest and otherwise than through their position as a Director) information that is confidential to a third party, they will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - (e) permit the interested Director to absent themselves from the discussion of matters relating to the conflict of interest at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- (5) Where the Directors authorise a conflict of interest, the interested Director will be obliged to conduct themselves in accordance with any terms and conditions imposed by the Directors in relation to the conflict of interest.
- (6) The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- (7) A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a conflict of interest which has been authorised by the Directors or by the Company in General Meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

18. Proposing Directors' written resolutions

- (1) Any Director may propose a Directors' written resolution.
- (2) The Company Secretary shall prepare a Directors' written resolution if a Director requests it.

- (3) A Directors' written resolution is proposed by giving notice of the proposed resolution to each Director.
- (4) A notice of a proposed Directors' written resolution has no effect unless it indicates—
 - (a) the proposed resolution; and
 - (b) the time by which it is proposed that the Directors should adopt it.
- (5) Any decision that a person giving notice of a proposed Directors' written resolution takes regarding the process of adopting the resolution is to be regarded as having been made in good faith.

19. Adoption of Directors' written resolutions

- (1) A proposed Directors' written resolution is adopted when all the Directors who would have been entitled to vote on the resolution at a Directors' meeting have signed one or more copies of it.
- (2) Subarticle (1) applies only if those Directors would have formed a quorum at the Directors' meeting.

20. Effect of Directors' written resolutions

If a proposed Directors' written resolution has been adopted, it is as valid and effectual as if it had been passed at a Directors' meeting duly convened and held.

21. Validity of acts of meeting of Directors

- (1) The acts of any meeting of Directors or of a committee of Directors or the acts of any person acting as a Director are as valid as if the Directors or the person had been duly appointed as a Director and was qualified to be a Director, even if it is afterwards discovered that—
 - (a) there was a defect in the appointment of any of the Directors or of the person acting as a Director;
 - (b) any one or more of them were not qualified to be a Director or were disqualified from being a Director;
 - (c) any one or more of them had ceased to hold office as a Director; or
 - (d) any one or more of them were not entitled to vote on the matter in question.

22. Record of decisions to be kept

The Directors shall ensure that the Company keeps a written record of every decision taken by the Directors under article 8 for at least 7 years from the date of the decision.

23. Director Shareholding Register

- (1) The Board shall cause to be kept a register of the Directors' holding of shares and debentures of the Company and of its subsidiaries or holding Company (if any) as required by the Act, and

- (2) The Board shall cause the register to be available for inspection during the period and by the persons prescribed and shall produce the same at every Annual General Meeting as required by the Act.

24. Directors discretion to make further rules

- (1) Subject to these Articles, the Directors may make any rule that they consider appropriate about—
 - (a) how they take decisions; and
 - (b) how the rules are to be recorded or communicated to Directors

Division 3 — Appointment and retirement of Directors

25. Appointment and retirement of Directors

- (1) Unless and until otherwise from time to time determined by the Company in General Meeting, and subject to the relevant laws, the Directors shall be not less than 7 and not more than 10 in number.
- (2) The Board shall comprise of such independent, executive, and non-executive Directors as shall from time to time be required under the Companies Act, 2015 and other relevant laws of Kenya. Provided that at all times at least one third of the Directors shall be independent non-executive Directors.
- (3) The composition of the Board shall comprise a number of Directors which fairly reflects the Company's shareholding structure.
- (4) A person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director—
 - (a) by holders of Class B shares;
 - (b) by ordinary resolution- class A shares; or
 - (c) by a decision of the Directors.
- (5) Subject to the applicable provisions in the Articles,
 - (a) holders of Class A shares will be entitled to elect to the Board four Directors;
 - (b) holder of Class B shares shall be entitled to appoint to the Board the balance of the Directors.
- (6) The rights of Shareholders as set out in subarticle 5 shall be effected in full not later than the Annual General Meeting to be held in 2024.
- (7) An appointment under subarticle (4)(c) may only be made to—
 - (a) fill a casual vacancy; or
 - (b) appoint a Director as an addition to the existing Directors if the total number of Directors does not exceed the number fixed in accordance with these articles.
 - (c) Appoint the Managing Director.

- (8) A Director appointed under Article 25 (5)(b) shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.
- (9) The removal or replacement of Directors appointed pursuant to subarticle 5(b) shall be determined from time to time by the holder of Class B shares and shall be by written notice served upon the Company Secretary by the Shareholder.

26. Retirement of Directors by rotation

- (1) At every Annual General Meeting, one-third of the Directors for the time being appointed pursuant to Article 25(5)(a) (or the nearest whole number) shall retire from office.
- (2) The Directors to retire in every year are to be those who have been longest in office since their last appointment or reappointment.
- (3) A retiring Director is eligible for reappointment to the office.
- (4) For persons who became Directors on the same day, those who are to retire are to be determined by lot, unless they otherwise agree among themselves.
- (5) A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.
- (6) At the Annual General Meeting at which a Director retires, the Company may appoint a person to fill the vacated office.
- (7) A retiring Director is regarded as having been reappointed to the office if:
 - (a) the Company does not appoint a person to the vacated office; and
 - (b) the retiring Director has not given notice to the Company of the intention to decline reappointment to the office.
- (8) However, a retiring Director is not regarded as having been reappointed to the office if:
 - (a) at the meeting at which the Director retires, it is expressly resolved not to fill the vacated office; or
 - (b) a resolution for the reappointment of the Director has been put to the meeting and lost.
- (9) A person shall be eligible for election as a Director at any General Meeting if:
 - (a) they are retiring Director, and they offer themselves for re-election, or
 - (b) they have been recommended by the Board for election by holders of Class A shares at the Annual General Meeting.

- (10) In order for persons to be considered for recommendation by the Board under article 26(9) (b), a Member qualified to attend and vote at the meeting shall have sent to the Company a notice of the Member's intention to propose the person for election to the office.
- (11) The Member who intends to propose the person for election to the office shall authenticate the notice and the person proposed for election shall endorse on the notice their willingness to be appointed.
- (12) The Member shall send the notice to the Company Secretary in hard copy form or in electronic form and ensure that it is received not less 14 (fourteen) days before the General Meeting.
- (13) The Company may:
 - (a) by ordinary resolution increase or reduce the number of Directors; and
 - (b) determine in what rotation the increased or reduced number is to retire from office.

27. Composite resolution

- (1) The election or appointment of any person proposed as a Director shall be affected by a separate resolution.
- (2) A single resolution purporting to elect or appoint two or more persons to be Directors shall be ineffective and void, unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it.

28. Termination of Directors appointment

- (1) A person ceases to be a Director or Alternate Director if the person—
 - (a) ceases to be a Director under the Act or is prohibited from being a Director by law;
 - (b) becomes bankrupt or makes any arrangement or composition with the person's creditors generally;
 - (c) becomes a mentally disabled person; as defined under section 2 of the Mental Health Act (Cap 248)
 - (d) resigns the office of Director by notice of the resignation;
 - (e) for more than 3 consecutive meetings been absent without the Directors' permission from Directors' meetings held during that period; or
 - (f) is removed from the office of Director by special resolution (without prejudice to a claim for damages for breach of contract or otherwise); or
 - (g) is removed from the office of Director by an ordinary resolution passed in accordance with section 139 of the Act (Resolutions to remove Directors from office).
- (h) If in the case of Directors appointed under article 25(5)(b), the Director is removed or replaced by the holder of Class B shares.

- (2) Vacation of office of a Director pursuant to Article 28(1) shall be effected through a Board resolution.
- (3) The resignation of a Director shall be subject to the Director giving notice of the resignation—
 - (a) by leaving it at the registered office of the Company; or
 - (b) by sending it to the Company in hard copy form or in electronic form.
- (4) A resolution of the Board declaring a Director to have vacated office under the terms of article 28(1) shall be conclusive as to the fact and ground of vacation stated in the resolution.

29. Directors' remuneration

- (1) Directors' remuneration shall be determined only by the Company at a General Meeting.
- (2) Any Director holding office for less than a year shall only be entitled to remuneration in proportion to the period during which they have held office during such year.

30. Directors' expenses

The Directors (including Alternate Directors) shall be entitled to be paid their reasonable traveling, hotel, and incidental expenses of attending and returning from meetings of the Board or committees of the Board or General Meetings or otherwise incurred while engaged on the business of the Company.

Division 4 — Alternate Directors

31. Appointment and removal of alternate Directors

- (1) Any director appointed by the Holder of Class B shares, who is non-executive, may appoint any person as an Alternate Director, subject to the approval of the Board.
- (2) An Alternate Director may exercise the powers and carry out the responsibilities on behalf of their Appointor, in relation to the taking of decisions by the Directors in the absence of their Appointor.
- (3) Appointment or removal of an Alternate Director by the Appointor may be effected by written notice to the Company.

32. Rights and responsibilities of Alternate Directors

- (1) An Alternate Director has the same rights as their Appointor in relation to any decision taken by the Directors under article 8.
- (2) Unless these articles specify otherwise, Alternate Directors—
 - (a) are deemed for all purposes to be directors;
 - (b) are liable for their own acts and omissions;
 - (c) are subject to the same restrictions as their Appointors; and
 - (d) are deemed to be agents of or for their Appointors.

33. Termination of Alternate Directorship

- (1) An Alternate Director's appointment may be terminated—
- (a) if their Appointor revokes the appointment by notice to the Company in writing specifying when the termination takes effect;
 - (b) if a Board resolution is passed for the director to vacate office in accordance with Article 28 (2);
 - (c) on the death of the Appointor; or
 - (d) when the Appointor's appointment as a Director terminates;
 - (e) or if of their own volition they resign.

Division 5 — Managing Director

34. Appointment and termination of Managing Director

- (1) The Board shall be responsible for the recruitment and appointment of the Managing Director for a period and on terms they consider appropriate; and
- (2) The Board may terminate the appointment of a Managing Director in accordance with the Company's Human Resource Policies and relevant laws.
- (3) The Managing Director shall not retire by rotation under article 26.
- (4) The Directors may determine the Managing Director's remuneration, whether in the form of salary, commission or participation in profits, or a combination of them.

35. Powers of a Managing Director

- (1) The Directors may entrust to and confer on a Managing Director any of the powers exercisable by them on terms and conditions and with restrictions they consider appropriate, either collaterally with or to the exclusion of their own powers.
- (2) The Directors may from time-to-time revoke, withdraw, alter, or vary all or any of those powers.

Division 6 — Directors' indemnity

36. Indemnity of Directors for certain liabilities

Every Director of the Company shall be indemnified out of the funds of the Company against all liabilities incurred by the Director, in defending any proceedings, whether civil or criminal, in which judgment is given in their favour, or in which the Director is acquitted or in connection with any application under Section 763 of the Act in which relief is granted to the Director by the Court.

Division 7 — Company Secretary

37. Appointment and removal of Company Secretary

- (1) The Directors shall appoint a Company secretary for such term, at such remuneration and upon such conditions as they may determine.
- (2) The Company Secretary may be removed by the Board, in accordance with the Company's Human Resource Policies and relevant laws.

DECISION-TAKING BY MEMBERS

Division 1 — Organisation of General Meetings

38. General Meetings

- (1) The Company shall in each year hold a General Meeting as its annual General Meeting in addition to any other meetings in that year, and not more than fifteen months shall elapse between the date of one ordinary General Meeting of the Company and that of the next.
- (2) The ordinary General Meeting shall be held at such time and place as the Board shall appoint.
- (3) The Directors may convene a General Meeting in accordance with the Act and this Articles.
- (4) In accordance with section 278 of the Act, Members may request Directors to convene a General Meeting.
- (5) If the Directors do not convene a General Meeting as requested by the Members, any of the Members who requested for the General Meeting, representing more than one half of the total voting rights of all of them, may themselves convene a General Meeting in accordance with section 279 of the Act at the expense of the Company.

39. Virtual General Meetings and Resolutions

- (1) The Members may, if they find it fit, hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference").
- (2) Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held.

- (3) For the purpose this article 39, a Conference will be deemed to be taking place where the Chair of the General Meeting is in attendance.

40. Extraordinary General Meetings

- (1) All General Meetings other than ordinary General Meetings shall be called extraordinary General Meetings.
- (2) The Board may, whenever it thinks fit, convene an extraordinary General Meeting.
- (3) A Member may requisition the Board to hold an extraordinary General Meeting.
- (4) In default of the requisition aforementioned, the Members may convene an extraordinary General Meeting in accordance with these Articles and section 279 of the Act.

41. Notice of General Meetings

- (1) A meeting of the Company (other than an adjourned meeting) shall be called by 21 days' notice in writing at the least.
- (2) The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.
- (3) The Directors shall ensure that the notice—
- (a) specifies the date and time of the meeting;
 - (b) specifies the place of the meeting (and if the meeting is to be held in two or more places, the principal place of the meeting and the other place or places of the meeting);
 - (c) states the general nature of the business to be dealt with at the meeting;
 - (d) for a notice convening an annual General Meeting, states that the meeting is an annual General Meeting;
 - (e) if a resolution (whether or not a special resolution) is intended to be moved at the meeting—
 - i. includes notice of the resolution; and
 - ii. is accompanied by a statement containing any information or explanation that is reasonably necessary to indicate the purpose of the resolution;
 - (f) if a special resolution is intended to be moved at the meeting, specifies the intention, and includes the text of the special resolution; and
 - (g) contains a statement specifying a Member's right to appoint a proxy in accordance with section 298 of the Act.
- (4) Provided that a meeting may be convened by such shorter notice;
- (a) if it is an annual General Meeting, by all the Members entitled to attend and vote at the meeting; or

- (b) with the consent of a majority of Members together representing at least 95 per cent of the total voting rights at the meeting of all the Members entitled to receive notice of some particular meeting.

42. Persons entitled to receive notice of General Meetings

- (1) Each Member and Director shall be given notice of a General Meeting.
- (2) Subarticle 42(1) shall also apply to a Transmittree of the Company if the Company has been notified of the Transmittree's entitlement to a share.
- (3) If notice of a General Meeting or any other document relating to the meeting is required to be given to a Member, the Company shall give a copy of it to its auditor (if more than one auditor, to each of them) at the same time as the notice or the other document is given to the Members.

43. Accidental omission to give notice of General Meetings

An accidental omission to give notice of a General Meeting to, or any non-receipt of notice of a General Meeting by, any person entitled to receive the notice does not invalidate the proceedings at the meeting.

44. Participating at General Meetings

- (1) The Directors may make whatever arrangements they consider appropriate to enable those attending a General Meeting to exercise their right to speak or vote at the meeting.
- (2) In determining attendance at a General Meeting, it is immaterial whether any two or more Members attending it are in the same place.

45. Quorum for General Meetings

- (1) Three Members present in person or by proxy constitute a quorum at a General Meeting.
- (2) No business, other than the appointment of the person to preside at a General Meeting, may be transacted if there is no quorum.

46. Presiding over General Meetings

- (1) The Chairman of the Board shall preside over every General Meeting of the Company.
- (2) The Directors present at a General Meeting shall elect one of themselves to preside at the meeting if—
 - (a) there is no chairman of the Board of Directors;
 - (b) the chairman is not present within 15 minutes after the time fixed for holding the meeting;
 - (c) the chairman is unable and/or unwilling to act; or
 - (d) the chairman has given notice to the Company of the intention not to attend the meeting.

- (3) The Members present at a General Meeting shall elect one of themselves to preside at the meeting if—
 - (a).no Director is willing to preside at the meeting; or
 - (b).no Director is present within 15 minutes after the time fixed for holding the meeting.

- (4) A proxy may be elected to preside at a General Meeting by a resolution of the Company passed at the meeting.

47. Attendance and speaking by non-Members

- (1) Directors may attend and speak at General Meetings, whether or not they are Members of the Company.
- (2) The person presiding at a General Meeting may permit other persons to attend and speak at a General Meeting even though they are not—
 - (a) Members of the Company; or
 - (b) otherwise entitled to exercise the rights of Members in relation to General Meetings.

48. Adjournment of General Meetings

- (1) If a quorum is not present within half an hour from the time fixed for holding a General Meeting, the meeting—
 - (a) if convened at the request of Members, is dissolved; or
 - (b) in any other case, is adjourned to the same day in the following week, at the same time and place, or to another day, time and place as may be determined by the Directors.
- (2) If at the adjourned meeting, a quorum is not present within half an hour from the time fixed for holding the meeting, the Member or Members present in person or by proxy shall constitute a quorum.
- (3) The person presiding at a General Meeting at which a quorum is present may adjourn the meeting if—
 - (a) the meeting consents to an adjournment; or
 - (b) it appears to that person that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (4) The person presiding shall adjourn a General Meeting if directed to do so by the meeting.
- (5) When adjourning a General Meeting, the person presiding shall specify the date, time, and place to which it is adjourned.
- (6) Only the business left unfinished at the General Meeting may be transacted at the adjourned meeting.
- (7) If a General Meeting is adjourned for 30 days or more, the Company shall issue notice of the adjourned meeting as for an original meeting.

- (8) If a General Meeting is adjourned for less than 30 days, it is not necessary to issue any notice of the adjourned meeting.

Division 2 — Voting at General Meetings

49. General rules on voting

- (1) A resolution put to the vote of a General Meeting is to be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.
- (2) If there is an equality of votes (whether on a show of hands or on a poll), the person presiding at the meeting at which the show of hands takes place or at which the poll is demanded, is entitled to a second or casting vote.
- (3) On a vote on a resolution on a show of hands at a General Meeting, a declaration by the person presiding that the resolution—
- (a) has or has not been passed; or
 - (b) has passed by a particular majority, is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (4) An entry in respect of the declaration in the minutes of the meeting is also conclusive evidence of that fact without the proof.

50. Errors and disputes

- (1) Any objection to the qualification of any person voting at a General Meeting may only be raised at the meeting or adjourned meetings at which the vote objected to is tendered, and a vote not disallowed at the meeting is valid.
- (2) Any objection is to be referred to the person presiding at the meeting whose decision shall be final.

51. When poll may be demanded

- (1) A poll on a resolution may be demanded—
- (a) in advance of the General Meeting where it is to be put to the vote; or
 - (b) at a General Meeting, either before or on the declaration of the result of a show of hands on that resolution.
- (2) A poll on a resolution may be demanded by—
- (a) the person presiding at the meeting;
 - (b) at least three Members present in person or by proxy; or
 - (c) any Member or Members present in person or by proxy and representing at least ten per cent of the total voting rights of all the Members having the right to vote at the meeting.
- (3) The document appointing a proxy is regarded as conferring authority to demand or join in demanding a poll on a resolution.
- (4) A demand for a poll on a resolution may be withdrawn.

- (5) The demand for a poll shall not prevent the meeting to continue for the transaction of any business other than the question on which the poll has been demanded, and it may be withdrawn.

52. Number of votes to which a Member is entitled

- (1) When voting by a show of hands at a General Meeting—
- (a) each Member present in person has one vote; and
 - (b) each proxy present who has been duly appointed by a Member entitled to vote on the resolution has one vote.
- (2) If a Member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands.
- (3) On a vote on a resolution on a poll taken at a General Meeting—
- (a) each Member present in person has one vote for each share held by the Member; and
 - (b) each proxy present who has been duly appointed by a Member has one vote for each share in respect of which the proxy is appointed.
- (4) This Article has effect subject to any rights or restrictions attached to any shares or class of shares.

53. Votes of joint Holders of shares

For joint Holders of shares, only the vote of the first named person in the share register of the Company who votes (and any proxies duly authorised by the Holder) may be counted.

54. Votes of Members with disability

- (1) A Member with disability shall be entitled at their request, to be assisted by a person of their choice in voting in the General Meeting.
- (2) The person appointed under subarticle (1) shall do so strictly in accordance with the instructions of the Member.
- (3) A Member suffering from mental disability or in respect of whom an order has been made by any Court having jurisdiction for the protection of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by the Member's committee, receiver, guardian, or other person in the nature of a committee, receiver or guardian appointed by the Court.
- (4) The committee, receiver, guardian, or other person may vote by proxy on a show of hands or on a poll.

55. Content of proxy notices

- (1) A proxy may validly be appointed only by a notice that—
- (a) states the name and address of the Member appointing the proxy;

- (b) identifies the person appointed to be that Member's proxy and the General Meeting in relation to which that person is appointed;
 - (c) is authenticated, or is signed on behalf of the Member appointing the proxy; and
 - (d) is delivered to the Company in accordance with these articles and any
 - (e) instructions contained in the notice of the General Meeting in relation to which the proxy is appointed.
- (2) The Company may require proxy notices to be delivered in a particular form and may specify different forms for different purposes.
- (3) If the Company requires or allows a proxy notice to be delivered to it in electronic form, it may require the delivery to be properly protected by a security arrangement it specifies to a proxy notification electronic address.
- (4) A proxy notice may specify how the proxy appointed under it is to vote (or that the proxy is to abstain from voting) on one or more resolutions dealing with any business to be transacted at a General Meeting.
- (5) Unless a proxy notice indicates otherwise, the notice is taken—
- (a) to give the person appointed by the notice discretion as to how to vote on any ancillary or procedural resolutions put to the General Meeting; and
 - (b) to appoint that person as a proxy in relation to any adjournment of the General Meeting to which it relates as well as the meeting itself.
- (6) If a proxy notice is not authenticated, the proxy notice shall be effective only if it is accompanied by written evidence of the authority of the person who executed the appointment on behalf of the Member.

56. Delivery of proxy notice and notice revoking appointment of proxy

- (1) A proxy notice does not take effect unless it is received by the Company—
- (a) for a General Meeting or adjourned General Meeting, at least 48 hours before the time fixed for holding the meeting or adjourned meeting; and
 - (b) for a poll taken more than 48 hours after it was demanded, at least 24 hours before the time fixed for taking the poll.
 - (c) If in hard copy form, at the office, or another place in specified in the notice convening the meeting or in the form of appointment of proxy or other accompanying document sent by the Company in under article 55(2), and
 - (d) If sent by electronic means, at the proxy notification electronic address provided under article 55(3).
- (2) An appointment under a proxy notice may be revoked by delivering to the Company a notice given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

- (3) A notice revoking the appointment only takes effect if it is received by the Company—
 - (a) for a General Meeting or adjourned General Meeting, at least 48 hours before the time fixed for holding the meeting or adjourned meeting; and
 - (b) for a poll taken more than 48 hours after it was demanded, at least 24 hours before the time fixed for taking the poll.

57. Effect of Member's voting in person on proxy's authority

- (1) A proxy's authority in relation to a resolution is to be regarded as revoked if the Member who has appointed the proxy—
 - (a) attends in person the General Meeting at which the resolution is to be decided; and
 - (b) exercises, in relation to the resolution, the voting right attached to the shares in respect of which the proxy is appointed.
- (2) A Member who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a General Meeting remains so entitled in respect of the meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of the Member.

58. Effect of proxy votes in case of death, mental disability, etc. of Member appointing the proxy

- (1) A vote given in accordance with the terms of a proxy notice is valid despite—
 - (a) the previous death or mental disability of the Member appointing the proxy;
 - (b) the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy is executed; or
 - (c) the transfer of the share in respect of which the proxy is appointed.
- (2) Subarticle (1) does not apply if notice of the death, mental disability, revocation, or transfer is received by the Company—
 - (a) for a General Meeting or adjourned General Meeting, at least 48 hours before the time appointed for holding the meeting or adjourned meeting; and
 - (b) for a poll taken more than 48 hours after it was demanded, at least 24 hours before the time appointed for taking the poll.

59. Amendments to proposed resolutions

- (1) An ordinary resolution to be proposed at a General Meeting may be amended by ordinary resolution if—
 - (a) notice of the proposed amendment is given to the Company secretary in writing; and
 - (b) the proposed amendment does not, in the reasonable opinion of the person presiding at the meeting, materially alter the scope of the resolution.

- (2) The notice of the proposed amendment shall be given at least 48 hours before the time of the meeting (or at later time as may be determined by the person presiding at the meeting).
- (3) A special resolution to be proposed at a General Meeting may be amended by ordinary resolution if—
 - (a) the person presiding at the meeting proposes the amendment at the meeting at which the special resolution is to be proposed; and
 - (b) the amendment merely corrects a grammatical or other non-substantive error in the special resolution.
- (4) If the person presiding at the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the vote on that resolution remains valid unless the Court orders otherwise.

Division 4 — Application of rules to class meetings

60. Class meetings

The provisions of these articles relating to General Meetings apply, with any necessary modifications, to meetings of the Holders of any class of shares.

SHARES AND DISTRIBUTIONS

Division 1— Issue of shares

61. Share capital

- (1) At the date of adoption of these Articles the Share capital of the Company is Kenya Shillings six billion six hundred and twenty-five million seven hundred and eighty-one thousand four hundred and eight (Shs.6,625,781,408/=), divided into-
 - (a).five million and thirty-seven thousand five hundred and nine (5,037,509) 7.85% redeemable non-cumulative preference shares of Kenya Shillings twenty (Shs.20/=) each;
 - (b).three hundred and fifty thousand (350,000) 7% cumulative preference shares of Kenya Shillings twenty (Shs.20/=) each;
 - (c).one million eight hundred thousand (1,800,000) 4% cumulative preference shares of Kenya Shillings twenty (Shs.20/=) each; and
 - (d). two billion five hundred ninety-two million eight hundred and twelve thousand four hundred ninety-one (2,592,812,491) ordinary shares of Kenya Shillings two and fifty cents (Shs.2.50) each.
- (2) The Ordinary shares of of Kenya Shillings two and fifty cents (Shs.2.50) each shall constitute two classes of shares in the following manner:
 - (a).**Class A:** Ordinary shares held by Shareholders of the Company other than the shares held by the National Treasury.
 - (b).**Class B:** Ordinary shares held by the National Treasury.

- (3) The holders of Class A and B shares shall have the same rights and privileges except with respect to nomination and election of directors.
- (4) The holders of the Preference Stock and Shares shall be entitled to be-
 - (a). paid out of the profits which the Board shall determine to distribute by way of dividend a cumulative preferential dividend
 - (b). at such rate per cent per annum on the amount for the time being paid up as the Board shall at their discretion have appointed before the issue of the Preference Shares and;
 - (c). paid on a winding up all arrears of preferential dividend whether earned or declared or down to the commencement of the winding up and;
 - (d). also repaid in priority to the holders of the Ordinary Shares the amount paid up on the Preference Shares held by them respectively with interest at the rate provided for under subarticle (b) from the commencement of such winding up until actual payment.
- (4) The holders of the Preference Stock and Shares shall not be entitled to any other rights in the profits or assets of the Company provided that nothing in this article shall apply to the holders of the Redeemable Non-Cumulative Preference Shares.
- (5) The following special rights and privileges shall apply to the Holders of the Redeemable Non-Cumulative Preference Shares:
 - (a). the Redeemable Non-Cumulative Preference Shares shall, each time that Directors of the Company declare a dividend from the distributable profits, have a right to a fixed non-cumulative preferential dividend at the rate of 7.85 % per annum on the capital for the time being paid up or credited as paid up thereon;
 - (b). the rate of interest under subarticle (5)(a) shall be reviewed either upwards or downwards by the Directors and Holders of the Redeemable Non-cumulative Preference Shares in 2009/10 financial year taking into account the operating and market dynamics prevailing then;
 - (c). the Redeemable Non-Cumulative Preference Shares shall rank for dividend next after the 4% and 7% cumulative preference shares existing as at the date of the meeting at which the resolution under subarticle (5)(b) is passed (the Existing Preference Shares), and in priority to the Ordinary Shares for the time being of the Company;
- (6) In the event of the Company being wound up or on a reduction of capital involving a return of capital, the surplus assets thereof shall be applied-
 - (a). in the first instance in repaying the holders of the Existing Preference Shares;
 - (b). in the second instance in repaying the holders of the Redeemable Non-Cumulative Preference Shares and of any other shares entitled to rank pari passu with them, the full amount paid or credited as paid up thereon; and,

- (c).subject as aforesaid, such surplus assets shall belong to and be divided among the holders of Ordinary Shares of the Company.
- (7) The holders of the Redeemable Non-Cumulative Preference Shares shall not be entitled to receive notice of, or attend, or vote at any General Meeting of the Company.
- (8) The Company may at any time apply the profits or moneys of the Company which may be lawfully applied for the purpose in the redemption of the Redeemable Non-Cumulative Preference Shares either in whole or in part.
- (9) The power of redemption may be exercised by the Board acting on behalf of the Company upon giving of 90 days' notice of the proposed redemption to the Holders of the Redeemable Non-Cumulative Preference Shares.

62. Powers to issue different classes of shares

- (1) Without affecting any special rights previously conferred on the Holders of any existing shares or class of shares, the Company may issue shares that have—
- (a) preferred, deferred or other special rights; or
 - (b) any restrictions, whether in regard to dividend, voting, return of capital or otherwise, that the Company may from time to time by ordinary resolution determine.
- (2) Subject to the provisions of the Act on Redeemable shares, the Company may issue shares on the terms that they are to be redeemed, or liable to be redeemed, at the option of the Company or the Holders of the shares.
- (3) The Directors may determine the terms, conditions, and manner of redemption of the shares.

63. Payment of commissions on subscription for shares

- (1) If the conditions in subarticle (2) are satisfied, the Company may pay a commission to a person under section 331 of the Act.
- (2) The conditions are that—
- (a) the commission paid or agreed to be paid does not exceed 10 per cent of the price at which the shares in respect of which the commission is paid are issued;
 - (b) if those shares are offered to the public for subscription, the Company, before making the payment, discloses the amount or rate of the commission in the prospectus for the public offer; and
 - (c) if those shares are not offered to the public for subscription, the Company, before making the payment, discloses the amount or rate of the commission in any circular or notice issued by the Company inviting subscriptions for those shares.
- (3) The commission may be paid—

- (a) in cash;
- (b) Fully Paid or partly paid shares; or
- (c) partly in one way and partly in the other.

(4) The Company may also on any issue of shares pay a brokerage that is lawful.

Division 2 — Interests in shares

64. Company only bound by absolute interests

- (1) Except as required by law, no person is to be recognised by the Company as holding any share on any trust.
- (2) Except as otherwise required by law or these articles, the Company is not in any way to be bound by or recognise any interest in a share other than the Holder's absolute ownership of it and all the rights attaching to it.
- (3) Subarticle (2) applies even though the Company has notice of the interest.

65. Application of the Central Depositories Act

- (1) The provisions of the Central Depositories Act, 2000 (CD Act) as amended or modified from time to time shall apply to the Company to the extent that any securities of the Company are in part or in whole immobilised or dematerialised or are required by the regulations or rules issued under the CD Act to be immobilised or dematerialised in part or in whole, as the case may be.
- (2) Any provisions of these Articles that are inconsistent with the CD Act or any regulations or rules issued or made pursuant thereto shall be deemed to be modified to the extent of such inconsistencies in their application to such securities.
- (3) For the purposes of these Articles, immobilisation and dematerialization shall be construed in the same way as they are construed in the CD Act.
- (4) Where any securities of the Company are forfeited pursuant to these Articles after being immobilised or dematerialised, the Company shall be entitled to transfer such securities to a securities account designated by the Board for this purpose.

Division 3 — Transfer and transmission of shares

66. Transfer of shares

- (1) Shares may be transferred by means of a document of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of both the transferor and the transferee.
- (2) A fee may not be charged by the Company for registering any document of transfer or other document relating to or affecting the title to any share.

- (3) The Company may retain any document of transfer that is registered.
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of Members as holder of it.

67. Power of Directors to refuse transfer of shares

- (1) The Directors may refuse to register the transfer of a share if—
 - (a) the share is not Fully Paid;
 - (b) the document of transfer is not lodged at the Company's registered office or another place that the Directors have appointed;
 - (c) the document of transfer is not accompanied by the certificate for the share to which it relates, or other evidence the Directors reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf; or
 - (d) the transfer is in respect of more than one class of shares.
- (2) If the Directors refuse to register the transfer of a share—
 - (a) the transferor or transferee may request a statement of the reasons for the refusal; and
 - (b) the document of transfer is required to be returned to the transferor or transferee who lodged it unless the Directors suspect that the proposed transfer may be fraudulent.
- (3) The document of transfer is required to be returned in accordance with subarticle (2) (b) together with a notice of refusal within 2 months after the date on which the document of transfer was lodged with the Company.
- (4) If a request is made under subarticle (2)(a), the Directors shall, within 28 days after receiving the request—
 - (a) send the transferor or transferee who made the request a statement of the reasons for the refusal; or
 - (b) register the transfer.

68. Power of Directors to suspend registration of transfer of shares

The Directors may suspend the registration of a transfer of a share for any period or periods not exceeding 30 days in each financial year of the Company.

69. Transmission of shares

- (1) If a Member dies, the Company may only recognise the following person or persons as having any title to a share of the deceased Member—
 - (a) if the deceased Member was a joint holder of the share, the surviving holder, or holders of the share; and
 - (b) if the deceased Member was a sole holder of the share, the legal personal representative of the deceased Member.

- (2) Nothing in these articles releases the estate of a deceased Member from any liability in respect of a share that had been jointly held by the deceased Member with other persons.

70. Transmittees' rights

- (1) If a Transmittee produces evidence of entitlement to the share as the Directors properly require, the Transmittee may, subject to these articles, choose to become the holder of the share or to have the share transferred to another person.
- (2) The Directors have the same right to refuse or suspend the registration as they would have had if the holder had transferred the share before the transmission.
- (3) A Transmittee is entitled to the same dividends and other advantages to which the Transmittee would be entitled if the Transmittee were the holder of the share, except that the Transmittee is not, before being registered as a Member in respect of the share, entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company.
- (4) The Directors may at any time give notice requiring a Transmittee to choose to become the holder of the share or to have the share transferred to another person.
- (5) If the notice is not complied with within 90 days after the notice is given, the Directors may withhold payment of all dividends, bonuses, or other money payable in respect of the share until the requirements of the notice have been complied with.

71. Exercise of Transmittees' rights

- (1) If a Transmittee chooses to become the holder of a share, the Transmittee shall notify the Company in writing of the choice.
- (2) Within 2 months after receiving the notice, the Directors shall—
 - (a) register the Transmittee as the holder of the share; or
 - (b) send the Transmittee a notice of refusal of registration.
- (3) If the Directors refuse registration, the Transmittee may request a statement of the reasons for the refusal.
- (4) If a request is made under subarticle (3), the Directors shall, within 28 days after receiving the request—
 - (a) send the Transmittee a statement of the reasons for the refusal; or
 - (b) register the Transmittee as the holder of the share.
- (5) If the Transmittee chooses to have the share transferred to another person, the Transmittee shall execute a document of transfer in respect of it.

- (6) All the limitations, restrictions and other provisions of these articles relating to the right to transfer and the registration of transfer of shares apply to the notice under subarticle (1) or the transfer under subarticle (5), as if the transmission had not occurred and the transfer were a transfer made by the Holder of the share before the transmission.

72. Transmittees bound by prior notices

If a notice is given to a Member in respect of shares and a Transmittee is entitled to those shares, the Transmittee is bound by the notice if it was given to the Member before the Transmittee's name has been entered in the register of Members.

Division 4 — Alteration and reduction of share capital, acquisition of own shares and allotment of shares

73. Alteration of share capital

The Company may by ordinary resolution alter its share capital in any one or more of the ways set out in Division 1 of Part XV of the Act.

74. Reduction of share capital

The Company may by special resolution reduce its share capital in accordance with Division 2 of Part XV of the Act.

75. Acquisition by Company of its own shares

The Company may acquire its own shares in accordance with Part XVI of the Act.

76. Allotment of shares

The Directors may not exercise any power conferred on them to allot shares in the Company without the prior authorisation of the Company by resolution if the authorisation is required by section 329 of the Act.

Division 5 — Dividends and other distributions

77. Procedure for declaring dividends

- (1) The Company may, at a General Meeting, declare dividends, but a dividend may not exceed the amount recommended by the Directors.
- (2) The Directors may from time to time pay the Members interim dividends that appear to the Directors to be justified by the profits of the Company.
- (3) A dividend may be paid only out of the profits in accordance with Part XVII of the Act.
- (4) Unless the Members' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it is payable by reference to each Member's holding of shares on the date of the resolution or decision to declare or pay it.

- (5) Before recommending any dividend, the Directors may set aside out of the profits of the Company any sums they consider appropriate as reserves.
- (6) The Directors may—
- (a) apply the reserves for any purpose to which the profits of the Company may be properly applied; and
 - (b) pending such an application, employ the reserves in the business of the Company or invest them in any investments (other than shares of the Company) that they consider appropriate.
- (7) The Directors may also without placing the sums to reserve carry forward any profits that they think prudent not to divide.

78. Calculation of dividends

- (1) Dividends are valid only if they are—
- (a) declared and paid according to the amounts paid on the shares in respect of which the dividend is paid; and
 - (b) apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (2) Subarticle (1) is subject to any rights of persons who are entitled to shares with special rights regarding dividend.
- (3) If a share is issued on terms providing that it ranks for dividend as from a particular date, the share ranks for dividend accordingly.
- (4) For the purposes of this article, an amount paid on a share in advance of calls is not to be treated as paid on the share.

79. Payment of dividends and other distributions

- (1) If a dividend or other sum that is a distribution is payable in respect of a share, it is payable only by one or more of the following means:
- (a) by electronic or mobile money transfer or other automated system of bank transfer system, transmitted to such bank or electronic to a bank account specified by the Distribution Recipient either in writing or as the Directors decide or mobile telephone address as shown in the share register of the Company.
 - (b) sending a cheque made payable to the Distribution Recipient by post—
 - i. if the Distribution Recipient is a holder of the relevant share—to the Distribution Recipient at that recipient's registered address; or
 - ii. in any other case, to an address specified by the Distribution Recipient either in writing or as the Directors decide;

- (c) sending a cheque made payable to the specified person by post to the specified person at the address the Distribution Recipient has specified either in writing or as the Directors decide;
- (d) any other means of payment as the Directors agree with the Distribution Recipient either in writing or as the Directors decide.

(2) In this article—

specified person means a person specified by the Distribution Recipient either in writing or as the Directors decide.

80. Interest not payable on distributions

- (1) The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- (a) the terms on which the share was issued; or
 - (b) the provisions of another agreement between the holder of the share and the Company.

81. Unclaimed distributions

If dividends or other sums remain unclaimed for a period of three years after which the dividend or other sums became due for payment, the dividend or other sums shall be dealt with in accordance with the provisions of the Unclaimed Financial Assets Act, 2011, as amended from time to time.

82. Non-cash distributions

- (1) Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares, or other securities in any Company.
- (2) For paying a non-cash distribution, the Directors may make whatever arrangements they consider appropriate, including, if any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

83. Waiver of distributions

- (1) Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by executing to the Company a deed to that effect.
- (2) But if the share has more than one holder or more than one person is entitled to the share (whether because of the death or bankruptcy of one or more joint holders, or otherwise), the deed is not effective unless it is

expressed to be executed by all the holders or other persons entitled to the share.

Division 6 — Capitalisation of profits

84. Capitalisation of profits

- (1) The Company may by ordinary resolution on the recommendation of the Directors capitalise profits.
- (2) If the capitalisation is to be accompanied by the issue of shares or debentures, the Directors may apply the sum capitalised in the proportions in which the Members would be entitled if the sum was distributed by way of dividend.
- (3) To the extent necessary to adjust the rights of the Members among themselves if shares or debentures become issuable in fractions, the Directors may make any arrangements they consider appropriate, including the issuing of fractional certificates or the making of cash payments or adopting a rounding policy.

SUPPLEMENTARY PROVISIONS

Division 1 — Communications to and by Company

85. Means of communication to be used

- (1) Any notice or other document may be served by the Company on any Member or Director at his registered address as appearing in the Register of Members or the Company's other records, whether such address shall be within or outside Kenya either-
 - (a) personally
 - (b) by sending it through the post (by airmail where service is available) in a prepaid letter
 - (c) by facsimile; or
 - (d) through electronic media.
- (2) In such case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be sufficient notice to all joint holders.
- (3) Provided that in the case of an Annual General Meeting, such notice may also be given by:
 - (a) Publishing a notice containing a summary of both the annual financial statements and auditors' report, in at least 2 daily newspapers with national circulation or in accordance with guidelines issued by the Capital Markets Authority from time to time; or
 - (b) sending to every Member, a notice through the electronic media containing a summary of both the annual financial statement and auditors' report; or

- (c) making it available on an official Company website or such other website as may be prescribed by the Board in accordance the provisions of the Act and any other written law. The company shall ensure that the information referred to in this subarticle (3) (c) is—
 - i. made available as soon as reasonably practicable; and
 - ii. kept available throughout the relevant period as required by the Act.

86. Failure to notify contact details

- (1) A Member ceases to be entitled to receive notices from the Company if—
 - (a) the Company sends two consecutive documents to the Member over a period of at least 12 months; and
 - (b) each of those documents is returned undelivered, or the Company receives notification that it has not been delivered.
- (2) A Member who has ceased to be entitled to receive notices from the Company becomes entitled to receive those notices again by sending the Company—
 - (a) an address to be recorded in the register of Members; or
 - (b) if the Member has agreed that the Company should use a means of communication other than sending things to such an address, the information that the Company needs to use that means of communication effectively.

87. Registration of address for Members outside Kenya

- (1) Any Member, who is not within Kenya, may by notice in writing require the Company to register an address in Kenya which for the purpose of service of notices shall be deemed to be his registered address.
- (2) A Member who has no registered address within Kenya and who has not given notice as aforesaid shall be entitled to receive notices from the Company at his address outside Kenya.

88. Proof and time of service

- (1) Any notice or other document, if served by post, shall be deemed to have been served at the time when the same was put into the post office, and in proving such service it shall be sufficient to prove that the notice or document was properly addressed, stamped, and put into the post office.
- (2) Where a notice or other document is sent by post it shall be deemed to have been served on the third day after the day on which it was posted, if addressed within Kenya, and on the fifth day after the day on which it was posted, if addressed outside Kenya.
- (3) In proving such service or sending, it shall be sufficient to prove that the cover containing the notice or document was properly addressed and put into the post office as a prepaid letter or prepaid airmail letter.

- (4) Where a notice is sent by facsimile or electronic media it shall be deemed to have been served at the expiration of twenty-four hours after the time at which it was sent.
- (5) Where notice is published in a daily newspaper, it shall be deemed to be served on the day on which it is first published.
- (6) Provided that in the case of an Annual General Meeting, such notice may also be given by:
 - (a) Publishing a notice containing a summary of both the annual financial statements and auditors' report, in at least 2 daily newspapers with national circulation for at least 2 consecutive days; or
 - (b) sending to every Member, a notice through the electronic media containing a summary of both the annual financial statement and auditors' report.
- (7) Any notice or other document delivered or sent by post to or left at the registered address of any Member in line with these Articles shall, notwithstanding that such Member be then dead or bankrupt, and whether or not the Company have notice of their death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder unless their name shall at the time of the service of the notice or document, have been removed from the Company's Register as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

Division 2 — Administrative arrangements

89 . Company seal-

A common seal may be used only by the authority of the Directors.

- (1) The Company shall ensure that its common seal is made from a durable metal that has the Company's name engraved on it in legible form.
- (2) Subject to subarticle (2), the Directors may decide by what means and in what form a common seal or official seal (whether for use outside Kenya or for sealing securities) is to be used.
- (3) If the Company has a common seal and it is affixed to a document, the document is, unless otherwise decided by the Directors, valid only if it is also signed by at least one Director of the Company and one authorised person.
- (4) For the purposes of this article, an authorised person is—
 - (a) any Director of the Company;
 - (b) the Company secretary; or

(c) any person authorised by the Directors for signing documents to which the common seal is applied.

- (5) If the Company has an official seal for use outside Kenya, it may be affixed to a document only if its use on the document, or documents of a class to which it belongs, has been authorised by a decision of the Directors.
- (6) If the Company has an official seal for sealing securities, it may be affixed to securities only by the Company secretary or a person authorised to apply it to securities by the Company secretary.

90. Board's Power to Appoint Attorney(s)

- (1) The Board may from time to time and at any time by power of attorney under the Company's seal appoint any Company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities, and discretions.
- (2) The powers granted to the appointed attorney(s) shall not exceed those already held or exercisable by the Board as outlined in these presents.
- (3) The powers granted to the appointed attorney(s) shall not include the powers conferred upon the Board by this particular article.
- (4) The Board shall determine the duration of the appointment and set conditions as it deems appropriate.
- (5) Any power of attorney issued in this regard may such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit.
- (6) The Board may authorize any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in them.

91. Board's Transactional Powers

- (1) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability, or obligation of the Company or of any third party.
- (2) All cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

92. Board's Record-Keeping Duties

- (1) The Board will ensure that the Company keeps a record of:
 - (a) All appointments of officers made by the Board.
 - (b) The names of the Directors present at each Board or Committee meeting.
 - (c) All resolutions and proceedings at all meetings of the Company and of the Board and of the Committees.
- (2) Subject to these articles, the Directors may make any rule that they consider appropriate about how records will be maintained.

93. Restrictions on right to inspect accounts and other records of the Company

- (1) A person is not entitled to inspect any of the Company's accounting or other records or documents merely because of being a Member, unless the person is authorised to do so by—
 - (a) a written law;
 - (b) an order of the Court under section 320 of the Act or under regulations made under section 1008 of the Act;
 - (c) the Directors; or
 - (d) an ordinary resolution of the Company.

94. Financial Records

- (1) The Board shall cause true accounts to be kept-
 - (a) of the sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure take place; and
 - (b) of all sales and purchases of goods by the Company; and
 - (c) of the assets and liabilities of the Company.
- (2) The books of account shall be kept at the Office or at such other place or places as the Board may think fit and shall always be open to the inspection of the Directors.
- (3) No Member (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board.
- (4) The Board shall from time to time, in accordance with section 679 of the Act, cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, and reports as are referred to in that section.
- (5) A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting and of the Directors' and Auditors' reports shall not less than twenty-one days before the date of

the meeting be sent to every Member and to every Holder of debentures of the Company.

- (6) Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint Holders of any shares or debentures.

95. Appointment and duties of the Auditors

The Board shall appoint the Auditors and their duties shall be regulated in accordance with sections 721, 722 and 723 of the Act.

96. Auditors insurance

- (1) The Directors may decide to purchase and maintain insurance, at the expense of the Company, for an auditor of the Company, or an auditor of an Associated Company of the Company, against—

- (a) any liability to any person attaching to the auditors in connection with any negligence, default, breach of duty or breach of trust (except for fraud) occurring in the course of performance of the duties of auditor in relation to the Company or Associated Company (as the case may be); or
- (b) any liability incurred by the auditors in defending any proceedings (whether civil or criminal) taken against the auditors for any negligence, default, breach of duty or breach of trust (including fraud) occurring in the course of performance of the duties of auditors in relation to the Company or Associated Company.

- (2) In this Article, a reference to performance of the duties of auditor includes the performance of the duties specified in section 748 and section 751 of the Act.

97. Distribution of surplus on liquidation of Company

- (1) If the Company is liquidated and a surplus remains after the payment of debts proved in the winding up, the liquidator—

- (a) may, with the required sanction, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may, for this purpose, set a value the liquidator thinks fair on any property to be so divided; and
- (b) may determine how the division is to be carried out between the Members or different classes of Members.

- (2) The liquidator may, with the required sanction, vest the whole or part of those assets in trustees on trust for the benefit of the contributories that the liquidator, with the required sanction, thinks fit, but a Member may not be compelled to accept any shares or other securities that are subject to any liability.

- (3) In this article—

"required sanction" means the sanction of a special resolution of the Company and any other sanction required by the Act.

I certify that this is a reprint of the Articles of Association of the Company incorporating changes adopted by Special resolutions passed at a General Meeting of the Company held on-----

**JOY BRENDA MASINDE
CHAIRMAN**