

AMENDED ARTICLES OF ASSOCIATION

THE KENYA POWER AND LIGHTING COMPANY PLC

**SCHEDULE OF PROPOSED
AMENDMENTS**

THE KENYA POWER AND LIGHTING COMPANY PLC
AMENDMENTS TO THE MEMORANDUM & ARTICLES OF ASSOCIATION

BACKGROUND

The Company was Incorporated on 6th January, 1922 as ‘the East African Power and Lighting Company’, under the Indian Companies Acts of 1882-1900

In October 1983, the name of the company was changed to ‘The Kenya Power and Lighting Company Limited’, under the Companies Act, Cap 486, Laws of Kenya

Following the repealing of the Commencement of the Companies Act, 2015 in place of Cap 486, the name of the Company was changed to ‘The Kenya Power and Lighting Company Plc’ in August 2019.

The Company’s Memorandum & Articles of Association under review were adopted on 9th July 1954 but over the years some articles have been deleted or others added on a piece meal basis.

RATIONALE FOR THE PROPOSED AMENDMENTS

To align the articles with the provisions of the Companies Act, 2015 and regulations.

To simplify the articles in line with the Model Articles for Public Companies limited by shares.

To provide for fair representation of all the shareholders in line with the Company’s shareholding structure.

To adopt good corporate governance practices as guided by the applicable codes.

SUMMARY OF THE CHANGES

The Summary of the amended Articles of Association is contained below.

Summary of the changes /proposed amendments

Article	Item	Amendment /Justification
Preamble and Cover Page	The Companies Act (Chapter 486) and the Companies Ordinance, 1921 Type of company Special Resolutions	Repealed. Replaced with the Companies Act, 2015 (the Act) Inserted the word 'Public' in line with section 10 of the Act. incorporated in the amended Articles .
Memorandum of Association	<ol style="list-style-type: none"> 1. Name 2. Registered office 3. Objects 4. Liability 5. Capital of the Company 	Deleted and moved items 3 to 7 in accordance to section 26 of the Act 2015-(Existing provisions of memorandum treated as provisions of articles Provisions).
Articles of Association		
Table of Content	-	Inserted Table of Content aligned to the Model Articles layout
Article 1.	Regulations	Replaced ' The regulations in Table A in the First Schedule to the Companies Ordinance, shall not apply to the Company.' - with

		<p>‘ The Model Articles contained in the Third Schedule to the Companies (General) Regulations, 2015’</p> <p>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.</p> <p>Section 21(1)(b) of the Act- if the company does not make any exclusions or modifications to the model articles, the model articles become an integral part of the company's articles as if the company had formally registered articles identical to those model articles.</p>
Article 2.	Interpretation	Updated in line with the Companies Act, 2015
Article 4	Business	<p>To enable the company, innovate and adapt with ease to the changing business and operating environment, amended Article 4 (now Article 3) to read as follows-</p> <p>(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.</p> <p>Section. 28(1) of the Act provides that unless the articles of a company specifically restrict the objects of the company, its objects are unrestricted”.</p> <p>Provided the following subarticle-</p> <p>(2) For avoidance of doubt, and notwithstanding the provisions of subarticle (1) of this Article 3,the objects for which the</p>

		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.
Article 5	Branch	Deleted
Article 6	Office	Now Article 3(3)
Article 7	Loans to employees to purchase shares	Deleted since the company does advance money to employees to purchase of shares.
Articles 8-19	Share Capital and modification of Rights Ordinary Shares	Now Articles 61-65 Modified the rights of shareholders and created two classes of Ordinary shares under Article 62 as below: (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.
Articles 20-22	Lien	Deleted. Void under Section 435. --except in a case where the shares are not fully paid up and the charge is for an amount payable in respect of

		the shares; or the company's ordinary business includes lending money; or provision of credit or hiring or selling goods under hire-purchase, conditional sale or retention of title agreements, if it arises from a transaction entered into by the company in the ordinary course of that business.
Articles 23-29	Calls on shares	Deleted - All the shares of the Company are fully paid up.
Articles 30-25 Articles 36-39	Transfer of Shares Transmission of shares	Now Articles 66-72
Articles 40-46	Forfeiture of shares	Deleted- connected to calls on shares
Article 47-50	Stock	Deleted Section 322. Shares of a company are no longer capable of being converted into stock and an attempt to convert the shares into stock has no effect. Existing stock- converted to shares of one shilling each.
Article 51-60	Share warrants	Deleted Section 504. Companies no longer authorized to issue share warrants.
Articles 61-64 Articles 65	Increase of capital Alteration of capital Allotment of shares Purchase of own shares	Now Articles 73-76 Added Article 75 on acquisition of own shares as provided for in the Act.

		This article provides flexibility in capital management, enables returning value to shareholders, optimizes the capital structure, and can act as a defense against hostile takeovers.
Articles 66-68 Articles 69-70 Articles 71-82	General meetings Notice of General meetings Proceedings at General meetings	Articles 38-48- Decision taking by members General and Extraordinary meetings Virtual general meetings and resolutions Notices- shorter notice period Participation by directors Quorum - Majority vote-95% Presiding in general meetings
Articles 83-95	Votes of members	Article 49-59 Provided for voting by members with disability shall be entitled.
Articles 96-104	Directors Number Composition	Articles 25-30 - Appointment of directors Amended extensively as follows- <ol style="list-style-type: none"> (1) Increased minimum Directors from 2 to 7 (2) independent, executive, and non- executive Directors. At least one third of the Directors shall be independent non-executive Directors. (3) Composition to fairly reflect the Company's shareholding structure. (4) Appointed to be a Director—

	<p>Appointment and retirement</p>	<p>(a) By Holders of Class B shares (b) by ordinary resolution- class A shares; or (c) by a decision of the Directors</p> <p>(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.</p> <p>(6) The rights of Shareholders as set out in subarticle 5 shall be effected in full no later than the Annual General Meeting to be held in 2024.</p> <p>(9) The removal or replacement of Directors appointed by holders of Class B shares determined from time to time by the Holder of Class B Shares in writing to the Company Secretary.</p>
	<p>Alternate directors (97)</p>	<p>26 (1) At every Annual General Meeting, one-third of the Directors appointed by holders of Class A shares (or the nearest whole number) shall retire from the office.</p>
	<p>Termination</p>	<p>The power to appoint directors restricted to the Cabinet Secretary National Treasury and the Principal Secretary, Ministry of Energy to read as follow-</p>
	<p>Remuneration and expenses</p>	<p>31. Appointment and removal of alternates (1) The Cabinet Secretary, National Treasury, and the Principal Secretary Ministry of Energy may appoint any person as an Alternate Director, subject to the approval of the Board.</p>

Articles 105-112	Powers and duties of directors	Articles 4-7 Director's powers and responsibilities; member's reserve powers power to delegate committee Articles 8-24 -Decision taking
Articles 113-115	Managing Director	Articles 34-35 Added termination in accordance with the Human Resources policies and relevant laws.
Articles 116-117	Secretary	Articles 37 Added termination in accordance with the Human Resource Policies and relevant laws.
Article 118	Pension and allowances	Deleted
Article 119	Seal	Article 89 Company seal Not mandatory under the Act but Companies required to execute certain contracts (Law of Contract) under Common Seal.
Articles 120-129	Rotation of Directors	Article 26 Applies only to directors appointed by holders of Class A shares.
Articles 130-138	Proceedings at Board meetings	Article 9 -11

Articles 139-145	Dividends	Articles 77-83 Dividends and distributions
Articles 146-147	Reserves	Simplified -Article 77(6)(a)
Articles 148-149	Capitalisation of profit	Article 84
Articles 150-153	Accounts	Article 94- Financial records
Article 154	Audit	Article 95- Appointment and duties of Auditors Article 98- Insurance of Auditors
Articles 155-160	Notices	Articles 85-86 Communication to and by the Company
Article 161	Winding up	Article 97- Distribution of surplus on liquidation of a company.
Article 162	Indemnity	Article 36- Directors' Indemnity
		<p>Article 90- Board's power to appoint attorney</p> <p>Article 91- Board's Transactional Powers to Borrow and mortgage Company assets; Sign cheques and other legal tender Documents</p> <p>Article 92- Board's Record-Keeping Duties</p> <p>Article 93 Restrictions on right to inspect accounts and other records of the Company</p>

General

Due to the deletion of a number of Articles, insertion of new articles and alignment of the document for ease of reference, the numbering of the proposed amended Articles of Associations has changed.