



**Kenya Power**

THE KENYA POWER AND LIGHTING COMPANY PLC

## **APPOINTMENT OF DIRECTORS POLICY**

**Part A - Document Control Sheet**

Document	Appointment of Directors Policy		
Document Owner	General Manager, Legal, Regulatory Affairs & Company Secretary		
Division	Legal, Regulatory Affairs & Company Secretary		
Department	Board & Regulatory Affairs		
Lead Contact	General Manager, Legal, Regulatory Affairs & Company Secretary		
Document Status	Final		
Document Approvals	Approver	Approval Reference	Approval Date
	Executive Committee	Not Applicable	Not Applicable
	Board of Directors	BM/164/23	Mon. 4 <sup>th</sup> Dec. 2023
Reference. No.	KPLC1/2B/5/1/021		
Issue No.	01		
Revision No.	Not Applicable		
Revision Date	None		
Revision Type	Not Applicable		
First Development Date	Friday, 24 <sup>th</sup> November 2023		
Commencement Date	24 <sup>TH</sup> MAY 2024		
Revision Frequency	Three (3) Years		
Next Review Date	May 2027		
Superseded Documents	None		
Complementary Documents	<ol style="list-style-type: none"> <li>1. Companies Act, 2015</li> <li>2. KPLC's Memorandum and Articles of Association</li> <li>3. Code of Corporate Governance in Capital Markets Act, Cap. 485a</li> <li>4. Mwongozo Code of Governance for State Corporations, 2015</li> <li>5. KPLC's Board Charter</li> <li>6. Board Diversity and Inclusion Policy</li> </ol>		

## **APPOINTMENT OF DIRECTORS POLICY**

### **Part B - Introduction**

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

### **Part C - Policy Statement**

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

### **Part D – Policy Purpose**

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

### **Part E - Principles/Criteria to be Observed**

1. A Director shall be: -

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

#### **Part F - Identification of Skill Gaps in the Board**

1. The procedure for the nomination of Board members shall be formal, rigorous and transparent and shall be a matter reserved for the Board.
2. The Board shall delegate its authority to the committee responsible for Corporate Governance or in the alternate appoint an *ad hoc* committee



to periodically assess the skills required to competently discharge the Board's duties, having regard to the strategic direction of the Company. The Board may also consider co-option of professionals in specific specialised fields to support the Committee.

3. The assessment in no. 2 above shall also be done for the purpose of filling in casual vacancies which may arise on the Board. The Committee, having regard to the skills required and the skills represented, shall implement a process for the identification of suitable candidates to fill casual vacancies.
4. The members of the Committee shall be required to adhere to the obligations of conflict of interest stipulated in the Company's Articles of Association.
5. Appointees of Class B shareholders shall recuse themselves from participating in the process of evaluating the nominees to be elected by Class A shareholders.
6. A report on the outcome of that assessment shall be provided at the meeting of the Board for consideration.
7. The Committee shall, as and when it considers appropriate, but in any event on each occasion on which an existing director retires, assess the skills represented on the Board by the remaining non-executive Directors and determine whether they meet the required skills identified.
8. In addition to the foregoing, to identify the skill gaps, the Committee may, where appropriate utilize the services of a qualified independent third party to identify the skills sought in the selection criteria.

#### **Part G - Nomination and Appointment of Directors**

1. The vacancies for Directors to be elected by Class A Shareholders shall be indicated in the notice convening the General Meeting.
2. The Board will, at least fourteen (14) days before the General Meeting, notify the shareholders of the skill gaps identified in the Board for shareholders to consider when proposing candidates. The Board shall determine the mode of notification.
3. Class A Shareholders will be required to submit the names of proposed candidates for appointment to the Board in a prescribed form to the Company Secretary at least seven (7) days before the General Meeting.

4. Pursuant to the Articles of Association, Class B Shareholders will have the right to appoint and remove Directors. The names of Class B Shareholders Nominees shall be submitted to the Company Secretary for presentation at the General Meeting.
5. All nominees for election from Class A Shareholders will undergo a formal suitability screening process. The Board may use the services of external third parties to assist in the screening and evaluation of the candidates.
6. The Committee will screen the nominees to:-
  - 6.1 Ensure that they are not disqualified from acting as Directors
  - 6.2 Ensure that their backgrounds have been checked in compliance with the Listing Requirements of the Capital Markets Authority
  - 6.3 Make recommendations on appointments to the Board having due regard to the issues of diversity and the appropriate balance of executive, non-executive and independent Directors as prescribed by the Articles of Association, Board Charter, and, the Board Diversity & Inclusion Policy
  - 6.4 Ensure that any potential area of conflict that may undermine their positions or service as Directors are disclosed
  - 6.5 Categorize their capacity as executive, non-executive and independent
  - 6.6 Ensure that the nominees to be appointed as independent directors satisfy the independence test set out in the CMA Code.
7. The Board will present to the Annual General Meeting: -
  - 7.1 Class A Shareholders' nominees it has vetted and recommended for election in line with the Board's skills mix and competency requirements
  - 7.2 Class B Shareholders' appointees for noting.

#### **Part H - Re-Election of Directors**

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

#### **Part I - Appointment of Alternate Directors**

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

#### **Part J - Formal Appointment of Directors**

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

#### **Part K - Responsibility for Implementation of the Policy**

1. **Board of Directors**
  - 1.1 Approval and adoption of this Policy
  - 1.2 Provide oversight on implementation of this Policy.
2. **Managing Director & Chief Executive Officer**
  - 2.1 Ensure accountability for successful implementation of this Policy.
3. **Corporate Governance Committee**
  - 3.1 Ensure accountability for successful implementation of this Policy.
4. **General Manager, Legal, Regulatory Affairs & Company Secretary**
  - 4.1 Monitor the implementation of this Policy

- 4.2 Initiate the changes to the Policy when it is due for review or when there are legislative changes.

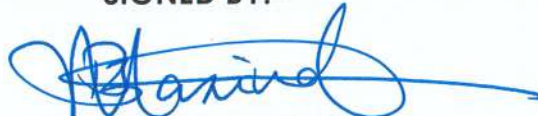
#### **Part L - Policy Review**

1. This Policy shall be reviewed once every three (3) years. The Corporate Governance Committee shall recommend any proposed changes to the Board for approval.
2. However, the Policy may be reviewed before the lapse of the three years under 1 above if any of the following circumstances occur: -
  - 2.1 Legal and regulatory changes
  - 2.2 Change in organization structure, corporate strategy and business models
  - 2.3 Macroeconomic and technological changes.

#### **Part M - Distribution List**

This Policy shall be distributed to all Board Members.

**SIGNED BY:-**



**JOY BRENDA MASINDE**

**CHAIRMAN, BOARD OF DIRECTORS**

Signature Date: 24<sup>TH</sup> MAY 2024