



BOARD CHARTER

June 2024

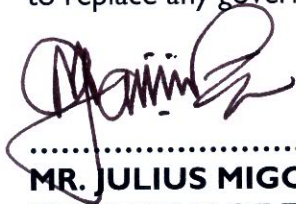
FOREWORD

Kenya Electricity Generating Company PLC (KenGen) is the premier electricity generating company in East Africa. Established in 1954 under the Companies Act, KenGen's primary role is electricity generation through the construction, management, and operation of power plants. The vision is to be the market leader in the provision of reliable, safe, quality and competitively priced electric energy in the Eastern Africa region.

The Board of Directors ("the Board") is committed to mainstreaming and upholding the highest standards of corporate governance and ensuring compliance with applicable laws, regulations and best practice in every jurisdiction of operation. Fulfilling KenGen's vision and mission necessitates Board members who epitomize professionalism, accountability, responsibility, integrity, passion, commitment, innovation, visionary and strategic thinking.

Having dedicated themselves to KenGen's service, the Board members are driven to deliver on shareholder value through dividends and optimal investment returns. This is realized by providing reliable electric energy through operational excellence and sustainable business practices. The Board members in particular, uphold the tenets of good corporate governance, demonstrating accountability, efficiency, responsibility, and transparency while conducting their duties with utmost integrity and fairness.

This Board Charter exemplifies the Board's commitment to KenGen's mandates, setting forth the guiding principles and articulating the Company's corporate vision. While the Charter is instrumental in promoting and upholding good governance within the Company, it is not intended to replace any governing laws, regulations, or rules applicable to the company.



.....
MR. JULIUS MIGOS OGAMBA, EBS
CHAIRMAN OF THE BOARD

.....
19th June 2024
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1.0 OBJECTIVE

Kenya Electricity Generating Company PLC (the "Company"), a public limited company is established under the Companies Act 2015 of Kenya (previously Chapter 486, Laws of Kenya). The Company is publicly listed and actively trading on the Nairobi Securities Exchange.

The Board of Directors (the "Board") firmly believes that exemplary corporate governance is pivotal for the Company's enduring success and for generating sustainable returns and shareholder value. To this end, the Board has instituted robust and appropriate structures, systems and values to maintain the highest corporate governance standards and practice in the organization.

The Board Charter (the "Charter") delineates the roles, responsibilities, and support structures for Board members to ensuring strategic oversight. It offers a platform for Board members to evaluate the alignment of strategic and operational plans with the Company's governance direction. The Charter is to be read alongside The Companies Act, The Capital Markets Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, Mwangozo Code of Conduct for State Corporations, the Memorandum & Articles of Association of the Company, amongst other rules and regulations.

By outlining good corporate governance principles, the Charter will facilitate the Board in guiding the Company to optimise long-term value of services for all stakeholders. It is therefore crucial for Board members to understand their individual and collective roles with the purpose of enabling and steering the Company in fulfilling its mandate. It will also enable effective oversight by the Board over the Company's Sustainability Agenda which focuses on addressing current demands without jeopardizing future generations' ability to meet their needs, commitment to meeting the Environmental, Social, and Governance (ESG) requirements and expectations of best industry practices. This is also in line with the National Values and Principles of human dignity, equality, inclusiveness equity, good governance, and a sustainable environment as enshrined in Kenya's constitution.

The Board Charter sets out principles of good corporate governance. It has been drawn up to assist the Board in exercising its responsibilities and allowing stakeholders visibility on how corporate governance is applied within KenGen.

This Charter not only serves as a reference document for Board members but also enlightens new members about KenGen's governance framework. It further seeks to assist the Board in the assessment of its own performance and that of individual Directors. This Charter is to be reviewed regularly to ensure it remains dynamic and relevant.

2.0 THE BOARD OF DIRECTORS

2.1 Structure of the Board

The Board comprises of persons elected by shareholders in line with the provisions of the Articles of Association of the Company. The Board provides strategic oversight, exercises control, and remains accountable through effective leadership, enterprise, integrity and good judgment. It shall be diverse in its composition, independent, flexible, pragmatic, objective and focused on the balanced and sustainable performance of the Company.

2.1.1 Size and Composition of the Board

As stipulated in the Company's Articles of Association, the Board can have a minimum of five (5) and a maximum of eleven (11) Directors.

The Board shall comprise of Non-Executive Directors and one Executive Director, the majority of whom shall be Non-Executive Directors. Independent non-executive Directors shall constitute at least a third of the total number of members of the Board.

The Board consists of eleven (11) Directors, namely: -

- (a) The Chairman;
- (b) The Managing Director & Chief Executive Officer;
- (c) The Cabinet Secretary, The National Treasury or his/her designated alternate;
- (d) The Principal Secretary, State Department for Energy, Ministry of Energy or his/her designated alternate; and
- (e) Seven Non-Executive Directors.

2.1.2 Appointment to the Board

Appointments to the Board will be in line with the Company's Articles of Association. Any shareholder may by notice duly signed by him/her and delivered to the Company Secretary between seven (7) to twenty-one (21) days prior to the Annual General Meeting (AGM), propose any other person for election to the Board. This notice should be accompanied by a confirmation from the proposed individual regarding their willingness to be elected. The nominee doesn't have to be a shareholder.

A clear and transparent process will be followed for Board member appointments. Candidates must disclose any potential conflicts that might affect their position or service as a Director.

The KenGen Board will be responsible for the appointment and setting terms for the Managing Director & Chief Executive Officer.

Newly appointed Directors shall receive appointment letters specifying the terms of their appointment, including but not limited to, the duties and responsibilities and matters pertaining to conflict of interest and confidentiality.

2.1.3 Board Member Independence

All Members of the Board shall recognize that they owe their duty of care to the Company and not their nominating stakeholders.

The Directors shall: -

- (a) Make decisions independently in discharging their duties;
- (b) Declare and manage any actual or perceived conflicts of interest within a set framework;
- (c) Be free to seek external independent advice in connection with their duties following a pre-determined process;

- (d) Not have served in the Company as an employee until a minimum period of five (5) years has elapsed; and
- (e) The Board shall have policies and procedures in place to ensure independence of its members.

Independent Board Members: The status of independent Board members shall be assessed annually by the Board. Independent Board members bring independent and objective judgement to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. An independent Board member is one who:

- (a) has not been employed by the company in an executive capacity within the last three years;
- (b) is not associated with an adviser or consultant to the company or a member of the company's senior management or a significant customer or supplier of the company or with a not-for-profit entity that receives significant contributions from the company; or within the last three years, has not had any business relationship with the company (other than service as a director) for which the company has been required to make disclosure;
- (c) has no personal service contract with the company, or a member of the company's senior management;
- (d) is not employed by a public listed company at which an executive officer of the company serves as a director;
- (e) is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the company;
- (f) is not a representative of a shareholder who has the ability to control or significantly influence management;
- (g) is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner;
- (h) does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which is either material to the director or to the company. A holding of five percent or more is considered material;
- (i) does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies; and
- (j) has not served for more than nine years since they were first elected.

2.1.4 Age Limit

Board Members shall, unless the shareholders at an Annual General Meeting vote to retain such a member, retire upon attaining seventy (70) years of age.

2.1.5 Multiple Directorships

To ensure effective participation in the Board: -

- (a) The Chairman, shall not hold such position in more than two (2) public listed entities at any one time;
- (b) The Directors shall not hold such position in more than three (3) public listed companies at any one time; and
- (c) Executive directors can only have one other directorship of another listed company.

The Directors shall consider potential conflicts before accepting any another directorship and must inform the Board Chairman before taking on a directorial role elsewhere.

The Directors shall not serve in rival companies.

2.1.6 Alternate Director Provisions

An Alternate Director shall be nominated by the Substantive Director and:

- (a) An alternate director has all the obligations imposed on the substantive director;
- (b) Each substantive director, whether body corporate or natural person shall have only one Alternate Director; and
- (c) A body corporate shall not be nominated as an alternate director.

2.1.7 Remuneration of Members of the Board

- (a) The remuneration of the Members of the Board is outlined in Guidelines issued from time to time through Circulars from the Government of Kenya, The National Treasury, State Corporations Advisory Committee, the Salaries and Remuneration Commission (SRC), and other applicable government entities. In line with best practice, the remuneration shall include applicable base pay, attendance allowances and bonuses.
- (b) A taxable sitting allowance shall be payable for attendance of meetings of the Board or Committees and for official duty in and outside the country.
- (c) The Board, in liaison with the Government, sets the Managing Director & Chief Executive Officer's remuneration.
- (d) The level and form of remuneration as approved by Government is expected to be competitive to attract and retain the right calibre of members of the Board needed to run the Company successfully.
- (e) The Chairman of the Board shall be paid an honorarium on monthly basis as approved by the Government.
- (f) No member of the Board shall be involved in determining his/her own remuneration.
- (g) All members of the Board shall be reimbursed expenses in respect of travelling costs or actual mileage at prevailing approved Government rates whenever they use personal cars on Board business.

- (h) Where a meeting of the Board proceeds or is held during the lunch hour and lunch is not provided, a lunch allowance as approved by Government rates shall be paid to all members of the Board in attendance.
- (i) When, due to the nature of business, members of the Board are required to spend a night outside their normal place of abode, they may claim and be paid an accommodation allowance of an amount as may be approved by the Government.
- (j) Subject to approval by the Annual General Meeting, each Non-Executive Director shall be paid an annual Directors fee.
- (k) The Members of the Board shall be entitled to a Medical Cover and may seek reimbursement for medical expenses incurred while on official duty or trips as provided for by Government regulations. However, this shall not be extended to the family members of the Director.
- (l) The Members of the Board shall be entitled to a Personal Accident Cover while traveling on Board business. However, this shall not be a Life Cover and shall not be extended to the family members of the Director.
- (m) The Members of the Board shall be entitled to a Travel Insurance Cover while travelling outside the country on company's business or attending a training programme. However, this shall not be extended to the family members of the Director.
- (n) The Annual Directors Remuneration Report shall be disclosed in the Integrated Annual Report and Accounts.
- (o) The Company shall not grant personal loans, guarantees, share options or incentives to its Directors.

2.1.8 Enhancing Board Effectiveness

To equip Directors with knowledge and skills, for effective functioning of the structure of the Board of Directors, a three-pronged approach shall be adopted by the Company. This approach promotes effectiveness of the Board as it provides strategic oversight of the Company and monitors corporate performance against the corporate strategy.

2.1.8.1 Induction of New Directors

Upon appointment, all new Directors will undergo an induction programme aimed at deepening their understanding of the Company's business, operating environment, and markets in which it operates. This includes corporate literature, meetings with the senior management team and visits to the power stations and related facilities to familiarize themselves with different modes of power production and the Company's business.

An Induction Pack shall be issued and shall contain, among others, the Memorandum and Articles of Association of the Company, Board Charter, Corporate Strategy, Information on significant & material Corporate Actions undertaken by the Company as a listed entity and primary statutes & regulations that govern the Company.

2.1.8.2 Continuous Board Development

Given the dynamic business landscape, continuous development for Board members shall be undertaken in order to enhance good governance practices within the Board itself and in the interest of the Company.

The Directors shall undertake regular capacity development programs every year to enhance their knowledge in areas such as corporate governance, leadership, and specialized relevant special courses.

2.1.8.3 Board Evaluation

The Board shall undertake a rigorous annual performance evaluation of the Board. This involves a 360-degree evaluation of the Chairman by the Individual Directors, each Director by the Chairman, the Managing Director & CEO by all Directors, and peer evaluation of each Director.

The Board shall also evaluate the Company Secretary. The feedback process shall be used to identify opportunities to improve the performance of the Board.

2.1.9 Resignation and/or Removal of a Member of the Board

A member may resign from the Board at any time by giving notice in writing to the Chairman of the Board. The Board shall disclose the resignation of a serving Board member by—

- (a) Publishing in two newspapers with national reach immediately it happens;
- (b) Posting on the company's website immediately it happens; and
- (c) Publish in the annual report at the end of the financial year.

In addition, the Capital Markets Authority shall be notified within twenty-four (24) hours after the resignation occurs. The notification shall include detailed circumstances necessitating the resignation.

In accordance with Article 125 of the Articles of Association of the Company, a person ceases to be a Director as soon as: -

- (a) that person ceases to be a Director by virtue of any provision of the Companies Act or is prohibited from being a Director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) by reason of that person's mental health or any other reason, a court makes an order which wholly or partly prevents that person from personally

- exercising any powers or rights which that person would otherwise have;
- (e) notification is received by the Company from that person that he/she is resigning or retiring from his office as Director, and such resignation or retirement has taken effect in accordance with the terms;
 - (f) in the case of a Director who holds any executive office, his/her appointment as such is terminated or expires and the Directors resolve that he/she should cease to be a Director;
 - (g) that person is absent without permission of the Chairman from meetings of the Directors for more than three (3) consecutive meetings and the other Directors resolve that he/she should cease to be a Director;
 - (h) he/she is removed from office by an ordinary resolution of the Company passed in accordance with the relevant laws.

2.1.10 Term Limits

The tenure of a member of the Board shall be limited to a cumulative six (6) years or two (2) terms of three (3) years each. The renewal of the tenure of a Director for a second term shall be subject to a favourable evaluation.

2.1.11 Succession Planning

The term of office of members of the Board shall be staggered and organised in a manner that achieves a smooth and phased transition and continuity.

At each year's Annual General Meeting, one-third of the Directors or the number nearest to but not exceeding one-third of them shall retire from office. The Directors to retire each year being those who have been longest in office since their last election and determined by lot between persons who become Directors on the same day.

3.0 DUTIES, FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

3.1 The Duties of the Board

An effective Board, provides strategic guidance, leads, controls the company, and remains accountable to its shareholders and stakeholders.

3.2 Fiduciary Duties

The Board shall establish clear roles and responsibilities in discharging its fiduciary and leadership functions.

In exercising fiduciary duties, every member of the Board shall: -

- (a) exercise reasonable level of care, skill and diligence;
- (b) act in the best interests of the Company;
- (c) act honestly at all times and must not place themselves in a situation where personal interests conflict with those of the Company;
- (d) at all times exercise independent judgement;
- (e) devote sufficient time to carry out their responsibilities and continuously enhance their skills;
- (d) uphold, safeguard, and promote the Company's reputation;
- (f) owe their loyalty and duty to the Company over the nominating authority; and
- (g) owe the Company a duty to hold in confidence all information available to them by virtue of their position as a member of the Board.

3.3 Functions of the Board

The Board shall establish clear functions reserved for the Board and those to be delegated to the management. The functions of the Board shall be separate from those of the Management.

The Board shall: -

- (a) Outline the Company's vision, mission, values, its strategy, goals, and objectives; including approval of its annual budgets. This shall allow the Board to oversee the corporate management and operations, management accounts, major capital expenditures and review corporate performance and strategies at least on a quarterly basis;
- (b) Review and approve management's strategy and business plans, including the development of a depth of knowledge of the Company's business, understanding and questioning the assumptions upon which such plans are based, and reaching an independent judgment as to the probability that the plans can be realised;
- (c) Identify the corporate business opportunities as well as principal risks and put in place appropriate and effective risk management and internal control processes.

- (d) Ensure that formal strategies are in place to promote the sustainability of the Company. Emphasis shall be given to Environmental, Social and Governance (ESG) aspects of the business which underpin sustainability.
- (e) Develop appropriate staffing and remuneration policy including the appointment of the Managing Director & CEO on such terms and conditions of service as may be approved by the relevant government agencies, and approve the appointment of senior management staff, as may be applicable;
- (f) Review on a regular basis the adequacy and integrity of the Company's internal controls, acquisitions, divestitures, joint and strategic ventures, diversification strategies and activities, and Management Information Systems including compliance with the applicable laws, regulations, rules and guidelines;
- (g) Monitor the effectiveness of the corporate governance practices under which the Company operates and propose revisions as may be appropriate and required;
- (h) Facilitate Board accountability through effective Board evaluation and succession planning and assessment of its effectiveness in fulfilling these and other Board responsibilities;
- (i) Establish and implement a system that provides essential information to the shareholders;
- (j) Recommend payment of dividends for approval by the shareholders;
- (k) Ensure ethical behaviour, culture, practices and compliance with laws and regulations, auditing and accounting principles, and the Company's own governing documents;
- (l) Be aware of and committed to, the underlying principles of good governance as stipulated in the Constitution of Kenya, the Companies Act, Capital Markets Act, State Corporation Act, Mwongozo, among other laws, regulations and Codes for the time being in place and relevant to the operation and governance of the Company.
- (m) Perform such other functions as are prescribed by law or assigned to the Board in the Articles of Association of the Company.
- (n) Authorise the opening of bank accounts for the Company's funds.

Members of the Board shall be expected to clearly understand the organization's expectations of them in terms of allocation of individual responsibilities. To this end, formal letters of appointment setting out the key terms and conditions relative to their appointment are useful and shall be given to Directors.

The primary function of Management shall include planning, organizing, staffing, coordinating, controlling, reporting, and budgeting.

3.4 Undertaking of Directors

The Directors undertake to do the following: -

3.4.1 Primary Duty

In accordance with the principles of good corporate governance, each Director undertakes to: -

- (a) act first, foremost and always in the best interest of the Company;
- (b) act in good faith when executing duties; and
- (c) approach decisions with care and prudence.

Each Director undertakes that, in arriving at a decision on any issue, he/she shall strive to ensure that the decision is in the best interest of the Company and is not driven by other interests.

3.4.2 Core Values

Each Director subscribes to the Company's core values, commits to upholding them and ensure their implementation, to always act in the interest of society, and promote the effective and responsible use of the resources of the Company.

Consequently, Directors undertake to consider not only the possible financial impact of their decisions, but also their consequences for sustainable development and effect on relations with stakeholders.

3.4.3 Scope of Responsibility

Each Director is fully aware that the Board is responsible for determining the Company's vision, mission, and values, deciding its strategic objectives, ensuring establishment of the organizational structure and procedures to achieve the objectives, ensuring effective control over the Company and accounting to its shareholders.

Each Director shall familiarize himself/herself with the relevant regulations and statutes, the Memorandum and Articles of Association, the Board's operating rules and procedures, and any other issues necessary for the discharge of his/her duties.

3.4.4 Commitment

Each Director undertakes to dedicate adequate time and effort to fulfil their duties. Should a Director intend to accept another Directorship in addition to that (or those) held at the time of his/her appointment, this shall be brought

to the attention of the Chairman with whom they should assess whether the new responsibilities would affect his/her devotion to the Company.

The Company's Integrated Annual Report & Accounts shall outline the mandates exercised, given up, or accepted by the Directors during the year and attendance of both Board and respective Committee meetings. Each Director shall attend the Annual General Meeting (AGM) of the Company.

3.4.5 Independence

Every Director is expected to maintain their independence in analysis, judgment, decision-making, and action. They must resist any pressure, whether from other Directors, pressure groups, creditors, suppliers, or any external party.

Each Director undertakes neither to seek, nor accept, any advantage from the Company or any other party, that might compromise or be perceived to compromise their independence.

3.4.6 Conflict of Interest

Each Director undertakes to disclose to the Board any real or potential conflict of interest, which comes to his/her attention, whether direct or indirect.

A Director with such a conflict shall not participate in any discussion of any such topic or vote on it.

3.4.7 Confidentiality of Information

Each Director shall ensure that he/she is provided with sufficient information in good time to allow informed Board deliberations. It is the duty of each Director to request the Chairman or the Managing Director & CEO for information in good time for decision making.

Information concerning the Company which is communicated to a Director in confidence in connection with their functions is provided in consideration of the person.

Directors must personally take the necessary precautions to preserve the confidentiality of such information and not divulge it under any circumstance. This responsibility applies equally to representatives of legal entities who are Directors.

3.4.8 Duty to Communicate Dissent

Each Director commits to express their views clearly and to use all means at his/her disposal to convince the members of the Board of the validity of their position, should they hold the view that a proposed decision of the

Board is not in the best interest of the Company.

In such a scenario, each Director shall sequentially consider: -

- (a) stating the reasons for the opposition and the negative consequences for the Company that would result from the proposed decision;
- (b) having the advice of internal or external experts sought on the issue;
- (c) requesting a postponement of the decision if the nature of the issue requires so;
- (d) requesting that a written statement of his/her position be attached to the minutes of the meeting; and
- (e) Requesting special meetings of the Board to consider all solutions.

3.5 Matters Reserved for Decision-making by the Board

Without derogating in any way from the general powers of the Board, the Board may from time to time determine, the governance framework and delegated authorities of the Company.

The Board delegates day-to-day management of the business of the company to the Managing Director & CEO in accordance with such policies and directions as the Board may from time to time determine, with the exception of the following matters which require approval of the board: -

- (i) Amendment of the Memorandum and Articles of Association of the Company;
- (ii) The endorsement of any investments, capital expenditure or financial commitments either in excess of the authority limit delegated to the Managing Director & CEO or not factored in the annual plan and strategy;
- (iii) Changing the terms of the employment of the Senior Management;
- (iv) Buying or selling shares or entering into any kind of collaborations, Power Purchase Agreements, joint ventures, Joint Development Agreements or Strategic Alliances;
- (v) Initiating winding up or restructuring procedures of the Company;
- (vi) Any changes to the Company's listing or its status as a PLC and any matter concerning the takeover of or merger of the Company with any other listed entity;
- (vii) Any changes relating to the Company's capital structure;
- (viii) Prosecution, commencement or settlement of litigation or regulatory proceedings involving amounts in excess of the authority limit delegated to the Managing Director & CEO;
- (ix) Declaration of dividends or payments to the company's shareholders;
- (x) Any changes to the Company's code of conduct;
- (xi) The Company's Remuneration Policy;
- (xii) The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval upon the recommendation of the remuneration committee;

- (xiii) Appointment, reappointment or removal of the external auditor to be sought from shareholders for approval in general meetings, following the recommendation of the audit committee; and
- (xiv) Transactions between the Company and any director or parties related to a director, and any such other parties as the board may resolve to be related parties from time to time.

All authority not expressly reserved for the Board has been delegated to the Managing Director & CEO, who is accountable to the Board.

3.6 Role of the Chairman

The Chairman of the Company shall be an Independent and non-executive member of the Board. He/she shall not be involved in the day-to-day running of the business so as to provide effective oversight to the Company.

To this end, the Chairman shall: -

- (a) Set the ethical tone and values for the Board and the Company;
- (b) Provide overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of members of the Board;
- (c) Encourage members of the Board to participate fully in Board deliberations;
- (d) Promote a culture of transparency and teamwork amongst members of the Board;
- (e) Ensure that there is a formal succession plan for the Board, the Managing Director & CEO and senior management;
- (f) Be available for consultations with members of the Board and maintain regular dialogue with the Managing Director & CEO on all material matters affecting the Company;
- (g) Formulate the annual Board work plan in consultation with the Managing Director & CEO and the Company Secretary, and play an active part in setting the agenda for Board meetings;
- (h) Preside over Board meetings and ensure that material issues for consideration are tabled and interrogated effectively to ensure optimal decision-making and governance oversight by the Board;
- (i) Manage conflicts of interest and act as a link between the Board and management, particularly the Board and the Managing Director & CEO;
- (j) Ensure appropriate balance of power between the Managing Director & CEO and the Board;
- (k) Monitor how the Board works together and how individual Directors perform and interact at meetings and ensure that a formal performance evaluation of the Board, Board Committees, individual Directors and the Company Secretary is conducted annually, and that an opportunity is provided for reflection and discussion by the Board of this performance;

- (l) Ensure that new Directors are made aware of their responsibilities through a tailored induction programme and ensure that a formal programme of continuous Board Development is adopted at Board level to enhance governance practices within the Board itself and in the interest of the Company;
- (m) Maintain a close but independent working relationship with the Managing Director & CEO and be accessible to the Managing Director & CEO between Board meetings to provide counsel and advice;
- (n) Monitor the performance of the Managing Director & CEO and lead in the evaluation of their performance;
- (o) Act as an informal link between the Board and shareholders and communicate effectively with the Company's stakeholders;
- (p) Chair the Annual General Meeting and all other Shareholder Meetings of the Company;
- (q) Ensure the Board is fully apprised and has the opportunity to debate the strategic direction of the Company;
- (r) Maintain an effective delegation of authority structure to provide effective management and control over the Company's business with the assistance of the Managing Director & CEO;
- (s) Together with the Managing Director & CEO and the Company Secretary, ensure that the Company operates to the highest standards of corporate governance; and

3.7 Role of the Managing Director & CEO

The Board shall appoint and remove the Managing Director & CEO. The Board shall ensure that the Managing Director & CEO is recruited through a competitive process and possesses the requisite qualifications and experience. The Board shall also define and approve delegation levels for the Managing Director & CEO and set his/her performance targets.

In the execution of the duties of the Managing Director & CEO, he/she is expected to: -

- (a) Be responsible for the day-to-day operations of the Company;
- (b) Provide leadership to senior management and staff and be responsible for the achievement of the objectives of the Company;
- (c) Serve as the link between the Board and Management;
- (d) Be responsible for the execution and communication of the Board's strategies, decisions and policies;
- (e) Provide regular, thorough and prompt communication to the Board on key technical, financial and administrative matters;
- (f) Develop and implement effective administrative structures, processes and systems;
- (g) Develop and recommend to the Board the long-term strategy and vision of the Company, define the Specific, Measurable, Achievable, Relevant and Time bound critical short-term and long-term performance targets and recommend to the Board the annual business plans for the Company;

- (h) Monitor, evaluate and oversee management of the assets and finances of the Company including: -
- (i) Ensure that appropriate Company policies are formulated and implemented and that effective internal Company controls, legal compliance and governance measures are deployed;
 - (ii) Establish an organisational structure and operating model for the Company to ensure effective execution of the strategy, sustainability, governance and control imperatives;
 - (iii) Develop and recommend to the Board the annual consolidated budget, including the Company's capital expenditure programme that support the long-term strategy and approach to sustainability;
 - (iv) Ensure lawful, authorised, effective, efficient, economic and transparent use of resources of the Company;
 - (v) Ensure proper management and control of, and accounting for, of the finances in order to promote the efficient and effective use of budgetary resources;
 - (vi) Act as the custodian of assets of the Company;
 - (vii) Monitor the financial performance of the Company and ensure that accurate financial and accounting records are maintained in compliance with the law;
 - (viii) Ensure procurement of goods, works and services of the Company are in compliance with the law, within the approved budget and the procurement plans are in place before any expenditure; and
 - (ix) Ensure that all contracts entered into by the Company are lawful;
- (i) Ensure proper succession planning and performance appraisals of members of the senior management team;
 - (j) Design and implement the necessary management information systems in order to facilitate efficient and effective communication across the Company;
 - (k) Identify and execute new business opportunities to diversify the current core mandate but within the provisions of the Company's objects as provided in the Memorandum and Articles of Association of the Company;
 - (l) Serve as the Chief Spokesman of the Company;
 - (m) Be responsible for stakeholder management and the enhancement of the corporate image of the organisation.

3.8 The Role of the Company Secretary

The Board shall be supported by a suitably qualified, competent, and experienced Company Secretary who shall be competitively recruited and shall be a member of the Institute of Certified Secretaries of Kenya (ICSK) in good standing.

The appointment and removal of the Company Secretary shall be a preserve of the Board.

The Company shall within fourteen (14) days after a person is appointed to be its secretary or ceases to be appointed as such; or any change occurs in the particulars contained in its register of secretaries, lodge with the Registrar of Companies for

registration a notice of the appointment, cessation of appointment or change and of the date on which it occurred.

The main responsibility of Company Secretary encompasses the provision of administrative and good governance support to the Board, as well as to the individual Directors, safeguard the interests of the Company by ensuring compliance with statutory and regulatory requirements, and communicating with shareholders and other stakeholders, particularly in relation to matters of corporate governance.

The roles and responsibilities of Company Secretary include the following:-

- (a) Organise and administer effective meetings of the Board and its Committees in accordance with Articles of Association of the Company, the Companies Act, this Charter and all relevant laws and regulations;
- (b) In consultation with the Managing Director & CEO and Chairman, ensure effective information flow within the Board and its Committees, and between senior management and the Board. This is mainly through ensuring timely preparation and circulation of Board papers and minutes, and communication of resolutions from Board meetings;
- (c) Keep copies of all resolutions passed by the Directors and shareholders;
- (d) Provide access to Company records to authorised parties;
- (e) Maintain and keep safe custody of the Company's statutory records and registers;
- (f) Regularly update the Charter of the Board and its Committees;
- (g) Preparation of the Annual Board work plan;
- (h) Safeguarding and accounting for the use of the Company Seal;
- (i) Ensure adherence of the correct procedure for appointment and removal of Directors;
- (j) Ensure prompt filing of the Annual Returns of the Company;
- (k) Undertake the induction of new Directors and implement the program for continuous Board development;
- (l) Facilitate the Board Evaluation exercise and assist the Chairman in ensuring that regular assessments are carried out on the effectiveness of the Board and its Committees, as well as the contribution of individual Directors;
- (m) Facilitate the Corporate Governance Audit of the Company;
- (n) Facilitate effective communication between the Company and the shareholders; and
- (o) Uphold highest standards of corporate governance across the Company.

It is the responsibility of the Board, and in its own best interests, to ensure that the Company Secretary remains capable of fulfilling the function to which he/she has been appointed.

The Board shall empower the Company Secretary to enable him/her to effectively carry out their role. The Company Secretary's relationship with the Board shall at all times be professional. The Company Secretary shall not be a member of the Board.

The Company Secretary shall be the Secretary to the Board.

The Company Secretary plays an important role in providing guidance to the members of the Board on their duties, responsibilities and on matters of corporate governance. He/she is critical in supporting the Board by ensuring adherence to Board policies and procedures. He/she must keep abreast of and inform the Board of current governance practices.

The Company Secretary ensures that Board procedures are both followed and reviewed regularly. He/she shall ensure compliance of the applicable rules and regulations for the conduct of the affairs of the Board and all matters associated with its efficient operation.

In addition to his/her statutory duties, the Company Secretary must provide the Board as well as the individual members of the Board with detailed guidance on how to properly discharge their responsibilities in the best interests of the Company.

4.0 MEETINGS OF THE BOARD

The Board shall convene a minimum of four times in a year, or more frequently as it deems necessary. The meetings shall be held either in person or by video conference and/or other remote meeting technologies agreeable to all members of the Board.

4.1 Frequency, Dates and Place of Meetings of the Board and Committees

- (a) Except when prior approval to hold a meeting outside Nairobi has been obtained from the Ministry of Energy, the meetings of the Board and the Committees shall be held in Nairobi at the registered office of the Company.
- (b) Meetings of the Board will be held at least quarterly scheduled by the Chairman, in consultation with the Board.

4.2 Non-Attendance

- (a) All members of the Board shall attend meetings in person and not through proxies. Members of the Board shall attend in person or their appointed alternate. The Alternate Director shall not be deemed to be the agent of the Director. An Alternate Director so appointed shall not be entitled to appoint an alternate to himself/herself.
- (b) Members of the Board who are unable to attend a scheduled meeting shall inform the Company Secretary in advance and their apologies shall be reported and recorded.
- (c) If a Director fails to attend three consecutive regular meetings of the Board, without reasonable cause and previous sanction of the Board, the Board may resolve that his/her office be vacated accordingly.

4.3 Duties of Members of the Board during Meetings

- (a) All members of the Board have a right to speak during the deliberations of the business of the day. The members shall however address such meetings through the Chairman.
- (b) Members of the Board will always ensure that they attend meetings of the Board and will have prepared themselves for such meetings.
- (c) Members of the Board are expected to participate fully, candidly, and constructively in discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Boardroom.
- (d) Members of the Board will bring to the attention of the Chairman any

matter that they feel contravenes any procedures that relate to the conduct of meetings.

- (e) In deliberations of matters during meetings, members of the Board will be courteous and respectful to each other.

4.4 Quorum

- (a) The quorum consists of five members unless otherwise decided by the Board.
- (b) In addition to the matters set out in this Board Charter, meetings and proceedings of the Board will be governed by the Articles of Association of the Company, The Capital Markets Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the State Corporations Act and Mwongozo Code of Conduct for State Corporations.
- (c) In the absence of a quorum, matters are postponed.

4.5 Notices of Meetings, Agenda and Papers to the Board

- (a) An ordinary meeting of the Board shall be convened by at least fourteen (14) days written notice to the members of the Board.
- (b) The Chairman, in conjunction with the Managing Director & CEO shall ensure that an agenda is prepared prior to the meeting.
- (c) Members of the Board are permitted to request the Chairman to include any item they feel is of importance in the agenda.
- (d) All meetings of the Board shall be convened by the Chairman and communicated to all Members of the Board through a written notice.
- (e) The Company Secretary shall circulate the agenda and other papers to the members of the Board at least seven (7) working days before the date of the meeting.
- (f) The members of the Board are expected to prepare adequately for the meetings.
- (g) A record of submissions and papers to the Board shall be maintained and held by the Company Secretary together with the minutes and will be accessible to Directors.
- (h) The Chairman shall ensure the establishment of standards for preparation of papers and reports to the Board.

4.6 Minutes of Meetings of the Board

- (a) The Company Secretary shall take minutes of meetings of the Board and circulate them to all members of the Board, once finalized with the Chairman, within reasonable time after the date of the meetings.
- (b) The minutes of each meeting of the Board or a Board Committee shall be kept by the Company Secretary and confirmed by the Board or the Committee at the succeeding ordinary meeting and be duly signed by the Chairman or the member of the Board who is presiding.

4.7 Chairing of Meetings of the Board

- (a) The Chairman shall preside over all Board meetings. In the event that the Chairman is unavailable, the attending Board members shall select one among them to lead the meeting.
- (b) In the absence of the Chairman, the Board member selected to chair the meeting, shall exercise all powers of the Chairman for that particular meeting.

4.8 Taking of Decisions

- (a) The deliberations of the Board shall be open and constructive. The Chairman will strive for a consensus. However, if need be, the Chairman will call for a vote. The Managing Director & CEO being a member of the Board, holds voting rights. All Board discussions and records are confidential unless there is a specific direction from the Board to the contrary, pursuant to law or court order. The Board has the sole authority over its agenda.
- (b) The members have the right to access all relevant company information and to consult senior management to be able to perform their duties effectively.

5.0 BOARD COMMITTEES

In accordance with the Memorandum & Articles of the Association of the Company, the Board is empowered to appoint Committees of the Board and to delegate powers to such committees.

Board Committees will be formed to only facilitate decision-making and to assist the Board in the execution of its duties, powers and authority.

The Committees will be established with written terms of reference. However, delegation of authority to Board Committees does not in any way dissipate the discharge by the Board of its duties and responsibilities.

The Board Committees shall observe the same rules of conduct and procedures as the Board.

The purpose and membership of the Board Committees shall be determined by the Board which sets the terms of reference thereof and amended with the approval of the Board. The Terms of Reference, which includes the determination of responsibilities and delegated authority, shall be established and approved by the Board.

The Committees shall be appropriately constituted with due regard to the skills and expertise required by each Committee.

The Board may appoint Adhoc Committees to address specific issues.

The Board shall ensure that the composition of the Committee is appropriate for its purpose and shall determine whether Committees have appropriate meeting schedules and agenda, and ensure that the Committees perform as required and report their recommendations regularly to the Board for approval/guidance.

In accordance with the Companies Act, The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the State Corporations Act, and Mwongozo Code of Governance for State Corporations, where applicable, the Board has established the following Committees: -

- (a) Human Resources & Nomination Committee;
- (b) Audit, Risk & Compliance Committee;
- (c) Strategy Committee;
- (d) Governance Advisory Committee; and
- (e) Finance & Investment Committee.

5.1 HUMAN RESOURCES & NOMINATION COMMITTEE

(i) Objective

The objective of the Human Resource & Nomination Committee is primarily to consider all matters associated with the policies and practices of KenGen in relation to the Human Resources of the Company, to offer advice and recommendations on the Company's human resource strategies, initiatives and policies.

The Committee is also responsible for the nomination aspects of the Board and the Remuneration aspects of the Senior Management and entire Company.

(ii) Membership

Consistent with good corporate governance practices, the Committee is constituted of Board Members only. The Committee comprises of five (5) members of the Board including the Managing Director & CEO. The Board shall also appoint the Committee Chairperson.

The Committee may request the Chair of the Board, other members of the Board, General Managers and Advisers to attend meetings either regularly or by invitation to advise on any matter.

The Managing Director & CEO as he/she considers appropriate can invite any member of Management to attend the meetings of the Committees.

(iii) Quorum

The quorum necessary for the transaction of business shall be three (3) Members.

(iv) Secretary

The Company Secretary or his/her appointee shall act as the Secretary to the Committee.

(v) Mandate

In pursuing the mandate set out above, the Committee shall:-

A. Human Resources Duties

- (a) Regularly review the existing Human Resource Instruments namely the Organisation Structure, Human Resources Policy & Procedures and Career Progression Guidelines to ensure compliance and alignment with the State Corporations Advisory Committee (SCAC), Salary and Remuneration Commission and any other relevant bodies, laws and regulations.
- (b) Review and monitor the Company's Human Resources strategy to determine whether the human resource plans and initiatives will enable the Company to achieve its strategic objectives, and ensure alignment with industry standards as well as government policies and directions, and recommend any amendments to the Board for approval.
- (c) Review and make recommendations to the Board on the appropriateness of any new or amended human resources policy, the Employment Terms and Conditions as they relate to matters of policy or an issue of significance, compliance with relevant legislation relating to human resources; and the adequacy and appropriateness of risk management policies and procedures for the management of the Company's significant risk relating to employee attraction, development and retention risk.
- (d) Examine policies and procedures on staff recruitment and selection process.
- (e) Approving the annual staff establishment.

- (f) To review the staff training and development policy for operational efficiency and capacity enhancement.
- (g) Oversee an organisational culture that values people and supports the organisation by proactively reviewing management proposals on Human Resources best practices.
- (h) Review significant issues relating to the people environment at the Company including the integrity and consistency of KenGen's corporate culture relative to ethical conduct and integrity.
- (i) Optimise staff capacity by ensuring that the overall employment policy supports the business strategic plans.
- (j) Approve the staff reward strategy of the organisation and examine the adequacy of the performance bonus scheme and reward system.
- (k) Review Collective Bargaining Agreement proposals and make recommendations for broad guidelines.
- (l) Review and monitor the performance of the Company's Administration Division so as to ensure efficient provision of corporate logistics, transport facilities and administrative support to all company functions for sustainable utilisation of the company resources.
- (m) To conduct the recruitment process, interviews and appointments of Level II Managers.
- (n) Conduct the short-listing of prospective candidates for Level I positions for interview and appointment by the Board.
- (o) Review the Organisation's Succession Plans to ensure business continuity and review any risks associated with the adequacy of the talent pipeline.
- (p) Oversee the Organisation's diversity and inclusion initiatives.
- (q) Ensuring adherence to the relevant labour and tax laws and any other laws and regulations that govern employment in the jurisdictions where KenGen operates.
- (r) Review the Organisation's Human Resources risk profile.
- (s) Propose innovative ideas that can transform of KenGen into a world-class employer.
- (t) Review strategies to positively influence KenGen's high performance culture through strategic talent management, leadership development and enhancing employee engagement.

- (u) Review strategies to positively influence KenGen's risk management processes by encouraging diversity of thought and experience throughout the organisation.

B. Nominating Duties

- (a) Support and provide guidance on the size and composition of the Board.
- (b) Make recommendations to the Board on the existing and any required skills-set on the Board for appointment of such skilled Directors.
- (c) Identify and propose ways of enhancing Directors' competencies.
- (d) Annually review the required skills mix and expertise that the executive director as well as independent and non-executive directors bring to the Board and make disclosure of the same in the Company's integrated annual report.
- (e) Recommend to the Board the remuneration of the executive and non-executive directors and the structure of their compensation package.

C. Remuneration Duties

- (a) Review the Company's recruitment, remuneration, retention, incentive and termination policies and procedures for Senior Management in line with guidelines of the State Corporations Advisory Committee (SCAC), Salary and Remuneration Commission and any other relevant laws, regulations and directives.
- (b) Review the overall budgeted remuneration for the organization.
- (c) Approve the salary structure of the Company.
- (d) Consider the basic salary paid to Senior Management and any recommendations made by the Managing Director & CEO of the Company for changes to the basic salary.
- (e) Review the performance management methodology of the Company including: -
 - (i) Ensure that a performance culture is embedded in the organisation and to ensure optimal staff productivity;
 - (ii) Review performance incentive scheme annually, the criteria for payment of bonuses to all staff and monitor its operation, and to consider any recommendations of the Managing Director & CEO of the Company regarding payment bonuses or performance related remuneration.

- (iii) Review and make recommendations to the Board on the framework for the remuneration and performance reviews so that the outcomes of review of performance and remuneration for employees and the performance-based remuneration system engenders positive risk management behaviour.
 - (iv) Monitor the adequacy and appropriateness of risk management policies and procedures for the management of the Company including significant risk relating to employee attraction, development and retention risk.
- D.** The Committee shall consistent with the mandate provided, review and make recommendations to the Board for change of its Mandate and Terms of Reference as and when need arises.

5.2 AUDIT, RISK & COMPLIANCE COMMITTEE

(i) Objective

The Audit, Risk and Compliance Committee (ARC) is responsible for the oversight of effective internal controls, risk management, governance, compliance with laws, regulations, associated assurance and follow up on the implementation of the recommendations of internal and external auditors of the Company.

(ii) Membership

- (a) Members of the Committee shall be appointed by the Board. The Committee shall comprise a minimum of a maximum of five (5) Non-Executive members.
- (b) In accordance with the provisions of Section 769 of the Companies Act, 2015 members of the Audit, Risk & Compliance Committee of the Board shall be elected by shareholders to continue to serve as members of the said Committee.
- (c) It is essential for the Board to ensure that at least one member possesses expertise in audit, financial management, or accounting. Additionally, this member should have knowledge in risk management and be an active member of a recognized professional organization.
- (d) The Committee may co-opt persons with specialized skills on a need basis where such specialized skills are not available within the Committee.
- (e) For objectivity and independence, Members of the Finance Committee of the Board shall not be members of this Committee, except for the

Directors of the National Treasury and the Ministry of Energy or their alternates.

- (f) Members appointed to the Committee should possess extensive business acumen relevant to the company and legal obligations. They must remain neutral and free from conflicts of interest. Furthermore, they should foster productive relationships among committee members, management, and both internal and external auditors.

(iii) Quorum

The quorum necessary for the transaction of business shall be three [3] members, excluding the Director from the National Treasury or his/her alternate.

A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercised by the Committee. As members are appointed based on personal qualities and skills, proxies are not permitted if a member is unable to attend a meeting.

(iv) Secretary

The Head of the Internal Audit function or his/her appointee shall act as the Secretary to the Committee.

(v) Mandate

The Committee plays a key role with respect to the integrity of the company's financial information, its system of internal controls, and the legal and ethical conduct of management and employees. Depending upon circumstances affecting the Company, the functions undertaken by the Committee will generally encompass the following areas: -

- (a) Evaluating whether processes are in place to address key roles and responsibilities in relation to risk management, including ensuring that the company financial audits are done in line with the provisions of the Public Audit Act, 2015 or any other relevant law or amendment thereof;
- (b) Evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended;
- (c) Performing an independent review of the financial statements to

ensure the integrity and transparency of the financial reporting process;

- (d) Monitoring the effectiveness of the company's performance information and compliance with the performance management framework and performance reporting requirements;
- (e) Evaluating the quality of the internal audit function particularly in the areas of planning, monitoring and reporting;
- (f) Engaging with external audit and assessing the adequacy of management response to issues identified during the audit of the Company; and
- (g) Review the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- (h) The Committee shall consistent with the mandate provided, review and make recommendations to the Board for change of its Mandate and Terms of Reference as and when need arises.

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to: -

- (a) Resolve any disagreements between Management and the external Auditor regarding financial reporting; and
- (b) Pre-approve by way of consent on the annual audit work plan all auditing and non-audit services provided by any registered public accounting firm.

(vi) Financial Statements

The Company Management is responsible for preparing the Company's financial statements and the external Auditors are responsible for auditing and/or reviewing those financial statements.

It is the responsibility of Management to plan, conduct audits and prepare the financial statements. The Committee's principal responsibility is one of oversight. In carrying out these oversight responsibilities, the Committee does not provide any specialist assurance as to the Company's financial statements or any professional certification of the external Auditors' work.

The Committee will carry out the following responsibilities: -

- (a) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and

regulatory pronouncements, and understand their impact on the financial statements;

- (b) Review with Management and the external Auditors the results of the audit, including any difficulties encountered;
- (c) Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;
- (d) Recommend approval of the financial statements to the Board;
- (e) Review with Management and the external Auditors all matters required to be communicated to the Committee in accordance with International Financial Reporting and Audit Standards;
- (f) Review interim financial reports with Management and the external Auditors before filing with regulators, and consider whether they are complete and consistent with the information known to the Committee; and
- (g) Review the proposed dividend's feasibility and provide recommendations to the Board in line with the dividend policy.

(vii) Internal Controls

The Committee shall: -

- (i) In consultation with the external auditor and the internal auditor, consider the effectiveness of the Company's internal control system and risk profile, review the integrity of the Company's financial reporting processes and internal control structure;
- (ii) Understand the scope of the Company's internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- (iii) Review periodic follow up reports of Management letters from the external auditor and internal auditor and communicate to the Board on the progress of implementation;
- (iv) Communicate to the Board in writing, if necessary, whether Management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all individuals possess an understanding of their roles and responsibilities with respect to internal control;
- (v) By way of specialised reports, consider the effectiveness of the company's information technology security and controls. This includes focus on the extent to which internal and external auditors review computer systems

and applications, the security of such systems and applications, and the contingency plans for processing applications, financial information in the event of a system breakdown; and

- (vi) Request the external auditor and Company internal auditors to keep the Committee informed about any fraud, illegal acts, and any material weaknesses or significant deficiencies in internal control.
- (vii) Review Management's implementation of recommendations to remedy any material weaknesses or significant deficiencies in internal control.

(viii) Internal Audit

The Committee shall:-

- (a) Review with management and the Head of Internal Audit the Audit Charter, activities, staffing, and organizational structure of the Internal Audit Function;
- (b) Have final authority to review and approve the annual audit plan and all major changes to the plan;
- (c) Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Internal Audit;
- (d) Review the effectiveness of the Internal Audit Function, including compliance with any relevant internal audit standards; and
- (e) On a need basis, meet separately with the Head of Internal Audit to discuss any matters that the Committee or internal audit believes should be discussed privately.

(ix) External Audit

The Committee shall: -

- (a) Review the external auditors' proposed audit scope and approach, including coordinating audit efforts with the internal audit function to avoid duplication;
- (b) Review the performance of the external auditors, and exercise final recommendation on the appointment or discharge of the external auditors;

- (c) Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services and discussing the relationships with the auditors; and
- (d) At least, once and a year, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

(x) Risk Management

The Committee shall be responsible for:-

- (a) Reviewing the Risk Management Framework Policy on a biannual basis, and more frequently if necessary; approving risk management related policies, procedures and parameters that manage all business functions, services, operations and management information systems;
- (b) Overseeing all key risks associated with the activities of the Company, and in establishing a strong internal control environment that fulfils the expectations of the shareholders and is consistent with safe and sound practices;
- (c) Understanding the major aspects of the Company's overall risk profile through the biannual review of high-level reports that address material risks and strategic implications for the Company;
- (d) Ensuring that Management demonstrates active use of the Risk Management Framework in assessing and managing risks, and is not limited to only regulatory compliance;
- (e) Ensuring that mechanisms exist for the independent verification of the Risk Management Framework and policies and procedures implementation and assessment activities; and
- (f) Ensuring that a comprehensive, robust and risk assessment is continually conducted especially on the adequacy of the Company's insurance cover and the self-insurance model.

(xi) Compliance

The Committee shall: -

- (a) Set standards of business and ethical behaviour for Directors, managers and other personnel, including policies on private transactions, self-dealing and other transactions or practices of a non-arms' length nature;
- (b) Implement a Whistleblowing Policy that allows for confidential reporting to promote the identification of improper actions within the Company, ensuring clear reporting procedures and guaranteeing non-retaliation;
- (c) Evaluate the system's efficiency in ensuring compliance with legal and regulatory standards, and oversee the outcomes of investigations, as well as any subsequent actions;
- (d) Examine the findings of any regulatory agency inspections, and any auditor observations; and
- (e) Oversee the method of communicating and disseminating the Code of Conduct to Company staff and ensure adherence.

(xii) Support Requirements

- (a) Establish Company Risk Framework and Profile;
- (b) Guarantee adequate provision of data;
- (c) Duty of Management to provide the Committee with complete copies of all reports on matters pertaining to critical and sensitive issues being dealt with by Management; and
- (d) Provide training on specialized issues where necessary.

(xiii) Authority

The Committee possesses the power to carry out or issue green light investigations related to its responsibilities.

It has the authority to: -

- (a) Settle any disagreements between Management and the external Auditor concerning financial reporting;

- (b) Pre-approve through consent, the yearly audit plan, which includes both audit and non-audit services provided by any registered public accounting firm;
- (c) Retain independent counsel, accountants, or others to advise the Committee or assist it in the conduct of an investigation;
- (d) Seek any information it requires from employees-all of whom are directed to cooperate with the Committee's requests-or external parties; and
- (e) Meet with management and external auditors as necessary.

The Committee is also expected to meet with both internal and external auditors at least annually without the presence of Management.

5.3 STRATEGY COMMITTEE

(i) Objective

The Strategy Committee assists the Board in discharging its oversight duties with respect to the overall strategic direction of the Company, operational performance and organizational health.

The Committee is mandated to see through the execution of the Company's Strategy as a blueprint for the company. This will contribute significantly towards ensuring that the Company adapts to the dynamic business environment as it executes its strategic mandate of adding new capacity and securing the Company's generation market share.

(ii) Membership

Consistent with good corporate governance practices, the membership of the Committee shall be as set out by the Board.

The composition of the Committee consists of Four Non-Executive Members of the Board. The Managing Director & CEO shall also be a member and shall represent Management.

(iii) Quorum

The quorum necessary for the transaction of business shall be three (3) Members.

(iv) Secretary

The Board Secretary or his/her appointee shall act as the Secretary to the Committee.

(v) Mandate

- (a) Ensure that Strategy, Risk, Compliance, Performance and Sustainability considerations are effectively integrated, appropriately balanced by continually reviewing the Company's Strategy and make appropriate recommendations to the Board on issues of strategy adjustment.
- (b) Champion the application of technology and innovation in evolving business strategy and plans of the Company.
- (c) Ensure strategy alignment with organizational goals and stakeholder expectations.
- (d) Align the company's strategy with long-term sustainability objectives.
- (e) Review and focus on expanding the Company's electricity generation market share for business sustainability.
- (f) Oversee the implementation of the Strategy in the following priority areas:-
 - (i) Pursue Diversification of Revenue Streams, increase power generation capacity, provide adequate returns to shareholders and increased supply of cheaper energy to the grid;
 - (ii) Improving returns of current plants by optimizing and reducing operations and maintenance expenses;
 - (iii) Optimizing capital expenditure for future projects through lowering the cost and improving delivery of new projects;
 - (iv) Delivering current pipeline and accessing new geothermal fields; and
 - (v) Improving organizational health factors such as leadership and motivation and building the required skills/capabilities to address all these initiatives.
- (g) Developing and reviewing the progress of the Company's strategy execution and diversification plans including the identification of government priority projects.

- (h) Facilitating the inclusion of projects pipeline in Least Cost Power Development Plan (LCPDP).
- (i) Monitor the implementation of the Energy Act 2019 towards sustainability of the Company.
- (j) Monitoring the innovation and research & development agenda of the Company.
- (k) Marketing, evaluating and approving business cases for all categories of investment projects and new ventures including strategic partnerships within its delegated authority.
- (l) Monitoring, evaluating and overseeing the Company health including the review of financial and business plans and the overall Company GOK Performance Contracting.
- (m) Holding ad-hoc meetings (consultations) with strategic stakeholders and other parties on matters within the Committee's jurisdiction.
- (n) Consider and provide timely support and rescue plan to derisk the business and operations of the Company.
- (o) Undertaking any other strategic matters from time to time as may be directed by the Board.
- (p) Assisting the Board in discharging its responsibilities in the form of recommendations and reports on Strategy submitted to Board meetings, thus ensuring transparency and full disclosure of the Committee activities.
- (q) The Committee shall be consistent with the mandate provided, review its Mandate and Terms of Reference, recommending changes to the Board when necessary.

5.4 GOVERNANCE ADVISORY COMMITTEE

(i) Objective

The purpose of the Governance Advisory Committee is to ensure continual effectiveness, efficiency and performance of the Board of Directors and the Company on governance, adherence to laws, ethical and social matters.

It focuses on ensuring corporate governance best practices, adopting a robust mechanism for evaluating the Board, Board Committees, and individual Directors,

all to secure the company's long-term sustainable success.

(ii) Membership

Consistent with good corporate governance practices, the membership of the Committee shall be as set out by the Board.

The composition of the Committee consists of Five (5) Board Members.

The Managing Director & CEO may invite any member of the Management to participate in the Committee meetings as deemed suitable.

(iii) Quorum

The quorum necessary for the transaction of business shall be three (3) Members.

(iv) Secretary

The Board Secretary or his/her appointee shall act as the Secretary to the Committee.

(v) Mandate

- (a) Develop corporate governance principles in support of effective organisational roles and responsibilities and make appropriate recommendations to the Board.
- (b) Review the adherence to, and amendments of the Memorandum and Articles of Association of the Company, including rules and procedures.
- (c) Review the procurement policies, systems, procedures, budget alignments and procurement structures to ensure due and timely compliance with the law and regulations governing public procurement and asset disposal in Kenya.
- (d) Consider and oversee the operationalisation of the Annual Procurement Plan of the Company and the institutionalisation of the procurement cycle to ensure integrity in the procurement, processes and proper record keeping and contract management.
- (e) Consider and oversee the operationalisation of the Assets Disposal Plan to ensure obsolete assets of the Company are disposed expeditiously, economically in an accountable and transparent manner in line with the provision of the procurement Laws.
- (f) Ensure general coherence and consistency of the governance structures of the Company, including annual review of terms of reference of all Committees of the Board to ensure roles and responsibilities of committees remain appropriate and fit for purpose.
- (g) Oversee the implementation of the recommendations of the Corporate Governance Audit of the Company.

- (h) Oversee the implementation of the recommendations of the Legal and Compliance Audit of the Company.
- (i) Ensure adherence to ethical leadership in compliance with provisions of the Constitution of Kenya, Leadership & Integrity Act, Public Officers Ethics Act, the Code of Conduct of the Company, and any other relevant laws and regulations.
- (j) Monitor the development in the laws and regulations impacting on the governance and business of the Company.
- (k) Periodically review the Company's organisational documents, and, if appropriate, recommend changes to the Board.
- (l) Monitor and review evolving corporate governance trends and best practices, and as it determines appropriate, consider other matters of corporate governance and make recommendations to the Board.
- (m) Ensure that KenGen identifies and manages potential conflicts of interest through written policies and procedures and periodically review and report to the Board.
- (n) Consider policies and processes designed to ensure high ethical standards and integrity for Board members and staff.
- (o) Prepare such reports and recommendations to the Board with respect to the Company's governance and oversight matters as it may deem advisable.
- (p) Report its activities to the Board in such manner and at such times as necessary.
- (q) The Committee shall, consistent with the mandate provided, review and make recommendations to the Board for change of its Mandate and Terms of Reference as and when need arises.
- (r) Undertake other tasks assigned by the Board.

5.5 FINANCE & INVESTMENT COMMITTEE

(i) Objective

The Committee is constituted to closely monitor the finance and financing activities of the Company, as well as appraise the investments of the Company while ensuring profitability and sustainability.

Further it is envisaged to address the evolving financing activities of the Company, tackle the dynamic business environment, and drive the emerging diversification agenda.

(ii) Membership

Consistent with good corporate governance practices, the membership of the Committee shall be as set out by the Board.

The composition of the Committee consists of Four (4) Non-Executive Members of the Board. The Managing Director & CEO shall also be a member and shall represent Management.

The Managing Director & CEO may, as he/she considers appropriate invite any member of Management to attend the meeting of the Committees.

For objectivity and independence, Members of the Audit, Risk & Compliance Committee of the Board shall not be members of this Committee, except for the Directors of the National Treasury and the Ministry of Energy or their alternates.

(iii) Quorum

The quorum necessary for the transaction of business shall be three (3) Members.

(iv) Secretary

The Board Secretary or his/her appointee shall act as the Secretary to the Committee.

(v) Mandate

(a) Oversee the Corporate Finance Matters of the Company as follows: -

- (i) Sourcing financing for the Company's capital projects and other projects.
- (ii) Pursuing new innovative financing approaches such as equity partnerships in new projects, asset monetization of existing plants, or asset backed securities.
- (iii) Monitor the balance sheet and cash flow position.
- (iv) Oversee any balance sheet restructuring activities of the Company such as rights issues.
- (v) Review the activities of any Financial Consultants including financial Arrangers, financial Advisors while adhering to the terms of reference of the contract.
- (vi) Review Strategic Finance Matters.
- (vii) Review Policies on finance matters such as treasury policies and forex policies.
- (viii) Review financial delegations and recommend amendments.

- (ix) The implementation of the overall investment plan for the Rights Issue funds, as per the Information Memorandum, Ministerial approvals and asset allocations for cash and cash equivalents with respect to fixed-income securities, and equities.
- (x) Review Management's short-term investment recommendations, including permissible types of investments, with respect to uncommitted Rights Issue funds and advice as necessary.
- (xi) Review quarterly or at such times as required by business volume, the investment performance of the Rights Issue funds to ensure adequate and competitive returns.
- (xii) Review at least semi-annually the repayment of the Rights Issues funds to ensure fulfilment of repayment obligation, adequacy of cash flow and any other factor that may be necessary to monitor.
- (xiii) Review other capital raising activities such as Employee Share Ownership Plan (ESOP), bonus issue & derivatives among others. and
- (xiv) Review carbon-credit, valuation trading and utilization of funds derived from carbon trading.
- (xv) Monitor the Treasury Management strategies of the Company.
- (xvi) Monitor Tax compliance, Planning Strategies of the Company and tax liabilities.
- (xvii) Monitor the Company's cash position and cash flow projections.
- (xviii) Monitor the Company's Accounts Receivables
- (xix) Monitor Company policy on write-off and provision for debt and ensure alignment with Government policy

(b) Oversee all budget formulation and implementation activities:

- (i) Review the Management proposals for the Company's Annual Budget.
- (ii) Review any requests for allocation of supplementary budgets.
- (iii) Review any proposals to alter the annual budget.
- (iv) Review Management recommendations for reallocation of funds in the budget of the Company prior to approval by the Board and monitor that these reallocations do not exceed the statutory limit.

(c) Oversee the Material Contracts of the Company which have a significant financial impact:

- (i) Track Material Contracts of the Company;

- (ii) Review all Pension Reports;
 - (iii) Review all Insurance Strategies; and
 - (iv) Track Contingent Liabilities.
- (d) Oversee the Power Purchase Agreements (PPAs) and monitor financial viability of the PPAs conceived for upcoming projects of the Company and improve Power Purchase Agreements tariffs to increase profitability of future projects.
- (e) Oversee the Capital Planning activities of the Company as follows: -
- (i) Review Public Private Partnerships (PPPs), Joint Ventures, joint development agreements, strategic alliances, various project, financing models and capital raising strategies for financing of projects.
 - (ii) Monitor any capital restructuring of the Company.
 - (iii) Monitor the financial matrix of every project of the Company and test financial viability and return on investments of the projects.
 - (v) Monitor ongoing capital raising initiatives of the Company.
- (f) Oversee the Debt Management and Financial Efficiency of the Company as follows:
- (i) Monitor the Company's financial ratios, financial covenants and establish in-house ratios as benchmarks.
 - (ii) Review Debt Service and Cash flow management of the Company.
 - (iii) Review Management Accounts of the Company in context of the Risk Matrix and emerging issues.
 - (iv) Review the Borrowings of the Company.
 - (v) Review Management's recommendation for opening of new bank accounts, bank signatories and recommend the same to the Board.
 - (vi) Ensure the Company's compliance to the provisions of Public Finance Management Act 2012 among other relevant laws and regulations.
 - (vii) Monitor Government policy on write-off and provision for debt.
 - (viii) Monitor any financial strategies.
 - (ix) Review Recurrent Operational Finance Matters.
- (g) Oversee the Investment Appraisal and Feasibility Studies of the Projects being undertaken by the Company as follows:

- (i) Reviewing and interrogating any investments or divestments that would have an impact on the Company's balance sheet.
 - (ii) Ensuring the necessary due diligence is conducted before any investments are made by the Company or its subsidiaries as applicable.
 - (iii) Review the capital and expenditure budget plans of the Company and any other subsequent budget reviews.
 - (iv) Review and oversee a Master plan on the Company's Land and Assets optimization.
 - (v) Monitor and evaluate the investment performance of the Company's projects.
 - (vi) Assess the risk profile of new investments.
 - (vii) Evaluate scenario analysis due diligence and financial modelling of the proposed investments.
- (h) Review all finance policies and procedures.
- (i) Perform such other functions as assigned to it by the Board.
- (j) Report its activities to the Board in such manner and at such times as necessary.
- (k) The Committee shall be consistent with the mandate provided, review and make recommendations to the Board for change of its Mandate and Terms of Reference as and when need arises.

6.0 BOARD EVALUATION AND PERFORMANCE

- (i) The Board undertakes a comprehensive annual performance evaluation of the Board. This encompasses a 360-degree assessment where Individual Directors evaluate the Chairman, the Chairman evaluates each Director, all Directors evaluate the Managing Director & CEO, and a peer assessment is conducted for each Director.
- (ii) Additionally, the Board evaluates the performance of the Company Secretary. This feedback mechanism aims to pinpoint areas of improvement for both the Board and individual Directors.
- (iii) The Evaluation shall cover the following areas:-
 - (a) functions of the Board;
 - (b) procedures and management of meetings of the Board;
 - (c) appointment, selection, induction, training, development, succession and removal of Directors;
 - (d) Board composition and structure;
 - (e) information dissemination and communication;
 - (f) strategic planning and vision;
 - (g) adherence to corporate governance;

- (h) Skillset and competence;
 - (i) Independent decision-making;
 - (j) Level of preparedness as a Director;
 - (k) personal qualities and professionalism; and
 - (l) Awareness and consideration of stakeholders.
- (iv) Every year, the Chairman, after consulting with all Board members, reviews the performance of the Managing Director and CEO. The outcomes of this appraisal influence the Board's decisions regarding the Managing Director and CEO's performance assessment and compensation. The evaluation should be guided by objective criteria, emphasizing company performance, the achievement of long-term goals, and leadership development.
- (v) The Board Committees shall be evaluated regularly to ascertain their optimal performance and effectiveness.
- (vi) On an annual basis or as deemed necessary, the Board reviews the performance of the Company Secretary.

7.0 REVIEW OF THE BOARD CHARTER

The Board Charter shall be reviewed as and when need arises.

8.0 EFFECTIVE DATE

This Board Charter shall come to effect on the date of signature of the Chairman of the Board.

Approved by: -

**The Board of Directors
Kenya Electricity Generating Company PLC**



.....
**Mr. Julius Migos Ogamba, EBS
Chairman of the Board**

On this 19th day of June 2024

DECLARATION

BY ACCEPTING AN APPOINTMENT, EVERY DIRECTOR, INCLUDING ANY ALTERNATE REPRESENTING A DIRECTORIAL POSITION HELD BY A LEGAL ENTITY, AGREES TO THIS CHARTER.

SHOULD A DIRECTOR CEASE TO AGREE WITH THIS CHARTER, THEY ARE EXPECTED TO TAKE THE NECESSARY ACTION AND RESIGN THEIR POSITION INCLUDING REPRESENTING THE DIRECTORIAL ROLE OF A LEGAL ENTITY

Director's Name: *Director's Signature:*

Date:.....