



Kenya Power

THE KENYA POWER AND LIGHTING COMPANY PLC

SUSTAINABILITY POLICY

Part A - Document Control Sheet			
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Department	Business Planning		
Lead Contact	Manager, Business Planning		
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SUSTAINABILITY POLICY

Part B - Definitions and Abbreviations

Sustainability	Broad category of actions or activities undertaken in such a way as to not exhaust or exploit resources - human or natural, and to allow for economic activity to continue into the future
The Company	The Kenya Power & Lighting Company PLC
NDC	Nationally Determined Contribution
SDGs	United Nations Sustainable Development Goals

Part C - Introduction

The Company recognizes its responsibility to conduct its business practices in a manner that does not deplete or exploit resources (human and natural), and allows for sustainable economic activity in the future. The concept of sustainability has evolved to encompass efforts that ensure current business practices aimed at achieving economic goals do not compromise the well-being of future generations from Environmental, Social and Governance (ESG) perspectives.

The Company recognises the importance of the SDGs launched in 2015 in addressing the World's pressing social, economic and environmental challenges. By integrating SDGs into its sustainability efforts, the Company aims to contribute to their achievement and create positive impact on a local and global scale.

These global efforts, once adopted, can have significant impact. They may affect how the Company carries out its business operations to remain competitive in the long term. Therefore, the Company shall align its sustainability strategies and operations with the SDGs, Kenya's commitments on sustainability, and, the Paris Agreement with a goal of limiting global warming to well below 2°C above pre-industrial temperatures by the turn of this Century.

Part D – Purpose

This Policy gives a consistent approach that promotes environmental stewardship, social responsibility, governance and economic resilience while undertaking Company's operations.

Part E - Policy Objective

The Company aims to ensure that its activities are conducted in a manner that minimizes environmental impact, upholds social values and contributes to economic sustainability.

Part F - Policy Statements

1. **Environmental Stewardship:** The Company shall implement measures to minimize adverse environmental impact. This includes reducing greenhouse gas emissions, conserving energy and water resources, promoting waste reduction and recycling, and, preserving biodiversity.
2. **Social Responsibility:** The Company shall prioritize the well-being and inclusivity of employees, customers and communities. This process includes promoting diversity and equal opportunities, ensuring health and safety standards, respecting human rights as well as engaging with local communities to address their concerns and contribute to their development.
3. **Governance:** The Company shall strive to uphold high standards of good corporate governance in its businesses processes. This practice shall be achieved by promoting risk management, ensuring compliance, ethical business practices, upholding integrity in financial reporting, transparency and disclosure.
4. **Economic Resilience:** The Company shall strive for economic stability and resilience by optimizing resource use, promoting responsible procurement practices and supporting local businesses. These practices will contribute to the economic growth and development of the areas in which the Company operates.
5. **Stakeholder Engagement:** The Company shall actively engage with stakeholders including government agencies, communities, suppliers, customers and NGOs to understand their perspectives, address their concerns and collaborate on sustainable solutions.
6. **Sustainable Partnerships:** The Company shall seek partnerships and collaborate with entities that share its commitment to sustainability. Through these partnerships, the Company shall leverage expertise, share knowledge and drive collective action towards achieving the sustainability goals.

7. **Continuous Improvement:** The Company shall regularly review and assess sustainability performance, set targets and monitor progress towards its goals. The Company shall continually seek opportunities for improvement and innovation. It will integrate best practices and emerging sustainability standards into its operations.

Part G – Policy Integration with SDGs

1. **Gender Equality (SDG 5)**

The Company shall promote gender equality by ensuring equal opportunities for both men and women in employment as well as leadership positions within the organization.

2. **Affordable and Clean Energy (SDG 7)**

The Company shall endeavor to ensure access to affordable, reliable, sustainable and modern energy for all. Key performance metric for this goal includes the electricity access rate.

3. **Decent Work and Economic Growth (SDG 8)**

The Company shall prioritize the creation of a diverse and inclusive workplace, promotion of fair labor practices, and, support of economic growth in the areas where the Company operates. This includes providing training and development opportunities for employees as well as supporting local businesses and suppliers.

4. **Industry, Innovation and Infrastructure (SDG 9)**

The Company shall invest in innovative technologies and infrastructure to improve the efficiency and reliability of its operations. This contributes to sustainable industrialization and infrastructure development.

5. **Sustainable Cities and Communities (SDG 11)**

The Company shall collaborate with local communities and stakeholders to ensure that its projects and operations are aligned with sustainable urban development principles. This includes promoting energy efficiency,

supporting community development initiatives and engaging in dialogue with local residents.

6. Sustainable Supply Chain (SDG 12)

This goal targets achievement of sustainable consumption, production patterns and in particular encourages the promotion of public procurement practices that are sustainable. The Company shall incorporate the scrutiny of its Supply Chain with regard to sustainable practices (materials, labour, environmental impact, and others) over and above the typical quality and quantity checks.

7. Climate Action (SDG 13)

The Company shall commit to reduce greenhouse gas emissions by: -

- a) Promoting and investing in renewable energy sources
- b) Increasing the share of renewable energy in its energy mix
- c) Implementing energy-saving technologies
- d) Encouraging energy-efficient practices among customers
- e) Conducting energy audits to identify areas for improvement
- f) Enhancing the resilience of its energy infrastructure to withstand the impact of climate change.

8. Life on Land (SDG 15)

The Company shall consider the impact of its operations on biodiversity and implement measures to minimize negative effects. This shall involve collaborating with relevant stakeholders such as government agencies and conservation organizations to implement reforestation programs, promote sustainable forestry practices and protect forest ecosystems.

9. Partnership for the Goals (SDG 17)

The Company shall establish partnerships with other organizations both national and international, to promote sustainable development in Kenya. These partnerships shall include collaboration with government agencies, non-profit organizations and private sector entities to share knowledge, resources and expertise to address common challenges.

10. Sustainability Reporting

The Company shall report its sustainability performance transparently and in accordance with the Global Reporting Initiative (GRI) Standards. The Company shall apply the GRI reporting principles which are: Accuracy, Comparability, Timeliness, Balance, Completeness, Verifiability and Clarity. The reports shall entail accurate and comprehensive information to the relevant stakeholder, including investors, customers, employees and the wider community. The reports shall cover a wide range of topics that are relevant to business and stakeholders, including but not limited to: -

- a) **Economic Performance.** The Company shall provide information on its financial performance, economic contribution and value creation
- b) **Environmental Management.** The Company shall report on its commitments and efforts to minimize its adverse environmental impact, energy and water consumption, greenhouse gas emissions, waste management and biodiversity conservation
- c) **Social Performance.** The Company shall disclose its initiatives and performance in areas such as employee well-being, diversity & inclusion, labour practices, health & safety, community engagement, and human rights
- d) **Governance and Ethics.** The Company shall report on its governance structures, policies and practices including risk management, ethical conduct and anti-corruption measures
- e) **Stakeholder Engagement.** The Company shall describe its engagement activities with stakeholders including customers, employees, communities, suppliers and how their feedback informs the decision-making processes
- f) **SDGs.** The Company shall align its reporting with the SDGs and provide information on how various activities contribute to their achievement.

Part H – Scope

This Policy applies to all stakeholders including employees, development partners, consultants and contractors across the Company.

Part I - Risk Statement

Sustainability Risks encompass a wide range of potential challenges and threats that the Company may face in relation to ESG practices. Sustainability Risks may have far-reaching consequences including financial losses, damage to reputation, legal liabilities and erosion of stakeholder trust. The Risks include –

- a) Impacts of climate change such as extreme weather events and resource scarcity, which may disrupt supply chains and operations
- b) Social risks may arise from issues like labor rights violations, community conflicts or reputational damage due to unethical practices.
- c) Governance risks can stem from inadequate oversight, lack of transparency, or non-compliance with legal and regulatory requirements.

To mitigate Sustainability Risks, the Company shall –

- a) Implement robust risk management frameworks that identify, assess and monitor the risks on an ongoing basis
- b) Enhance its sustainability practices by integrating ESG considerations into its decision-making processes, supply chain management and product development.
- c) Strengthen its governance structures by establishing clear lines of accountability, promoting transparency, and ensuring compliance with relevant legal regulatory requirements, as well as industry standards.

Part J - Responsibility for Implementation of the Policy

1. Board of Directors

- 1.1 Approval and adoption of this Policy
- 1.2 Provide oversight on this Policy.

2. Managing Director & Chief Executive Officer

- 2.1 Ensures accountability for successful implementation of this Policy.

3. General Manager, Business Strategy

- 3.1 Ensure that Company's strategy is aligned to the Sustainability Goals
- 3.2 Continually review the Company's sustainability strategy to ensure its

effectiveness.

4. Manager, Business Planning

- 4.1 Monitor and report on progress of implementation of this Policy
- 4.2 Develop and implement the Sustainability Framework
- 4.3 Document all sustainability initiatives and align them with the specific SDGs.

Part K - Monitoring and Evaluation

The Business Planning Department shall monitor the implementation of this Policy.

Part L - Triggers for Policy Review

The Policy will be reviewed under any of the following circumstances: -

1. Legal and regulatory changes
2. Change in organization structure, corporate strategy and business models
3. Macroeconomic and technological changes
4. Change in in-Country commitments to Sustainability
5. Lapse of a 3-year time period after the last review.

Part M - Statutory and Regulatory Compliance Requirements

The laws and regulations that this Policy should be in accordance to, include -

1. Climate Change Act of 2016
2. Environmental Management and Coordination Act, 1999
3. Sustainable Waste Management Act, 2022
4. Code of Corporate Governance for Issuers of Securities to the Public, 2015 under the Capital Markets Act
5. Mwongozo Code of Governance for State Corporations, 2015
6. United Nations' Sustainable Development Goals
7. The Paris Agreement adopted in 2015
8. The National Adaptation Plan 2015-2030
9. The National Climate Change Action Plan 2018-2022
10. Kenya's Nationally Determined Contribution
11. The Draft Climate Change Act Duties and Incentives Regulations of 2021

12. The Draft Climate Change Act Monitoring, Reporting and Verification Regulations of 2021.

Part N – Records and Reports

1. Integrated Annual Report and Financial Statements
2. Risk Management Reports
3. Environmental Impact Assessment Reports
4. Feasibility Studies/ Reports
5. Conference reports.

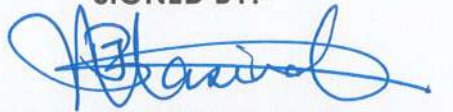
Part O - Distribution List

All Staff of KPLC.

Part P - Transition and Consequential Provision

The procedures giving effect to this Policy shall be developed and approved within a maximum period of six (6) months from the Commencement Date.

SIGNED BY:-



JOY BRENDA MASINDE
CHAIRMAN, BOARD OF DIRECTORS

Signature Date: *24TH MAY 2024*

