



2021



ANNUAL REPORT

& FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2020





MISSION

- To provide the best retirement benefits to members through prudent investments



VISION

- To be a leading pension Scheme in the region that provides best-in-class service to its members



CORE VALUE

- **Customer- Focus**
Quality first as we strive to meet our customers expectation
- **Integrity**
Acting ethically in every endeavor
- **Innovation**
Foster creativity & innovation



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2019 → Strategic Plan → 2028

Align Investment to Achieve High Returns While Protecting Capital



- Board focused on returns and making the right asset allocation.
- Diversify to new high yielding asset classes.

Improve Member Services and Cost Management



- Members are engaged, educated and prepared for retirement.
- Improved efficiencies and system costs.
- Operational efficiency and effectiveness.

Optimize Human Resources and Governance Functions



- Uphold good corporate governance standards.
- The Board is engaged, well-trained and active.
- Highly motivated staff.
- A high integrity and unified organization.



OUR
BUSINESS >>

About The Scheme

The Scheme is a Defined Contribution Scheme and provides retirement benefits for the staff of Kenya Electricity Generating Company Limited (KenGen)



.2,272

Active
Members



.KES 7.682 B

Assets Under
Management (AUM).

Formulation of
the Strategic Plan
2019-2028

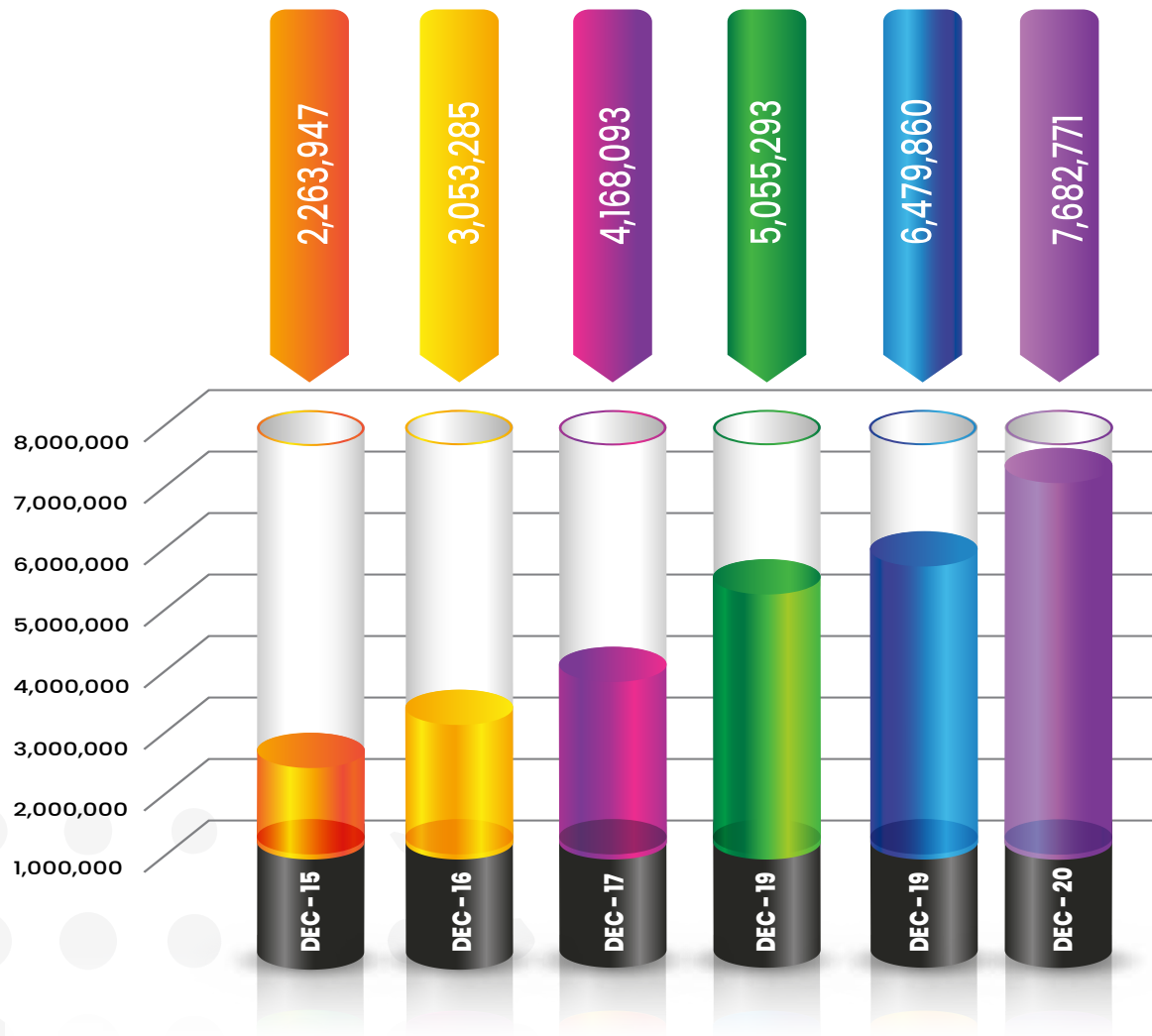


2019 - 2028



SCHEME HIGHLIGHTS

GROWTH IN ASSETS (Shs'000)



SCHEME REGISTERED OFFICE AND PROFESSIONAL ADVISORS

REGISTERED OFFICE

KenGen Pension Plaza 2
Kolobot Road, Parklands
P. O Box 47936 – 00100
Sarit Centre
Nairobi



INVESTMENT MANAGERS

ICEA Lion Asset Managers Limited
ICEA LION Riverside
P.O Box 27639 – 00506
Nairobi



ADMINISTRATORS

Zamara Actuaries, Administrators &
Consultants Limited
Landmark Plaza
P O Box 52439 – 00200
Nairobi



Old Mutual Investment Group Limited
Mara and Hospital road
P.O Box 11589 – 00400
Nairobi

EXTERNAL AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte place
Waiyaki Way Muthangari
P.O Box 40092 – 00100
Nairobi



CUSTODIANS

Co-operative Bank of Kenya Ltd
Co-operative Bank House
P.O Box 48231 – 00100
Nairobi



BANKERS

Co-operative Bank Kenya Ltd
Co-operative Bank House
P.O Box 48231 – 00100
Nairobi

INTERNAL AUDITOR

PKF CONSULTING LTD
Kalamu House, Grevillea Grove, Off
Brookside Drive, Westlands
PO Box 14077 – 00800, Nairobi
Telephone: (+254 20) 4270000, (+254)732
144000)

REPORT OF THE TRUSTEES

The Trustees present their report together with the audited financial statements for KenGen Defined Contribution (DC) Scheme 2012 (the "Scheme") for the year ended 31 December 2020.

Establishment, nature and status of the scheme

The Scheme was established with effect from 1 January 2012 and is governed by a Trust Deed dated 1 January 2012.

The Scheme is a defined contribution scheme and provides retirement benefits for the staff of Kenya Electricity Generating Company Limited (KenGen). It is a tax exempt approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority. The scheme is governed by Trust Deed and Rules. Contributions to the Scheme by both the employer and employees are at the rate of 10% for the employees and 20% for the employer of the individual members' basic salaries.

	2020	2019
Contributing members		
At start of year	2,073	1,848
Joiners	293	341
Reinstatement	1	3
*Adjustment	-	(37)
	2,367	2,155
Less:		
Retired with pension	(80)	(69)
Died in service	(9)	(5)
Other secessionists	(6)	(8)
At end of year	2,272	2,073
Dormant members		
At start of year	21	22
Joiners	1	5
	22	27
Less:		
Retired with pension	-	(2)
Other secessionists	(1)	(4)
At end of year	21	21

	2020	2019
Deferred members		
At start of year	54	56
Joiners	5	-
	59	56
Less:	-	(1)
Retired with pension	(5)	(1)
Other secessionists		
At end of year	54	54

* The adjustment related to members who had become dormant/deferred but were included as contributing members.

Financial Review

The statement of changes in net assets available for benefits on page 39 shows an increase in the net assets of the Scheme for the year of Shs 1,202,911,000 (2019: Shs 1,424,567,000) and statement of net assets available for benefit on page 40 shows the Scheme's net assets as Shs 7,682,771,000 (2019: Shs 6,479,860,000).

Investment of funds

Under the terms of their appointment ICEA Lion Asset Managers Limited and Old Mutual Investment Group Limited are responsible for advising the Trustees on investment of the available funds.

The overall responsibility for investment and performance lies with the Trustees. The schemes investment managers are guided by an established investment policy.





**SCHEME
GOVERNANCE** 

BOARD OF TRUSTEES



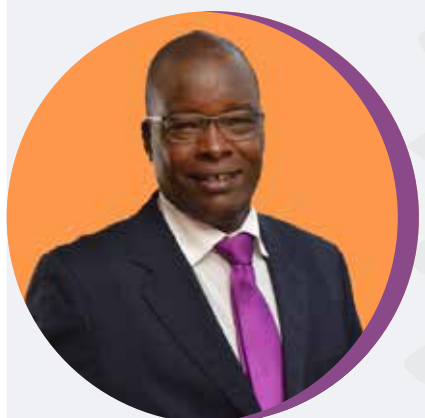
Ernest Nadome
Chairman

He is the Chairman of the Board of Trustees. He holds a Master of Arts (MA) in Labour Management Relations, Bachelor of Arts(B.A) Degree (Hons). He is the General Secretary of the Kenya Electrical Trades & Allied Workers Union (KETAWU) a position he has held for the past 16 years. He is well versed in energy, human resources and labour matters, having worked for Kenya Electricity Generating Company Limited and Kenya Power and Lighting Company for 16 years.



Rebecca Miano MBS
Trustee

She was appointed to the Board of Trustees in 2014 as a sponsor appointed Trustee. She is a member of Investment & Strategy Committee and Administration & Communication Committee. She holds a Bachelor of Laws (LLB) Degree, a Diploma in Law and Post-graduate studies in Comparative Law. In 2010, she completed the Advanced Management Programme from Strathmore University. She is a registered Certified Public Secretary of Kenya and is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK). Additionally, she is a Commissioner of Oaths (Since 2001), a Notary Public (since 2003) and a finalist of the Chartered Arbitrator. She is currently the MD and CEO of KenGen PLC.



Abraham Serem
Trustee

Mr. Abraham Serem is a seasoned human resource practitioner with vast experience both in Kenya and East Africa. He holds a Bachelor of Arts degree from the University of Nairobi. His other professional qualifications include: Higher National Diploma in Human Resource Management and a Diploma in Intermediate Executive Coaching from the Academy of Executive Coaching. He is a member of the Institute of Human Resource Management. Prior experience includes: Heineken East Africa Ltd where he held the position of HR Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various senior managerial positions. He is currently the Human Resources & Administration Director with KenGen PLC. He was appointed to the Board of Trustees in 2016 as a sponsor nominated trustee. He is the Chairman of the Investment & Strategy Committee and a member of the Administration & Communication Committee.

BOARD OF TRUSTEES



David Mwangi
Trustee

He was appointed to the Board of Trustees in 2020 as a Sponsor nominated Trustee. He is the Chairman of the Administration & Communication Committee and member of the Audit & Risk Management Committee.

He holds a Bachelor of Laws (LLB) degree from Moi University and Masters of Business Administration from Jomo Kenyatta University (JKUAT). He has a Diploma in Law from the Kenya School of Law and is an Advocate of the High Court of Kenya as well as a registered Certified Secretary. He is currently the Ag. Company Secretary and Legal Affairs Director at KenGen PLC and prior to joining KenGen, Mr. Mwangi served as the Head of Legal & Regulatory Affairs at Kenya Tea Development Agency. He has previously served in various legal and governance capacities at several other organizations.



Peter Mutemi
Trustee

He has experience of 34 years in the energy sector having been employed by East African Power in 1982 then KPLC and thereafter KenGen. He has been a union leader since 2003 where he has been the National Treasurer for KETAWU. He is also the Team leader in Negotiations & Central Joint Council. He has been a member elected Trustee since 2012.

He is a member of Investment & Strategy Committee and Audit & Risk Management Committee. He is currently a Senior Assistant Lab Foreman II at KenGen Olkaria Power Station and a Change Agent.



Charles Masio
Trustee

He was appointed to the Board of Trustees in April 2021 as a Member Representative Trustee. He is the Chairman of the Audit & Risk Committee and a member of the Investment & Strategy Committee.

He holds a Bachelor of Commerce degree in Accounting & Business Administration, Master's in Finance from The University of Nairobi and currently undertaking his PhD. in Project Finance from Jomo Kenyatta University of Agriculture and Technology. He is a member of the Association of Chartered Certified Accountants (ACCA – International). He has attended several courses on Leadership, Corporate Governance, Financial Management and Projects Management.

He is currently the Assistant Manager, Financial Performance & Budget Control at KenGen PLC. He previously served as the Chief Finance Officer (CFO) in both Geothermal and Western Region.

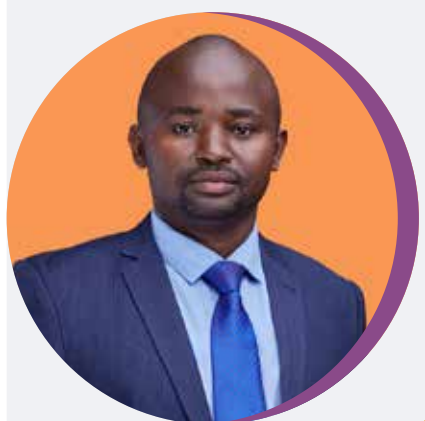
BOARD OF TRUSTEES



Eng. Asaria Onsoti
Trustee

He was elected to the Board of Trustees in April 2021 as a member representative trustee. He is a member of the Administration & Communication Committee and Audit & Risk Management Committee.

He holds a Bachelor of science in Mechanical Engineering with honours from JKUAT, a certificate in Geothermal Drilling Management from Japan and is a CPA finalist. He has also completed a course in Project Management Professional from Strathmore business School. He is among the founding members of the Institution of Engineers of Kenya – South Rift Branch where he Currently serves as the Honorary Secretary. Additionally, he is a church elder, a professional engineer in EBK, a corporate member in IEK, A Member of ICPAK, GAK and AEPEA. He is currently the Senior Engineer in charge of all KenGen Drilling rigs and an internal auditor in KenGen PLC.



Josphat Muriuki
Trust Secretary

He was appointed Chief Executive Officer and Trust Secretary in 2016. He holds a Master of Business Administration (MBA-Finance) and Bachelor's Degree in Applied Statistics (Actuarial Science). He is a Certified Investment and Financial Analyst (CIFA), a Certified Information and Security Auditor (CISA) and a Certified Pensions Trustee (CPT). He is a student at Jomo Kenyatta University of Agriculture and Technology pursuing PhD in Leadership & Governance. He has wide experience in Pensions, Finance, Accounting and Investments spanning over 10 years having previously worked as the Pensions Administration Manager with Liaison Group (I.B) Ltd a leading Risk, Insurance, Pensions and Investments Consultancy in Eastern Africa. He is a member of Institute of Certified Investment and Financial Analysts of Kenya (ICIFA), The Chartered Institute for Securities & Investment (CISI) UK and Information Systems Audit & Control Association – Kenya (ISACA – K).





**ERNEST NADOME
CHAIRMAN**

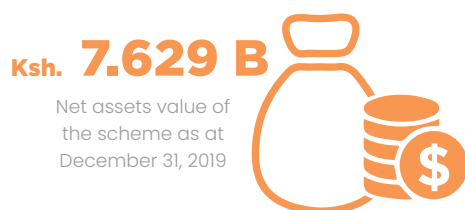
**“ Our goal as a Scheme is
to keep a sustained focus
on long-term investments
performance ”**

CHAIRMAN STATEMENT

Dear Members,

I am delighted to report on the Scheme's performance during the last financial year, though quite a tumultuous year to any investor, our achievements have been remarkable.

The DC Scheme was established in year 2012 as a contributory pension scheme for KenGen Staff. We began by serving 1,634 in year 2012, consisting of 162 joiners and 1,472 members who transferred their benefits from DB Scheme. Nearly one decade later, we now serve more than 2,200 dedicated staff, a 34% growth in membership over the period.



Investment Overview & Operating Economic Environment

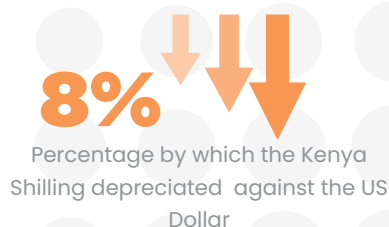
With approximately Ksh 7.629 billion in net assets as of December 31, 2020, KenGen DC Scheme assets growth has been phenomenal, a 1,585% increase since inception. Despite the slowed down economic activity over the last year, the assets exhibited resilience to post a growth of 19% attributable to growth in contributions and investments income. Members, below is a highlight of the macro-economic environment during the year which influenced the performance of the Scheme.

The global economy was expected to grow by 4% in 2020 based on World Bank 2019 projections. On the onset of COVID-19 pandemic, this forecast was revised to a negative growth of 5.2%. The current forecast is -4.3% reflecting growth sentiment due to the early release of

vaccines, more robust recovery in China and shallower contractions in advanced economies. Year 2020 was plagued with global lockdowns and restrictions in an aim to restrain the spread of the COVID-19 virus. The result has been a major decline in global trade, investment, tourism, consumption, and growth.

Locally, the country's growth sentiment was like that of the world. GDP is estimated to have contracted by -1% in 2020 and is expected to rebound by a growth of 6.9% in 2021. The hardest hit sub-sectors were education, hospitality, and airline. The economy is expected to rebound courtesy of the global and local vaccination drive coupled with relatively eased restrictions. IMF expects Kenyan GDP to grow at 7.6% and 5.7% in 2021 and 2022.

12-month inflation for the year 2020 was 5.62% which compared unfavourably to the 5.78% average 12-months inflation for the previous year, albeit marginally. Inflation was however wavering in the year, with a spike in February 2020 to 7.17% caused by a rise in food prices, a low of 4.2% in September and a spike in December to 5.62% as food, fuel and core inflation rose. Headline inflation is however expected to remain well within CBK's target range of 5.0% +2.5%.



The Kenya shilling experienced an 8% depreciation within the year, having opened the year at KES 101.3 and consequently closing at KES 109.2 to the dollar. This was largely attributed to

increased dollar demand since many consider the dollar to be a haven in uncertain economic conditions. It also hit a new high of KES 111.59 in December 2020. We expect the shilling to remain under some pressure on account of the recovery of oil prices globally in addition to the effects of a global 4th wave on key exports and foreign exchange earners.

In the year 2020, the short and mid sections of the yield curve fell by an average of 1.11% and 0.39% respectively, while the long end fell by 0.15%. Overall, the yield curve fell by an average of 0.21% in 2020. We expect yields to decline across the yield curve in the short term, driven by government shift towards affordable borrowing from the World Bank, IMF and Euro bonds.

The Nairobi All Share Index (NASI) performance closed the year at -8.6% while NSE-20 ended the year with a -29.6% loss. The large 12 months difference in the indices was mainly due to the strong outperformance of Safaricom compared to other counters. Safaricom accounts for about 59% of the NASI and only 5% of the NSE-20. Its share price was up 9% for the year. At the same time, the banking sector saw prices fall by 26% despite showing some recovery in Q4. Some of the other large caps such as EABL and BAT also lost 22% and 28% respectively. NSE-25 declined by 16.7%. We foresee market volatility persisting as effects of COVID-19 continue to be drivers of market movements in the short term. Investors are likely to continue taking advantage of market dips to build exposure to attractively priced, fundamentally sound stocks.

Long-term investment strategy

During the year, the Board continued to steer the Scheme's 10-year strategy, now in its 2nd year of implementation. One of the key goals is towards making alternative investments and in line with this, the Board made investment to two private equity funds while it also increased exposure to real estate investments. The alternative investments provide the Scheme with potential high returns while managing risks and increasing

its geographic diversification. In addition, the Board commenced implementation of an Enterprise Resource Planning (ERP) system of which the tool is instrumental towards the Scheme's management to drive the Board's strategic decisions and promote operational excellence.

Pension Industry – Key Changes on Legislation

The pensions industry has experienced phenomenal growth over years, both through the value of retirement benefits assets under management, currently at Ksh 1.3 trillion and the supporting legislative framework. In this past year, the following were the legislative changes affecting the retirement benefits schemes:

1. Post-Retirement Medical Fund

Regulations 14(2A) of the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000 requires a Scheme's rules to allow for additional voluntary contributions by a member in respect to funding of a medical fund to be accessed at retirement.

2. Income Drawdown Fund (IDD)

Retirement Benefits Act (Occupational Retirement Benefits Schemes) Regulations 2000, Regulation 25 (6), requires Schemes to provide for the payment of retirement benefit by way of an income draw down, as an alternative to the purchase of annuity, for members of a defined contribution scheme at retirement age.

3. Mortgage Lending

Section 38 of the Retirement Benefits Act (1997) on accessing Retirement Benefits for purchase of Residential House. The members will be allowed to access 40% of their accrued benefits subject to a maximum of Ksh 7,000,000.00. In addition, members can access their additional voluntary contributions for this purpose.

The Scheme is laying a framework for operationalization of the regulations on

Mortgage Loans, Post-Retirement Medical Fund and the IDD. The Board will also host its biennial meetings with members, in this current year, to sensitize you on the above changes in addition to other areas of interest.

Corporate Governance

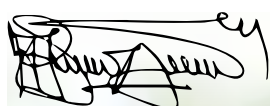
During the year, the Board adopted and implemented an annual board evaluation exercise as a necessary tool to measure governance, accountability and areas of improvement while carrying out our mandate. There was also a change in the composition of the Board of Trustees during the year. The Board would like to thank the outgoing Trustees Mr. Paul Ndungi, Ms. Joan Chahenza & Ms. Muli Maluki. The Board is grateful to their invaluable contribution during their tenure. At the same time, the Board welcomes the newly sponsor-nominated Trustee, Mr. David Mwangi and member elected Trustees Mr. Charles Masio & Eng. Asaria Onsoti. The trio brings a wealth of diverse skills and experience to further strengthen the Scheme's governance framework.

Looking forward

As we take a leap into year 2021, we remain aware of the uncertain financial market, and that notwithstanding, we are set to accomplish our goals and objectives clearly laid out in our strategic plan. Members, the board shall maintain a disciplined asset mix while constantly reviewing the same in addition to the review of other actions that can reduce risks and costs across the Scheme.

We remain committed to serving our members and ensuring the pension fund continues to pay pension benefits for this and future generations.

We shall achieve this through our concerted effort. I would like to thank my colleagues in the Board, the Sponsor, and the Secretariat. A word of appreciation too to the regulator, RBA, investment managers, custodian, auditors, and all other professional consultants for your valuable services to the Scheme. You have been supportive to us as a Board and to the Scheme, and as we take a glimpse at history, we can foretell the story ahead will be no different but one of stellar financial performance. Shukrani!



ERNEST NADOME

CHAIRMAN



A portrait of Josphat Muriuki, a Black man with a short beard and mustache, wearing a dark blue suit jacket, a light blue shirt, and a blue tie with small red polka dots. He is looking directly at the camera with a neutral expression. The background is a solid orange color.

JOSPHAT MURIUKI
CEO & Trust Secretary

***“ We remain confident in
the long-term trends that
reinforce our views and
strategy***

”

TRUST SECRETARY REPORT

Dear Members,

KenGen DC Scheme investment portfolio is broadly diversified, holding investments ranging from publicly traded short-term bonds, equities to privately held investments. The scale and breadth of investments make the management and oversight of these assets highly complex. Considering these factors, the internal and external management has been effective in using our resources in a cost-efficient manner to ensure benefits continue to flow to members and their beneficiaries as and when they fall due.

Over the last year, the Scheme like all other investors in this and the previous year, underwent a test of real strength and resilience. In such a time, our aim is to assess, understand, and proceed using good judgment in consideration of two key things – safety and soundness. We are confident our investment model is solid to ensure a secure retirement nest for the immediate and long-term horizon. This model, undoubtedly, paid off. The Scheme assets grew to KES 7.629 billion, comprising of KES 559.1 million in net income and KES 1.155 billion in contributions received, which represents a net annual return of 7.7%.



Implementation of long-term strategy

In our 2nd year of implementing the Scheme's 10-year strategy, we focused on diversification of investments & technology. Members, we embrace a long-term investment horizon. We made a selective entry to new alternative investment opportunities in consideration of the required levels of return and liquidity. Ultimately, we aim for a highly diversified, liquid and resilient portfolio.

Secondly, technology is central to enhance our efficient service delivery. Members, the ICT strategy is robust, and which spells out a key objective – To

implement an Enterprise Resource Planning (ERP) System. Once the process is complete, we believe our business systems and processes shall enhance outstanding service delivery. That said, we leverage on the new norm to embrace technology to enhance our communication platforms to you. We have utilised an interactive website, bulk SMS, social media, webinars among others to relay information to you on a regular basis. We have also made use of technology to reach to as many of our members as possible for example this year's AGM, some members are attending the event physically while others join in online on a real-time broadcast platform.



Risk management

Members, we have employed effective oversight of all risk assessment and risk management activities. The world is indeed unpredictable, and that has been further enhanced by how fast Covid-19 has changed the way we live. We assure you we are always prepared for such eventualities through prudent planning. Besides having a robust and agile long-term Scheme strategy, the investments policy provides a documented risk framework to allow monitoring of investments. We continue to work with an internal auditor to identify, assess and monitor risks that could cause significant downside erosion to Scheme investments and operations.

Our value creation tailored for you

Our relationship with our members begins when they first enter the profession and extends through their retirement years. The average retired member dedicates more than 25 years in KenGen's service and retires between 55 – 60 years of age. The average DC scheme pension replaces about 55% of a member's final basic salary for those who have retired in the last 10 years. It is recommended to have an income replacement rate as high as 70% to maintain a similar lifestyle in retirement. In addition, most retirees do not have funded health insurance after age 60. Our mission is simple; To help you build your future. We dedicate resources to promote awareness about retirees' financial needs and to provide members with retirement planning tools throughout their careers. We educate our members on the importance of saving early in their careers when they can benefit most from the power of time and compounding through targeted quarterly publications and seminars.

While we currently administer only a defined contribution scheme inclusive of a voluntary contribution model, we plan to launch a mortgage loans scheme, a post-retirement medical fund and an Income Drawdown fund (IDD) from the current year. We invite you to join us in this year's awareness & educative forums commencing in August 2021 to gain more information about the Scheme and personal finances.

Resilience and focus

Our service provision has been unaffected yet remaining compliant to the government and the sponsor, KenGen, health directives. We have seamlessly resumed full time work from the office when it has been appropriate. That is the agile secretariat team I lead. To meet our 2028 goals, we must be able to foster a culture that is innovative, ambitious and agile that ultimately yield high-performance.

Our appreciation

We believe we are all led to achieve a common goal – retirement security to our members. Thank you, all my colleagues at the Secretariat and to all our professional service providers. You have all offered a supportive framework towards achieving this. The Board of Trustees has provided us with leadership and guidance and believed us to execute their mandate. We say thank you. Finally, a big thank you, to our members, and beneficiaries for allowing us to help you build your retirement basket.



Josphat Muriuki

CEO & Trust Secretary



TRUSTEE CAPACITY BUILDING

NAME OF TRUSTEE	TRAINING/CONFERENCE ATTENDED
Mr. Abraham Serem	<ul style="list-style-type: none"> Sensitisation Webinar on the Market Conduct Guidelines
Dr. Musa Arusei	<ul style="list-style-type: none"> Entrepreneurial Leadership strategy Sensitisation Webinar on the Market Conduct Guidelines 4th Annual Trustees Conference
Ms. Joan Chahenza	<ul style="list-style-type: none"> Alternative Investment Infrastructure Investment Conference

SUMMARY OF COMPLIANCE STATUS OF THE SCHEME

Department	No. of Items	Compliant	Non-Compliant	% Compliance
Corporate Level	15	14	1	93.3%
Pension Administration	14	13	1	92.9%
Finance	3	3	0	100%
Investments	8	7	1	100%
Property	6	6	0	100%
Total	46	43	3	
Overall Scheme Compliance Status 93.5%				

The Scheme is compliant on most statutory requirements and best industry standards excluding the IPS limits where government securities had burst the limits but diversification to property & private equity was being considered, the setup of an IDD fund has already been initialised, amendment of the TDR to include the IDD and mortgage regulations.







MANAGEMENT >

THE SECRETARIAT

Billy Olick
Procurement
Officer

Peter Miano
Senior ICT & Database
Officer

Francis Maina
Property Maintenance
Technician



Jane Namnyak
Receptionist/Hospitality
Assistant

Purity Kamau
Senior Pensions
Administration Officer

Rashid Kanyua
Financial Accountant

Josphat Muriuki
CEO & Trust
Secretary

Albert Anam
Pensions Administration
Officer

Anthony Mang'eli
Senior Property Officer



Gloria Kikete
Senior Finance Officer

Hannah Nguhi
Senior Investment Officer

Maryanne Muthuri
Admin/Office Assistant

MANAGEMENT



Josphat Muriuki

Chief Executive Officer and Trust Secretary

He was appointed Chief Executive Officer and Trust Secretary in 2016. He holds a Master of Business Administration (MBA-Finance) and Bachelor's Degree in Applied Statistics (Actuarial Science). He is a Certified Investment and Financial Analyst (CIFA), a Certified Information and Security Auditor (CISA) and a Certified Pensions Trustee (CPT). He is a student at Jomo Kenyatta University of Agriculture and Technology pursuing PhD in Leadership & Governance. He has wide experience in Pensions, Finance, Accounting and Investments spanning over 10 years having previously worked as the Pensions Administration Manager with Liaison Group (LB) Ltd a leading Risk, Insurance, Pensions and Investments Consultancy in Eastern Africa. He is a member of Institute of Certified Investment and Financial Analysts of Kenya (ICIFA), The Chartered Institute for Securities & Investment (CISI) UK and Information Systems Audit & Control Association - Kenya (ISACA - K).



Purity Kamau

Senior Pensions Administration Officer

She joined the scheme in 2009 and is the Senior Pensions Administration Officer, in charge of the Pension Administration Department. She has over 22 years of experience in Human Resource and Pensions Administration. She holds a Bachelor's Degree in Business Administration, Diploma and Advanced Diploma in Business Administration with the Association of Business Executive (ABE) UK, Certificate of Proficiency in Insurance (COP), Insurance Fundamentals and Life & Pension Business. She is a Certified Pension Analyst Manager (CPAM) by Global Academy of Finance Management. She is a member of the Association of Business Executives and Global Academy of Finance Management. Before joining the scheme, she worked in the Human Resources departments of KenGen, Kenya Power and Daystar University.



Hannah Nguhi

Senior Investment Officer

Ms. Hannah Nguhi is a versatile investment professional with over 14 years' experience in the pension industry cutting across investment management (equities, fixed income & offshore products), corporate financing & pension administration. She joined KenGen Staff Retirement Benefits Scheme in April 2013 and is the Senior Investment Officer in-charge of the Investment Section. Hannah holds a Master's degree in Business Administration (Finance) from the University of Nairobi, a Bachelor of Science in Actuarial Science from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and is currently pursuing the Certified Investment and Financial Analyst (CIFA) qualification. She is an associate member of Kenya Institute of Management. Prior to joining KenGen SRBS, Hannah served as a Portfolio Manager at Dry Associates Ltd. She has also served as a Pensions Administrator at Zamara Financial Services (formerly Alexander Forbes).



Peter Miano

Senior ICT & Database Officer

Peter Miano joined KenGen Staff Retirement Benefits Scheme in January 2014 and is the Senior ICT & Database Officer in-charge of the ICT department. He has over 12 Years' experience in the Information and Communication Technology sector. He holds a Masters of Business Administration (MBA) Strategic Option and a Bachelor of Science Degree in Information Technology with honours both from JKUAT. He also holds a Diploma in Information Technology. He is a distinguished fellow member of Computer Society of Kenya. He is a Cisco Certified Network Associate, PRINCE2 Certified and a Certified Information Security Management Systems Lead Implementer ISO 27001. He has other professional training in Axis Fundamentals and IT Corporate Governance. Prior to his employment, he has also worked with several other reputable firm that is Postal Corporation of Kenya, Kenya National Bureau of Statistics, Kenya Shell and executed projects with HP and UNEP.



Gloria Kikete

Senior Finance Officer

She joined KenGen Staff Retirement Scheme in November 2014 and is the Senior Finance Officer in-charge of the Finance Department. She has over 11 years' experience in Finance, Accounting, Risk Management, Taxation and Audits. She has a Master of Science in Finance and a Bachelor of Commerce, Finance Option; both from the University of Nairobi. She is also a Certified Public Accountant of Kenya (CPA K) and a CPS Graduate. She is a member of ICPAK, AWAK and an associate member of KIM. Prior to her appointment at KenGen Staff Retirement Scheme, she worked at CPF Financial Services (Laptrust) and Octagon Africa.



Anthony Mang'eli

Senior Property Officer

Anthony Mang'eli joined KenGen Staff Retirement Benefits Scheme in November 2016 and is the Senior Property Officer in-charge of the Property Section. He has over 11 years experience in the real estate industry cutting across valuation, property management, investment appraisal, and feasibility studies. He holds a Master's degree in Valuation & Property Management and a B.A. Land Economics, both from The University of Nairobi. He is a Full Member of the Institution of Surveyors of Kenya (VEMs Chapter) and a Registered and Practising Valuer. Prior to his appointment at KenGen Pension Scheme, Anthony headed the Property Department at Actuarial Services (E.A) having come from Prestige Management Valuers Ltd as a Senior Valuer and Property Manager.



FINANCIALS >

REPORT OF THE TRUSTEES (Continued)

SCHEME GOVERNANCE (Continued)

	2020	%	2019	%	RBA Limit
	Shs'000		Shs'000		%
Equities	1,409,762	18%	1,179,723	18%	70
Government Securities	5,218,184	68%	4,398,661	68%	70
Corporate Bonds	-	-	70,414	1%	30
Fixed Deposits	310,185	4%	625,558	10%	15
Investment Property	575,001	8%	152,251	2%	30
Private Equity	116,492	2%	-	3%	30
	7,629,624		6,426,607		

We confirm that there is no self-investment, nor have any Scheme assets been used as security or collateral on behalf of the employer or any connected business or individual.

SCHEME GOVERNANCE

1. Trustees in Office

In 2020 financial year the following Trustees served in the Board of KenGen Defined Contribution (DC) Scheme 2012:

Name of Trustee	Age	Category (Member-elected/ Sponsor-nominated/ Professional)	No. of meetings attended	Certified (Yes/ No)	Highest qualifications
Mr. Ernest Nadome	54	Member Elected	10	Yes	Master's Degree
Ms. Rebecca Miano	55	Sponsor Nominated	14	Yes	Bachelor's degree
Mr. Abraham Serem	56	Sponsor Nominated	12	Yes	Bachelor's degree
Mr. David Mwangi	45	Sponsor Nominated	2	Yes	Bachelor's degree
Dr. Musa Arusei	63	Sponsor Nominated	19	Yes	PhD
Ms Joan Chahenza	36	Member Elected	19	Yes	Master's Degree
Ms Muli Maluki	38	Member Elected	20	Yes	Bachelor's degree
Mr. Peter Mutemi	59	Member Elected	19	Yes	Bachelor's degree

REPORT OF THE TRUSTEES (Continued)

SCHEME GOVERNANCE (Continued)

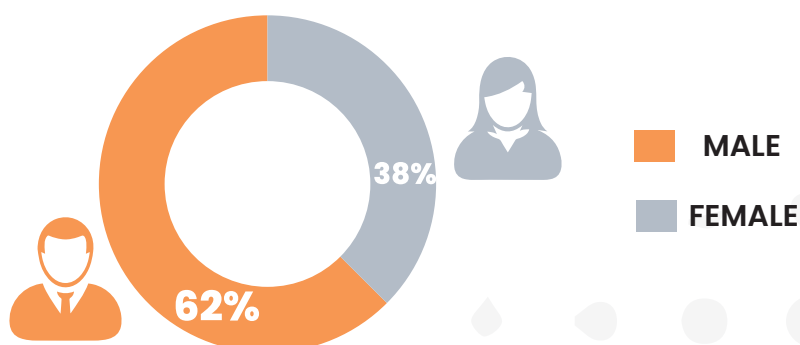
2. Meetings

The Board of Trustees held 8 Board meetings during the year ending 31st December 2020. The meetings were held on the dates set out below:

- a. 10th March 2020
- b. 25th March 2020
- c. 26th May 2020
- d. 20th August 2020
- e. 25th September 2020
- f. 11th November 2020
- g. 26th November
- h. 11th December 2020

3. The composition of the board of Trustees is as hereunder as at 31st December 2021

- a. Gender balance:



- b. Skills Mix: No of Trustees with financial skills 1
- c. Age mix: Number of Trustees who are older than 35yrs (8).

4. Committees of the board

Committee Name	No of meetings held	Any external advisors, invitees to meetings
Investment & Strategy	7	Professional Consultants
Administration & Communication	5	Professional Consultants
Audit & Risk Management	4	Professional Consultants
Full Board	8	Professional Consultants

REPORT OF THE TRUSTEES (Continued)

SCHEME GOVERNANCE (Continued)

5. Fiduciary responsibility statement

The Board of Trustees is the governing body of the KenGen Defined Contribution (DC) Scheme 2012 and is responsible for the corporate governance of the scheme. The Trustees are responsible for ensuring that the administration of the scheme is conducted in the best interest of the scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

- a. Acting honestly and did not improperly use inside information or abuse their position;
- b. Exercising the highest degree of care and diligence in the performance of their duties that a reasonable person in a like position would exercise in the circumstances; and
- c. Performing their duties with the requisite degree of skill.

The scheme has complied with the laws, regulations and guidelines that govern retirement benefits Schemes and the Scheme's business operations.

The Trustees have ensured that the fund managers have carried out all Scheme investments and that all Scheme assets and funds are held by the custodian

The Board charter for the Scheme was developed and adopted.

6. Responsibility corporate citizenship

The Scheme has participated in socially responsible investments and operations and has not been involved in any activity that may undermine the well-being of the Sponsor, Members or the Community in which it operates.

7. Key outcomes

The Board of Trustees seeks to achieve the following:

- a. Building trust with the Members and Sponsor of the Scheme so that they are satisfied with the administration of the Scheme;
- b. Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- c. Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor.

The Board of Trustees has been sending quarterly reports to the sponsor detailing the activities that have taken place in each quarter

REPORT OF THE TRUSTEES (Continued)

SCHEME GOVERNANCE (Continued)

8. Annual general meeting

The Board of Trustees and members held the 2020 Annual General Meeting (AGM) virtually on 25 Sept 2020 where 438 members attended representing 21% of the Scheme Members.

9. Members' sensitization

Channel/Methodology Used	Date Held	No. of Members
Pre-retirement briefings	15 th Oct 3 rd & 4 th Dec	56

10. Trustees Remuneration Policy

During the year under review, the Trustees were paid a gross sum of Kenya shillings five million twenty-one thousand seven hundred fifty only Shs 5,021,750.

The payment complied with the trustee remuneration policy of the scheme as approved by members at the Annual General Meeting held on the 27 July 2019 in Olkaria.

11. Board of Trustee Evaluation

The Board and individual Trustees undertook Board evaluation in the year under review. The Board review process was facilitated externally, and the process took the form of questionnaires. A rating of 90% was attained having been reviewed on Board mandate, Strategy, Performance Contract, Board functions, Board meetings, Composition of the Board, its structure and flow of information & communication.

REPORT OF THE TRUSTEES (Continued)

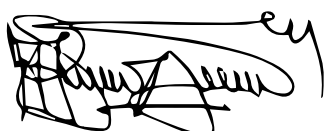
SCHEME GOVERNANCE (Continued)

AUDITORS

Deloitte & Touche have indicated their willingness, continue in office as auditors.

SIGNED ON BEHALF OF THE TRUSTEES

For the Trustees



Ernest N Nadome

Chairman

26 March 2021



STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial position of the Scheme at the end of the financial year and its financial performance for the year then ended. It also requires the Trustees to ensure that the Scheme keeps proper accounting records that are sufficient to show and explain the transactions of the Scheme and disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and error.

The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Retirement Benefits Act. They also accept responsibility for:

- i. designing, implementing and maintaining internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. selecting suitable accounting policies and then apply them consistently; and
- iii. making judgements and accounting estimates that are reasonable in the circumstances.



Responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and error.

Having made an assessment of the Scheme's ability to continue as a going concern, the Trustees are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Scheme's ability to continue as a going concern.

The Trustees acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Trustees on 26 March 2021 and signed on its behalf by:

Ernest N Nadome

Chairman

Josphat Muriuki

Trust Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of KenGen Defined Contribution (DC) Scheme 2012 (the "Scheme") set out on pages 39 to 56 which comprise the statement of net assets available for benefits at 31 December 2020 and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes

In our opinion, the accompanying financial statements give a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2020 and of the disposition at that date of its assets and liabilities, other than liabilities to pay retirement and other benefits falling due after the end of the year in accordance with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefits Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Trustees are responsible for the other information. The other information comprises the Report of the Trustees, which we obtained prior to the date of this auditors report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

Report on the audit of the financial statements (Continued)

Responsibilities of the Trustees for the financial statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefits Act, and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

Report on the audit of the financial statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Certified Public Accountants (Kenya)

Nairobi

26th MARCH 2021

CPA Fred Aloo, P/No 1537

Signing partner responsible for the independent audit

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Shs'000	2019 Shs'000
CONTRIBUTIONS AND WITHDRAWALS			
Contributions	1	1,155,924	1,019,930
Benefits payable		(419,622)	(312,742)
Net surplus from dealings with members		736,302	707,188
RETURNS ON INVESTMENTS			
Investment income	2	619,513	524,768
Income from Private Equity		10,205	-
Change in fair value of property investments	3	6,629	-
Change in fair value of private equity	5(e)	274	-
Change in fair value of other investments		(60,511)	297,140
Less: Investment management expenses	6	(17,054)	(16,970)
Net returns on investments		559,056	804,938
Administrative expenses	7	(50,192)	(48,637)
Income tax expense	11(b)	(42,255)	(38,922)
INCREASE IN NET ASSETS FOR THE YEAR		1,202,911	1,424,567
NET ASSETS AVAILABLE FOR BENEFITS AT START OF YEAR		6,479,860	5,055,293
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR		7,682,771	6,479,860

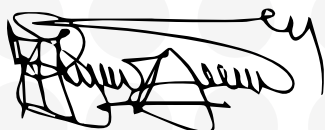


STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2020

	Notes	2020 Shs'000	2019 Shs'000
ASSETS			
Investment property	3	575,001	152,251
Intangible Asset	4	6,990	-
Equity Investments	5	1,409,762	1,179,723
Government securities – Treasury bonds	5	5,218,184	4,384,074
Government securities – Treasury bills	5	-	14,587
Corporate bonds	5	-	70,414
Private Equity	5	116,492	-
Short term deposits	5	310,185	625,558
Other receivables and accrued income	8	98,569	87,669
Current income tax recoverable	11	559	-
Cash and bank balances	10	3,600	11,619
Total assets		7,739,342	6,525,895
LESS: LIABILITIES			
Other payables and accrued expenses	9	56,571	34,082
Current income tax payable	11	-	12,563
Total liabilities		56,571	46,035
Net assets available for benefits		7,682,771	6,479,860
REPRESENTED BY			
FUND BALANCE		7,682,771	6,479,860

The financial statements on pages 11 to 28 were approved for issue by the Trustees on 26 March 2021 and were signed on their behalf by:



Ernest N Nadome
Chairman



Josphat Muriuki
Trust Secretary

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 Shs'000	2019 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	8	1,145,024	1,005,882
Benefits paid		(407,829)	(312,742)
Administrative expenses paid		(41,046)	(45,774)
Movement in balances due to KenGen Retirement Benefits Scheme		2,967	(7,747)
Income tax paid	11	(54,767)	(34,807)
Net cash from operating activities		644,349	604,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received		615,354	524,739
Income from Private Equity Equalization Fund		9,923	-
Investment management expenses paid		(17,230)	(16,727)
Purchase of investment property	3	(416,121)	-
Purchase of quoted equities	5	(375,328)	(138,470)
Proceeds from sale of Equities	5	16,120	98,697
Purchase of treasury bonds	5	(1,427,001)	(3,103,531)
Proceeds from sale of treasury bonds	5	658,939	1,303,260
Purchase of treasury bills	5	-	(28,168)
Proceeds from sale of treasury bills	5	14,587	217,080
Proceeds from sale of corporate bonds	5	69,234	36,347
Purchase of Private equity fund	5	(116,218)	-
Net cash used in from investing activities		(967,741)	(1,106,773)
DECREASE IN CASH AND CASH EQUIVALENTS		(323,392)	(501,961)
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At start of year	10	637,177	1,139,138
Decrease in cash and cash equivalents		(323,392)	(501,961)
At end of year	10	313,785	637,177

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
	Shs'000	Shs'000

1 CONTRIBUTIONS RECEIVABLE

From employer	774,469	683,353
From members	381,455	336,577

	1,155,924	1,019,930
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2 INVESTMENT INCOME

Rental Income	2,100	-
Dividends receivable		
- quoted shares	47,282	63,629
Interest and discounts receivable		
- Kenya Government securities	541,885	391,961
- Commercial papers and corporate bonds	2,464	13,163
Treasury Bills	-	20,920
Fixed and term deposits	19,890	48,768
Other income	4,363	660
Loss on disposal of corporate bonds	(1,180)	(180)
Loss on disposal of shares (note 8(a))	(2,222)	(12,404)
Gain/(loss) on disposal of bonds	4,518	(1,749)
Gain on disposal of treasury bills	413	-

	619,513	524,768
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3 INVESTMENT PROPERTY

Investment property at fair value

At start of year	152,251	152,251
Additions	416,121	-
Fair value gain	6,629	-

At end of year	575,001	152,251
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 INVESTMENT PROPERTY (Continued)

The Scheme's investment properties were revalued at 31 December 2020 by Adept Realtors Limited independent professionally qualified valuers. Valuations were based on current prices in an active market.

The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
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At 31 December 2020

Investment property	-	575,001	-	575,001
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At 31 December 2019

Investment property	-	152,251	-	152,251
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Valuation techniques used to derive level 2 fair values

Level 2 fair values of land and retail units have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 INTANGIBLE ASSETS – (SOFTWARE)

	Software Shs'000	WIP Shs'000	Total Shs'000
Cost			
At 31 st December 2020	-	-	-
Additions	-	6,990	6,990
At 31 st December 2020	-	6,990	6,990
Amortisation			
At 31 st December 2020	-	-	-
Charge for the year	-	-	-
At 31 st December 2020	-	-	-
Net book value			
At 31 st December 2020	-	6,990	6,990

Work in progress (WIP) relates to proportionate accrual of costs incurred to acquire an accounting software (navision) . The system implementation is being done in the financial year 2021. The costs were allocated to both the DB and DC Schemes equally.



[illegible]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS (Continued)

a) Equity Investments (Continued)

ICEA Lion Asset Managers Ltd		Disposal	Bonus/ Share split	Number of shares	Description	Market value at 31-Dec-19	Additions - Cost		Disposal Cost		Gain/ (Loss) on Disposal		Market gain/ (loss)		Market value at 31-Dec-20
Number of shares	Additions						Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	
31-Dec-19				31-Dec-20		Shs'000									Shs'000
213,600	-	-	-	213,600	ARM Cement Plc	-	-	-	-	-	-	-	-	-	-
25,710	10,000	-	-	35,710	British American Tobacco Kenya Plc	12,855	3,187	-	-	-	-	(3,150)	-	12,892	12,892
263,120	-	(222,000)	-	41,120	HF Group Plc	1,700	-	(932)	-	(502)	-	(129)	-	137	137
2,552,480	1,255,000	-	-	3,807,480	The Co-operative Bank of Kenya Ltd	41,733	14,028	-	-	-	-	(8,168)	-	47,593	47,593
23,952	61,700	-	-	85,652	Diamond Trust Bank Kenya Ltd	2,611	5,768	-	-	-	-	(1,955)	-	6,424	6,424
2,201,800	703,900	-	-	2,905,700	Equity Group Holdings Plc	117,796	23,757	-	-	-	-	(35,350)	-	106,203	106,203
191,500	261,600	-	-	453,100	East African Breweries Ltd	38,013	41,956	-	-	-	-	(10,078)	-	69,891	69,891
2,170,356	570,000	-	-	2,740,356	KCB Group Plc	117,199	19,840	-	-	-	-	(32,632)	-	104,407	104,407
128,953	487,300	-	58,025	674,278	NCBA Group Plc	4,752	13,502	-	(3,312)	(504)	-	(217)	-	18,037	18,037
510,000	-	(510,000)	-	-	Crystal Telecom	3,816	-	-	-	-	-	-	-	-	-
308,000	-	-	-	308,000	KenGen Co. Plc	1,762	-	-	-	-	-	(311)	-	1,451	1,451
443,000	-	-	-	443,000	Umeme Ltd Ord UGS	2,854	-	-	-	-	-	53	-	2,907	2,907
335,482	-	-	-	335,482	Umeme Ltd Ord KES	2,778	-	-	-	-	-	(334)	-	2,444	2,444
5,130,219	1,694,600	-	-	6,824,819	Safaricom Plc	161,602	47,076	-	-	-	-	25,072	-	233,750	233,750
-	84,800	-	-	84,800	Standard chartered bank Ltd	-	11,801	-	-	-	-	431	-	12,232	12,232
-	351,600	-	-	351,600	Stanbic Bank Ltd	-	30,254	-	-	-	-	(368)	-	29,886	29,886
14,498,172	5,480,500	(732,000)	58,025	19,304,697	Sub Total	509,471	211,169	(4,244)	(1,006)	(67,136)	648,254				

33,248,516	10,990,500	(1,084,000)	80,602	43,235,618	Sub Total	1,179,723	375,328	(16,120)	(2,222)	(126,947)	1,409,762				
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Notes:

Market values for quoted equity investments are determined by reference to Nairobi Securities Exchange and Uganda Securities Exchange prices prevailing at the end of each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS (Continued)

b) Treasury Bonds at Fair Value through Profit or Loss

	2020 Shs'000	2019 Shs'000
At the beginning of the year	4,384,074	2,544,718
Additions at face value	1,427,001	3,103,531
Disposal proceeds	(658,939)	(1,303,260)
Gain/(loss) on disposal of bonds	4,518	(1,749)
Change in fair value	61,530	40,834
At the end of the year	5,218,184	4,384,074
Maturing as follows		
Between 1-3 years	824,352	42,134
After 3 years	4,393,832	4,341,940
	5,218,184	4,384,074

The weighted average interest rate as at 31 December 2020 was 12.28 % (2019: 12.27 %).

c) Treasury Bills at Fair Value through Profit or Loss

At the beginning of the year	14,587	207,578
Additions at face value	-	28,168
Disposals at face value	(14,587)	(217,080)
Change in fair value	-	(4,079)
At the end of the year	-	14,587
Maturing as follows:		
Within 1 year	-	14,587

The weighted average interest rate as at 31 December 2020 was - % (2019: 9.32 %).



KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS (Continued)

Corporate Bonds at Fair Value through Profit or Loss

	Maturity Date	Interest Rate	2020 Shs'000	2019 Shs'000
Centum fixed rate bond	08-06-2020	12.5%	-	3,005
NCBA fixed rate bond	14-12-2020	12.8%	-	1,005
CFC fixed rate bond	08-12-2021	13%	-	605
EABL medium term note	19-03-2020	13%	-	9,962
Centum bond	08-06-2020	13%	-	32,458
NCBA bond	14-12-2020	12.8%	-	5,028
CFC bond	08-12-2021	13%	-	4,031
EABL medium term note	19-03-2020	13%	-	14,320
			-	70,414

Movements in corporate bonds is analysed as follows:

At the beginning of the year	70,414	108,891
Disposals	(69,234)	(36,347)
Loss on disposal	(1,180)	(180)
Fair value loss	-	(1,950)
At the end of the reporting period	-	70,414
Maturing as follows		
Between 1-3 years	-	70,414
	-	70,414

The weighted average interest rate as at 31 December 2020 was - % (2019: 12.85 %).

	2020 Shs'000	2019 Shs'000
(e) Private Equity at Fair Value through Profit or Loss		
At start of year	-	-
Additions	116,218	-
Fair value gain	274	-
At end of year	116,492	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS (Continued)

f) Short Term Deposits

	Average Interest Rate	Maturity	2020 Shs'000	2019 Shs'000
Equity Bank Kenya Limited	7.5%	31-12-2020	1,900	-
KCB Bank Kenya Limited	7.0%	31-12-2020	39,208	-
I&M Bank Limited	9.5%	03-05-2021	21,244	-
Co-operative Bank of Kenya Ltd	9.1%	28-06-2021	31,414	-
NCBA Bank Kenya Plc	10.0%	19-07-2021	10,460	-
NCBA Bank Kenya Plc	9.5%	27-09-2021	15,359	-
KCB Bank Kenya Limited	7.3%	11-01-2021	15,065	-
Co-operative Bank	7.5%	11-01-2021	5,007	-
Co-operative Bank	7.5%	18-01-2021	5,007	-
Equity bank Kenya Limited	7.5%	18-01-2021	500	-
Equity Bank of Kenya	6.5%	31-05-2021	6,038	-
KCB Bank Kenya Limited	6.5%	31-05-2021	3,219	-
Co-operative Bank of Kenya Ltd	6.0%	31-05-2021	28,230	-
Equity Bank Kenya Limited	7.0%	30-11-2021	83,866	-
Equity Bank Kenya Limited	6.7%	31-05-2021	43,668	-
ABSA Bank Kenya Plc	7.3%	31-05-2020	-	21,164
ABSA Bank Kenya Plc	7.3%	31-05-2020	-	44,732
Co-operative Bank of Kenya Ltd	7.0%	31-05-2020	-	15,098
Equity Bank Kenya Limited	7.5%	31-05-2020	-	552
KCB Bank Kenya Limited	8.5%	06-01-2020	-	20,126
Co-operative Bank of Kenya Ltd	8.5%	06-01-2020	-	56,261
Equity Bank Kenya Limited	9.0%	13-01-2020	-	14,976
Equity Bank Kenya Limited	9.3%	13-01-2020	-	125,411
Equity Bank Kenya Limited	9.3%	13-01-2020	-	3,010
KCB Bank Kenya Limited	9.0%	17-01-2020	-	15,026
KCB Bank Kenya Limited	9.0%	13-01-2020	-	7,041
KCB Bank Kenya Limited	9.0%	20-01-2020	-	44,205
KCB Bank Kenya Limited	9.0%	27-01-2020	-	42,124
KCB Bank Kenya Limited	9.0%	27-01-2020	-	28,251
Co-operative Bank of Kenya Ltd	9.0%	27-01-2020	-	30,052
Co-operative Bank of Kenya Ltd	9.0%	27-01-2020	-	20,054
Co-operative Bank of Kenya Ltd	9.0%	09-01-2020	-	24,121
Equity Bank Kenya Limited	9.0%	31-12-2020	-	10,017
Equity Bank Kenya Limited	9.0%	31-12-2020	-	37,605
Equity Bank Kenya Limited	9.0%	31-12-2020	-	15,028
NCBA Bank Kenya Plc	7.0%	31-12-2020	-	13,102
KCB Bank Kenya Limited	8.0%	31-12-2020	-	37,602
			310,185	625,558

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS (Continued)

f) Short Term Deposits (Continued)

The weighted average interest rate as at 31 December 2020 was 7.70 % (2019: 8.48 %).

Maturing as follows:	2020 Shs'000	2019 Shs'000
Within 1 Month	66,687	544,012
Between 1 – 3 Months	243,498	81,546
Included in the Cash and Cash Equivalents in (note 10)	310,185	625,558

The Scheme does not hold any single investment exceeding 5% of the respective class or type except for investment in quoted shares in the following companies:

	2020 %	2019 %
KCB Group Plc	16	18
East African Breweries Plc	8	7
Equity Group Holdings Plc	15	18
Safaricom Plc	42	41

6 INVESTMENT MANAGEMENT EXPENSES

Investment managers	12,273	12,744
Custodian	4,219	3,974
Property expenses	562	252
	17,054	16,970

7 ADMINISTRATIVE EXPENSES

Administrator's fees	3,040	3,024
Audit fees	2,000	1,933
RBA levy	5,000	5,000
Trustees' expenses	5,022	6,045
Capacity building expenses	6,028	6,314
Consultancy	4,470	2,184
Salary and wages	16,364	12,180
Members education	-	585
Other expenses	8,268	11,372
	50,192	48,637

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2020 Shs'000	2019 Shs'000
8 OTHER RECEIVABLES AND ACCRUED INCOME		
Contribution receivable	98,569	87,669
	98,569	87,669
Movement in Contribution Receivable		
As at 1 January	87,669	73,621
Contribution for the year (note 4)	1,155,924	1,019,930
Contribution received	(1,145,024)	(1,005,882)
As at 31 December	98,569	87,669

9 OTHER PAYABLES AND ACCRUED EXPENSES

RBA levy	5,000	5,000
Audit fees	2,000	2,059
Custodial fees	2,244	2,537
Other suppliers' fee	9,677	1,735
Fund management fees	5,228	5,111
Internal audit fees	-	690
Fund administration fees	-	2,454
Due to KenGen Staff Retirement Benefits Scheme	16,853	13,886
Withholding tax and withholding VAT payable	1,976	610
Withdrawals Payable	11,793	-
Rent Deposit	900	-
Prepaid rent	900	-

56,571 34,082

10 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2020 Shs'000	2019 Shs'000
Cash at bank	3,600	11,619
Fixed and term deposits (note 8(f))	310,185	625,558
	313,785	637,177



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 INCOME TAX

Tax status of the Scheme

KenGen Defined Contribution (DC) Scheme 2012 has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income to the extent allowable.

Investment income earned from investing the accumulated funds arising from the employer and employee's contributions that are in excess of the statutory limit are subject to tax using the statutory income tax rate.

Income tax expense

	2020 Shs'000	2019 Shs'000
Net investment income on unregistered portion of Scheme	169,019	129,740
Income subject to tax	169,019	129,740
Current income tax at 25%* (2019:30%)	42,255	38,922
Current Income Tax recoverable/(payable)		
At start of the year	(11,953)	(8,448)
Income tax expense (Note 14(b))	(42,255)	(38,922)
Tax Payments during the year	54,767	35,417
At end of year	559	(11,953)

*On April 25, 2020, in response to the COVID-19 the Income tax Act amended Paragraph 2 (a) Head B of the Third Schedule to the Income Tax Act by reducing the corporate income tax rate to 25% from the previous 30%.

12 CONTINGENT LIABILITIES

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Scheme at 31 December 2020 or 31 December 2019.

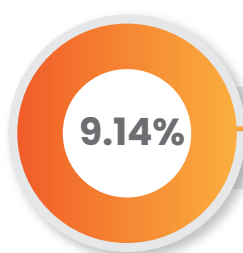
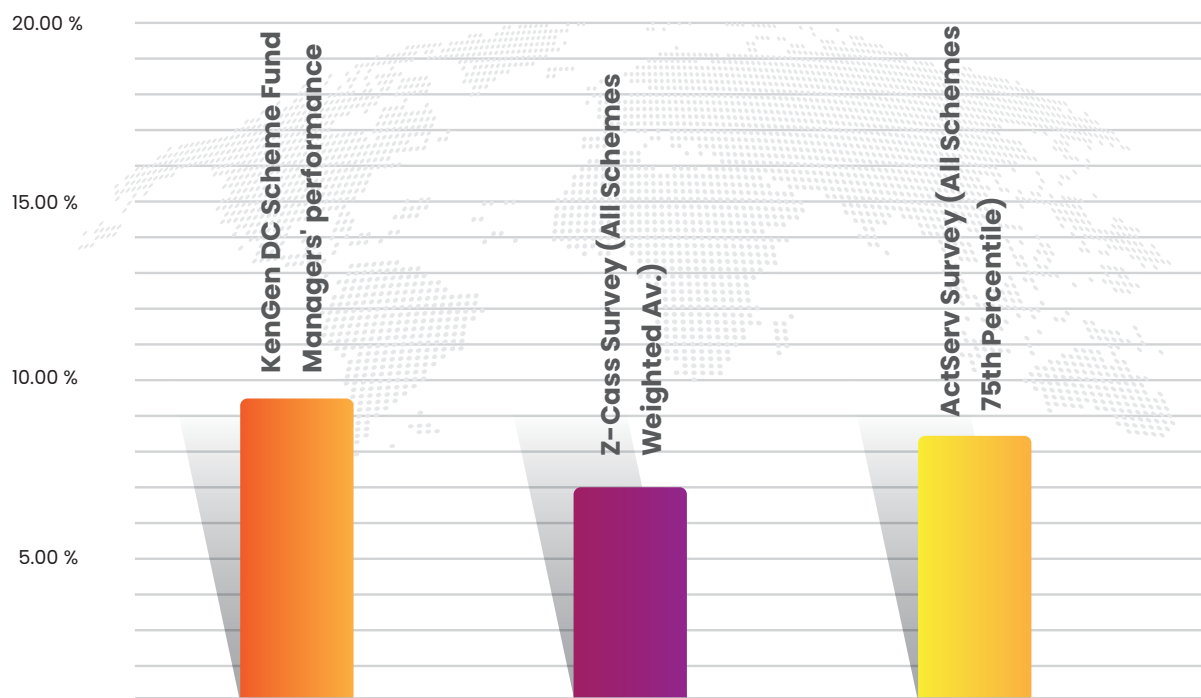
13 RELATED PARTY TRANSACTIONS

Related parties comprise the Trustees, the sponsoring company and companies which are related to these parties through common shareholding or common directorships.

In addition to amount due to KenGen Staff Retirement Scheme (Note 12) and contributions receivable (Note 11) the following transactions were carried out with related parties during the year:

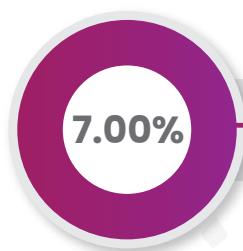
	2020 Shs'000	2019 Shs'000
Included in net assets at the year-end are:		
- Quoted shares held in the sponsor company	1,451	1,762
Transactions with related party:		
Contributions received from KenGen Plc sponsor company (note 11)	1,145,024	1,005,882

INDUSTRY STATISTICS



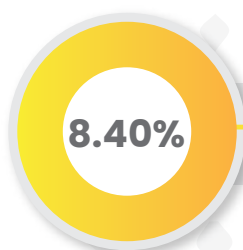
9.14%

KenGen DC Scheme Fund Managers' performance



7.00%

Z-Cass Survey (All Schemes Weighted Av.)



8.40%

ActServ Survey (All Schemes 75th Percentile)

MEMBER SERVICES

Annual General Meeting

The annual General Meeting gives a member an opportunity to know how the scheme performed in the previous financial year. This include; the rate of return distributed to members balances, changes in the scheme benefits structure and scheme administration structure.

balances, changes in the scheme benefits structure and scheme administration structure.

Member Education

These are members forums which are carried out by the Scheme once in every two years, the aim of the forums is to:

- Sensitize members on scheme administration
- Advising members on the scheme benefits structure and how benefits are calculated under various withdrawal options
- Sensitizing members on retirement planning
- Sensitize members on retirement planning
- Updating members on any new regulation issued by the Regulator
- Receive members feedback
- Address queries raised by the members
- Create awareness on industry changes.

Scheme Obligation on Member Services

- i. Service providers should incorporate treating customers fairly in their corporate culture.
- ii. Members should be given information on products and service of the scheme such as lump sum and pension at retirement or joining information to new members.
- iii. Clear and appropriate information should be shared with members.
- iv. Trustees and service providers should provide suitable customer advice to the sponsor and the members to ensure that they access the best retirement arrangement.

Scheme Operation under Covid – 19

Due to this global pandemic, the scheme has put the following measures .

- Continuous updates to members through Multiple platforms i.e. bulk SMS, social media, website, emails, and phone call.
- Holding virtual meetings with stakeholders on Scheme matters.
- Attending to members on scheduled appointments while adhering to the ministry of health directives

GALLERY

Member Services



Strategy & Policies Review Board Retreat



AGM 2020



KenGen DEFINED CONTRIBUTION (DC) SCHEME 2012
Assets held as at 31.12.2019

Asset Class	Value of assets (Kes)	Percentage
Cash & Demand	8,870,928.46	0.14%
Deposits	667,817,729.40	10.31%
Government Securities	4,397,872,751.78	67.90%
Corporate Bonds	70,413,151.16	1.09%
Equities/Shares	1,179,722,541.87	18.21%
Property	152,250,000.00	2.35%
Total	6,476,947,102.67	100.00%



The background of the page is a light grey color. It features a decorative pattern of horizontal orange lines. On the left side, there is a vertical column of circles in various shades of grey and orange. The circles vary in size and are arranged in a way that creates a sense of depth and movement. The overall design is clean and modern, with a focus on geometric shapes and a limited color palette.

NOTES



KenGen Defined Contribution (DC) Scheme

KenGen Pension Plaza 2, 11th Floor

Kolobot Road, Parklands

P. O. BOX 47936, 00100, Nairobi-Kenya.

Tel: (+254) 0711 036000 / 0732116000 / 20 3666000

Email: info@kengensrbs.co.ke