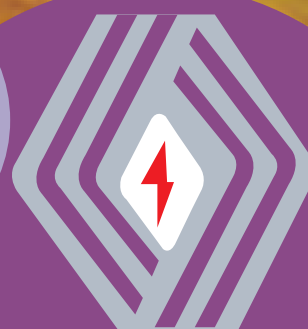


DEFINED BENEFIT SCHEME

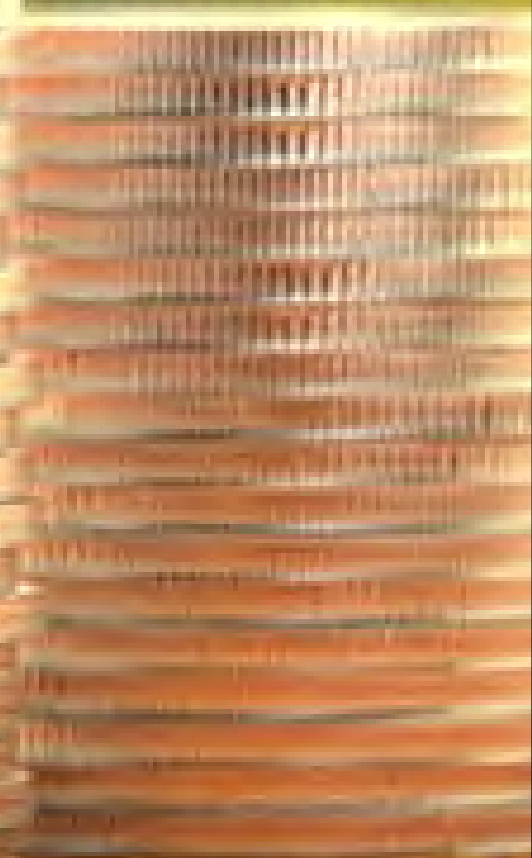
2020



KenGen
Staff Retirement
Benefits Scheme

ANNUAL REPORT

& FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2019





KenGen
Staff Retirement
Benefits Scheme

MISSION, VISION & CORE VALUES



**To deliver on its commitments
through prudent investments**



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



**Customer Focus – Quality first as we strive to meet our
customers' expectations**

Integrity – Acting ethically in every endeavor

Innovation – Foster creativity & innovation

**ANNUAL REPORT & ACCOUNTS FOR
THE YEAR ENDED 31ST DECEMBER 2019**



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OUR BUSINESS



About The Scheme

The Defined Benefits (DB) Scheme is an occupational scheme of KenGen PLC staff and has 2,285 members with Kshs. 7.9B in Assets Under Management (AUM).



2,285

members



Kshs. 7.9B

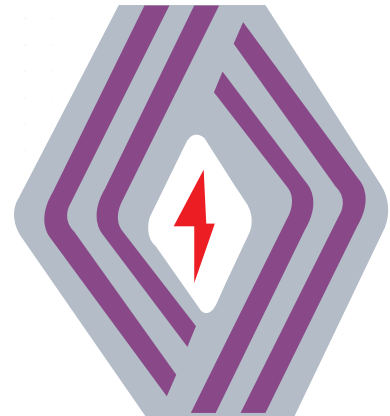
Assets Under
Management (AUM).

Achievements



Formulation of
the Strategic Plan
2019-2028

2019-2028



KenGen
Staff Retirement
Benefits Scheme

Awards



- Occupational Scheme of the Year-Think Business Awards
- Public Entity Scheme of the Year- Think Business Awards
- 1st Runners Up Retirement Benefits Scheme - Institute of Certified Secretaries
- 2nd runners up in the non for profit category - FiRe Awards
- Best retirement benefit scheme in real estate investment



2019 →

Strategic Plan

→ 2028



Align Investment to Scheme Liabilities

- DB on track to full funding
- Board focused on returns and making the right asset allocation moves

Pillar



Improve Member Services and Cost Management

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

Pillar



Optimize Human Resources and Governance Functions

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

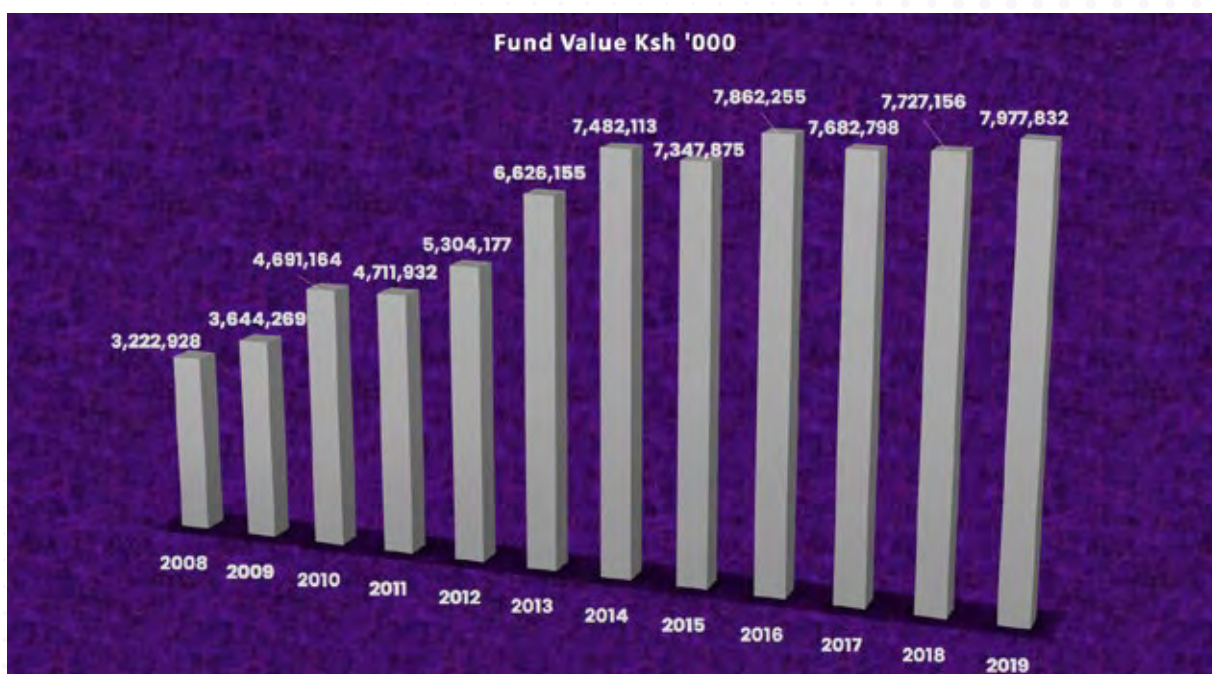
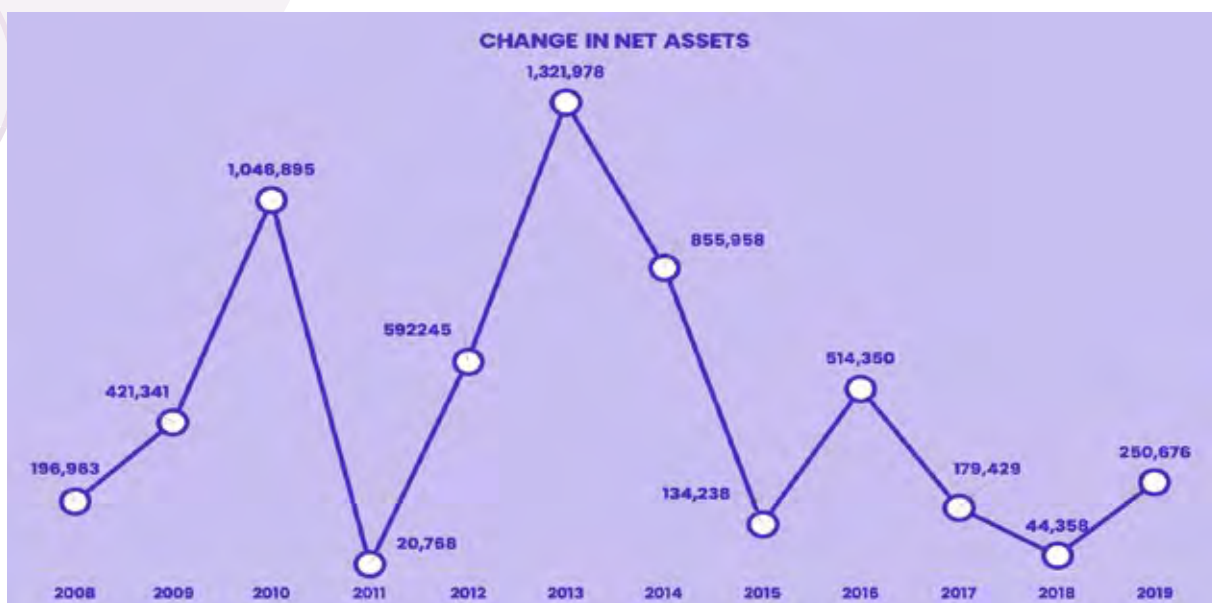
Pillar





Scheme Property for Sale- Rosslyn Springs

SCHEME HIGHLIGHTS



REGISTERED OFFICE AND PROFESSIONAL ADVISORS

REGISTERED OFFICE

KenGen Pension Plaza 2
Kolobot Road, Parklands
P. O Box 1811 – 00606
Sarit Centre
Nairobi



ADMINISTRATORS

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



EXTERNAL AUDITORS

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road, Westlands
Nairobi, Kenya
P.O Box 43963 – 00100
Nairobi



INTERNAL AUDITORS

UHY Kenya
Centro House
1st Floor, Ring Road Westlands
P O Box 13550 – 00800
Nairobi

INVESTMENT MANAGERS

Britam Asset Managers

Britam Centre
Mara & Ragati Road Junctions
P O Box 30375 – 00100
Nairobi



Co-op Trust Investment Services Ltd

Co-operative Bank House
P O Box 48231 – 00200, Nairobi

CUSTODIANS

NCBA Bank Kenya

NIC House
P O Box 44599 – 00100
Nairobi



BANKERS

NCBA Bank Kenya

NIC House
P O Box 44599 – 00100
Nairobi



Co-operative Bank of Kenya Ltd

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



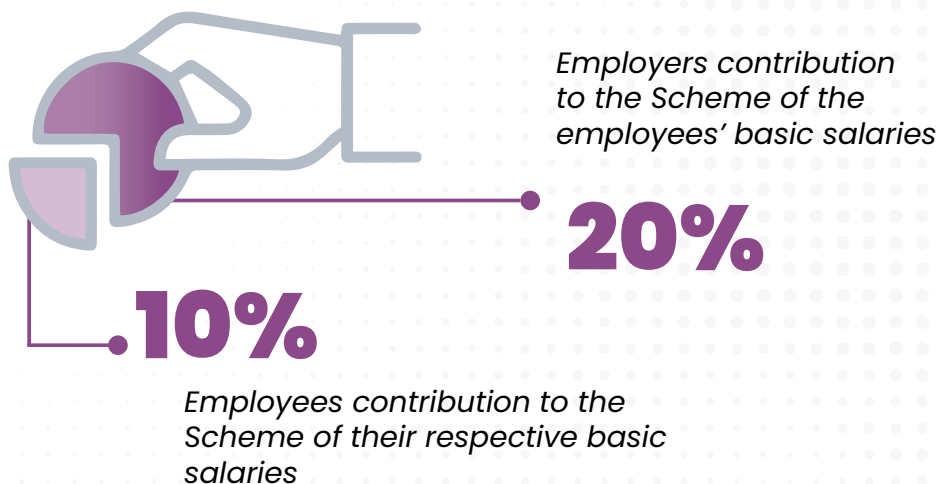
REPORT OF THE TRUSTEES

Establishment, nature and status of the Scheme

KenGen Staff Retirement Benefits Scheme ("KenGen SRBS") was established in the year ended 31st December 2000 after the split between Kenya Power and Lighting Company and Kenya Electricity Generating Company. As at 31 December 2014, the transfer of assets to KenGen SRBS from the legacy scheme had been completed. The Scheme is governed by a trust deed dated 6th November 2000. It is a defined benefit Scheme and provides, under the rules of the Scheme, retirement benefits for the staff of Kenya Electricity Generating Company (KenGen PLC). It is a tax exempt approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority.

Employees contribute to the Scheme at the rate of 10% (2019: 10%) of their respective basic salaries. The employer contributes at rates based on periodic advice of the actuary. The current rate is 20% (2019: 20%) of employees' basic salaries.

In compliance with the Treasury Circular No. 18 dated 24 November 2011, KenGen PLC undertook a redesign of the retirement benefits arrangement whereby a new defined contributory (DC) Scheme was established with effect from 1st January 2012. As stipulated in the aforementioned circular, the members who were below 45 years were required to transfer and join the new DC Scheme. The members who were 45 years and above were given the option to either remain in this Scheme or move to the DC Scheme.



Actuarial position

The last actuarial valuation was as at 31st December 2017 by Minet Kenya Consulting Limited, an independent firm of actuaries, using the Attained Age Method.

According to the valuation at that date, the actuarial present value of promised retirement benefits was Kshs. 9,876 million and the fair value of the net assets available for benefits at that date was Kshs. 7,683 million resulting in a deficit of Kshs. 2,193 million. The actuary recommended a remedial plan that is currently being implemented

Kshs. 9,876 M
Actuarial present value of promised benefits

Kshs. 7,683 M
Fair value of the net assets of retirement benefits

Kshs. 2,193 M
Deficit

Membership

a) Total members

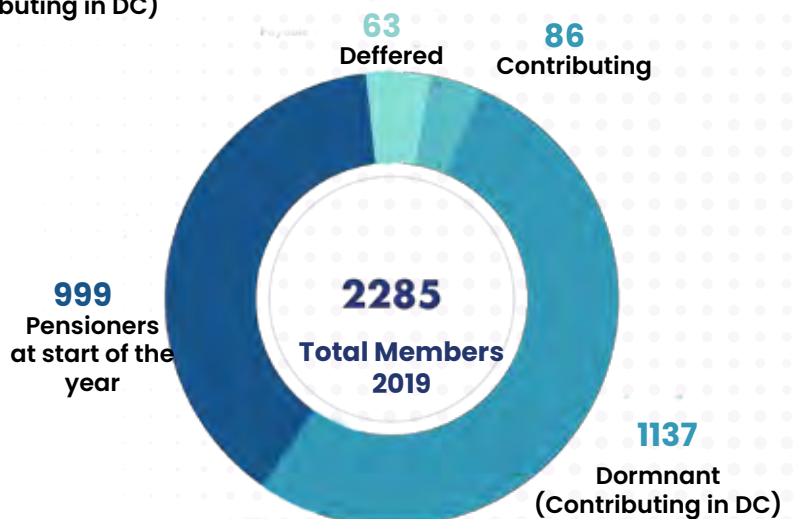
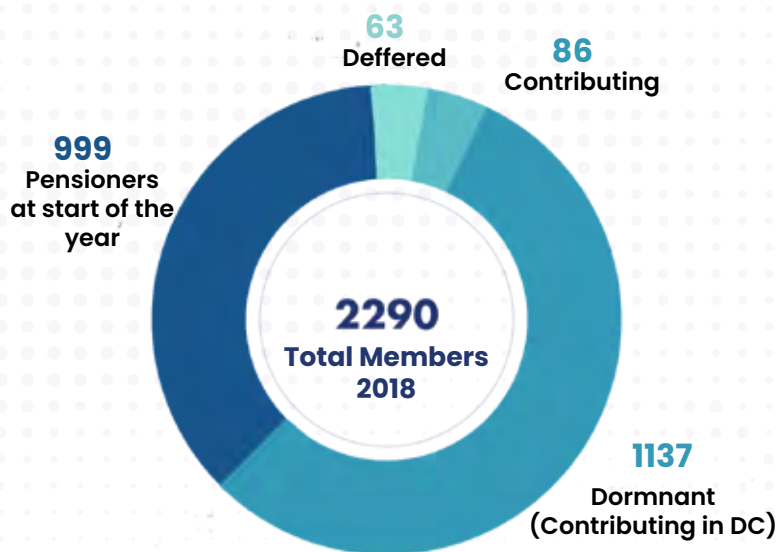
	2019	2018
In- Service Members	1,286	1,373
Pensioners & Beneficiaries	999	917
	2,285	2,290

b) Membership Categories

Contributing	86	96
Deferred	63	65
Dormant (Contributing in DC)	1,137	1,212
	1,286	1,373

c) Pensioners

	2019	2018
At start of year	917	872
Contributing members who retired during the year	78	61
Widows or widowers pension becoming payable	42	25
	1,037	958
Less: Deaths	(19)	(12)
Less: Cessation of Children Pension	(19)	(29)
At the end of the year	999	917



Financial Review

The statement of changes in net assets available for benefits on page 8 shows an increase in the net assets of the Scheme for the year of Kshs. 250,676,000 (2018: Kshs. 44,358,000) and the statement of net assets available for benefits on page 14 shows the Scheme's net assets as Kshs. 7,977,832,000 (2018: Kshs. 7,727,156,000).


Kshs. 250.676 M

*The increase in net assets
from the previous year*

Investment of funds

Under the terms of their appointment, Co-op Trust Investment Services Limited and British American Asset Managers were responsible for the investment of available funds. They are not responsible for investment in properties, which are managed in-house except for RBS Gardens Apartments, managed by Dunhill Consulting.


The overall responsibility for investment and performance lies with the Trustees.

The Scheme's investment portfolio as at 31st December 2019 was as follows:

	(Kshs.'000)		(Kshs.'000)		RBA Limit %
	2019	%	2018	%	
Investment Property	5,020,501	65	4,935,628	66	30
Government Securities	1,712,222	22	1,526,558	20	90
Equities	735,950	10	699,163	9	70
Fixed Deposits	182,562	2	217,169	3	30
Corporate Bonds	43,070	1	155,188	2	30
	7,694,305		7,533,706		

The Scheme's immovable property is above the RBA limit of 30%. The Board of Trustees are in the process of disposing its Investment Property in order to be within the limit.



A black king chess piece stands prominently on a chessboard. In the background, a city skyline is visible across a body of water. The scene is overlaid with a large, stylized graphic consisting of a purple and red curved shape in the bottom left corner.

SCHEME GOVERNANCE





Joseph Sitati
Chairman

He was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme in 2017 as a sponsor appointed Trustee. He is the Chairman of the DB Scheme. He holds a BSc (Mechanical Engineering) from the University of Nairobi. He is a Fellow of the Association of Chartered Certified Accountant and is a Certified Information Systems Auditor. He has attended various professional development training programs. He has served as the Chief Finance and Administration Officer at Deacons Limited Nairobi, Commercial Finance Manager-Central East & West Africa Business Unit at CocaCola Group Nairobi, Group Finance Director at Old Mutual Group Nairobi and Finance Manager at Shell BP Kenya Limited among other positions. He brings a wealth of experience in investments and finance. He is currently the Group Chief Financial Officer at Abacus Pharma Limited and a Non-Executive Director on the KenGen PLC Board.



Rebecca Miano, MBS
Trustee

She was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme 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 with Honours, a diploma in Law and Post-graduate studies in Comparative Law. In 2010. She is a Commissioner for Oaths (Since 2001), a Notary Public (since 2003) and a finalist for Chartered Arbitrator. She is a registered Certified Public Secretary of Kenya and is a member of the Institute of Certified Secretaries of Kenya (ICS) and the Law Society of Kenya (LSK). She was awarded the Company Secretary of the Year award in 2010 under the Champions of Governance (COG) Awards. She is currently the MD and CEO of KenGen PLC.



Ernest Nadome
Trustee

He was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme on 1st January, 2006 as a member elected trustee. He is the Chairman of the Investment & Strategy Committee and a member of Administration & Communication Committee. 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 17yrs. He is well versed in energy, human resources and labour matters, having worked for The Kenya Power and Lighting Company Ltd and KenGen PLC for 17 years..



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 of KenGen Staff Retirement Benefits Scheme in 2016 as a sponsor nominated Trustee. He is the Chairman of Administration & Communication Committee and a member of Audit & Risk Management Committee.



Paul Ndungi
Trustee

He was appointed to the Board of Trustees in 2019 as a Sponsor Nominated Trustee. He is a member of the Administration & Communication Committee and Audit & Risk Management Committee. He holds a Bachelor of Laws (LLB) degree with Honours from University of Nairobi and a Diploma in Law from the Kenya School of Law. He is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public as well as a registered Certified Secretary. He is currently pursuing a Master of Laws – Dual LLM in U.S. Law and International Corporate Law at the Washington University – St. Louis School of Law. He joined KenGen PLC as the Company Secretary and Legal Affairs Director on July 25, 2018, prior to joining KenGen, Mr. Ndungi served as the Company Secretary and Senior Legal Counsel at Barclays Bank of Kenya Limited. He has previously served in various legal and governance capacities at Ecobank Kenya Limited, I&M bank Limited, First American Bank of Kenya Limited and M/s TripleOKLaw Advocates.



Yaola Kizito
Trustee

He was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme in 2017 as a sponsor appointed Trustee. He is a member of the Investment & Strategy Committee and Audit & Risk Management Committee. The Scheme has borrowed from Mr. Kizito's extensive knowledge and experience in steering the Scheme's strategy. He is currently KenGen PLC's Strategy Development Manager.



Mary Maalu
Trustee

She was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme in 2017 as a sponsor appointed Trustee. Her vast knowledge and experience in the finance field bolsters the Scheme's finance and investments skills sets. She is the Chairperson of Audit & Risk Committee. She is the Chairperson of the Audit & Risk Management Committee and a member of the Investment & Strategy Committee. She holds an MBA Finance, a Bachelor of Commerce (Accounting Option), both from University of Nairobi and she is a Certified Public Accountant CPA(K). She has served in several senior positions in Kenya Airways and is currently the Corporate Finance Manager with KenGen PLC.



Patrick Kimemia
Trustee

He was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme in 2017 as a pensioners' elected trustee. He is a member of the Investment & Strategy Committee and Administration & Communication Committee. He retired from the service of KenGen PLC in year 2014. At the time of retirement from KenGen PLC, he held the position of a Supply Chain Manager. Mr. Kimemia has continuously assisted the scheme on its procurement framework following the passing of the Public Procurement & Asset Disposal Act, 2015 that schemes of public entities are required to comply to.



Peter Mutemi
Trustee

He was appointed to the Board of Trustees of KenGen Staff Retirement Benefits Scheme on 1st January, 2006 as a member elected trustee. He has an experience of 34 years in the energy sector having been employed by East African Power in 1982 then KPLC and thereafter KenGen PLC. 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 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.



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, Information Audit and Investments spanning over 10 years having previously worked as the Pensions Administration Manager with Liaison Group (I.B) 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).



1. Trustees In Office

In this financial year, the following Trustees served in the Board of KenGen Staff Retirement Benefits Scheme: **(Male 7; Female 2)**

Name of Trustee	Age	Category (Member-elected/ Sponsor-nominated)	Certified (Yes/No)	Profession
Mr. Joseph Sitati	47	Sponsor Nominated	Yes	Finance, Systems Audit & Engineering
Ms. Rebecca Miano	54	Sponsor Nominated	Yes	Legal, Governance & Management
Mr. Abraham Serem	55	Sponsor Nominated	Yes	Human Resources & Administration
Mr. Paul Ndungi	44	Sponsor Nominated	Yes	Legal & Governance
Mr. Yaola Kizito	50	Sponsor Nominated	Yes	Strategy & Projects
Ms. Mary Maalu	54	Sponsor Nominated	Yes	Finance, Audit & Accounting
Mr. Ernest Nadome	53	Member Elected	Yes	Labour Relations, Management
Mr. Patrick Kimemia	65	Member Elected	Yes	Procurement
Mr. Peter Mutemi	58	Member Elected	Yes	Scientist

2. Meetings

The Board of Trustees held the below meetings during the year ending 31st December 2019.

Board/Committee	No. of meetings held	Date of the Meetings
Full Board	5	25 th Mar 4 th Jun, 26 th Jul, 27 th Sep, 6 th Dec
Investment & Strategy	11	27 th Feb, 15 th Mar, 18 th Mar, 30 th Apr, 9 th May, 10 th May, 28 th Aug, 9 th Sep, 7 th Nov, 26 th Nov
Audit & Risk Management	5	14 th Mar, 19 th Mar, 8 th May, 29 th Aug, 14 th Nov
Administration & Communication	6	6 th Mar, 9 th May, 16 th May, 23 rd Jul, 14 th Aug, 11 th Sep, 15 th Nov

3. Fiduciary Responsibility Statement

The Board of Trustees is the governing body of the KenGen Staff Retirement Benefits Scheme 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:

- Acting honestly and did not improperly use inside information or abuse their position;
- 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
- 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, apart from the regulations on level of immovable property and the required funding level as summarised below.

The Retirement Benefits Act (the 'Act'), through the Retirement Benefits (Minimum Funding Level and Winding-up of Schemes) Regulations, 2000 Paragraph 4, notes that the minimum required funding level required for the Scheme is 100%. The Scheme's funding ratio as at 31 December 2019 was 77.8% which is below the minimum required level of 100%.

The Act, through the Investments, Regulations and Policies issued by the Retirements Benefits Authority, caps the investment by



pension schemes in immovable property in Kenya at 30% of the total fund value. As at 31 December 2019, the Scheme's immovable property accounted for 65% of the total plan assets. This is above the RBA's regulatory cap of 30%.

4. Responsible 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.



5. Key Outcomes

The Board of Trustees seeks to achieve the following:

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

During the financial year, the Board of Trustees sent out questionnaires to members requesting them to fill them and return together with the annual certificate of existence. By end of the financial year, analysis of the completed questionnaires was ongoing.

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

6. Trustees Remuneration Policy

During the year under review, the Trustees were paid a gross sum of Kenya shillings six million, six hundred and thirty-five thousand only (Ksh 6,635,000). The Trustees Capacity Building expenses for the year was Kenya shillings eleven million, two hundred and seventy five thousand two hundred and twenty only (Ksh 11,275,220).

The payment complied with the Trustee remuneration policy of the Scheme as approved by members at the Annual General Meeting held on the 27th July 2018 in Olkaria.

7. Annual general meeting

The Scheme held the 2019 Annual General Meeting (AGM) at KenGen Pension Plaza 2 on 26th July 2019 at which 438 members attended making up 19% of the Scheme membership.



Auditor

PricewaterhouseCoopers LLP were appointed during the year and continue in office in accordance with the Retirement Benefit Act.

For the Trustees

Mary Maalu

Chairperson – Audit and Risk Management Committee





”

**Making decisions today with
a view of the best interests of
multiple generations.**

Joseph Sitati – Chairman

CHAIRMAN'S STATEMENT

Dear Members,

As Chairperson, it is my honour to report to you on the activities of DB Scheme in this, our 20th year since setting up the fund. Before I deliver the report on this year's activities, I will take a moment to reflect on the 20 years since DB Scheme's inception. The Scheme was formed by an irrevocable trust in 2000, with a singular mandate



“To ensure sustainable retirement benefits to its members and beneficiaries.”

We received a small initial transfer from KPLC. Over the ensuing 20 years, numerous developments took place, including development of our first commercial real estate investment, KenGen RBS Gardens, and our strategic decision to reinforce the Scheme's active management strategy which saw us increase our investment managers to more than one and set-up a Pension Secretariat office, the treasury directive to close membership to new entrants from 31 Dec 2011. And, while this milestone 20th anniversary naturally has us looking back at what has brought us to this chapter in the life of the Scheme, this is a forward-looking organization by nature. Making decisions today with a view to the best interests of multiple generations is key to our mindset, and this draws our focus continually toward long-term performance. Since inception, the Scheme has repeatedly demonstrated that it can accomplish what it sets out to do. Our results this past fiscal year, where the total Fund stood at KES 7.98 billion, are a prime example of the work the Board does to contribute to the sustainability of the Scheme.

This year's DB Scheme's Annual Financial Report is set to be reviewed at a time the world is facing the biggest health and economic challenge in generations. The COVID-19 pandemic, which occurred right after we closed the Scheme's financial year 2019, has had significant and far-reaching global impact.

It has forced the global community to deal with exceptional social and health care challenges, volatile financial markets, and dramatic economic impacts. The full impact of this global pandemic has yet to be seen, but what we do know is that these challenges call for extraordinary cooperation among governments and individuals to pull through this crisis together.

The Scheme's Mission is to secure sustainable retirement to its over 2,000 contributors and beneficiaries. During this time of extreme financial stress, our longstanding approach to building and managing 10 Years making. The Board remains steadfast in its oversight. We have strong confidence in the Scheme's 2019 – 2028 Scheme strategy, which is designed to enhance our operational processes and investment programs, and to keep us well positioned for both future financial disruptions and new growth opportunities.

While it is natural to focus here on the potential impacts of the global pandemic, it remains important both to look back on the activities of the previous fiscal year, and to keep an eye to that long-term investment horizon. Here are three key areas of Board activity in fiscal 2019:

1. Stewardship of the long-term investment strategy in providing necessary liquidity
2. The Board's engagement with the business towards innovative products and services to our members
3. Scheme long-term continuity in ensuring full funding

1. Stewardship of the long-term investment strategy

Macro-economic environment

According to Kenya National Bureau of Statistics, 2019 GDP numbers showed growth slowed down to 5.6% compared to 6.4% growth in the previous year. This was due to suppressed performance in most sectors of the economy. Agriculture experienced a drop in production of key crops, and in the manufacturing sector there were low activities in manufacturing food & non-food products. The financial services sector however grew driven by increased money supply from growing deposits.

The Kenya Revenue Authority (KRA) collected Ksh 87 billion for the first half of the 2019/2020 financial year which is 20% below the target of Ksh 1.09 trillion. Headline inflation closed the year at 5.82% compared to 5.71% in December 2018, mainly attributable to increased pressure from food prices and pump prices.

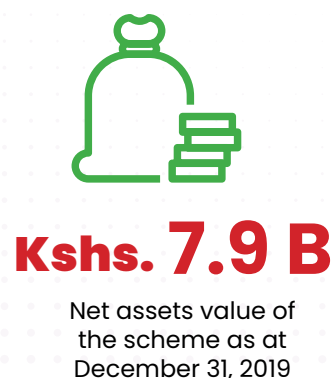
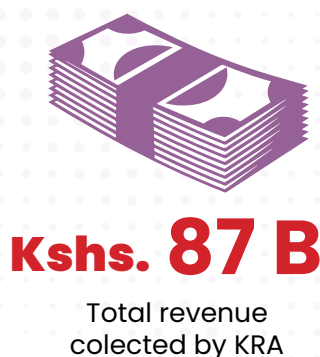
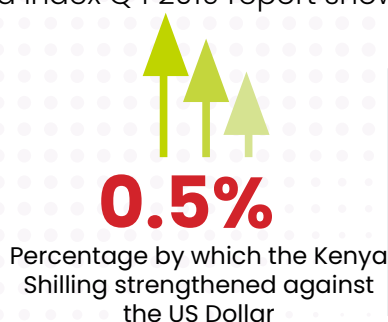
On an annual perspective, all the treasury bills rates declined following CBK's sustained easing of government's monetary policies through the year. The only pick up on the rates was witnessed in the last two months of the year which the driving factor appears to be the repeal of interest rate caps that point to a possible shift in demand from government paper towards private sector lending. Average yields on the 91-day, 182-day & 364-day decreased by 11.49%, 17.84% & 9.26% to close at 6.87%, 7.82% & 9.48% respectively as the end of year 2019. The treasury yields declined in the first half of the year which picked up in the second half of year erasing most of gains from the downward shift of the curve seen earlier in the year.

Headline inflation closed the year at 5.82% compared to 5.71% in December 2018, largely supported by increase in non-core inflation. Depressed agricultural production resulted in food inflation edging upwards by 10.05% in 2019.

The Kenya Shilling strengthened by 0.5% against the US Dollar in 2019. The strengthening was mainly supported by strong forex reserves and due to increased diaspora remittances in the year.

In 2019, only the NSE-20 recorded negative performance of -6.3% while the NASI and NSE-25 gained 18.5% and 15.5%, respectively. This was largely attributed to the interest rate cap repeal in October in which large cap bank stock prices trended higher. However, equity turnover during the year declined compared to 2018.

According to Hass Property Q4 2019 report, the residential sector recorded an annual price decline of 3.5% with semi-detached houses recording an annual price growth of 6.2%. The Hass Land Index Q4 2019 report shows asking land prices appreciated annually by 1.7%.



2. Implementation of the long-term strategy

The Board met regularly during the fiscal year 2019 to oversee prudent investment & performance, systems and structures. The fund ended the fiscal year with assets of Kshs. 7.98 billion which was a 3% growth from a fund value of Kshs. 7.7 billion in the previous year. These benefited the Fund and, importantly, its membership and beneficiaries. The Board is confident that Management has effective processes and plans in place to ensure the continued sustainability of the fund..



Risk management

Oversight of risk management is integral to the Board's mandate, and we continually assess the adequacy of Scheme's governance structures to ensure effective oversight of all risk assessment and risk management activities.

The first months of calendar 2020 have demonstrated just how unpredictable the world is. We are continually faced with unexpected challenges, making it critical for all organizations to plan for a range of future contingencies. The Board take comfort in knowing that the Secretariat's management and external consultants does this well. Management's preparedness and actions taken in response to the COVID-19 pandemic allow one to fully appreciate the value of such focus and prudent planning. These included:

- Development of a crisis management framework providing plans to cover a range of new operational and financial stress scenarios; and
- Enhancement of processes to identify, assess and monitor risks that could cause significant downside erosion to Scheme Investments.

3. Engagement with business activities

As part of the Strategy implementation, the Board's engagement with the ongoing business of Scheme, focused on four main areas: investment oversight, operations oversight, technology and people.

Investment oversight

The Board oversees Scheme Investments' core activities through the Investment & Strategy Committee of the Board. The Committee establishes investment policies, standards and procedures, and reviews and monitors while the Board approves. It also reviews the approach to investment risk management and approves the engagement of external fund managers and fund custodian. The Board undertook a consultative process to formalize the Investment Policy Statement which the document provides transparency and consistency to decision-making, and a compass for selecting long-term investment strategies. It is during this year also that a competitive review of fund managers and custodian was conducted for a three-year contractual engagement commencing in year 2020.

Operations oversight

In the first quarter of year 2020, the Board has worked very closely with Management to ensure the Scheme is well positioned to manage through the significant financial and operational impacts of the COVID-19 pandemic. Management is reporting to the Board regularly on its actions to support and to protect both employees and the Scheme during this unprecedented event.

Technology

In year 2019, the Board approved implementation of an ERP which is designed to optimally support all employees and to enhance our service delivery. Having the right technology, systems and processes in place proves to be critical this year as we have enhanced successful transition to a work-from-home environment in response to the COVID-19 pandemic.



People

Central to fulfilling our long-term strategy is the quality of our people. A significant and ongoing objective of the Board is to strengthen our pool of talent and to sustain an optimal corporate culture. Our High-Performance culture is founded on our values of Integrity, Innovation & Customer-focus. We know ethical conduct across the Scheme as an organization is critical to earning and keeping public trust, and to doing good business. The stewardship of the Scheme's culture as an organization is in the hands of the CEO and his team and is overseen by the Board. We are impressed with the exceptionally talented and dedicated employees we have and the high values they share.

4. Board continuity

In accordance with the Scheme Board Charter, our Board is comprised of highly qualified Trustees with the skill sets and backgrounds needed to provide effective oversight of Scheme assets. In addition to having deep expertise across risk management and business oversight, the Board demonstrates broader diversity of important backgrounds and experience, all contributing to the complex work of the Board. In the last year, there were no board membership changes.

In conclusion

On behalf of the Board, I thank, all of whom are adeptly guiding the Scheme through this difficult time. Their compassion, steadfastness and expertise position the Scheme investments to weather this storm and stay on course, keeping our commitment to all our contributors and beneficiaries. I express my deep appreciation to the Sponsor, KenGen PLC and to also each of our Trustees for their outstanding service. During a year marked by one of the most significant global crises in our lifetimes, I stop to acknowledge our CEO & Trust secretary and his team for all their efforts. Our professional service providers remain dedicated to our mission, working to support the security of the Fund through this uncertain period, and for that, we thank you. Finally, we thank our regulator, RBA, as always, they are dedicated to seeing the Retirement Benefit Schemes on solid footing for the future.



Joseph Sitati
Chairman





We stay true to our mandate of achieving a maximum rate of return.

Josphat Muriuki – Trust Secretary

TRUST SECRETARY REPORT

Dear Members,

Q1 2020 marked the arrival of COVID-19 global pandemic which has disrupted both working and personal lives of billions of people locally and around the world. The past months have tested our health, economic and social systems in ways we could not have imagined. Financial markets reacted forcefully to the expected impacts of widespread economic shutdowns aimed at containing the spread of the virus. Amid these challenging and uncertain times, let me give today's retirees and for decades to come, the assurance that the resilience of the Scheme gives us confidence.

As I begin on my annual report, its remarkable to note we began to invest your contributions 20 years ago. It's been a journey where we have steadily expanded, broadened our investment, risk and administrative management capabilities and worked hard towards being the best retirement benefits Scheme of our type in the country – all to serve the over 2,000 people who have entrusted us with the foundation of their retirement savings. At this 20-year milestone moment, the DB Scheme is taking stock of the past, but focused firmly on our future and the opportunities and challenges we see coming over the next years.

It is critical to me, as CEO, that members have conviction that we will safeguard and grow the money that they and the Sponsor, KenGen, contribute each month. 20 years ago, the first transfer of funds was small – about KES 120 million. This has increased to support the enhanced benefits that contributors will receive in their retirement years. Today, the Scheme have the full advantage of the expertise, investment systems and risk management. While we look forward to this new phase of growth, it is also important to stay true to the mandate that has been our compass since the beginning: to achieve a maximum rate of return, without undue risk of loss.

Long-term strategy and trends

Our next 10 years will require us to expand our skills and embrace new technologies. We will also need an innovative spirit that will continue pushing us towards fresh ideas. As I think about the next phase of growth, the principles that have defined our high-performance culture– integrity, innovation & customer-focus – will guide us forward.

We continue to execute our 2028 strategy, approved by our Board early in 2019. We remain confident in the long-term trends that reinforce our views and strategy. To meet our goals, investment & property teams continue to anticipate the trends we believe will reshape the financial and real estate markets locally and globally in the long term. Culture continues to be a strong focus. To meet our 2028 goals, we must be able to foster a culture that is innovative, ambitious and agile. The COVID-19 pandemic points to the importance of being able to develop rich insights and adapt quickly. To help us stay on course through periods of change, we have our decision-making guidelines which provide current and future beneficiaries with additional transparency as to our decision-making processes in carrying out our long-term investment strategies.

Resilience and Focus

While the COVID-19 pandemic was something few of us could have predicted, the likelihood of a global event leading to turmoil in financial markets is something we could foresee and prepare for. And we have. As a Scheme with an exceptionally long investment horizon, we must be prepared to navigate all market conditions.

Our aim is thus not to quickly acquire new assets or disposing of existing ones. Instead, we must assess, understand, and proceed using good judgment. For long-term investors, extreme market volatility requires to stay the course to insulate us from actions that could work against us in investing. It is our job to tame these impulses. We are taking the time now to identify the changes that will be both enduring and progressive.

We are balancing our search for new opportunities with our long-term strategy while maintaining conservative levels of liquidity. Our long-horizon approach to building a highly diversified, resilient portfolio will continue to be our guide through what is to come.

Towards Greater Member Experiences

We have a great responsibility to demonstrate that you can count on us – especially during the tough times. Beyond this annual report and biennial members awareness meetings, we have rolled out a bi-annual newsletter as an important aspect of our accountability. As the world at large navigates challenging circumstances in the months to come, we are committed to providing timely and transparent information about the Scheme, well beyond what is required of us by legislation. As members remain focused on their health and well-being, we remain focused on safeguarding the financial health of the Scheme.

Investment Landscape & Our Financial Performance

In pursuit of our long-term strategy, our fund is well diversified by asset class and by strategy. We adhere to disciplined rebalancing of the Fund to maintain the long-term portfolio construction we target. Safety and soundness come first – neither the severity and duration of the present economic turmoil, nor the extent of its lingering or permanent aftermath can be easily predicted. We will continue to stress test our portfolio as we always do, looking at investment outcomes under a variety of extreme scenarios so we can be confident the Fund will remain resilient as it continues to grow. As we have seen in past crises, unexpected outcomes can emerge as people and communities respond, adjusting behaviours and innovating solutions in ways that leave lasting positive impact. Even in this time of physical distancing, our in-house investment team and external investment & property managers continue to work creatively to find, assess and execute on new investment opportunities.

In year 2019, the Fund grew to KES 7.98 billion, comprising KES 692 million in net income and KES 259 million in net contributions received. This represents a net annual return of 8.0%, after all costs.

Our thanks

Today, I watch with enormous respect and admiration medical professionals locally and around the world – who are in many circumstances risking their own health and lives to care for all of us through their work each day. It is a moment to say we are sincerely grateful. And the lessons we draw is that the one constant is the quality of people.

Our people in the Scheme are all driven by the knowledge that they are helping to lay the groundwork for the Scheme members' retirement security. Thank you, all my colleagues at the Pension Secretariat and to all our professional service providers, for your dedication and commitment to excellence – particularly during the times this new year 2020 has really tested the strength of the Scheme as an organization and investor. We also appreciate our Board of Trustees for their guidance and leadership. Finally, thanks to you, our current and future beneficiaries, for putting your trust in us to forge ahead and help protect the DB Scheme for generations.

Sincerely,



Josphat Muriuki
CEO & Trust Secretary

TRUSTEE CAPACITY BUILDING

NAME OF TRUSTEE	TRAINING/CONFERENCE ATTENDED
Mr. Joseph Sitati	Annual Pension Conference, Accounting and Financial Analysis
Mr. Ernest Nadome	Corporate Responsibility and Governance Accounting and Financial Analysis
Mr. Abraham Serem	Zamara Annual Retirement Conference, Pension Scheme Governance and Regulation
Mr. Paul Ndungi	Trustee Development Program Kenya, AVCAC, Improving Organizational Performance through Sustainable Leadership
Ms. Mary Maalu	Zamara Annual Retirement Conference, The Pensions Governance and Regulations, Corporate Governance
Mr. Patrick Kimemia	The Pensions Governance and Regulations
Mr. Peter Mutemi	The Leadership and Risk Management Program for Board, Old Mutual Investment Conference

SUMMARY OF COMPLIANCE STATUS OF THE SCHEME

Department	No. of Items	Compliant	Non-Compliant	% Compliance
Corporate Level	16	15	1	93.7%
Pension Administration	14	13	1	92.8%
Finance	4	4	-	100%
Investments	8	8	-	100%
Property	12	11	1	91.66%
Procurement	3	3	-	100%
ICT	11	11	-	100%
Human Resource & Administration	16	16	-	100%
Legal Disclosures	4	-	4	0%
Overall status	89	82	7	92.1%

Overall Scheme Compliance Status **92.1%**

The Scheme is compliant on most statutory requirements and best industry standards excluding the trust deed amendment, actuarial deficit, and the RBA property limits which are being addressed by the Board of Trustees.



COMPLIED



**Scheme Property Investment -
KenGen Pension Plaza II**



MANAGEMENT



THE SECRETARIAT

Billy Olick

Assistant Procurement
Officer

Peter Miano

ICT Officer

Francis Maina

Property Maintenance
Technician

Rashid Kanyua

Assistant Finance
Officer



Jane Namnyak

Office Assistant

Purity Kamau

Pensions Officer

Josphat Muriuki
CEO & Trust
Secretary

Albert Moturi
Assistant Pension
Officer

Anthony Mang'eli
Property Officer



Gloria Kikete
Finance Officer

Hannah Nguhi
Investment Officer

Maryanne Muthuuri
Administrative
Assistant

THE MANAGEMENT



Josphat Muriuki – CEO & 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) and Information Systems Audit & Control Association – Kenya (ISACA – K). 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 – Pensions Officer

She joined the scheme in 2009 as a Pension Officer, in charge of Pension Administration. 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 – 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 as the Investment Officer. 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 – ICT Officer

Peter Miano joined KenGen Staff Retirement Benefits Scheme in January 2014 as an ICT Officer in charge of ICT. He has over 10 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 fellow member of both the Information Communication Association of Kenya (ICTAK) and Computer Society of Kenya. He is a Cisco Certified Network Associate and PRINCE2 Certified. He has other professional training in Axis Fundamentals and IT Corporate Governance. Prior to his employment, he has also worked with several other reputable firms that is Postal Corporation of Kenya, Kenya National Bureau of Statistics, Kenya Shell and executed projects with HP and UNEP.



Gloria Kikete – Finance Officer

She joined KenGen Staff Retirement Scheme in November 2014 as Finance Officer in charge of Finance. She has over 9 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 currently pursuing an Advanced Diploma in International Taxation (ADIT) by the Chartered Institute of Taxation, UK. 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.



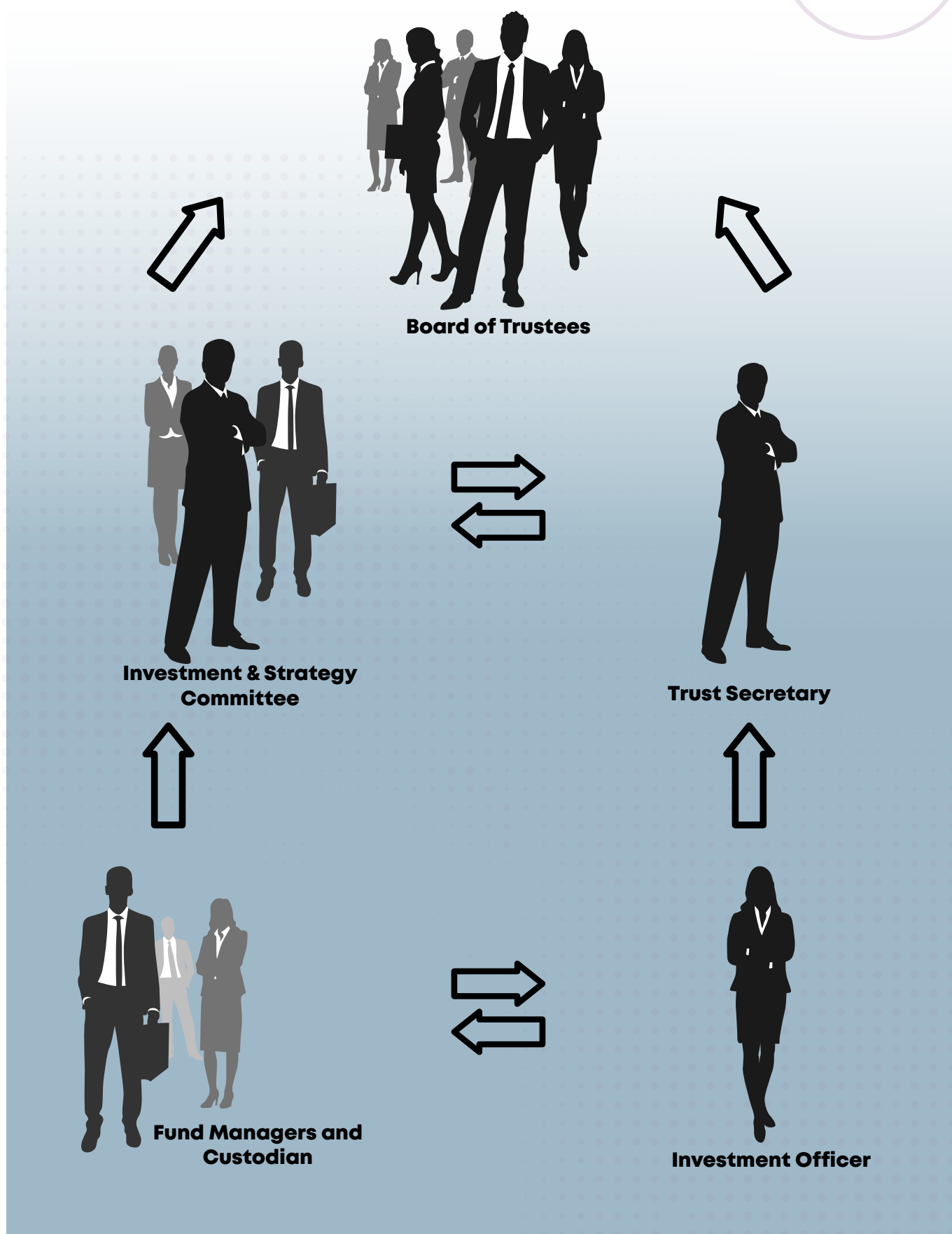
Anthony Mang'eli – Property Officer

Anthony Mang'eli joined KenGen Staff Retirement Benefits Scheme in November 2016 as Property Officer in charge of Property Management. 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.

GOVERNANCE STATEMENT

Governance is increasingly of significant importance to pension funds. The Trustees have adopted high level of corporate governance in management of the Scheme.

Investment Governance Structure





SUSTAINABILITY



ECONOMIC

The lifeline of the Scheme depends on the financial status and the ability to pay its obligations to members and other stakeholders.

The Scheme ensures the economic sustainability by:

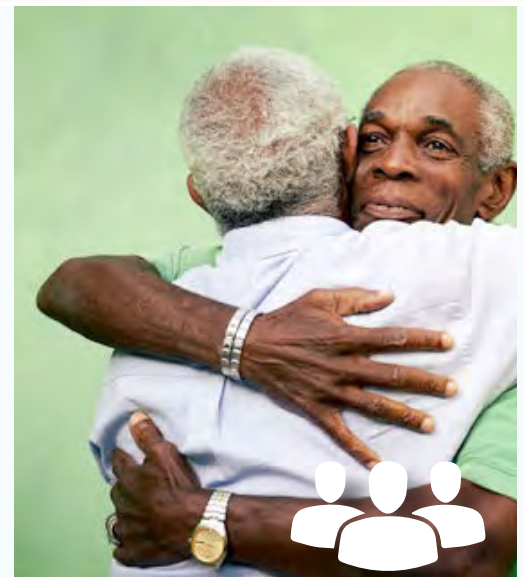
- Diversifying investments to ensure that risk is spread, and the different asset classes ensure fair returns throughout.
- Close monitoring of the funding level to ensure that any deficit is corrected on time.
- Holding assets that can easily be converted to cash to fund liquidity requirements.
- Maintaining close contact with the Sponsor to get retirement notices in good time so as to plan for cashflows.
- Signing performance contracts with the Fund Managers to encourage good returns from the financial investments.
- Managing Scheme costs at the minimum so as to obtain high net returns on investments.



SOCIAL

Our social environment includes our human stakeholders who we need to be alive and well. The scheme has put in place the below measures to ensure that our members, pensioners and beneficiaries are well:

- Inclusion of a lifestyle training in our member education awareness programs to ensure members live healthy lifestyles.
- Partnering with medical insurance providers in an arrangement where we have negotiated favorable group rates to afford the pensioners and their beneficiaries' medical insurance even after leaving KenGen.
- Running a 'Widows and Orphans' account where deceased members with young families can have their benefits locked in an account with periodic withdrawals, which helps the beneficiaries to draw the funds in a systematic manner, so that funds are not depleted quickly.
- The pensioners ambassadors program ensures that the pensioners, as well as their beneficiaries are reached on a timely manner in case of any issue. This helps the Scheme in locating the beneficiaries who sometimes may not have office contacts to have their matters resolved quickly.



ENVIRONMENTAL

The Scheme ensures that the environment in which it operates is preserved by engaging in partnerships with organizations that conserve the environment as part of their core business. To this end the Scheme has partnered with the KenGen Foundation in a clean-up activity.





FINANCIALS



STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Retirement Benefits Act requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the financial position of the Scheme as at the end of the financial year and of its financial performance for that year. It also requires the Trustees to ensure that the Scheme keeps proper accounting records that:

- a. show and explain the transactions of the Scheme;
- b. disclose, with reasonable accuracy, the financial position of the Scheme; and
- c. enable the Trustees to ensure that every financial statement required to be prepared complies with the requirements of the Retirement Benefits Act.

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 Retirement Benefits Act. They also accept responsibility for:

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

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 are of the opinion that the financial statements give a true and fair view of the net assets available for benefits and changes in net assets available for benefits and the cash flows in accordance with International Financial Reporting Standards and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000.

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

Approved by the Board of Trustees on 25 March 2020 and signed on its behalf by:

For the Trustees



Mary Maalu
Chairperson – Audit and Risk Management Committee



Josphat Muriuki
Trust Secretary

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of KenGen Staff Retirement Benefits Scheme (the Scheme) set out on pages 13 to 41 which comprise the statement of net assets available for benefits at 31 December 2019 and the statements of changes in net assets available for benefits and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of KenGen Staff Retirement Benefits Scheme at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the 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 company in accordance with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 Retirement Benefits Act, and for such internal control as the Trustees determine is 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's 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 directors 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.

Bernice Kimacia

Certified Public Accountants

26th March 2020

Nairobi

CPA Bernice Kimacia, Practising certificate No. 1457.

Signing partner responsible for the independent audit



STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE PERIOD ENDED 31ST DECEMBER 2019

		2019	2018
	Notes	Kshs. '000	Kshs. '000
Income from dealings with members			
Contributions received	1	259,344	76,463
Outgoings from dealings with members			
Benefits payable: - pensioners		(283,492)	(243,700)
- leavers		(318,985)	(217,171)
		(602,477)	(460,871)
Net outflows from dealings with members			
		(343,133)	(384,408)
Returns on investments			
Investment income	2	551,284	492,473
Change in fair value of financial assets	4(f)	143,197	(99,411)
Change in fair value of investment property	3	86,855	216,693
Less: Investment management expenses	6	(89,332)	(83,133)
		692,004	526,622
Net returns on investments			
		692,004	526,622
Administrative expenses	7	(86,966)	(90,669)
		261,905	51,545
Increase in net assets for the year before income tax		261,905	51,545
Income tax expense	11	(11,229)	(7,187)
		250,676	44,358
Increase in net assets for the year			
		250,676	44,358
Net assets available for benefits at start of year		7,727,156	7,682,798
		7,977,832	7,727,156
Net assets available for benefits at end of year			
		7,977,832	7,727,156

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31ST DECEMBER 2019

		2019	2018
	Notes	Kshs. '000	Kshs. '000
Assets			
Investment property	3	5,020,501	4,935,628
Financial assets at fair value through profit or loss			
-Equity investments	4(a)	735,950	699,163
-Treasury bonds	4(c)	1,644,297	1,508,025
-Corporate bonds	4(d)	43,070	155,188
-Treasury bills	4(b)	67,925	18,533
Intangible assets	5	431	2,056
Computers		53	247
Other receivables and accrued income	8	354,920	286,142
Cash & cash equivalents	11	253,022	238,814
Total assets		8,120,169	7,843,796
Less: liabilities			
Current income tax payable	11	3,323	2,596
Other payables and accrued expenses	9	139,014	114,044
Total liabilities		142,337	116,640
Net assets available for benefits		7,977,832	7,727,156

The financial statements on pages 42 to 50 were approved for issue by the Trustees on 25 March 2020 and signed on their behalf by:



Mary Maalu
Chairperson –
Audit and Risk Management Committee



Josphat Muriuki
Trust Secretary

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST DECEMBER 2019

		2019	2018
	Notes	Kshs. '000	Kshs. '000
Cash flows from operating activities			
Contributions received	1	259,344	76,463
Benefits paid		(602,477)	(460,871)
Administrative expenses	7	(86,966)	(90,669)
Adjusted for:			
Add back: increase in loss allowance	8	1,855	441
Add back: amortisation of intangible assets	5	1,625	1,607
Add back: depreciation of computers		659	270
Movement in working capital:			
Decrease/ (increase) in receivables		(68,778)	176,601
(Decrease)/ increase in payables		24,970	(35,730)
Income tax paid		(10,569)	(31,057)
Net cash used in operating activities		(480,337)	(362,945)
Investing activities			
Rent income	2	229,521	240,618
Dividends income	2	35,579	24,112
Interest income	2	237,007	229,997
Investment management expenses	6	(89,332)	(83,133)
Purchase of treasury bills	4(b)	(66,960)	(56,362)
Purchase of treasury bonds	4(c)	(885,991)	(434,633)
Purchase of corporate bonds	4(d)	-	-
Purchase of quoted equities	4(a)	(123,935)	(167,028)
Proceeds from sale of treasury bonds	4(c)	783,631	300,742
Proceeds from sale of corporate bonds	4(d)	108,088	39,032
Proceeds from sale of equities	4(a)	248,942	63,835
Proceeds from sale of treasury bills	4(b)	20,000	100,000
Purchase of computers		(465)	(272)
Purchase of intangible assets	5	-	(180)
Proceeds on sale of investment		14,518	107,154
Purchase of RBS gardens property equipment	3	(16,058)	(12,232)
Net cash generated from investing activities		494,545	351,650
Increase/ (decrease) in cash and cash equivalents		14,208	(11,295)
Movement in cash and cash equivalents			
At start of year		238,814	250,109
Increase/ (decrease) in cash and cash equivalents		14,208	(11,295)
At end of year	10	253,022	238,814



NOTES TO THE FINANCIALS STATEMENTS

1 Contributions received	2019	2018
	Kshs. '000	Kshs. '000
Employer contributions	37,298	56,258
Members contributions	18,646	20,205
Supplementary contribution from sponsor-received	33,900	-
Supplementary contribution from sponsor-receivable	169,500	-
	259,344	76,463

In accordance with the recommendations of the actuary, contributions are made to the Scheme at the following rates; members:10%, employer: 20%.

The supplementary contribution relates to the portion of actuarial deficit funding billed to the sponsor for the period July–December 2019.

2 Investment income	2019	2018
	Kshs. '000	Kshs. '000
Rent income	229,521	240,618
Dividends income	35,579	24,112
Interest income		
- Treasury bonds	182,391	161,491
- Commercial paper and corporate bonds	16,153	19,550
- Treasury bills	1,734	4,850
- Term deposits	11,946	16,090
Gain on disposal of shares (Note 8(a))	39,878	(5,687)
Gain on sale of treasury bonds (Note 8(c))	5,427	2,611
Gain on corporate bonds (Note 8(d))	3,872	822
Interest on related party receivables (Note 17)	19,728	19,728
Other investment income	5,055	8,288
	551,284	492,473

3 Investment property	2019	2018
	Kshs. '000	Kshs. '000
At start of year	4,935,628	4,813,857
Additions	16,058	12,232
Disposal	(18,040)	(107,154)
Fair value Gain	86,855	216,693
At end of year	5,020,501	4,935,628

The Scheme's investment properties were revalued at 31 December 2019 by Ark Consultants 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) 2016
- 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	Level 2	Total
	Kshs. '000	Kshs. '000	Kshs. '000
At 31 December 2019			
Investment property	-	5,020,501	5,020,501
At 31 December 2018			
Investment property	-	4,935,628	4,935,628

4. Financial assets

a) Equity instruments at FVTPL

Movement in number of shares held

Co-op Trust

Description	At 1 January 2018	Additions	Disposals	At 31 December 2018	Additions	Disposals	Bonus units	At 31 December 2019
Bamburi Cement Plc	126,000	-	-	126,000	-	-	-	126,000
Cooperative Bank of Kenya	1,686,280	416,800	-	2,103,080	400,000	-	-	2,503,080
Diamond Trust Bank Ltd	55,000	74,500	-	129,500	-	-	-	129,500
Equity Group Holdings	435,000	28,000	-	463,000	-	(63,000)	-	400,000
East Africa Breweries	131,000	10,000	(2,600)	138,400	-	(33,000)	-	105,400
KCB Group	1,182,197	275,000	-	1,457,197	-	(400,000)	-	1,057,197
KenGen Plc	5,750,553	-	(2,000,000)	3,750,553	-	-	-	3,750,553
Kenya Oil Company Ltd	890,000	-	-	890,000	-	(890,000)	-	-
Nation Media Group	14	-	-	14	-	-	-	14
Safaricom Plc	2,060,000	1,842,000	-	3,902,000	-	-	-	3,902,000
Kenya Power Plc	1,973,665	-	-	1,973,665	-	-	-	1,973,665
Standard Chartered Bank	45,852	-	-	45,852	-	-	-	45,852
Sub-total	14,335,561	2,646,300	(2,002,600)	14,979,261	400,000	(1,386,000)	-	13,993,261

Britam Asset Managers

Description	At 1 January 2018	Additions	Disposals	At 31 December 2018	Additions	Disposals	Bonus units	At 31 December 2019
Bamburi Cement Plc	123,100	-	(60,000)	63,100	-	(22,500)	-	40,600
Barclays Bank	-	-	-	-	636,600	-	-	636,600
BAT Kenya Limited	6,870	-	(5,600)	1,270	-	(1,200)	-	70
Britam Holdings Plc	148,200	-	-	148,200	-	-	-	148,200
Cooperative Bank of Kenya	1,380,760	424,000	-	1,804,760	-	(528,300)	-	1,276,460
Diamond Trust Bank Ltd	116,399	-	-	116,399	-	(59,115)	-	57,284
East Africa Breweries	151,000	-	(13,000)	138,000	86,900	(100,000)	-	124,900
Equity Group Holdings	1,024,000	619,800	-	1,643,800	322,407	(616,800)	-	1,349,407
KCB Group	1,128,537	482,900	-	1,611,437	254,188	(651,100)	-	1,214,525
NCBA Plc	-	-	-	-	70,000	-	-	70,000
Safaricom Plc	5,478,100	935,000	-	6,413,100	2,261,300	(2,651,600)	-	6,022,800
Uganda Clays	3,000,000	-	-	3,000,000	-	-	-	3,000,000
KenGen Plc	1,916,200	-	-	1,916,200	-	(603,100)	-	1,313,100
Kenya Re Corporation	584,702	-	(300,000)	284,702	-	-	854,106	1,138,808
Kenya Power Plc	94	-	-	94	-	-	-	94
Standard Chartered Bank	67,035	-	(20,000)	47,035	-	(20,500)	-	26,535
Sub-total	15,124,726	2,461,700	(398,600)	17,188,097	3,631,395	(5,254,215)	854,106	16,419,383
Total	29,460,558	5,108,000	(2,401,200)	32,167,358	4,031,395	(6,640,215)	854,106	30,412,644

Co-op Trust

Description	At 1 January 2018	Additions cost	Disposal cost	Gain/(loss) on disposal	Fair value gain/(loss)	At 31 December 2018	Additions cost	Disposal cost	Gain/(loss) on disposal	Fair value gain/(loss)	At 31 December 2019
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Bamburi Cement	22,680	-	-	-	(5,985)	16,695	-	-	-	(6,615)	10,080
Co-op Bank Ltd	26,980	6,412	-	-	(3,318)	30,074	4,772	-	-	6,079	40,925
DTK Bank Ltd	10,560	12,973	-	-	(3,266)	20,267	-	-	-	(6,152)	14,116
Equity Group	17,291	1,187	-	-	(2,342)	16,136	-	(2,585)	(248)	8,097	21,400
EABL Ltd	31,178	2,164	(643)	(25)	(8,489)	24,185	-	(6,883)	(1,493)	5,580	20,922
KCB Group	50,542	10,959	-	-	(6,926)	54,572	-	(20,965)	6,932	16,550	57,089
KenGen Plc	49,161	-	(16,663)	(5,688)	(487)	26,329	-	-	-	(4,976)	21,452
Kenya Oil C Ltd	12,460	-	-	-	4,495	16,955	-	(20,470)	11,275	(7,760)	-
Nation Media	2	-	-	-	(1)	1	-	-	-	-	1
Safaricom Plc	55,105	47,119	-	-	(15,600)	86,624	-	-	-	36,289	122,913
Kenya Power	17,961	-	-	-	(9,928)	8,033	-	-	-	(2,487)	5,546
StanChart Bank	9,537	-	-	-	(619)	8,918	-	-	-	3,67	9,285
Sub-total	303,457	80,814	(17,306)	(5,713)	(52,466)	308,789	4,772	(50,903)	16,466	44,605	323,729

Britam Asset Managers

Description	At 1 January 2018	Additions cost	Disposal cost	Gain/(loss) on disposal	Fair value gain/(loss)	At 31 December 2018	Additions cost	Disposal cost	Gain/(loss) on disposal	Fair value gain/(loss)	At 31 December 2019
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Bamburi Cement	22,158	-	(10,707)	255	(3,345)	8,361	-	(2,904)	(1,016)	(1,193)	3,248
Barclays Bank	-	-	-	-	-	-	7,090	-	-	1,408	8,499
BAT Kenya Ltd	5,221	-	(4,247)	293	(346)	921	-	(613)	(235)	(39)	35
Britam Holdings	1,978	-	-	-	(496)	1,482	-	-	-	(148)	1,334
Co-op Bank Ltd	22,092	7,600	-	-	(3,884)	25,808	-	(7,910)	2,151	822	20,870
DTK Bank Ltd	22,349	-	-	-	(4,133)	18,216	-	(8,496)	(1,843)	(1,634)	6,244
EABL Ltd	35,938	-	(3,245)	331	(8,908)	24,116	17,857	(21,140)	(556)	4,515	24,793
Equity Group	40,704	28,478	-	-	(11,896)	57,286	14,453	(25,703)	2,885	23,272	72,229
KCB Group	48,245	23,023	-	-	(10,920)	60,385	10,777	(28,154)	4,278	18,335	65,584
NCBA Plc	-	-	-	-	-	-	2,622	-	-	(43)	2,580
Safaricom Plc	146,539	27,113	-	-	(31,281)	142,371	66,362	(70,467)	15,845	35,607	189,718
Uganda Clays	2,460	-	-	-	(897)	1,563	-	-	-	(775)	788
KenGen Plc	16,384	-	-	-	(2,932)	13,452	-	(3,778)	(611)	(1,551)	7,511
Kenya Re Corp.	48,852	-	(23,651)	1,570	531	27,265	-	(24,759)	1,894	(985)	3,415
StanChart Bank	13,943	-	(4,679)	1,269	(1,385)	9,148	-	(4,115)	620	(280)	5,373
Sub-total	426,863	86,214	(46,529)	3,718	(79,892)	390,374	119,163	(198,039)	23,412	77,311	412,221
Total	730,320	167,028	(63,835)	(1,995)	(132,358)	699,163	123,935	(248,942)	39,878	121,916	735,950

	2019	2018
	Kshs'000	Kshs'000
(b) Treasury bills at FVTPL		
At the beginning of the reporting period	18,533	58,434
Additions at face value	66,960	56,362
Disposals proceeds	(20,000)	(100,000)
Interest received on maturity	1,734	4,850
Change in fair value	698	(1,113)
At the end of the reporting period	67,925	18,533
Maturing as follows:		
Within 1 year	67,925	18,533

	2019	2018
	Kshs'000	Kshs'000
(c) Treasury bonds at FVTPL		
At the beginning of the reporting period	1,508,025	1,336,465
Additions at face value	885,991	434,633
Disposals proceeds	(783,631)	(300,742)
Gain on disposal	5,427	2,611
Change in fair value	28,486	35,058
At the end of the reporting period	1,644,297	1,508,025
Between 1 – 3 years	23,174	26,122
More than 3 years	1,621,123	1,481,903
	1,644,297	1,508,025

	2019	2018
	Kshs'000	Kshs'000
(d) Corporate bonds at FVTPL		
At the beginning of the reporting period	155,188	194,396
Additions at face value	-	-
Disposals proceeds	(108,088)	(39,032)
Gain on disposal	3,872	822
Change in fair value	(7,902)	(998)
At the end of the reporting period	43,070	155,188

The corporate bonds breakdown is as shown below;

			2019	2018
Corporate bonds at FVTPL	Maturity date	Interest rate	Kshs'000	Kshs'000
CBA FXD1 1/14/16	14.12.2020	13%	21,111	21,103
EABL medium term note	28.03.2022	14%	21,959	21,951
Imperial bank fixed rate note	21.12.2020	10%	-	15,004
Real people term note	03.08.2020	14%	-	22,158
HF bond	14.10.2019	13%	-	8,734
KenGen bond	31.10.2019	13%	-	5,850
ABC bond	31.07.2019	13%	-	20,373
Consolidated bank bond	24.07.2019	13%	-	21,172
CIC bond 2014/2015	02.10.2019	13%	-	16,302
I & M bond	11.03.2019	12%	-	10,066
KenGen Pibo	31.10.2019	13%	-	7,479
			43,070	170,192
Impaired				
Imperial bank fixed rate note	21.12.2020	10%		(15,004)
			43,070	155,188

	2019	2018
	Kshs'000	Kshs'000
(e) Term deposits at amortised cost		
At the beginning of the reporting period	217,169	203,394
Additions at face value	2,455,750	1,879,100
Maturities	(2,502,303)	(1,881,415)
Interest received	11,946	16,090
At the end of the reporting period	182,562	217,169

The breakdown for term deposits is as follows;

			2019	2018
Term deposits at amortised cost	Maturity date	Interest rate	Kshs'000	Kshs'000
Equity bank	On Call	8.50%	488	-
NCBA deposit	On Call	7.00%	3,023	-
Co-op deposit	On Call	7.00%	1,007	-
Co-op deposit	On Call	7.50%	2,011	-
KCB deposit	On Call	9.00%	10,035	-
Equity bank	On Call	9.00%	35,112	-
Co-op deposit	On Call	9.00%	34,109	-
Equity bank	On Call	9.00%	10,030	-
Co-op deposit	On Call	9.00%	4,513	-
Co-op deposit	On Call	9.00%	6,511	-
Co-op deposit	On Call	9.00%	1,000	-
Equity bank	On Call	8.50%	21,039	-
Co-op deposit	On Call	8.25%	53,685	-
CFC deposit	20.03.2019	9.20%	-	68,489
NCBA deposit	28.01.2019	9.00%	-	2,502
Co-op deposit	On Call	8.50%	-	4,012
KCB deposit	21.01.2019	8.50%	-	50,885
Co-op deposit	21.01.2019	8.00%	-	30,500
Co-op deposit	21.01.2019	9.00%	-	5,016
Co-op deposit	01.04.2019	9.50%	-	14,026
Equity bank	28.01.2019	9.00%	-	10,010
Co-op deposit	01.01.2019	9.50%	-	16,512
Co-op deposit	04.02.2019	8.50%	-	15,217
			182,562	217,169
Maturing as follows:				
Within 1 Month			-	97,732
Between 1 – 3 Months			182,562	119,437
Included in the cash and Cash Equivalents in note 14			182,562	217,169

	2019	2018
	Kshs'000	Kshs'000
(f) Fair value gain/loss		
Treasury bills	698	(1,113)
Treasury bonds	28,486	35,058
Equity investments	121,916	(132,358)
Corporate bonds	(7,903)	(998)
	143,197	99,411

5. Intangible assets

	2019	2018
	Kshs'000	Kshs'000
Cost		
At 1 January	8,124	7,944
Additions	-	180
	8,124	8,124
Amortisation		
At 1 January	6,068	4,461
Charge for the year	1,625	1,607
	7,693	6,068
Net book value as at 31 December	431	2,056

6. Investment management expenses

	Kshs'000	Kshs'000
Investment managers	8,129	2,346
Custodian	2,241	2,050
Investment property operating expenses	78,962	78,737
	89,332	83,133

7. Administrative expenses

	2019	2018
	Kshs'000	Kshs'000
Administrator's fees	1,792	1,785
Actuarial fees	3,150	3,276
Audit fees	2,089	1,964
RBA levy	5,000	5,000
Annual general meeting	870	1,532
Trustees' expenses	6,635	6,575
Trustee capacity building expenses	11,275	9,009
Salary and wages	22,620	21,090
Leave accrual	1,207	1,538
Consultancy fees	1,636	12,930
Provision for bad debts	1,856	441
Other operational expenses	28,836	25,529
	86,966	90,669

8. Other receivables and accrued income

	2019	2018
	Kshs'000	Kshs'000
Rent receivable	13,123	14,056
Loss allowance	(2,627)	(3,534)
	10,496	10,522
Related party receivables (Note 17)	344,905	270,150
Loss allowance	(2,762)	-
	342,143	270,150

Dividends receivable	-	767
Contribution receivable	-	4,578
Prepayments	2,281	125

354,920 286,142

Movements on the loss allowance are as follows:

At start of year	3,534	3,093
Increase in loss allowance in the year	1,855	441

At end of year 5,389 3,534

9. Payables and accrued expenses

	Kshs'000	Kshs'000
Owed to service providers	91,085	48,852
Accrued expenses	3,871	1,538
Rent deposits	9,440	9,343
Interest on partitioning	34,618	54,311
	139,014	114,044

10. Cash and cash equivalents

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

	Kshs'000	Kshs'000
Cash at bank	70,425	21,550
Cash in hand	35	95
Fixed and time deposits (Note 8e)	182,562	217,169
	253,022	238,814

11. Income tax

a) Tax status of the Scheme

KenGen Staff Retirement Scheme 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

b) Income tax expense

	2019	2018
	Kshs'000	Kshs'000
Investment income on unregistered portion of Scheme	37,429	23,956
Income subject to tax	37,429	23,956
	11,229	7,187

c) Current income tax payable

At start of the year	2,596	26,466
Income tax expense (Note 14 (b))	11,229	7,187
Tax payments during the year	(10,502)	(31,057)
At end of Year	3,323	2,596

12. Contingent assets and liabilities

a) Contingent assets

The Scheme has made a claim against one of its property managers valued at Shs 227 million. The claim relates to a breach of a management contract between the Scheme and its property manager.

The outcome of the claim is dependent on the decisions made from the available legal avenues.

b) Contingent liabilities

The Scheme had no contingent liabilities as at 31 December 2019 (2018: nil)

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.

The following transactions were carried out with related parties:

	2019	2018
	Kshs'000	Kshs'000
(a) Income		
Rent income billed (KenGen Plc)	169,625	166,013
Interest on partitioning receivable (KenGen Plc) (Note 6)	19,728	19,728
Employer contributions (Note 5)	37,298	56,258
Supplementary contributions (Note 5)	203,400	-
	430,051	241,999
(b) Receivables		
Partitioning receivable (KenGen Plc)	161,519	248,475
Supplementary contributions receivable (KenGen Plc)- Note 5	169,500	-
Due from KenGen defined contribution scheme (Note 12)	13,886	21,633
	344,905	270,150
(c) Financial assets		
Quoted shares held with the sponsor	34,774	48,197
KenGen Plc infrastructure bond	-	13,329
	34,774	61,526

14. Actuarial valuation

A valuation was carried out by the scheme as at 31 December 2017 by Minet Kenya consulting Limited. The purposes of the valuation was:

- To assess and carry out actuarial review of the scheme as at 31 December 2017
- To provide or review actuarial factors for individual benefit calculations
- To project cash flows ten years into the future

Propose a remedial plan for funding in case of deficit The actuarial funding status of the scheme as of 31 December 2017 is summarised as follows:

Current employees	6,615
Current pensioners	2,268
Deferred members	85

Members with unclaimed benefits	79
	Kshs 'million
Additional voluntary contributions	3
Refund of employee contributions on death	27.4
Administrative expense reserve	798.9
Total liabilities	9,876
Total assets	7,682.8
Actuarial surplus/(deficit)	(2,193.2)
Funded ratio	77.8%

The valuation took into consideration two types of assumptions, namely: demographic and financial. These are summarised as follows:

Demographic assumptions

The demographic assumptions relate to membership movements, covering events such as termination, disablement, retirement and death.

The valuation assumed that all the employees and retirees were married, and that the male spouses were three years older than female spouses.

The valuation assumed that the retirees commuted one third of their pension on retirement, meaning up to their death, the spouses' pension is 75% of the pension the retiree was receiving just before they died.

Financial assumptions

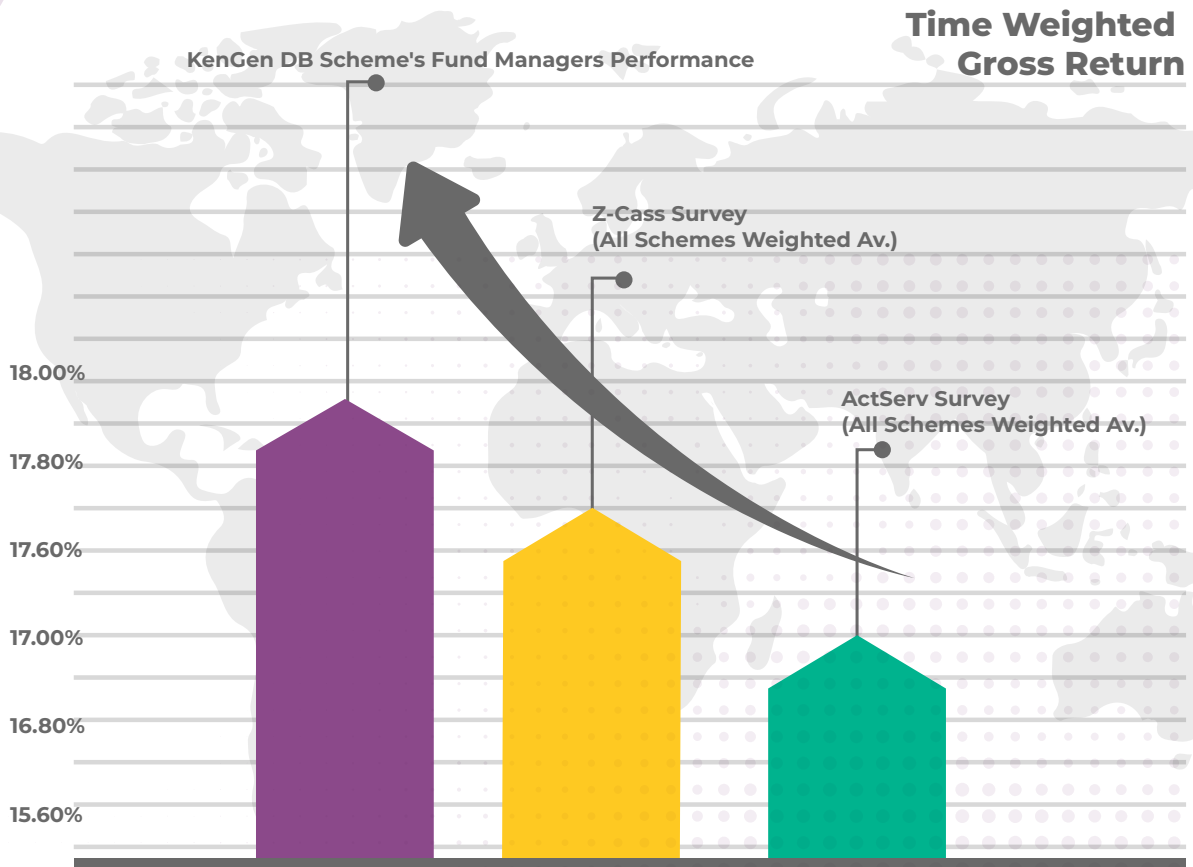
The key financial assumptions applied were the interest rate and the rate of salary and pension increases.

Valuation interest	10% p.a
Salary escalation rate	8% p.a
Pension escalation rate for KPLC service	3% p.a
Pension escalation rate for KenGen service	0% p.a
Inflation rate	5% p.a
Commutation	Retiring members commute one third of the pension
Scheme administrative expenses	1% p.a. of the employees and pensioners actuarial liabilities

In line with the actuarial valuation and the requirements of the Retirement Benefits (Minimum Funding Level and Winding-up of Schemes) Regulations, 2000, the Trustees and the sponsor have prepared remedial action plan, currently being executed.

- The sponsor to make supplementary contributions, being monthly lump sum payments into the scheme over a period of (5) years, commencing 1 July 2019 and ending in June 2024. The monthly contributions have been set to escalate at a rate of 25% per annum.
- The scheme to be undertaking annual actuarial valuations to review the evolution of the scheme's funding position within the life of the remedial action plan.
- The scheme to sell immovable property in excess of the RBA regulatory cap in order to increase its liquidity.
- The sponsor and the members to continue contributing to the scheme at the rates of 20% and 10% respectively.

INDUSTRY STATISTICS



17.79%

KENGEN DB SCHEME'S FUND MANAGERS PERFORMANCE

17.70%

ZAMARA CONSULTING ACTUARIES SCHEMES SURVEY
(ALL SCHEMES WEIGHTED AV.)

17.00%

ACTUARIAL SERVICES (EA) LTD - PENSION SCHEMES
INVESTMENT PERFORMANCE SURVEY (ALL SCHEMES
WEIGHTED AV.)

The Fund Managers performance is exclusive of property return.

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, what return was distributed to members, any changes in the scheme, as well as networking of all classes of members.

This is usually done annually on rotational basis in the KenGen PLC areas of operations. It brings together both employees working in KenGen (Active Staff), retired staff (Pensioners), as well as those employees who left KenGen but have not accessed (Dormant Members) or have left part of their benefits in the scheme (Deferred Members)

It is the responsibility for all members to attend the AGM.

Member Education

These are member informative forums that are carried out by the scheme once in every two years across all areas of operations which are aimed at;

- Sensitizing members on operations of the scheme
- Advising members on how their benefits are calculated on withdrawal
- Sensitizing members on retirement planning
- Giving feedback to all queries raised by the members
- Updating members on any new regulation issued by the Regulator
- Obtaining feedback from members.

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

Because of the major global pandemic, the Scheme has put the following measures in place so as to serve our members while keeping safe to reduce the spread of the virus.

- Continuous updates to members on services and information from the Scheme across multiple platforms i.e. bulk SMS, social media, website, emails, and phone call.
- Holding virtual meetings with stakeholders on Scheme administration and investments to continuously ensure members interest and benefits are safe guarded.
- Attending to members on scheduled one on one meetings at the Secretariat office which ensure we also adhere to the social distancing guidelines.
- The Secretariat has also placed measures in place to ensure business continuity such that members rights are met accordingly as provided by the Retirement Benefits Authority.

GALLERY

PENSIONERS VISIT



WELCOMING NEW RETIREES





MEMBER EDUCATION



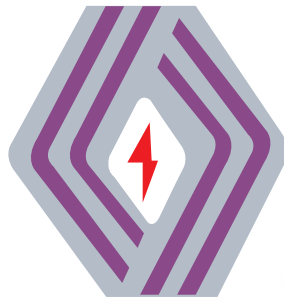


OTHER 2019 EVENTS



Notes

Handwriting practice lines consisting of solid top and bottom lines with a dashed midline, followed by a section of dotted lines for additional practice.



KenGen

**Staff Retirement
Benefits Scheme**



KenGen Staff Retirement Benefits Scheme
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