KenGen
DC Scheme

Delivering Value Through Strategic Execution and Institutional Maturity

2025 ANNUAL REPORT
AND FINANCIAL STATEMENTS

CONTENTS

> **The Scheme recorded another year of strong growth, with the fund value increasing to KES 17.60 billion.**
>
> ERNEST NADOME
> CHAIRMAN - KenGen

NOTICE FOR THE ANNUAL GENERAL MEETING 2026

KenGen DC Scheme

NOTICE IS HEREBY GIVEN that the **Annual General Meeting** of KenGen Staff Defined Contributions Scheme (DC Scheme), will be held at **Research & Development Centre, Ground Floor, Tana Power Station** on **Thursday 30th July 2026**

THEME:

DELIVERING VALUE THROUGH STRATEGIC EXECUTION AND INSTITUTIONAL MATURITY

The meeting will commence at **11:00 AM.**

THE AGENDA OF THE MEETING WILL BE:

- To receive the Chairman's Report.
- To receive the Fund Managers' Reports.
- To receive the Custodial Report.
- To receive the Schemes audited financial statements for the period ended **31st December 2025** together with the Auditors' Report thereon.
- To receive RBA's remarks.
- Plenary Session.
- Any Other Business.
- Closing remarks.

This will be a Hybrid AGM. Members and Pensioners from Upper Tana region will attend physically and all other members and pensioners will join virtually via Zoom webinar.

By Order of the Board

Hannah Nguhi
CEO & Trust Secretary
7th July 2026

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01

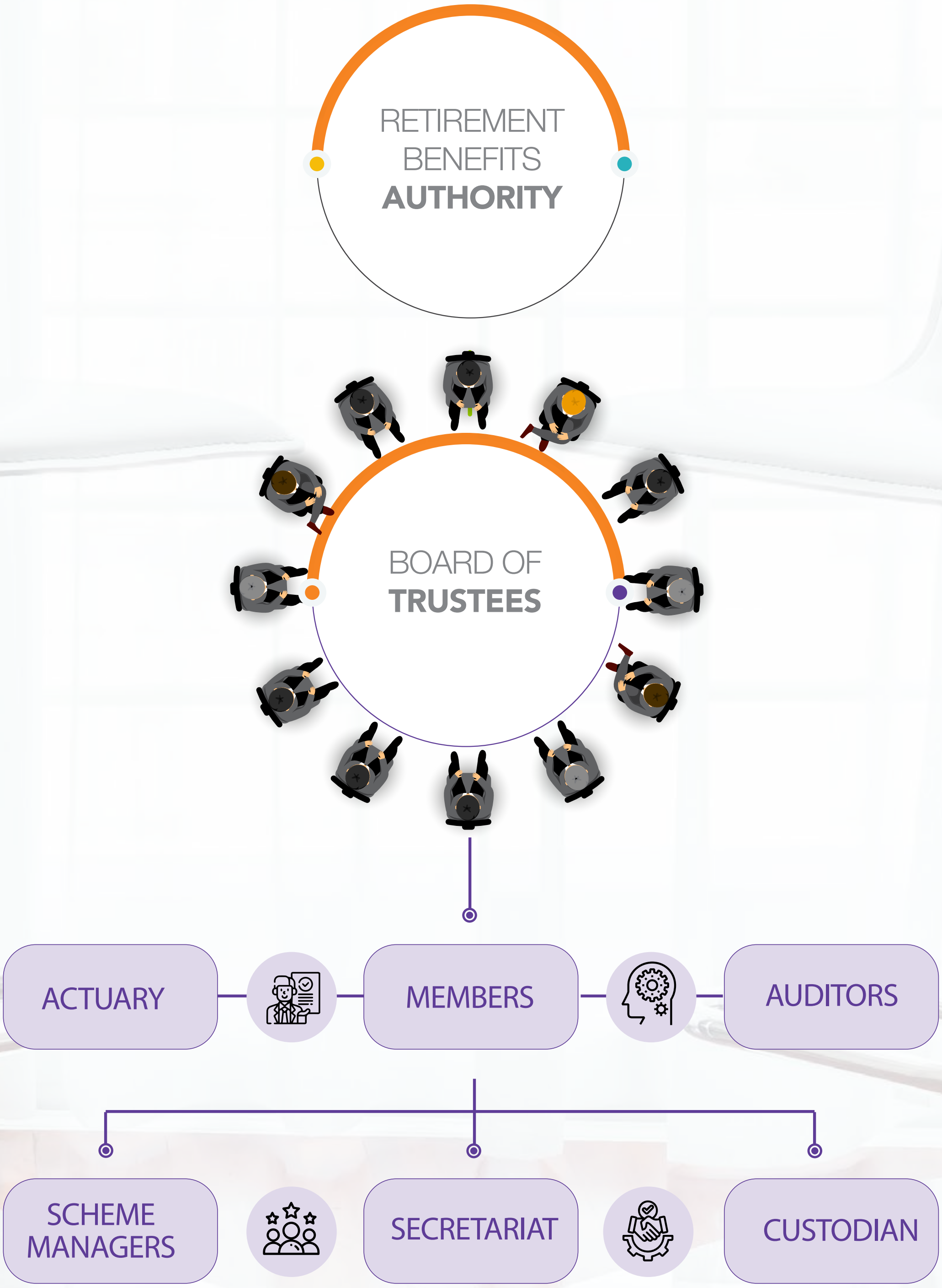
SCHEME OVERVIEW

CORPORATE INFORMATION

Scheme Registered Office, Trustees and Professional Advisors		
TRUSTEES	**Ernest N. Nadome** **Charles Masio** **Asaria Onsoti** **Austin Ouko** **CPA Mary Maalu** **Dr. Rosemarie Wanyoike** **Hon.Rehema Hassan** **Muhumed Abdi** **Daniel Nzioka** **Josphat Muriuki** **Hannah Nguhi**	- Chairman - Retired on 20th March 2025 - Appointed on 20th March 2025 - Trust Secretary/Administrator - Resigned on 4th September 2025 - Trust Secretary/Administrator - Acting from 5th September 2025 to 13th January 2026; Substantively appointed on 14th January 2026
INVESTMENT MANAGERS	**ICEA Lion Asset Managers Limited** ICEA LION Riverside P.O Box 27639 - 00506 Nairobi **Old Mutual Investment Group Limited** Mara and Hospital road P.O Box 11589 – 00400 Nairobi	
CUSTODIAN	**NCBA Bank Ltd** NCBA House, Masaba Road, Upper Hill P O Box 44599 - 00100 Nairobi	
AUDITOR	**PricewaterhouseCoopers LLP** PwC Tower, Waiyaki Way/Chiromo Road,Westlands P.O Box 43963 - 00100 Nairobi	
BANKERS	**NCBA Bank Ltd** NCBA House, Masaba Road, Upper Hill P O Box 44599 - 00100 Nairobi	
REGISTERED OFFICE	**KenGen Pension Plaza 2** Kolobot Road, Parklands P.O Box 47936– 00100 Sarit Centre Nairobi	

SCHEME STRUCTURE

The Scheme is established as a Trust under the Trustees (Perpetual Succession) Act and is managed by a Board of Trustees as required by the Retirement Benefits Act. The day-to-day running of the Scheme is carried out by the Secretariat which supports the Board in meeting its objectives. The Secretariat, headed by the CEO, works in liaison with the Scheme service providers, including fund managers, custodians, actuaries, lawyers, and auditors.



VALUE STATEMENTS

MISSION, VISION & VALUES

OUR VISION

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

OUR MISSION

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

CORE VALUE

CUSTOMER FOCUS

Quality first as we strive to meet our customers expectation.

INNOVATION

Faster creativity & Innovation.

INTEGRITY

Acting ethically in every endeavor.

OUR SCHEME

18.81B
Fund Value

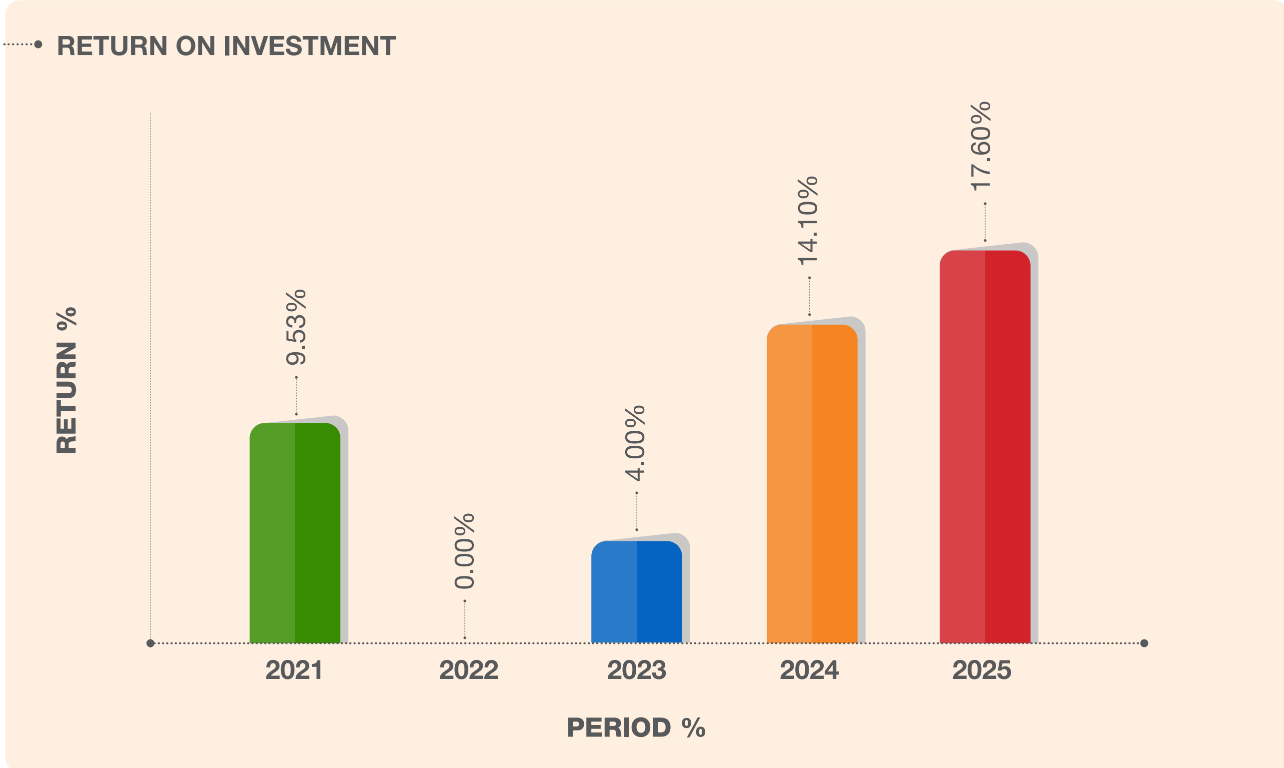
2,586
Members

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

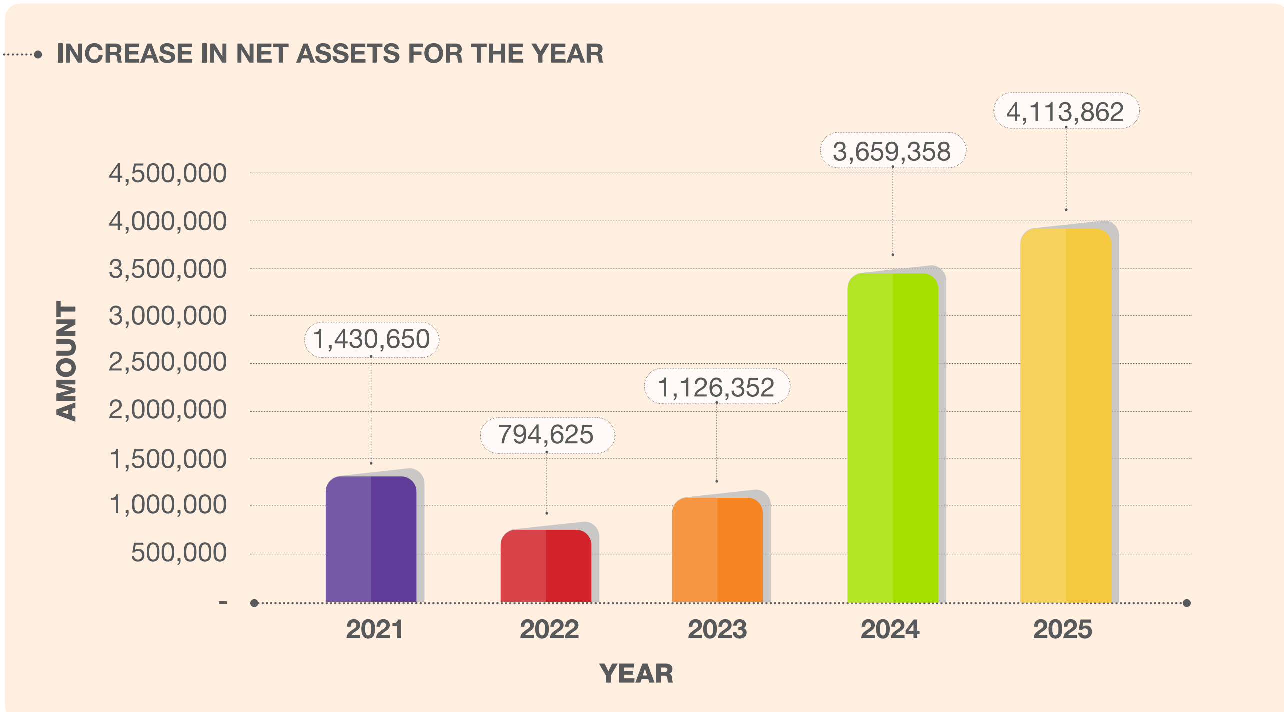
The Scheme is a defined contribution fund and provides retirement benefits for the staff of Kenya Electricity Generating Company Limited (KenGen). It is an exempt approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority. The Scheme is governed by Trust Deed and 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. Additionally, members have the option to make Additional Voluntary Contributions (AVCs), allowing them to further augment their retirement savings and exercise greater control over their financial futures.

The Board of Trustees of the KenGen Defined Contribution (DC) Scheme 2012 established the Internal Income Drawdown Fund in June 2022. The Fund is approved by the Retirement Benefits Authority. It operates as per the fund rules in place. The Fund was established to meet the needs of the members and for smooth transition while leaving the DC Scheme through retirement. The fund operates as a sub-fund of the DC Scheme and the financials for the two funds are consolidated.

SCHEME HIGHLIGHTS

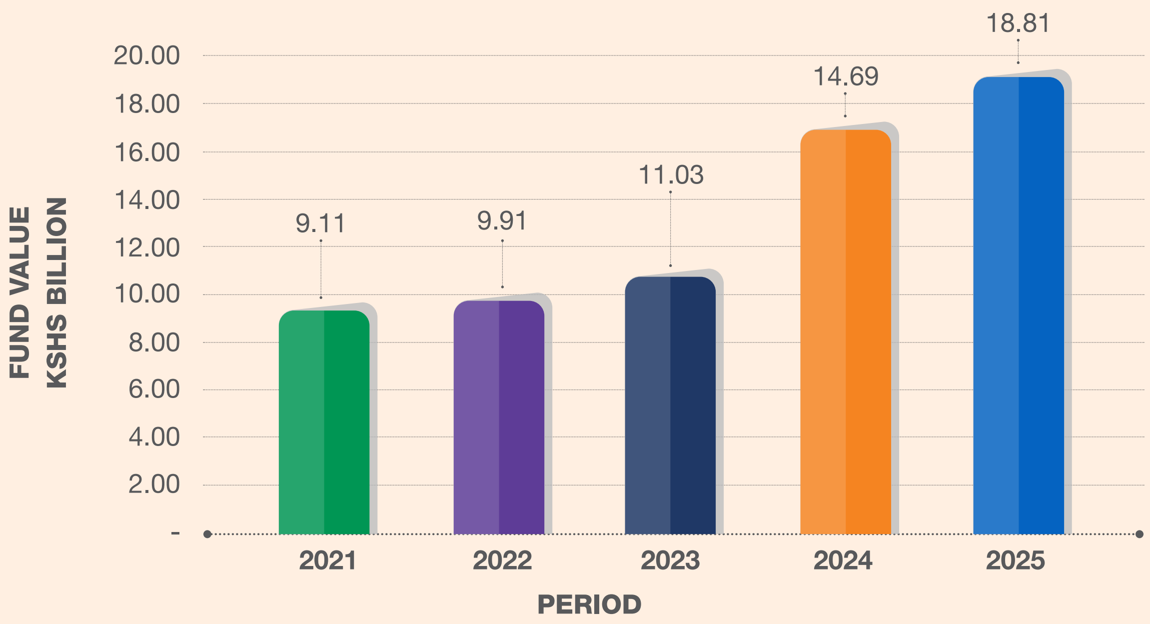


The Fund delivered strong performance in 2025 with a return of 17.6%, a further improvement from the 14.1% return recorded in 2024. This enhanced performance was driven by improved returns from both the equities and debt instruments portfolios.



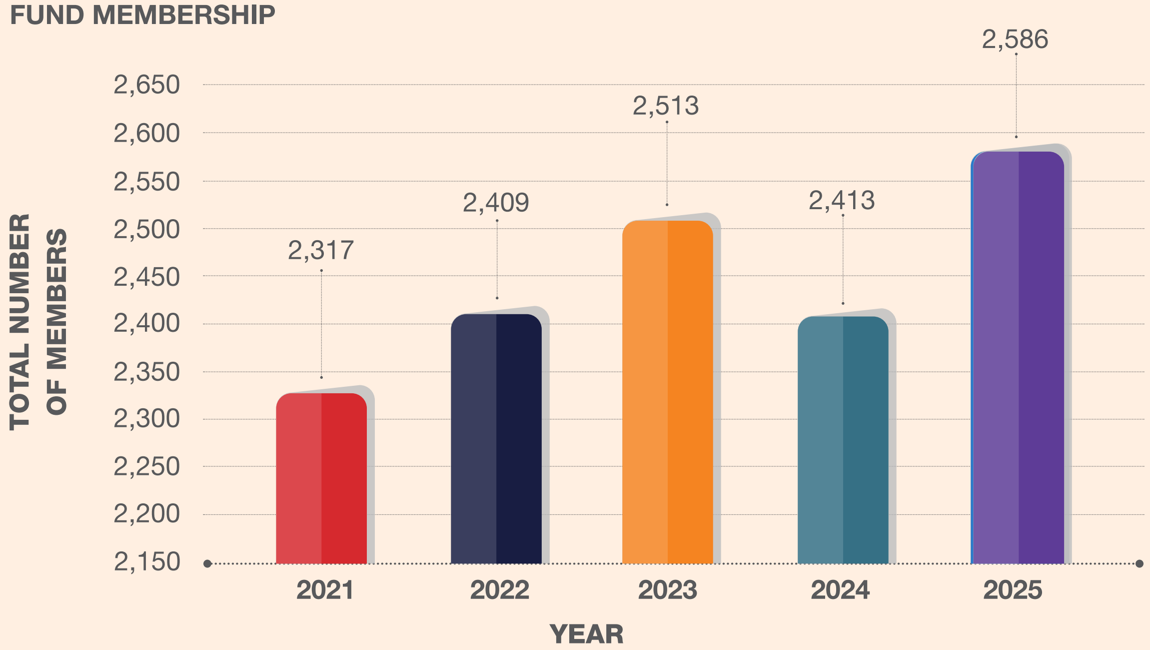
The net increase in assets is the net movement of investment returns as well as payouts of the benefits to members. The assets of the Fund increased by KShs 4.1 Billion during the year.

FUND VALUE TREND



The Fund has continued to grow steadily over the years propelled by the increase in contributions and investments. Over the last 5 years the fund has gained Kshs 9.7 Billion which is a 106% growth.

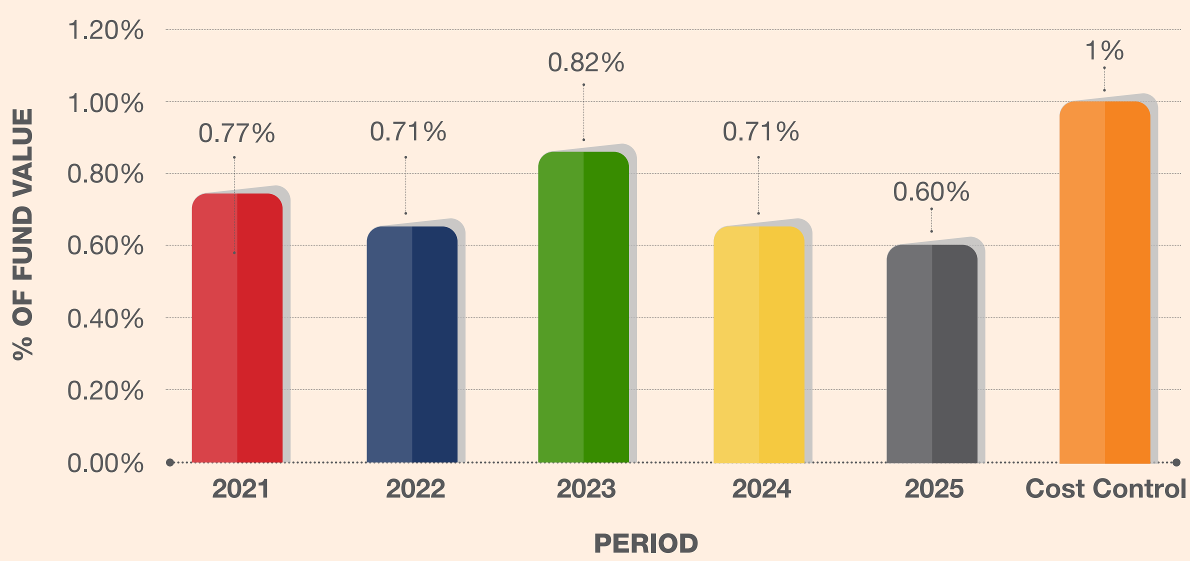
FUND MEMBERSHIP



The Fund Membership increased from 2,413 recorded in the previous year to 2,586, which was a 7.17% increase. The increase was attributed to new membership in 2025.

SCHEME HIGHLIGHTS

ADMINISTRATIVE EXPENSES



Administrative expenses stood at 0.60% of the total fund value.

FINANCIAL YEAR 2025 KEY PERFORMANCE INDICATORS (KPIS) – DC

Net returns on investments

KShs 3,227.86 M (2025)
KShs 2,783.09 M (2024)

Net surplus from dealing with members

KShs 1,144.88 M (2025)
KShs 1,103.62 M (2024)

Active Members

2,586 (2025)
2,413 (2024)

Increase in Net Assets

KShs 4,113.86 M (2025)
KShs 3,659.36 M (2024)

Contributions Received

KShs 1,986.04 M (2025)
KShs 1,882.00 M (2024)

Deferred Members

64 (2025)
58 (2024)

Benefits Paid

KShs (841.15) M (2025)
KShs (778.38) M (2024)

Fund Value

KShs 18,807.62 M (2025)
KShs 14,693.75 M (2024)

IDD Members

170 (2025)
119 (2024)

5 - YEAR SUMMARY

YEAR	2021	2022	2023	2024	2025
Contribution receivable	1,182,109	1,503,999	1,691,727	1,882,004	1,986,037
Benefits Payable	(528,855)	(599,047)	(524,622)	(778,382)	(841,152)
Net Surplus from dealings with members	**653,254**	**904,952**	**1,167,105**	**1,103,622**	**1,144,885**
Return on Investment					
Investment Income	736,322	797,297	1,055,747	1,301,786	1,781,623
Change in fair value of Property Investment	17,000	22,953	18,891	6,540	4,000
Change in fair Value of other Investments	176,806	(768,001)	(904,492)	1,519,559	1,518,605
Less Investment management fees	(20,602)	(27,644)	(32,435)	(44,790)	(76,365)
Net return on investment	**909,526**	**24,605**	**137,711**	**2,783,095**	**3,227,863**
Other income					
Less Administrative expenses	(70,259)	(70,644)	(90,464)	(103,922)	(112,650)
Income tax expense	(61,871)	(64,288)	(88,000)	(123,437)	(146,236)
Increase in net assets for the year	**1,430,650**	**794,625**	**1,126,352**	**3,659,358**	**4,113,862**
Statement of Net Assets					
ASSETS					
Computers	-	-	489	968	851
Furniture	-	-	-	383	333
Intangible assets	4,730	2,546	1,527	2,147	1,694
	4,730	**2,546**	**2,016**	**3,497**	**2,878**
Investments					
Investment property	1,288,680	1,318,501	1,379,001	1,386,001	1,390,001
Treasury Bonds	5,133,627	5,297,481	6,475,744	9,386,754	12,071,317
Treasury Bills	24,211	106,862	-	-	-
Short term deposits	698,865	494,118	641,663	581,184	706,422
Investment in quoted equity	2,054,452	1,666,225	1,242,396	1,715,319	2,730,005
Offshore Investments	260,555	205,585	316,827	441,726	387,488
Real Estate Investment Trusts (REITS)	-	-	83,576	131,032	278,622
Corporate Bonds	38,475	59,032	57,043	54,793	13,883
Private Equity	153,877	433,668	752,076	918,841	1,156,081
	9,652,742	**9,581,472**	**10,948,326**	**14,615,649**	**18,733,819**
Current Assets					
Bank and cash balances	108,829	19,448	142,106	140,449	153,929
Other receivables	8,812	344,887	4,526	13,440	31,742
Current Income tax recoverable	-	15,238	-	-	
	117,641	**379,573**	**146,632**	**153,889**	**185,671**
Total Assets	**9,775,113**	**9,963,591**	**11,096,974**	**14,773,036**	**18,922,368**
Liabilities					
Rent Deposit				-	1,830
Deposit on sale of Westlands Property				-	43,300
Due to related parties	9,259	20,118	27,933	7,184	8,850
Other payables,provisions and accruals	633,166	32,110	17,361	45,463	50,600
Current income tax payable	14,832	-	17,282	26,637	10,171
Total Liabilities	**657,257**	**52,228**	**62,576**	**79,284**	**114,751**
Net Assets Available	**9,117,856**	**9,911,363**	**11,034,398**	**14,693,755**	**18,807,617**
Represented By Members Funds:					
Total Fund Value	**9,117,856**	**9,911,363**	**11,034,398**	**14,693,755**	**18,807,617**

OPERATING ENVIRONMENT

Operating Environment - 2025

The Kenyan economy remained resilient in 2025 despite a challenging global economic environment. Economic growth moderated slightly to 4.6%, compared to 4.7% in 2024, reflecting slower growth in the agriculture and services sectors. However, this was partly offset by a strong recovery in industrial activity, supported by improved performance in construction, mining and utilities.

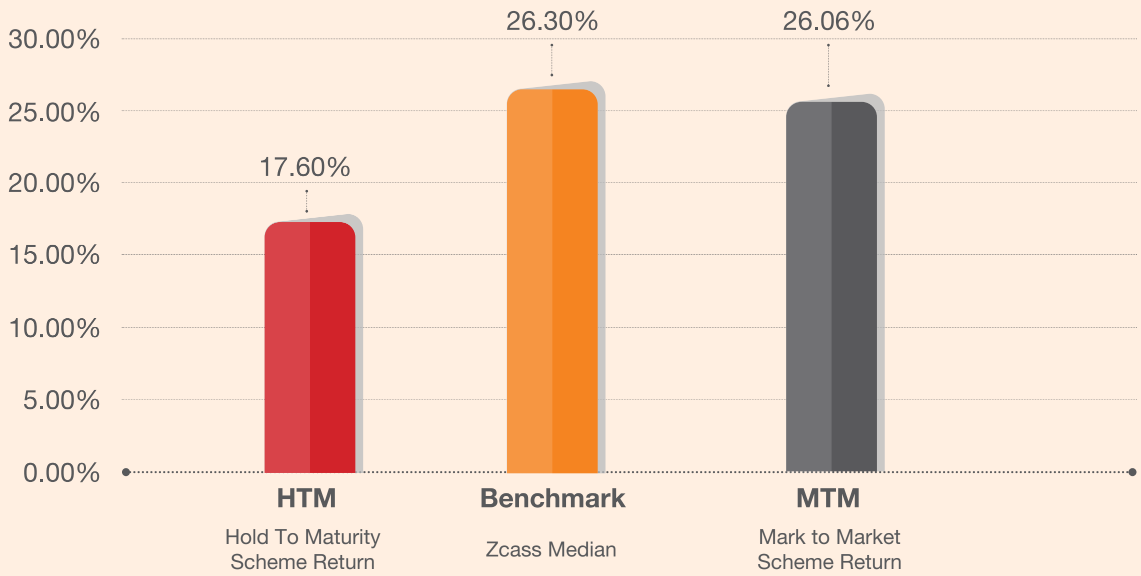
The Kenya Shilling remained broadly stable throughout the year, appreciating marginally by 0.22% against the US Dollar to close the year at KES 129.01 per USD. The currency's stability was supported by improved foreign exchange inflows, prudent monetary policy, and adequate foreign exchange reserves.

Inflationary pressures eased during the year, with average inflation declining to 4.1% from 4.5% in 2024. The moderation was largely attributable to lower prices in the housing and transport sectors, allowing inflation to remain comfortably within the Central Bank of Kenya's target range.

The fixed income market experienced a favourable environment as the government securities yield curve shifted downward across all maturities. This reflected an accommodative monetary policy stance and improved liquidity conditions in the domestic market, resulting in lower interest rates during the year.

Equity markets recorded exceptional performance during 2025. The Nairobi All Share Index (NASI) gained 51.1% year-on-year, driven by improved investor confidence, easing inflation, lower interest rates and strong corporate earnings. Global equity markets also delivered positive returns, advancing 19.5% over the same period, supported by accommodative monetary policies, moderating inflation and resilient corporate profitability.

Overall, the macroeconomic environment in 2025 was characterised by stable inflation, exchange rate stability, declining interest rates and strong equity market performance. These conditions provided a supportive investment environment and contributed positively to the Scheme's investment performance during the year.



03

REFLECTION FROM OUR LEADERSHIP

The investment environment in 2025 remained resilient despite global economic headwinds. Kenya's economy grew by 4.6% in 2025

Ernest Nadome
Chairman board of Trustees

CHAIRMAN'S STATEMENT

To Our Esteemed Members and Stakeholders,
It is my distinct honour and privilege to present the 13th Annual Report of the KenGen Defined Contribution (DC) Scheme and the Income Draw Down Fund for the year ended 31 December 2025. Despite a dynamic investment environment, the Scheme remained resilient and strategically focused, continuing to safeguard members' interests, strengthen governance, and deliver sustainable long-term value through prudent leadership and disciplined oversight.

Macroeconomic Resilience and Strategic Progress

The investment environment in 2025 remained resilient despite global economic headwinds. Kenya's economy grew by 4.6% in 2025, supported by strong performance in the financial and services sectors, while favourable conditions in the fixed income and equities markets created opportunities for long-term value creation. Guided by a disciplined investment strategy, the Board continued to provide oversight that strengthened the Scheme's financial position while safeguarding members' retirement savings.

The year also marked the commencement of Horizon II (2025–2029) of the Scheme's 10-Year Strategic Plan, building on the strong foundation established under Horizon I and reaffirming the Board's commitment to sustainable growth, sound governance and enhanced member value.

Investment Growth and Integrated Retirement Solutions

The Scheme recorded another year of strong growth, with the fund value increasing to KES 17.60 billion. The Income Drawdown Fund (IDD) also continued its impressive growth trajectory, with its fund value increasing to KES 1.21 billion, reinforcing its position as an important retirement income solution for members.

The Income Drawdown Fund (IDD) also continued its impressive growth trajectory, with its fund value increasing to KES 1.21 billion

The Board is also pleased that the Scheme successfully secured regulatory approval for the Post-Retirement Medical Fund (PRMF), marking a significant milestone in expanding the Scheme's integrated retirement solutions. This achievement positions the Scheme well to operationalize the Fund and further enhance retirement security by providing members with a sustainable healthcare solution during retirement.

Legislative Developments: Legal Notice No. 126 & 127 of 2025

During the year, the legislative framework governing retirement benefits schemes was strengthened through Legal Notices No. 126 and 127 of 2025, issued under the Retirement Benefits Act (Cap. 197) pursuant to Section 55 of the Act. Published in the Kenya Gazette on 25 July 2025 and effective immediately, the amendments revised the tenure of trustees by extending the term of office from three years to five years, with eligibility for one further five-year term. The Scheme welcomes these reforms, which are expected to enhance continuity, strengthen governance, and promote stability in the oversight of retirement benefits schemes.

Looking Ahead

As we continue implementing Horizon II, the Board remains focused on strengthening investment diversification, supporting the successful operationalization of the Post-Retirement Medical Fund, growing the Income Drawdown Fund, and enhancing the range of retirement solutions available to members. Together, these initiatives will strengthen the Scheme's ability to deliver lifelong financial security and sustainable value.

Appreciation

On behalf of the Board of Trustees, I express my sincere appreciation to our Sponsor, members, regulators, service providers, the Secretariat and my fellow Trustees for their continued confidence, partnership and support.

Together, we remain committed to responsible stewardship, sound governance and securing the long-term financial well-being of our members.

Thank you.

ERNEST NADOME
CHAIRMAN - KenGen
DEFINED CONTRIBUTION (DC) SCHEME 2012

BOARD OF TRUSTEES

Ernest Nadome
Chairman

He is the Chairman of the Board of Trustees. He was appointed to the Board of Trustees in 2017 as a member elected trustee. He holds a Master of Arts (MA) in Labour Management Relations, Bachelor of Arts (B.A) Degree (Hons). He is well versed in energy, human resources and labour matters, having worked for The Kenya Power and Lighting Company PLC and KenGen PLC for 17 years. He is the General Secretary of the Kenya Electrical Trades & Allied Workers Union (KETAWU) a position he has held for the past 17yrs.

Hon. Rehema Hassan
Trustee

She was appointed to the Board of Trustees in April 2025 as a sponsor nominated trustee. She is the Chair of the Administration & Communication Committee and a member of the Audit & Risk Management Committee. Hon. Rehema Hassan born in 1968 is a seasoned public policy expert and practitioner with a 30-year track record in implementing government policy and driving positive outcomes. She holds a Bachelor of Business Administration-Human Resources Management degree from Kenya Methodist University and a Diploma in Human Resource Management from Kenya Institute of Management. She is the immediate former Women Representative for Tana River County which she actively served from 2017 till 2022. At the National Assembly, Ms. Hassan served as the Patron of the National Government Affirmative Action Fund for Tana River County, Member of the Environment & Natural Resources Select Committee for the Twelfth Parliament and Member of the Members Service & Facilities Committee for the Twelfth Parliament. She has previously served as the Assistant Director Human Resources, Tana River County, Human Resource Manager – Malindi District Commissioner's Office and also served in various positions at the Tana River District Commissioner's Office.

FCS Austin Ouko
Trustee

He was appointed to the Board of Trustees in October 2022 as a sponsor nominated trustee. He is a member of the Administration & Communication Committee and a member of the Investment & Strategy Committee. He is the Company Secretary & General Manager – Legal Affairs at Kenya Electricity Generating Company PLC (KenGen). He has seventeen years' experience in both public and private sectors. He is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, registered Certified Public Secretary, Fellow of the Institute of Certified Secretaries Kenya, Fellow of the Chartered Institute of Arbitrators (UK & Kenya Branch), an Accredited Governance Auditor, member of the Law Society of Kenya, the International Bar Association, the Commonwealth Lawyers Association and the Kenya Institute of Management. He holds a Bachelor of Laws (LL.B) and Master of Laws (LLM) in Public Finance & Financial Services Law from the University of Nairobi, Master of the Science of Law (JSM) from Stanford University Law School, California, USA. Mr. Ouko holds a Diploma in Law from the Kenya School of Law, Practice Diploma in International Commercial Law from the College of Law of England & Wales, Postgraduate Diploma in Domestic Arbitration from the Chartered Institute of Arbitrators, Advanced Diploma in Business Administration and a Diploma in Management of Information Systems. FCS Ouko joined KenGen from the National Social Security Fund where he was the Ag. General Manager-Corporate Affairs/ Corporation Secretary since December 2013. He was previously the Legal Manager at National Social Security Fund and Senior Legal Officer at the Standard Group Limited. Departments: Insurance, Legal, Shares & Board Services and Property.

Mary Maalu
Trustee

She was appointed to the Board of Trustees in June 2023 as a sponsor nominated trustee. She is the Chairperson of the Investment & Strategy Committee and a member of the Audit & Risk Management Committee. She is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds Master of Business Administration (MBA) and Bachelor of Commerce (BCom) Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She also holds a Certificate in Advanced Management Programme (AMP) from Strathmore University, a Certificate in Negotiation Skills from International Law Institute (ILI), a Certificate in Private Participation in Infrastructure Development & Project Finance from Georgetown University and a Certificate in Utility Regulation and Strategy from University of Florida. Prior to joining KenGen, Mary held senior positions at Ernst & Young and Kenya Airways, where she held several managerial positions as Manager Credit Control, Manager Outstations Finance, and Manager Treasury. Mary has risen through the ranks at KenGen, having held several leadership roles as Corporate Finance Manager, General Manager of Corporate & Regulatory Services and Acting General Manager ICT and finally General Manager Finance.

Daniel Nzioka
Trustee

He was appointed to the Board of Trustees in June 2023 as a sponsor nominated trustee. He is a member of the Investment & Strategy Committee and a member of the Audit & Risk Management Committee He is a passionate Insurance guru with vast experience in Insurance spanning over 20 years. He holds a Bachelor of Commerce Degree in Insurance and Master of business Administration in Insurance from the University of Nairobi. He is an Insurance Practitioner with an advanced Diploma from the Chartered Insurance Institute of London, United Kingdom. He is an associate member of the insurance institute of Kenya (IIK). He has attended various leadership courses and has held several leadership positions in society. He is currently a Trustee board member of KenGen Foundation. He has previously worked Co-operative Consultancy & Insurance Agency Ltd as Principal officer where he Pioneered Bancassurance line of Business, Co-operative Bank of Kenya Ltd, CIC Insurance and Pioneer Assurance Co Ltd at various senior management positions. He is currently, Insurance Manager at KenGen PLC since August 2014.

Charles Masio
Trustee

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

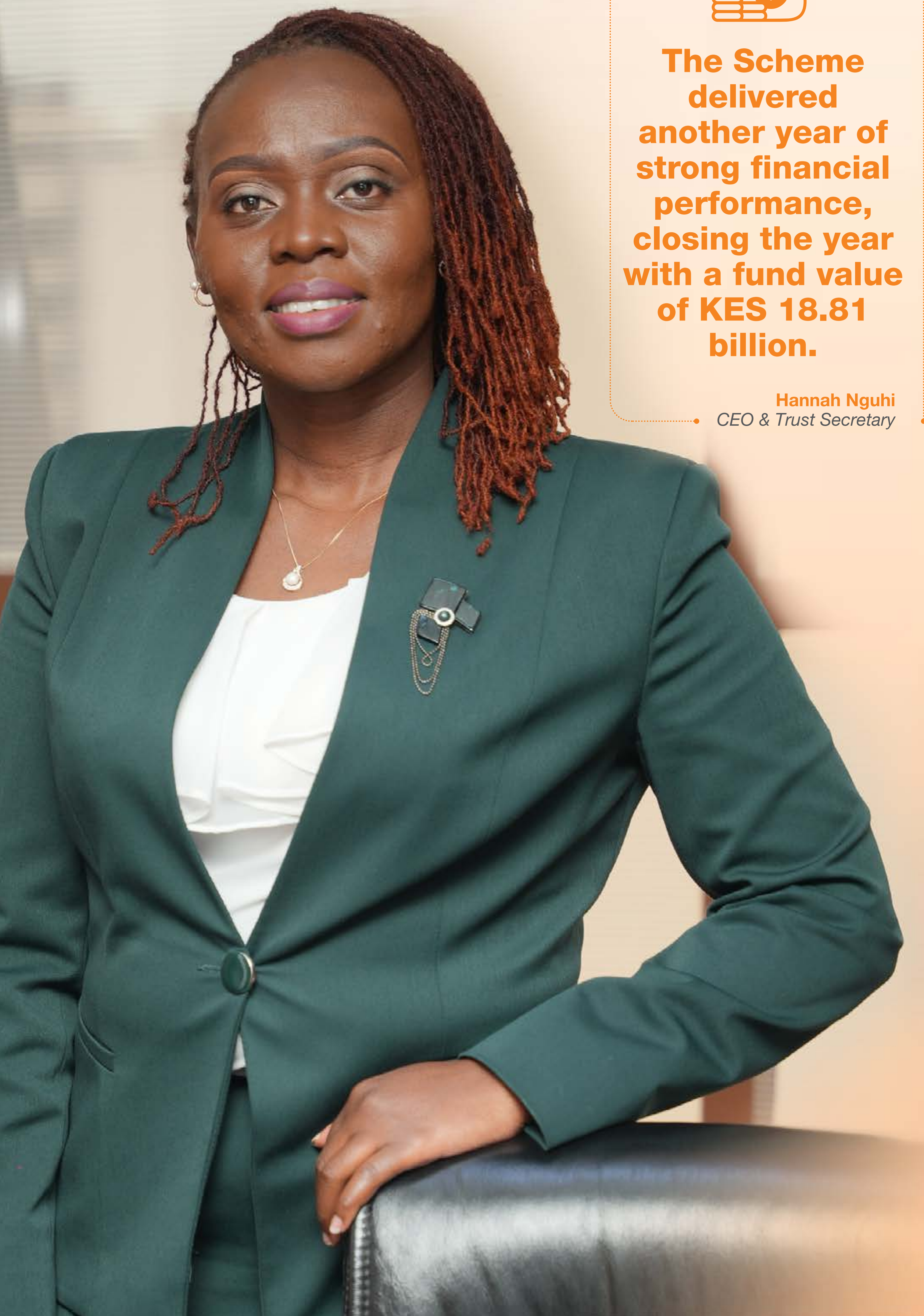
He was appointed to the Board of Trustees in April 2021 as a member elected trustee. He is a member of the Administration & Communication Committee and a member of Audit & Risk Management Committee. He holds a Bachelor of science in Mechanical Engineering with honours from JKUAT, a certificate in Geothermal 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.

Muhumed Abdi
Trustee

He was appointed to the Board of Trustees in March 2023 as a member elected trustee. He is a member of the Investment & Strategy Committee and a member of the Administration & Communication Committee. He holds a Bachelor of Arts in Public Administration, Diploma in Public Administration from Kampala International University. Further he has Craft Certificate in Motor Vehicle Electrician; Institute of Energy Studies and Research (formerly KPLC Training School). He is a well-seasoned leader with diverse skills. Abdi currently holds various positions which includes Executive Board Member, Central Organization of Trade Unions- Kenya (COTU- K), National Assistant General Secretary & Branch Secretary Mt. Kenya East, Kenya Electrical Trades and Allied Workers' Union (KETAWU). He has served in (KETAWU) Office in other various capacities. He is a member of the Kenya Institute of Management. He is the Senior Assistant Foreman at Kamburu Transport Workshop. He has served the sponsor for over 35 years.

Hannah Nguhi
CEO & Trust Secretary

Hannah Nguhi was appointed Chief Executive Officer & Trust Secretary of the KenGen Staff Retirement Benefits Scheme in January 2026, having served the Scheme since April 2013 in progressively senior leadership roles. She is an accomplished pensions executive and investment strategist with over 20 years experience leading retirement institutions through strategic leadership, sound governance, prudent investment management and member-centred service delivery. She leads the Scheme in delivering its mandate of securing members' retirement benefits through sound governance, prudent investment management, operational excellence and sustainable long-term growth across the Defined Benefit (DB) Scheme, Defined Contribution (DC) Scheme and Income Drawdown Fund (IDDF). Throughout her career, Hannah has played a key role in strengthening investment governance and diversifying institutional investment portfolios across quoted equities, fixed income securities, offshore investments and private equity. She has extensive experience in investment strategy, manager oversight, portfolio construction and institutional due diligence, including serving as an Observer on the Advisory Committee of a Pan-African private equity fund. Prior to joining KenGen Staff Retirement Benefits Scheme, she served as a Portfolio Manager at Dry Associates Ltd and previously worked as a Pension Benefits Administrator at Zamara Financial Services (formerly Alexander Forbes). Hannah holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Science in Actuarial Science from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She has completed Levels I and II of the Certified Investment and Financial Analyst (CIFA) programme and is a member of the Actuarial Society of Kenya (TASK). She is passionate about building a trusted, member-centred retirement institution founded on sound governance, prudent investment management, innovation and service excellence.



The Scheme delivered another year of strong financial performance, closing the year with a fund value of KES 18.81 billion.

Hannah Nguhi
CEO & Trust Secretary

CEO & TRUST SECRETARY'S STATEMENT

To Our Esteemed Members and Stakeholders,
It is my honour to present the CEO & Trust Secretary's Statement for the financial year ended 31 December 2025. Throughout the year, the Secretariat remained focused on executing the Board's strategic priorities, strengthening operational performance and delivering sustainable value to members despite a dynamic investment environment.

Investment Returns and Scheme Growth
The Scheme delivered another year of strong financial performance, closing the year with a fund value of KES 17.60 billion. The main Scheme generated a return of 17.6%, driven largely by exceptional performance in quoted equities, offshore investments and fixed income securities. The Income Drawdown Fund (IDD) also maintained its strong growth trajectory, increasing its Fund Value to KES 1.21 billion while delivering a return of 14.79%.

The Scheme continued to diversify its investment portfolio through private equity, offshore investments and Real Estate Investment Trusts (REITs), strengthening long-term portfolio resilience and positioning the Fund for sustainable growth.

Post-Retirement Medical Fund (PRMF)
The Scheme achieved a significant milestone during the year with the successful receipt of regulatory approval for the Post-Retirement Medical Fund (PRMF). This represents a major step towards broadening the Scheme's retirement solutions and supporting members' healthcare needs in retirement. Following this achievement, the Secretariat has focused on implementation readiness to ensure the Fund is operationalized efficiently and seamlessly, reinforcing our commitment to providing comprehensive retirement benefits beyond pension income.

The Scheme continued to diversify its investment portfolio through private equity, offshore investments and Real Estate Investment Trusts (REITs), strengthening long-term portfolio resilience and positioning the Fund for sustainable growth.

Technology Modernization and Digital Transformation
The Secretariat continued to accelerate the Scheme's digital transformation agenda through investments in technology that enhanced operational efficiency, governance and member service delivery. Key achievements included strengthening disaster recovery capabilities, migrating to the NCBA Connect Plus platform integrated with the Enterprise Resource Planning (ERP) system, automating procurement and contract management processes, and rolling out member and pensioner self-service portals.

Additional milestones included implementation of the Electronic Board and Enterprise Risk Management systems, continued enhancement of the Electronic Document Management System (EDMS), progress towards ISO Certification and implementation of the Quality Management System (QMS), as well as strengthening compliance with the Data Protection Act.

> Throughout the year, the Secretariat remained focused on **executing the Board's strategic priorities, strengthening operational performance and delivering sustainable value to members despite a dynamic investment environment.**

Operational Excellence and Risk Management
The internally managed administration model continued to mature, delivering improved operational efficiency, stronger internal controls and enhanced regulatory compliance. Supported by an integrated ERP platform, the Secretariat strengthened member administration, benefit processing, financial reporting and business process automation.
Enterprise Risk Management was further strengthened through enhanced internal controls, improved audit processes and automation of the Risk Management Framework, providing real-time monitoring and supporting timely decision-making, operational resilience and business continuity.

Member Experience
The Scheme paid KES 841.15 million in retirement benefits during the year while continuing to invest in member education and engagement. Financial literacy forums, pre-retirement seminars and member education programmes were conducted

CEO & TRUST SECRETARY'S STATEMENT

across Sponsor stations to enhance members' understanding of retirement planning, the Income Drawdown Fund and the Post-Retirement Medical Fund.

The continued growth in participation during member engagement forums and the Annual General Meeting reflects increasing confidence in the Scheme and its retirement solutions.

Looking Ahead

In the coming year, our focus will remain on operationalizing the Post-Retirement Medical Fund, strengthening digital service delivery, enhancing member engagement, advancing investment diversification and continuously improving operational excellence. We remain committed to executing the Board's strategic priorities while delivering innovative, efficient and member-centred retirement solutions.

Appreciation

I wish to express my sincere appreciation to the Board of Trustees for their strategic leadership and guidance, the Secretariat team for their professionalism and unwavering commitment, our service providers for their valued partnership, and our members for the confidence and trust they continue to place in the Scheme.

Together, we remain committed to safeguarding our members' retirement savings and delivering sustainable value through excellence in service, innovation and prudent stewardship.

Thank you.

HANNAH NGUHI

CEO & TRUST SECRETARY

MANAGEMENT TEAM

Hannah Nguhi
CEO & Trust Secretary

Hannah Nguhi was appointed Chief Executive Officer & Trust Secretary of the KenGen Staff Retirement Benefits Scheme in January 2026, having served the Scheme since April 2013 in progressively senior leadership roles. She is an accomplished pensions executive and investment strategist with over 20 years experience leading retirement institutions through strategic leadership, sound governance, prudent investment management and member-centred service delivery. She leads the Scheme in delivering its mandate of securing members' retirement benefits through sound governance, prudent investment management, operational excellence and sustainable long-term growth across the Defined Benefit (DB) Scheme, Defined Contribution (DC) Scheme and Income Drawdown Fund (IDDF). Throughout her career, Hannah has played a key role in strengthening investment governance and diversifying institutional investment portfolios across quoted equities, fixed income securities, offshore investments and private equity. She has extensive experience in investment strategy, manager oversight, portfolio construction and institutional due diligence, including serving as an Observer on the Advisory Committee of a Pan-African private equity fund. Prior to joining KenGen Staff Retirement Benefits Scheme, she served as a Portfolio Manager at Dry Associates Ltd and previously worked as a Pension Benefits Administrator at Zamara Financial Services (formerly Alexander Forbes). Hannah holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Science in Actuarial Science from Jomo Kenyatta University of Agriculture and Technology (JKUAT). She has completed Levels I and II of the Certified Investment and Financial Analyst (CIFA) programme and is a member of the Actuarial Society of Kenya (TASK). She is passionate about building a trusted, member-centred retirement institution founded on sound governance, prudent investment management, innovation and service excellence.

Purity Kamau
Senior Pensions Officer

She Joined the Scheme in 2009 and she is the Senior Pensions Administration Officer, in charge of the Pension Administration Department. She has over 25 years of experience in Human Resource and Pensions Administration. She holds a bachelor's degree in business administration, Advanced Diploma in Business Administration and Diploma in Business Administration with the Association of Business Executive (ABE) UK, Strategic Leadership Development Program (SLDP) and Senior Management Course (SMC) with the Kenya School of Government and Certificate of Proficiency in Insurance (COP), Insurance Fundamentals and Life & Pension with the Collage of Insurance. She is a member of: Institute of Certified Administrators (ICA), Association of Pension Trustees & Administrators of Kenya (APTAK), Association of Business Executives (ABE) UK and Global Academy of Finance Management (GAFM). She is a Certified Pensions Trustee with the College of Insurance and a Certified Pension Analyst Manager (CPAM) with the Global Academy of Finance Management (GAFM). Before joining the Scheme, she worked in the Human Resources departments of KenGen, Kenya Power and Daystar University.

Anthony Mang'eli
Senior Property Officer

He joined the Scheme in November 2016 and is the Senior Property Officer. He heads the Property Department and is responsible for providing strategic leadership in the management, development, and optimization of the Scheme's real estate portfolio. His role encompasses property investment strategy, property management, valuation oversight, project evaluation, and ensuring that the property portfolio contributes to the Scheme's long-term investment objectives and sustainable growth. With over 17 years of professional experience in the real estate industry, he has built extensive expertise across property valuation, property management, real estate investment appraisal, feasibility studies, and strategic property advisory. Prior to joining the KenGen Staff Retirement Benefits Scheme, he served as the Head of the Property Department at Actuarial Services (E.A.), where he led property valuation, investment advisory, and property management assignments for institutional and private clients. Earlier in his career, he worked at Prestige Management Valuers Ltd as a Senior Valuer and Property Manager. He holds a Master of Arts in Valuation and Property Management and a Bachelor of Arts in Land Economics, both from the University of Nairobi. He is a Registered and Licensed Valuer (Valuers Registration Board), Registered and Licensed Estate Agent (Estates Agents Registration Board) and Full Member of the Institution of Surveyors of Kenya (MISK).

CPA Nicodemus Kiptoo
Senior Finance Officer

He is the Senior Finance Officer and Head of the Finance Department at the KenGen Staff Retirement Benefits Scheme (KSRBS), a role he has held since joining the Scheme in March 2022. He brings over 15 years of progressive experience in financial management, accounting, taxation, risk management, internal controls, budgeting, and audit — spanning both the pensions and manufacturing sectors. He holds a Bachelor of Education (Accounting, Commerce and Economics) from the University of Nairobi and is currently pursuing a Master of Business Administration (Finance Option), also at the University of Nairobi. He is a Certified Public Accountant (CPA-K) and a member in good standing of the Institute of Certified Public Accountants of Kenya (ICPAK). In 2025, he further strengthened his governance and compliance credentials by completing the Certified Trustee course and a Data Protection course. Prior to joining KSRBS, Nicodemus served as a Financial and Management Accountant at CPF Financial Services and as Cost and Management Accountant at New KCC Ltd, gaining broad exposure to financial control and cost management across diverse organizational environments.

Jeremiah Gichiri
Senior ICT & Database Officer

He joined KenGen staff Retirement Benefits Scheme in July 2023 and is the Senior ICT and Database Officer in Charge of ICT & Database Department. He has over 18 years' experience in Information and Communication Technology Service Delivery and Project Management with a specialty in the Pension Sector. He holds a Bachelor of Science degree in Electronics and Computer Engineering from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and currently pursuing a Master of Science in Information System Management from KCA University. He is Cisco Certified Network Associate and Microsoft Certified System Engineer. He is a registered Engineer with Engineers Board of Kenya and Member of Institute of Engineers of Kenya. He is also a distinguished fellow of the Computer Society of Kenya. Prior to joining KenGen SRBS, he worked with Kenya Power Pension Fund as Systems Administrator.

Maraka Silvio
Ag. Senior Investment Officer

He joined the KenGen Staff Retirement Benefits Scheme (KenGen SRBS) in July 2021 and currently serves as the Ag. Senior Investment Officer in-charge of Investments department. He is an accomplished Finance and investment professional with over nine years of experience spanning investment management, portfolio analysis, financial management, risk management, budgeting, taxation, audit, financial reporting and pension fund accounting. In his current role, he is responsible for implementing the Scheme's investment strategy, overseeing portfolio performance, asset allocation, fund manager oversight and ensuring compliance with the Investment Policy Statement and regulatory requirements. Maraka holds a Master of Science in Finance and Investment and a Bachelor of Commerce (Finance Option, First Class Honours) both from The University of Nairobi. He is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) of good standing. He is currently pursuing the Certified Investment and Financial Analyst (CIFA) qualification with the Institute of Certified Investment and Financial Analysts (ICIFA) and an Advanced Diploma in Tax Administration at the Kenya School of Revenue Administration (KESRA). Prior to joining the Investment function at KenGen SRBS, Maraka served as an Accountant within the Scheme. He previously worked as a Senior Auditor at Taxmart Kenya and in the Management Accounting function at the Kenya Electricity Generating Company (KenGen PLC).

CPSP-K Stephen Mwaiwa
Procurement Officer

He joined the scheme in January 2025 as the Procurement Officer in Charge of the Procurement Department. He has over 8 years' experience in Supply Chain Management and holds a Master's Degree in Procurement and Contract Management and a Bachelor of Science in Supply Chain Management (Transport and Logistics) - JKUAT. He is a Certified Procurement and Supplies Professional, a Licensed Practitioner and a Professional Member of the Kenya Institute of Supplies Management (KISM). Renowned for his strategic and innovative contributions towards Supply Chain excellence, Stephen has earned various recognition including the Bronze Medal honour of the President's Award, National Values & Principles of Governance Champion (2023, 2024) "Best Supply Chain Research Paper of the Year Award" (2024)1r and the prestigious "Supply Chain Raising Star Award" (2023)1r. Prior to joining KenGen SRBS, Stephen served as a Sourcing Officer at Kenya Revenue Authority and a Procurement Assistant at Kenya Rural Roads Authority.

CHRP-K Mercy Muhadia
Human Resource & Administration Officer

She joined the scheme on 5th May 2025 as the Human Resources and Administration Officer in Charge of the HR and Administration Department. She has over 5 years' experience in Human Resource , Ongoing Masters student in Business Psychology - University of East London, holds a Bachelor of Science in Human Resource Management - JKUAT. She is a Certified Human Resource Professional and a Professional Member of Institute of Human Resource Management(IHRM). Renowned for her passion in creating HR Solutions that drive sustainable growth and support people to thrive, Mercy has earned recognition in exceptional performance and contribution towards HR excellence in the year 2024. Prior to joining KenGen SRBS, Mercy served as an Assistant Manager – Compensation and Benefits at CIC Insurance Group PLC.

THE SECRETARIAT

Back Standing (Left to Right)

Francis Maina (Property Maintenance Technician), **Mercy Muhadia** (HR & Administration Officer), **Doreen Wairimu** (Assistant Pension Administration Officer), **Jane Namnyak** (Front Office Assistant), **Hannah Nguhi** (CEO & Trust Secretary)

Front Seated (Left to Right)

Nicodemus Kiptoo (Senior Finance Officer), **Stephen Mwaiwa** (Procurement Officer), **William Mogaka** (Investment Analyst), **Lawrence Paschal** (Pension Administration Officer)

Back Standing (Left to Right)

Linda Anyango (Accounts Assistant), **Becky Njika** (Executive Assistant),
Purity Kamau (Senior Pensions Administration Officer), **Anthony Mangeli** (Senior Property Officer)

Front Seated (Left to Right)

Maraka Silvio (Ag. Senior Investments Officer), **Rashid Kanyua** (Financial Accountant),
Jeremiah Gichiri (Senior ICT & Database Officer)

04

VALUE FOR OUR MEMBERS

STRATEGIC PLAN

2019 - 2028 STRATEGIC PLAN

10 -Year Strategy Plan KenGen DC Scheme (2019 – 2029)

Horizon II (2025 – 2029)

Mid-term Review Adopted: January 2025

Strategic Focus:

Aggressive diversification, innovation in member services, and building institutional capacity.

Vision

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

Mission

To provide the best retirement benefits to memebers through prudent investments.

Pillars & targets

Pillar 1
Align investments to increase returns

- Rebalance existing assets to achieve returns above the hurdle rates for different asset classes.
- Selectively diversify through new asset classes that provide high returns.

Pillar 2
Improve member services and cost management

- Improve member satisfaction by 5% in the first two years, and 2% thereafter
- Reduce costs to within 0.5% of AUM.

Pillar 3
Optimize HR and governance functions

- Improve skills,productivity and motivation of staff.
- Conduct regular Board evaluations and improve accountability system.

Core values

Customer - Focus | Integrity | Innovation

A goal-oriented map with embedded strategic measures to guide execution.

Horizon I Strategic Achievements (2019-2025)

I. The DC Scheme Fund Value grew by 26% over 12-months and was Kes.13.93M in December 2024 compared to December 2025 Fund Value of Kes.17.6M.
II. The IDD Scheme's Fund Value grew by 57% over 12-months and was Kes.768M compared to December 2025 AUM of Kes.1.21B.
III. Successfully secured the regulatory approvals for the Post Retirement Medical Fund (PRMF).
IV. Admin costs were maintained below 1% of Fund Values with continuous expenses monitoring for efficiency.
V. The 2024 AGM attendance increased by 35% to 1,888 members, 440 attending physically while 1,448 attended virtually. Last year's attendance was 1,192 members.

Horizon II Strategic Priorities (2025–2029)

Pillar 1

Align Investments for Returns & Capital Preservation

- Commence trustee and management immersion programs in private equity and offshore investments.
- Strengthen risk management frameworks to buffer volatility.
- Improve fund manager review protocols to ensure alignment and accountability.

Pillar 2

Improve Member Services & Cost Management

- Fast-track tech upgrades to improve efficiency and digital member experience.
- Pursue ISO certification to embed operational excellence.
- Launch a member education and outreach campaign.
- Innovate new products such as a Post-Retirement Medical Fund.

INCOME DRAWDOWN FUND (IDD)

5-Year Strategy (2025–2029)

Approved January 2025

Strategic Focus:
Fund growth, operational excellence, and improved member satisfaction—delivered through a Balanced Scorecard model.

Vision — To be a leading Pension Scheme in the region that provides best-in-class service to its members.

Mission — To provide the best retirement benefits to memebers through prudent investments.

Financial Perspective	Customer Perspective	Internal Business Processes	HR/Perspective
Strategic Theme			
Fund Growth & Sustanability	Member Satisfaction	Operational Excellence & Governance	Competent Workforce
Strategic Goal			
• Grow the Fund From Ksh 768.81 million as at 31st December 2024 to Ksh 3.011 billion by 31st December 2029 • Deliver an annual net return of consumer price inflation +2.5%	• Increase in member satisfaction index from 75% in 2024 to 90% by 2029 • Increase member engagement index at 2% every year.	• Achieve excellence in operations and strengthen governance structures.	• Improve productivity

Core values — Customer - Focus | Integrity | Innovation

Balanced Scorecard Pillars & Strategic Themes

I. Financial Perspective
Grow assets from Kshs 768.81M (2024) to Kshs 3.011B (2029). Deliver real net returns of CPI + 2.5% annually.

II. Customer Perspective
Increase member satisfaction from 75% to 90% by 2029.
Improve member engagement index by 2% annually.

III. Internal Business Processes
Achieve operational excellence.
Strengthening governance structures for better accountability.

IV. HR/People Perspective
Improve staff productivity through capability development and performance systems.

STRATEGIC PLAN

2024 - 2028 ICT STRATEGIC PLAN

As part of its commitment to delivering best-in-class retirement benefits services, KenGen Staff Retirement Benefits Scheme (KenGen SRBS) continues to implement its ICT Strategic Plan 2024–2028, which positions technology as a key enabler of operational excellence, innovation, risk management, and enhanced service delivery. Guided by the Scheme's Vision of becoming a leading regional pension scheme and its Mission of delivering prudent, member-focused services, the ICT Strategy is anchored on five strategic pillars:

1 ICT Governance

The Scheme continues to strengthen ICT governance by ensuring compliance with applicable legislation, standards, and best practices. During the year, the Scheme maintained compliance with key regulatory requirements, including the Data Protection Act, 2019 and the Computer Misuse and Cybercrimes Act, 2018. Continuous policy review, stakeholder sensitization, ICT risk assessments, and monitoring of risk mitigation measures were undertaken to enhance governance and accountability across all ICT operations.

2 ICT Human Capacity Development

Recognizing that technology is only as effective as the people who use it, the Scheme invested in continuous professional development for ICT personnel and end-users. Staff training programs, cybersecurity awareness initiatives, participation in professional ICT forums, and performance management initiatives were implemented to ensure the ICT team remains equipped to support emerging technologies and evolving business requirements.

3 ICT Infrastructure

The Scheme continued to strengthen its ICT infrastructure through proactive maintenance of network and data centre environments, continuous monitoring of network performance, and regular vulnerability assessments and penetration testing. ICT asset management processes were enhanced through improved asset tracking, registration, deployment, and lifecycle management, ensuring reliable and efficient support for business operations. A major milestone during the year was the establishment of a fully functional Secondary Disaster Recovery Site, significantly enhancing the Scheme's resilience, business continuity capability, and preparedness against potential disruptions to critical ICT services.

4 ICT Systems and Applications

The Scheme continued to optimize the utilization of its Enterprise Resource Planning (ERP) system and enhance integration between key business applications. Improvements were made to online service delivery channels, including pension self-service platform and other digital solutions aimed at increasing accessibility, convenience, and operational efficiency. The Strategy also supports the progressive adoption of emerging technologies, including automation, data analytics, artificial intelligence, and electronic document management solutions.

5 ICT Security

Cybersecurity remains a key priority for the Scheme. Continuous cybersecurity awareness training, implementation of data protection controls, periodic vulnerability assessments and penetration testing, and ongoing monitoring of ICT risks were undertaken to safeguard the confidentiality, integrity, and availability of information assets. The Scheme also continued implementing and reviewing backup, disaster recovery, and business continuity arrangements while maintaining its Quality Management System framework to support secure and reliable service delivery.

Looking Ahead

The implementation of the ICT Strategic Plan remains on course and continues to support the Scheme's digital transformation agenda. Through sustained investment in governance, people, infrastructure, systems, and cybersecurity, KenGen SRBS is enhancing operational resilience, improving member experience, and positioning itself to respond effectively to the evolving needs of its members and stakeholders.

ISO CERTIFICATION

ISO CERTIFICATION 9001:2015 QUALITY MANAGEMENT SYSTEM IMPLEMENTATION

Driving Excellence Through Quality Management

At KenGen Staff Retirement Benefits Scheme (SRBS), our commitment to delivering efficient, reliable, and member-focused services remains at the heart of everything we do. As part of our continuous improvement journey, the Scheme embarked on the implementation of the ISO 9001:2015 Quality Management System (QMS), a globally recognized standard that provides organizations with a framework for enhancing quality, consistency, accountability, and customer satisfaction.

The decision to pursue ISO certification reflects the Scheme's commitment to adopting international best practices in governance, operational management, and service delivery. As the Scheme continues to grow and respond to the evolving needs of members and stakeholders, it is essential that our processes remain robust, transparent, and capable of supporting sustainable long-term performance.

ISO 9001:2015 is more than a certification; it is a management philosophy that promotes a culture of continuous improvement. It encourages organizations to understand stakeholder needs, manage risks proactively, optimize processes, and consistently deliver services that meet or exceed expectations. For SRBS, the implementation of the Quality Management System is expected to strengthen operational efficiency, improve service quality, enhance compliance, and reinforce stakeholder confidence in the Scheme's governance and administration.

Progress Made During the Year

The implementation journey commenced with a comprehensive review of the Scheme's operations through a full organizational assessment and gap analysis. This exercise provided valuable insights into existing processes and identified areas requiring enhancement to align with ISO 9001:2015 requirements. The findings formed the foundation for developing a practical and effective Quality Management System tailored to the unique needs of the Scheme.

Recognizing that successful implementation requires the support and participation of all stakeholders, awareness and sensitization sessions were conducted for both management and staff. These engagements helped build a shared understanding of the objectives and benefits of ISO certification while reinforcing the role each employee plays in maintaining and improving service quality.

The sessions also laid the groundwork for fostering a culture of quality, accountability, and continuous improvement across the organization.

A major milestone achieved during the year was the extensive documentation of the Scheme's business processes. Through collaborative engagements involving various departments and process owners, the Scheme successfully developed and documented all seventy-three (73) Standard Operating Procedures (SOPs) required to support its operations. These procedures cover key functional areas and provide clear guidance on roles, responsibilities, workflows, controls, and service standards.

In addition to the SOPs, the Scheme completed the development and review of supporting forms, records, templates, and reference documents necessary for effective implementation of the Quality Management System. This achievement represents a significant step towards process standardization and ensures that critical activities are carried out consistently, efficiently, and in accordance with established requirements.

To further strengthen the quality framework, the Scheme's designated ISO Champions undertook detailed reviews of the documented procedures, forms, and reference materials. Their contributions helped ensure that the documentation accurately reflects operational practices while meeting the requirements of the ISO 9001:2015 standard. These reviews also provided an opportunity to identify improvement opportunities and enhance process integration across different functions of the Scheme.

The acquisition and application of the ISO 9001:2015 standard requirements have enabled the Scheme to benchmark its operations against internationally recognized quality management principles. This has provided a clear roadmap for implementation and helped ensure that the Quality Management System is built on a solid foundation of best practices.

Expected Benefits to Members and Stakeholders

The implementation of the Quality Management System is expected to deliver significant benefits to the Scheme and its stakeholders. Members will benefit from improved service consistency, enhanced responsiveness, and more efficient processing of requests and transactions. Standardized processes will help reduce errors, strengthen accountability, and promote timely service delivery.

ISO CERTIFICATION

For management and staff, the Quality Management System provides a structured approach to managing operations, monitoring performance, and driving continual improvement. It also strengthens risk management practices by ensuring that key processes are clearly defined, regularly reviewed, and continuously improved.

At a governance level, ISO certification will enhance transparency, reinforce internal controls, and support compliance with regulatory and industry requirements. These improvements contribute to the overall resilience and sustainability of the Scheme while enhancing stakeholder confidence in its management and operations.

The Road Ahead

Having successfully completed the documentation phase of the Quality Management System, the Scheme is now focused on embedding the documented procedures into day-to-day operations. The next phase will involve full implementation, staff training, process monitoring, internal quality audits, corrective action management, and management reviews to assess the effectiveness of the system.

These activities will prepare the Scheme for external certification assessment while ensuring that the principles of quality management become an integral part of the organizational culture. The objective is not only to achieve ISO 9001:2015 certification but also to establish a sustainable framework for continuous improvement that will continue to create value for members and stakeholders for years to come.

The Board, Management, and staff remain fully committed to this transformative initiative and are encouraged by the significant progress achieved thus far. As the Scheme advances towards certification, the implementation of the Quality Management System will continue to support its vision of delivering exceptional retirement benefits services while upholding the highest standards of professionalism, efficiency, and accountability.

> “These reviews also provided an **opportunity to identify improvement opportunities and enhance process integration** across different functions of the Scheme.

PENSIONS BENEFITS ENTITLEMENT

LEAVING SERVICE

Members who leave the Scheme before their 50th Birthday access 50% of their accrued benefits less applicable tax. The other 50% is reserved through deferment or transfer into another Scheme until age 50 and above.

DEATH

Death in service - Accumulated contributions with interest paid as a lumpsum. Death in deferment - Value of preserved benefits at the time of death in deferment. Death in retirement - The benefits payable will be the balance in the income drawdown account or where a member purchased an annuity from an insurance Company the benefits chosen at the time of retirement.

RETIREMENT

Payable from the age of 50 years or earlier on ill-health grounds. The member will be paid a lumpsum equivalent to one third of the total accrued benefits. For the remaining two thirds the member has an option of joining the Fund's Income Drawdown to receive a monthly/quarterly/annual benefits or to purchase an annuity plan from an insurance company.

EMIGRATION

If a member leaves the Scheme and relocated from Kenya with no intention of returning, the member is paid 100% of the benefits upon submission of the required documents.

INCOME DRAW DOWN FUND

The Board of Trustees of the KenGen Defined Contribution (DC) Scheme 2012 is committed to offering a diverse range of retirement products to better serve the needs of its members. By providing more options, the Scheme aims to cater to members' individual preferences, especially as they navigate an ever-changing global landscape.

One of the key additions to this range is the income drawdown product, which is quickly gaining traction in Kenya's pension industry. This product offers members flexibility and a variety of benefits tailored to their retirement needs.

Recognizing its value, the Trustees officially launched the Scheme's internal income drawdown fund on 17th May 2022. Since then, it has been fully operational and available to all members of the DC Scheme.

What is Income draw down

An Income Draw Down Fund is an option whereby members receive their monthly income upon retirement through an investment fund. The funds are transferred into the fund by members of the DC Scheme upon retirement and are prudently invested by the Trustees. The minimum projected rate of return is 11.5% per annum. To achieve this, the funds are strictly invested in the below asset classes.

ASSET CLASS	AMOUNT	ASSET ALLOCATION
CASH & DEMAND DEPOSITS	1,477,753.38	0.12%
TERM DEPOSITS	156,808,864.38	13.24%
TREASURY BONDS	1,026,031,901.94	86.63%
TOTAL	**1,184,318,519.70**	**100%**

The above asset classes earn a return of more than the projected return of 11.5% per annum. The members therefore draw their monthly income from the returns as the principal amount is preserved through re-investment over the years. This translates to the preservation of the purchasing power of the members since the returns earned are over and above the inflation rates over the period. This can be supported by the fund's performance since its inception:

Year 2022	Year 2023	Year 2024	Year 2025
July to December **9.8%**	January to December **14.6%**	January to December **16.6%**	January to December **14.79%**

Fund Membership

The fund had grown in terms of members. It has one hundred and seventy-one (171) members in December 2025 with a transition rate of 84% of all members leaving through retirement.

Income Draw Down Fund Operation Guidelines

The Internal Draw Down Fund is registered with the Retirement Benefits Authority, the regulator of the pension industry. The Trustees manage the fund in line with regulatory guidelines to ensure it delivers the best possible value to members.

Fund Objective

The fund operates on a non-commercial basis, with the primary goal of serving the interests of its members. Therefore, there is transparency, disclosure, and accountability to members on its performance. Members receiving monthly income receive their pay slips monthly. Further, a detailed member statement showing the fund balance and interest loaded is shared annually. Even so, members are encouraged to reach out to the Secretariat - whether by visiting, calling, or emailing - if they have any questions or need clarification on any matter.

Communication

Open communication is essential, as it fosters a strong connection between members, Secretariat staff, and the Trustees. We ensure that members are kept informed through timely, accurate, and clear communication whenever it's needed. To achieve this, the Trustees have put in place various wide-reaching communication channels in the scheme.

Registered Office

The Registered office of the fund is the Secretariat Office which is located within the Sponsor Offices. The Trustees are committed to welcoming more members into the fund, promoting financial security in retirement through wise investments and exceptional customer service.

The Trustees look forward to receiving members feedback through the below email ***pensions@kengensrbs.co.ke***

#Always at member's service

WIDOWS & ORPHANS PACKAGE

A Lifeline for Widows and Orphans

INTRODUCTION

In the unfortunate event of a member's passing, the family is left with the heavy responsibility of caring for the deceased's dependents, especially children. One of the most critical needs is ensuring the continuity of education and general wellbeing for these children. In response, the Scheme established a dedicated Trust Fund—commonly referred to as the Widows and Orphans Account. This fund is tailored to cater for essential needs such as school fees, shopping, and general upkeep for the dependents left behind.

HOW TO OPEN A TRUST FUND ACCOUNT

UPON BOARD OF TRUSTEES APPROVAL:

- The nominated beneficiaries are issued a formal letter authorizing the opening of a Trust Fund account with the Co-operative Bank.
- This account requires copies of the signatories' national ID and KRA PIN for verification.
- Once the account is active, the Scheme transfers the approved benefits into the account, with a clear mandate on fund usage.

Note: The first Trust Fund was opened in 2008 and has successfully supported numerous children through to completion of their education.

HOW FUNDS ARE DISBURSED

- The appointed signatories submit a written request to the CEO and Trust Secretary detailing the need for a withdrawal—whether for school fees, medical treatment, or other approved expenses.
- Upon verification, the Scheme directly disburses the funds to the service provider (e.g., school or hospital) or as otherwise approved.
- The secretariat then issues a written confirmation of the payment to the school or relevant institution, ensuring full transparency and accountability.

WHY THE TRUST FUND MATTERS: KEY BENEFITS

- **Structured Fund Management:** Ensures orderly and transparent administration of accrued Scheme benefits and Group Life Assurance to the beneficiaries.
- **Simplified Access:** Once approved by the Board of Trustees, beneficiaries are guided to open a designated Trust Fund account at Co-operative Bank, requiring minimal signatories.
- **Controlled Withdrawals:** Funds can only be accessed through the joint authority of the authorized signatories and the Scheme's secretariat, ensuring secure and purposeful disbursements.
- **Targeted Support:** The account is dedicated to covering specific, approved needs such as education, medical care, school shopping, and other critical welfare items.
- **Safeguards Against Misuse:** The setup protects against mismanagement or unauthorized access to funds, fostering responsible use for the benefit of the dependents.
- **Peace of Mind:** The Trust Fund brings emotional and financial relief to families, knowing their loved ones' legacies are preserved and their dependents well-catered for.

POST RETIREMENT MEDICAL FUND

POST-RETIREMENT MEDICAL FUND (PRMF)

Introduction

Healthcare remains one of the greatest financial challenges facing retirees. As individuals age, medical needs tend to increase while employer-sponsored medical cover typically ceases upon retirement. Without adequate planning, healthcare costs can significantly erode retirement income and personal savings.

To address this challenge, the Trustees are in the process of establishing the Post-Retirement Medical Fund (PRMF), a voluntary medical savings arrangement that will enable members to prepare for healthcare expenses beyond retirement. The Fund is designed to support members in accessing quality healthcare while preserving their retirement income and financial security.

Why the PRMF Is Important?

The PRMF reflects the Scheme's commitment to holistic retirement planning by recognizing that a secure retirement depends not only on adequate income but also on access to affordable and quality healthcare. The Fund will enable members to accumulate dedicated medical savings during their working years, ensuring resources are available when healthcare needs are highest.

Key Features and Benefits of the PRMF

Enables members to build long-term savings specifically for post-retirement healthcare expenses.

Provides flexible contribution options, allowing members to contribute voluntarily during employment and transfer up to 10% of their retirement lump-sum benefits into the Fund upon retirement.

Contributions qualify for tax relief of up to KShs. 15,000 per month, while investment income earned within the Fund remains tax exempt.

Contributions are fully vested to individual members and continue earning investment returns even after exit from employment, subject to Scheme rules.

Investments are professionally managed in accordance with the PRMF Investment Policy Statement and Retirement Benefits Authority (RBA) guidelines, primarily through government securities, corporate bonds, and bank deposits.

Offers flexible healthcare access options, including Budget Access and Open Access hospital networks, depending on the level of accumulated savings and selected medical cover.

Provides annual member statements and access to account information through the Member Self-Service Portal, ensuring transparency and accountability.

Protects members and their beneficiaries by preserving benefits in cases of resignation, ill-health, retirement, or death.

Who Can Join the PRMF?

Upon operationalization, all employees of KenGen PLC who are members of the Scheme will be eligible to participate in the PRMF through voluntary contributions. Members will have flexibility to determine their contribution levels based on their age, personal circumstances, and desired level of medical cover in retirement.

How Will PRMF Benefits Be Accessed?

Upon retirement, accumulated PRMF savings may be utilized in several ways, including:

- Purchasing annual post-retirement medical cover;
- Retaining funds within the PRMF for payment of annual medical insurance premiums;
- Transferring accumulated savings to a medical cover provider of the member's choice;
- Purchasing an annuity to support future medical insurance premiums; or
- Accessing benefits for approved medical purposes in accordance with Scheme rules.

Healthcare access will be available through different cover options, ranging from Budget Access networks to Open Access arrangements that include a wider range of healthcare providers.

In the event of ill-health, early exit from employment, or death, benefits may be accessed in accordance with the Fund Rules, with nominated beneficiaries entitled to receive the member's accumulated contributions together with accrued investment returns or utilize the benefits as medical cover.

Looking Ahead

The establishment of the Post-Retirement Medical Fund represents a significant milestone in enhancing members' retirement preparedness. As the Trustees continue with the operationalization process, members will receive regular updates on implementation timelines, contribution arrangements, and enrolment procedures.

By planning early for healthcare needs, members can take an important step toward securing both their financial well-being and access to quality healthcare throughout retirement.

PROTECTING MEMBERS' DATA

OUR COMMITMENT TO PRIVACY AND SECURITY

IMPORTANCE OF DATA PROTECTION

In compliance with the Data Protection Act, 2019, KenGen Staff Retirement Benefits Scheme (KenGen SRBS) remains committed to protecting the personal data of our members, pensioners, and stakeholders as a cornerstone of responsible governance, transparency, and trust.

As Kenya's regulatory landscape continues to evolve, data protection has moved beyond compliance to become a strategic and operational priority, particularly within the pensions sector where highly sensitive financial and personal data is handled daily.

Industry Context: Why Data Protection is Critical for Pension Schemes

Pension schemes are custodians of large volumes of high-risk personal and financial data, including:

- Identification and biometric information
- Salary and contribution records
- Banking and benefits disbursement details
- Beneficiary and next-of-kin information

Trustees are legally classified as data controllers, responsible for determining how member data is processed, even when third-party administrators are involved.

In addition, Retirement Benefits Authority (RBA) governance guidelines require trustees to uphold high standards of risk management, internal controls, and protection of sensitive information

Registered and Accountable: Our Role as Data Controller and Processor

KenGen SRBS remains fully registered with the ODPC as both a Data Controller and Data Processor, demonstrating accountability for:

- The lawful collection and use of personal data
- Secure storage and controlled access
- Responsible sharing with service providers

This dual role is critical in ensuring compliance across internal operations and outsourced service arrangements, as required under Kenyan law.

Strengthened Governance Framework

To align with emerging regulatory expectations and industry best practice, we have enhanced our governance structures:

1 Data Protection Officer (DPO)

The DPO continues to provide independent oversight and now also ensures:

- Compliance with updated ODPC guidelines and enforcement trends
- Oversight of Data Protection Impact Assessments (DPIAs) for high-risk activities
- Monitoring of cross-border data transfers and third-party risks
- Timely breach detection and reporting (within 72 hours)

2 Data Protection Committee

The Committee ensures Scheme-wide accountability and:

- Integrates data protection into enterprise risk management
- Reviews cybersecurity posture and incident response readiness
- Oversees vendor compliance and data-sharing agreements

3 Enhanced Risk Management and Cybersecurity

In line with increased regulatory expectations and sector risks, the Scheme has strengthened its controls to include:

- Advanced cybersecurity monitoring and intrusion detection systems
- Data encryption and secure digital platforms for member services
- Regular third-party risk assessments and audits
- Incident response and breach notification protocols
- Continuous staff awareness and training programmes

This approach reflects the growing need for pension schemes to anticipate and mitigate cyber threats such as ransomware and data breaches.

Why Data Protection Matters to You

- For Members and Pensioners

We protect your personal data to ensure:

- Confidentiality of your pension information
- Accurate and timely benefit payments
- Secure digital access to your records
- For Financial Integrity and Reporting

Reliable and secure data supports:

- Accurate actuarial valuations and benefit computations
- Transparent financial reporting and audit readiness
- Regulatory filings and compliance with RBA requirements
- For Trust and Reputation

Strong data governance enhances:

- Stakeholder confidence
- Institutional credibility
- Long-term sustainability of the Scheme
- Your Rights Under the Law (Enhanced Protections)

Under the Data Protection Act and emerging reforms, you have the right to:

- Access your personal data
- Request correction or deletion
- Object to or restrict processing
- Data portability (proposed enhancement)
- Protection from automated decision-making and profiling (emerging safeguard)

Looking Ahead:

A Future-Proof Commitment

As digital transformation accelerates across the pensions sector, KenGen SRBS remains committed to:

- Embedding privacy by design and by default in all systems
- Continuously aligning with new legislation and ODPC guidance
- Strengthening data governance, digital trust, and resilience
- Enhancing member awareness of data rights and protections

We recognize that safeguarding personal data is inseparable from safeguarding your retirement security.

Conclusion

At KenGen SRBS, we protect your data with the same diligence and integrity we apply in managing your pension. In a rapidly evolving regulatory and technological environment, data protection is not just a compliance requirement—it is a key pillar of sustainable. pension fund governance and member trust.

TRANSFORMING MEMBER SERVICE DELIVERY THROUGH ICT

At the KenGen Staff Retirement Benefits Scheme (KenGen SRBS), we recognize that digital transformation is pivotal to delivering efficient, transparent, and member-centric services. As Kenya's financial services and pensions sectors accelerate digitization, the Scheme continues to align its ICT strategy with emerging technologies, regulatory expectations, and evolving stakeholder needs.

In recent years, the Kenyan pensions industry has experienced increased adoption of digital platforms, automation, cybersecurity frameworks, and data-driven decision-making, driven by regulatory oversight, growing member expectations, and the need for operational efficiency. Against this backdrop, the Scheme has strengthened its ICT capabilities to enhance service delivery for both active members and pensioners.

1. Integrated Enterprise Resource Planning (ERP) System – Microsoft Dynamics 365 Business Central

Our adoption of Microsoft Dynamics 365 Business Central continues to enhance operational efficiency and financial integrity. Through real-time integration across finance, administration, and reporting functions, the system enables:

- Improved accuracy and timeliness of financial reporting
- Enhanced compliance with Retirement Benefits Authority (RBA) and statutory requirements
- Data-driven decision-making for trustees and management
- Streamlined workflows and reduced manual processes

This aligns with broader industry trends toward digitized pension administration and integrated financial management systems.

2. Members Self-Service Portal and Mobile Application

Our members continue to benefit from 24/7 access to their information through the self-service portal and mobile application, enabling them to:

- Track contributions and investment performance
- Access statements and benefit projections
- Update personal details securely
- Submit inquiries and receive timely feedback

3. Pensioner Self-Service Portal

In line with our commitment to inclusive digital service delivery, the Scheme has successfully developed and deployed a Pensioner Self-Service Portal, mirroring the functionality available to active members.

- Through this platform, pensioners can now:
- Access pension payment statements and schedules
- Update personal and banking details securely
- Receive important Scheme communications in real time
- Submit service requests and inquiries conveniently

This development addresses the growing need within the pensions industry to extend digital services beyond active members to pensioners, enhancing convenience, transparency, and engagement across the entire member lifecycle.

4. Enhanced Communication through Digital Channels

The Scheme continues to leverage its website, bulk SMS, Toll Free Number, WhatsApp business and social media platforms to:

- Provide timely updates on Scheme performance and initiatives
- Educate members and pensioners on benefits, rights, and processes
- Foster transparency and two-way communication
- Promote financial literacy and retirement preparedness

Digital communication remains a critical tool in meeting the expectations of a tech-savvy membership base.

5. Electronic Board Management System (E-Board)

To strengthen governance and decision-making, the Scheme utilizes an Electronic Board Management System that facilitates:

- Secure distribution of board and committee materials
- Efficient virtual and hybrid meetings
- Real-time access to governance documents

Improved record-keeping and compliance
This supports effective oversight in line with RBA governance guidelines and best practices.

6. Strengthening Cybersecurity and Digital Resilience

With increased digitization across the pensions sector, cybersecurity has become a key priority. The Scheme has enhanced its ICT environment through:

- Advanced system security controls and access management
- Data encryption and secure digital platforms
- Regular system audits and vulnerability assessments
- Business continuity and disaster recovery frameworks

These measures are essential to safeguarding sensitive member and pensioner data and ensuring uninterrupted service delivery in an increasingly digital ecosystem.

7. Driving the Future of Digital Pensions

KenGen SRBS remains committed to continuous innovation and alignment with emerging trends in Kenya's pensions and financial services sectors, including:

- Expansion of digital self-service capabilities
- Integration of analytics for improved decision-making
- Strengthening cybersecurity and data protection frameworks
- Enhancing user experience across all digital platforms

Conclusion

By leveraging modern ICT solutions, KenGen SRBS continues to enhance efficiency, transparency, and accessibility in service delivery. The introduction of the Pensioner Self-Service Portal, alongside existing digital platforms, reflects our commitment to serving all stakeholders effectively throughout their retirement journey.

Our digital transformation strategy remains central to delivering superior member and pensioner experience, strengthening governance, and ensuring the long-term sustainability of the Scheme.

RISK MANAGEMENT FRAMEWORK

KENGEN DEFINED CONTRIBUTION SCHEME
STATEMENT OF ENTERPRISE RISK MANAGEMENT FRAMEWORK
Reviewed and updated: 2026

1. Enterprise Risk Management Framework

The Scheme is dedicated to an Enterprise Risk Management (ERM) process that systematically and proactively addresses identified strategic and operational risks. The Scheme's risk management framework provides a structured and effective methodology to support our risk management programme.

The strategic objectives of our ERM are to:

- Establish a thorough and systematic approach for identifying and assessing risks.
- Foster risk awareness and encourage proactive risk behaviours across all levels of the Scheme.
- Ensure clear communication and understanding of risks among trustees, management, and key stakeholders.
- Define specific risk management roles and responsibilities within the Scheme.
- Integrate ERM into the Scheme's operations, governance, and decision-making processes.
- Create an environment that manages and controls risks within agreed tolerance levels, prioritising critical risks.

2. Risk Appetite Statement

Risk appetite is the level of risk that the Scheme is willing to accept in pursuit of its objectives before taking action to mitigate it. It reflects the balance between the potential benefits and the threats associated with certain risks. Essentially, risk appetite sets the boundaries for how much risk the Scheme is prepared to tolerate to achieve its goals, and it guides decision-making processes and resource allocation.

Market Risk is now ranked as the Scheme's primary concern, reflecting the direct and immediate impact that adverse movements in financial markets — including interest rate fluctuations, equity market volatility, and foreign exchange shifts — can have on the value of the investment portfolio and the returns delivered to members. The Scheme's portfolio is heavily concentrated in financial assets, with its highest asset holdings in Bonds, Equities, Private Equity Investments, and Deposits, all of which are directly exposed to market movements. Given this concentration, the Scheme maintains a low tolerance for market risk exposures that could significantly impair investment returns or erode capital values.

Investment Risk is ranked second, recognising the broader strategic risks inherent in the deployment of members' contributions across financial markets in pursuit of maximum returns. While some investment risk is necessary and unavoidable in achieving desired returns, the Scheme will avoid investment risk exposures that could jeopardise the ability to deliver consistent, competitive returns to members over the long term.

Cyber Security Risk has been elevated to No. 3, reflecting the growing reliance on digital platforms — including the eBoard system and automated risk monitoring tools — to manage operational and governance functions. The increasing sophistication of cyber threats, including ransomware, data breaches, and system intrusions, poses a material risk to the integrity, confidentiality, and availability of the Scheme's data and systems. The Scheme therefore maintains a low tolerance for cyber security risks and has implemented dedicated controls to monitor and mitigate these exposures continuously.

Operationally, the Scheme maintains a conservative risk appetite, dedicating resources to mitigate operational risks to acceptable levels. The Scheme recognises that eliminating inherent risks is both impractical and counterproductive, as some degree of risk is essential to foster innovation and operational efficiency.

The Scheme's risk appetite also signifies our readiness to embrace measured risk in achieving our objectives, especially regarding liquidity. While acknowledging that certain risks are necessary for growth and the attainment of long-term goals, the Scheme emphasises the critical importance of maintaining adequate liquidity to meet member obligations as they fall due.

3. Risk Management Process

The Scheme's risk management process is structured around seven integrated activities:

- **Risk Identification:** Systematically identify potential risks that could impact the Scheme's objectives, including strategic, operational, financial, market, and compliance risks.
- **Risk Assessment:** Evaluate and prioritise identified risks based on their likelihood and potential impact, using qualitative and quantitative methods to produce residual risk scores.
- **Risk Mitigation:** Develop and implement strategies to manage and mitigate prioritised risks, ensuring they are controlled within acceptable tolerance levels.
- **Risk Monitoring:** Continuously monitor risk exposure and the effectiveness of mitigation measures, adjusting strategies as necessary in response to changing conditions.
- **Risk Reporting:** Regularly report on risk status, exposure, and management effectiveness to stakeholders, ensuring transparency and informed decision-making at Board level.
- **Risk Integration:** Embed risk management practices within the Scheme's processes, governance culture, and decision-making frameworks.
- **Risk Communication:** Foster clear and consistent communication regarding risk awareness, roles, and responsibilities across the Scheme.

4. Risk Ratings

The following table presents the current risk register for the KenGen Defined Contribution Scheme. Risk ratings are determined on a residual basis, reflecting the likelihood and impact of each risk after the application of existing controls and mitigating measures. The register has been updated to reflect the elevation of Market Risk to the primary position, Investment Risk as the second-ranked risk, and Cyber Security Risk elevated to third position, recognising the Scheme's growing digital exposure.

No.	Risk	Risk Rating	Risk Level	Risk Response
1	Market Risk	20	High	Manage / Avoid / Enhance Mitigation
2	Investment Risk	20	High	Manage / Avoid / Enhance Mitigation
3	Cyber Security Risk	16	High	Manage / Avoid / Enhance Mitigation
4	Compliance Risk	16	High	Manage / Avoid / Enhance Mitigation
5	Strategic Risk	12	Medium	Transfer / Monitor / Measure
6	Governance Risk	12	Medium	Transfer / Monitor / Measure
7	Succession Planning	12	Medium	Transfer / Monitor / Measure
8	Liquidity Risk	10	Low	Accept / Retain / Redeploy
9	Related Party Risk	8	Low	Accept / Retain / Redeploy
10	Operational Risk	8	Low	Accept / Retain / Redeploy

RISK MANAGEMENT FRAMEWORK

4.1 Risk Rating Scale

Risk Level	Rating Score	Colour Code	Risk Response
Very High	21 to 25		Manage / Avoid / Enhance Risk Mitigation
High	16 to 20		Manage / Avoid / Enhance Risk Mitigation
Medium	11 to 15		Transfer / Monitor / Measure Cumulative Impact
Low	6 to 10		Accept / Retain / Redeploy Resources
Very Low	1 to 5		Accept / Retain / Redeploy Resources

5. Top Risks Heat Map

The risk heat map presents the results of the risk assessment process visually and concisely. Risk scores are determined by the likelihood and consequences of each identifiable risk, taking into account the mitigating controls in place. The likelihood is measured from 1 (Rare) to 5 (Almost Certain) that the risk will occur, and the impact is measured from 1 (Insignificant) to 5 (Catastrophic). The consequences or impact can be to the Scheme's objectives, financial position, public perception, relationship with regulatory bodies, operations, staff motivation, and member outcomes.

The Scheme maps risks on a heat map on a residual risk basis, reflecting the extent to which risks are mitigated or reduced by internal controls or other risk response strategies.

Key Updates to the Heat Map: Following the 2026 review, **Market Risk and Investment Risk** are now positioned at the highest residual risk intersection (Likelihood: 4 - Likely; Impact: 5 - Catastrophic), reflecting their combined score of 20 and status as the Scheme's highest-priority risks. **Cyber Security Risk and Compliance Risk** are positioned at the next highest intersection (Likelihood: 4 - Likely; Impact: 4 - Major), consistent with their residual score of 16. Strategic Risk, Governance Risk, and Succession Planning are mapped at Likelihood: 3, Impact: 4, consistent with their medium score of 12.

Likelihood / Impact	1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
5 - Almost Certain				-	-
4 - Likely				CR / CS	MR / IR
3 - Possible				SR/GR/SP	
2 - Unlikely				RPR/OR	LR
1 - Rare					

Heat Map Legend

Very High	High	High-Medium	Medium	Low	Very Low
(21–25)	(16–20)	(11–15 boundary)	(11–15)	(6–10)	(1–5)

Risk Abbreviation Key

Code	Risk Name	Code	Risk Name
MR	Market Risk	IR	Investment Risk
CS	Cyber Security Risk	CR	Compliance Risk
SR	Strategic Risk	GR	Governance Risk
SP	Succession Planning	LR	Liquidity Risk
RPR	Related Party Risk	OR	Operational Risk

6. Automation of Risk Monitoring and Updates through the eBoard System

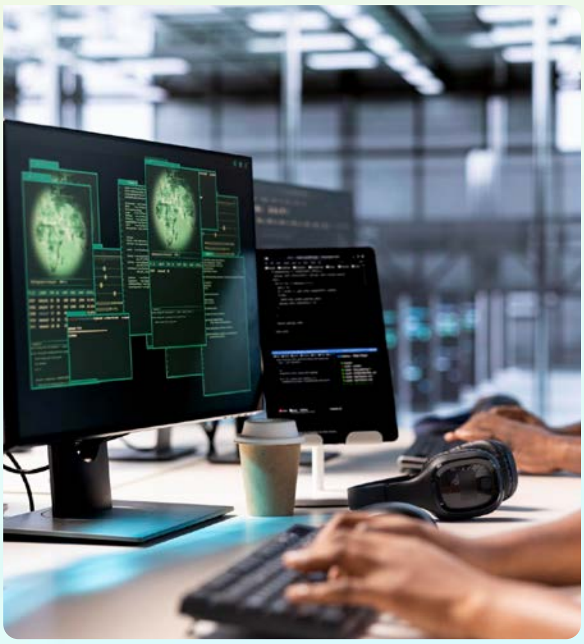
The KenGen Defined Contribution Scheme has implemented a comprehensive board management system (eBoard) that includes a dedicated risk management module to enhance the effectiveness and efficiency of our Enterprise Risk Management framework. This digital platform automates critical risk management activities including real-time monitoring of key risk indicators, automated risk scoring updates based on changing market conditions and operational metrics, and dynamic reporting dashboards that provide stakeholders with up-to-date risk status information.

In the context of the updated risk register, the eBoard's real-time monitoring capabilities are of particular importance for the Scheme's two highest - rated risks. **For Market Risk and Investment Risk,** the system continuously tracks portfolio valuations, interest rate movements, equity market indices, and foreign exchange rates against pre-set thresholds, triggering immediate alerts to the investment management team and trustees when exposures approach or exceed tolerance limits. This enables a rapid response to market volatility and portfolio challenges before they translate into material losses.

For Cyber Security Risk - now the Scheme's third-ranked risk - the eBoard system provides automated monitoring of system access logs, network activity, and data integrity indicators. Anomalies or suspicious activities generate instant alerts, enabling the Scheme's ICT and governance teams to investigate and respond in real time.

The system also automates the scheduling and tracking of cyber security controls, penetration testing, and staff awareness training, ensuring that mitigation activities remain current and documented.

The risk management module within the eBoard system facilitates enhanced risk communication through automated alerts, standardised reporting formats, and collaborative platforms that enable real-time risk assessment and mitigation strategy development. Risk mitigation actions are automatically tracked with progress updates and deadline reminders, ensuring timely implementation of response strategies while maintaining complete audit trails for regulatory compliance. This automation enhances each component of our risk management process from identification through to reporting, supporting our commitment to maintaining risks within acceptable tolerance levels while maximising returns for members through our diversified investment portfolio in bonds, equities, private equity investments, and deposits.



OUR SUSTAINABILITY AGENDA

OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Sustainability continues to shape the future of institutional investing, requiring pension schemes to look beyond financial performance and embrace responsible stewardship that delivers lasting economic, social and environmental value. As a long-term institutional investor, the KenGen Defined Contribution 2012 remains committed to integrating sustainability principles into its governance, investment strategy and operational activities to safeguard members' retirement benefits while contributing to national and global sustainable development priorities.

Guided by its strategic vision and aligned with the United Nations Sustainable Development Goals (SDGs), the Scheme continued to advance initiatives that contribute towards five key SDGs which are closely aligned with its core mandate and long-term sustainability objectives.

1. No Poverty (SDG 1)
The Scheme remains committed to enhancing retirement security by providing members and beneficiaries with sustainable income that safeguards their financial independence throughout retirement. Through the timely payment of pension benefits and survivor benefits, the Scheme continues to play a significant role in reducing old-age poverty while promoting financial resilience and dignity among retirees and their dependants.

During the reporting year, the Scheme disbursed Kshs 841.2 million in pension payments, providing financial continuity and income security to pensioners and beneficiaries. This continued support demonstrates the Scheme's unwavering commitment to honouring its obligations while protecting members against income insecurity after retirement.

The Scheme also continued to strengthen the Widow and Orphan Trust Programme, which remains an important pillar in supporting the families of deceased members. The programme seeks to maximize the value of pension benefits while improving the welfare and long-term financial well-being of beneficiaries through initiatives that include:

- Covering school fees and other education-related expenses for eligible beneficiaries.
- Providing essential upkeep support based on demonstrated financial need.

In addition, the Scheme continued to invest in financial literacy and retirement preparedness programmes aimed at equipping members with knowledge on personal financial management, wealth preservation, succession planning and retirement planning. These initiatives empower members to make informed financial decisions throughout their working life and into retirement.

2. Good Health and Well-being (SDG 3)
The Scheme recognizes that access to quality healthcare remains one of the greatest concerns facing retirees and is therefore committed to promoting healthy and dignified retirement. During the year, the Scheme continued to support initiatives that enhance access to affordable post-retirement healthcare solutions, recognizing that good health is fundamental to financial security and quality of life.

The Scheme continued to facilitate engagement with healthcare providers to enable pensioners access to affordable medical cover through flexible premium payment arrangements. These initiatives have significantly improved retirees' ability to maintain medical insurance while managing their retirement income more effectively.

Further, the Board continued to advance strategic initiatives aimed at strengthening long-term healthcare sustainability for members, including the ongoing establishment of the Post-Retirement Medical Fund (PRMF), which is expected to complement pension benefits by providing a sustainable framework for financing healthcare during retirement.

3. Gender Equality (SDG 5)

The Scheme remains committed to fostering an inclusive and diverse governance environment founded on fairness, equity and equal opportunity. The Board recognizes that diversity strengthens decision-making, promotes innovation and enhances institutional performance.

During the reporting year, the Scheme continued to comply with the one-third gender rule at both the Board and Secretariat levels, ensuring balanced representation and inclusive leadership across its governance structures.

The Scheme continued to support the Government's Access to Government Procurement Opportunities (AGPO) programme by promoting equitable procurement opportunities for Women, Youth and Persons with Disabilities. During the year under review, contracts amounting to KES. 232,507,631, representing 32.87% of the Scheme's total procurement expenditure, were awarded to enterprises owned by these special interest groups. This exceeded the statutory minimum requirement of 30% by 2.87 percentage points, demonstrating the Scheme's unwavering commitment to inclusive procurement, economic empowerment and sustainable socio-economic development.

4. Clean Water and Sanitation (SDG 6)

The Scheme continues to integrate environmental sustainability principles into the management and development of its property portfolio by promoting efficient water use, sustainable sanitation infrastructure and responsible environmental practices.

Water conservation measures, rainwater harvesting systems and environmentally responsible sanitation facilities continue to be incorporated into the Scheme's property developments and maintenance programmes to improve operational efficiency while minimizing environmental impact.

These initiatives contribute to the development of sustainable buildings, enhance the long-term resilience of the Scheme's real estate investments and support Kenya's broader environmental conservation agenda.

5. Affordable and Clean Energy (SDG 7)

The Scheme remains proud of its longstanding association with its Sponsor, Kenya Electricity Generating Company PLC (KenGen), whose leadership in renewable energy continues to contribute significantly to Kenya's sustainable development agenda.

As East Africa's leading electricity producer, KenGen continues to champion the generation of clean, affordable and reliable energy through its diversified renewable energy portfolio comprising geothermal, hydroelectric, wind and solar power generation. The Scheme recognizes that investment in renewable energy contributes not only to environmental sustainability but also to long-term economic resilience and climate change mitigation.

Consistent with its responsible investment philosophy, the Scheme continues to support initiatives that promote environmental stewardship, energy efficiency and sustainable economic growth. The Board remains committed to progressively integrating ESG principles into investment oversight and strategic decision-making, thereby positioning the Scheme to benefit from emerging opportunities associated with the global transition towards a low-carbon economy.

6. Revitalizing Global Partnerships for Sustainable Development (SDG 17)

The Scheme has invested KES 1.16 billion in Private equity funds, with four of them being mature Pan-African Private Equity funds, ensuring diversification through a well-balanced portfolio across multiple industries on the continent.

Fund managers implement strategies that drive value addition, business growth, and strong financial performance, while simultaneously generating high returns for the fund, further reinforcing the Scheme's commitment to sustainability and responsible investment.

By aligning its operations with these six Sustainable Development Goals, the Scheme not only strengthens its financial foundation but also plays a crucial role in economic, social, and environmental progress securing a better future for all stakeholders.

OUR SUSTAINABILITY AGENDA

KENGEN DC SCHEME – 2025 ESG & SUSTAINABLE INVESTMENT REPORT

1. Introduction to Sustainable Investing

As global investment markets continue to evolve, sustainability has become a key determinant of long-term investment performance and institutional resilience. The KenGen Defined Contribution (DC) Scheme remains committed to integrating Environmental, Social and Governance (ESG) principles into its investment philosophy as part of prudent fiduciary management. We recognize that responsible investing strengthens portfolio resilience, enhances risk-adjusted returns and supports sustainable value creation for our members.

Our ESG approach is guided by the conviction that investments which demonstrate strong financial fundamentals alongside sound environmental stewardship, positive social impact and robust governance are better positioned to deliver sustainable long-term returns. Accordingly, the Scheme continues to pursue ESG-aligned investment opportunities that are consistent with its investment objectives, risk appetite and fiduciary responsibility to safeguard members' retirement benefits.

2. 2025 ESG Integration Framework

A. Investment Philosophy and Strategy

The Scheme continues to integrate ESG considerations throughout its investment decision making process, recognizing that sustainability factors increasingly influence investment risk, resilience and long-term value creation.

Our investment strategy seeks to:

- Invest in opportunities that generate competitive long-term financial returns while delivering measurable environmental and social benefits.
- Support sustainable economic development through investments aligned with Kenya's development priorities and internationally recognized ESG principles.
- Integrate ESG risk assessment into investment selection, portfolio monitoring and ongoing stewardship.
- Pursue investment opportunities that demonstrate strong governance, responsible business practices and long-term resilience.

B. Core ESG Investment Objectives

Environmental

- Increase exposure to investments supporting renewable energy, green infrastructure, sustainable buildings and climate-resilient developments where they meet the Scheme's investment return objectives.
- Promote resource efficiency and lower-carbon investment opportunities across the portfolio.

Social

- Support investments that expand affordable housing, healthcare, financial inclusion, education, SME development and employment creation, thereby contributing to inclusive economic growth.

Governance

- Invest in institutions demonstrating strong corporate governance, transparency, accountability, ethical leadership and effective risk management while promoting responsible stewardship across the investment portfolio.

OUR SUSTAINABILITY AGENDA

KENGEN DC SCHEME – 2025 ESG & SUSTAINABLE INVESTMENT REPORT

3. Highlights of 2025 Initiatives and Achievements

A. Sustainable Asset Allocation

During the year, the Scheme continued integrating ESG considerations into its strategic asset allocation by pursuing investments that combine attractive financial returns with measurable environmental and social outcomes.

- ***Sustainable Infrastructure Investments:***
  The Scheme maintained exposure to infrastructure investments supporting renewable energy, clean water, transport and other nationally significant projects that generate sustainable long-term income while contributing to environmental resilience.

- ***Sustainable Real Estate:***
  Investment opportunities continued to focus on developments incorporating green building principles, energy efficiency and affordable housing supporting both environmental sustainability and long-term capital appreciation.

- ***Sustainable Housing Finance:***
  The Scheme recognizes the growing role of the Kenya Mortgage Refinance Company (KMRC) in advancing sustainable finance and has invested on it. KMRC supports ESG objectives by refinancing mortgage portfolios that meet internationally recognized green building standards such as EDGE, LEED and Green Star, while mobilizing capital through Sustainability Bonds to finance climate-resilient and energy-efficient housing. Through its affordable housing financing model, strong governance framework and robust Environmental and Social Risk Management (ESRM) standards, KMRC represents the type of ESG-aligned investment opportunity capable of delivering both sustainable impact and competitive long-term returns.

- ***Private Markets:***
  The Scheme continued evaluating private market opportunities supporting innovation, SME development, healthcare and financial inclusion, subject to rigorous investment due diligence and return expectations.

B. Stewardship and Shareholder Engagement
The Scheme continued exercising its stewardship responsibilities by actively engaging investee companies and investment managers to promote sustainable value creation and sound governance.

Our stewardship activities focused on:
- strengthening Board effectiveness, diversity and accountability;
- encouraging transparent ESG reporting and climate-related disclosures;
- promoting responsible capital allocation and long-term shareholder value;
- supporting ethical leadership and sustainable business practices.

The Scheme also continued participating in industry forums and regulatory engagements to contribute to the advancement of sustainable finance and responsible investment practices within Kenya's pension sector while promoting financial literacy and retirement preparedness through member education initiatives.

4. Strategic Partnerships for ESG Implementation

The Scheme continues strengthening partnerships with Investment Managers, Custodians and other strategic stakeholders to ensure ESG considerations remain fully embedded within the investment process.
During the year, greater emphasis was placed on evaluating investment partners based on their ESG integration capabilities, governance practices, transparency and long-term sustainability performance. ESG reporting requirements were further strengthened through enhanced climate-related disclosures, governance reporting, diversity indicators and environmental and social risk management reporting.
These partnerships continue to support the Scheme's objective of identifying investment opportunities that generate sustainable returns while meeting high ESG standards.

Outlook for 2026 and Beyond
Looking ahead, the Scheme will continue expanding its sustainable investment capabilities by:
- identifying additional ESG investment opportunities that enhance long-term portfolio performance;
- strengthening climate risk assessment and scenario analysis across investment portfolios;
- enhancing ESG performance measurement and reporting;
- exploring opportunities within Green Bonds, Sustainability Bonds, renewable energy infrastructure and sustainable housing finance;
- evaluating portfolio carbon footprint measurement to support long-term climate resilience.

The Scheme remains committed to investing in opportunities where ESG considerations strengthen investment performance while creating sustainable value for members and society.

At the KenGen DC Scheme, ESG remains a strategic investment philosophy that complements disciplined portfolio management and prudent fiduciary stewardship. We will continue pursuing investment opportunities that generate sustainable risk-adjusted returns while contributing to responsible economic development, environmental stewardship and sound corporate governance. By integrating ESG into our investment decisions, the Scheme remains well positioned to protect members' retirement savings, strengthen portfolio resilience and create lasting value for current and future generations.

OUR HUMAN CAPITAL

1. Introduction

KenGen Staff Retirement Benefits Scheme recognizes that its employees are critical to the achievement of its strategic objectives and long-term sustainability. During the year under review, the Scheme continued to invest in human capital development through targeted training programmes, professional development initiatives, employee engagement initiatives and capacity-building interventions aimed at enhancing employee competencies, effectiveness and efficiency.

2. Human Capital Management

Throughout 2025, the Scheme maintained a workforce structure aligned with its operational objectives and long-term strategic priorities. Focus remained on ensuring that employees possessed the requisite capabilities, expertise and professional standards necessary to effectively support the Scheme's mandate.

The Scheme continued to implement merit-based recruitment and talent management practices designed to attract and retain high-caliber professionals while fostering diversity, equity and inclusion across the Scheme. Workforce planning initiatives were undertaken to align human capital requirements with evolving business needs, ensuring the efficient deployment of resources and organisational capacity.

3. Learning and Development

Human capital development remained a strategic priority during the year under review, with continued investment in learning and development initiatives aimed at strengthening technical expertise, leadership capacity and overall Scheme effectiveness.

Training and capacity building programmes were undertaken across key areas including pension administration, investment management, risk management, governance, regulatory compliance, information technology, customer experience, and emerging industry developments. Employees were supported in pursuing professional certifications, specialized training, industry seminars and professional forums to enhance their competencies and maintain alignment with evolving sector requirements and best practices.

The Scheme recognizes that a skilled and adaptable workforce is critical to achieving its strategic objectives and sustaining long-term performance. Accordingly, management remains committed to fostering a culture of continuous learning and professional growth to support innovation, informed decision-making, operational excellence and enhanced stakeholder value.

4. Performance Management

The Scheme maintained a structured performance management framework during the year under review to ensure alignment between individual performance objectives and the Scheme's strategic priorities. Performance goals and key deliverables were established and monitored throughout the year to promote accountability, enhance productivity and support the achievement of organisational objectives.

Regular performance assessments provided a mechanism for evaluating progress, identifying opportunities for improvement and implementing targeted development interventions where necessary. The framework also facilitated constructive performance feedback, recognition of contributions and the identification of capability-building requirements to support future needs.

Through the effective implementation of its performance management processes, the Scheme continued to foster a high-performance culture characterised by accountability, continuous improvement and results-driven execution. This approach strengthened employee engagement and supported the delivery of sustainable value to members and other stakeholders while advancing the Scheme's long-term strategic objectives.

5. Employee Welfare and Engagement

Employee well-being and engagement remained important components of the Scheme's human capital strategy during the year under review. The Scheme recognises that an engaged workforce is critical to sustaining operational effectiveness, delivering quality services and achieving long-term strategic objectives. The Scheme continued to implement initiatives aimed at promoting employee welfare, workplace health and safety and work-life balance, while fostering an inclusive and supportive work environment. Management remained committed to cultivating a workplace culture founded on professionalism, respect, collaboration and shared accountability.

Employee engagement initiatives focused on strengthening communication, encouraging participation in the Scheme activities and providing opportunities for constructive feedback and dialogue. These efforts supported positive employee relations, enhanced organisational cohesion and contributed to a productive work environment.

The Scheme also maintained its commitment to fair and equitable employment practices, promoting equal opportunity and ensuring a workplace free from discrimination, harassment, and other forms of inappropriate conduct. This commitment reinforces the Scheme's governance framework and supports the attraction, retention and development of talent necessary to achieve its strategic priorities.

6. Occupational Health and Safety

The Scheme remained committed to maintaining a safe, healthy and productive work environment throughout the year. Occupational health and safety considerations were integrated into operational activities through ongoing risk assessments, implementation of preventive controls and adherence to applicable regulatory requirements.

Employees continued to be sensitized on workplace health and safety practices and encouraged to actively contribute to a culture of safety and accountability. Management maintained oversight of health and safety compliance to safeguard employees, visitors and other stakeholders.

7. Governance, Compliance and Ethics

The Scheme maintained a strong governance framework underpinned by high standards of corporate governance, ethical conduct and regulatory compliance. Employees were required to adhere to established policies, procedures and codes of conduct that promote transparency, accountability and integrity across all operations.

Ongoing sensitization and awareness programs were conducted to reinforce understanding of governance requirements, ethical responsibilities and regulatory obligations. The Scheme continued to uphold a zero-tolerance approach to unethical conduct.

The Human Resources function worked closely with Management and relevant Committees to ensure compliance with applicable labour legislation, retirement benefits regulations and internal governance frameworks. This commitment to sound governance practices strengthens stakeholder confidence, mitigates operational and compliance risks and supports the long-term sustainability of the Scheme.

OUR HUMAN CAPITAL

8. Diversity, Equity and Inclusion

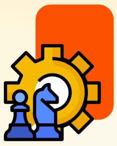
The Scheme remains committed to fostering a diverse, equitable and inclusive workplace that values a broad range of perspectives, experiences and backgrounds. Human resource policies and practices are designed to promote fairness across recruitment, talent development, performance management and career progression.

Management continues to promote equal opportunity for all employees while ensuring full compliance with applicable employment legislation and recognised best practices. The Scheme recognises that workforce diversity strengthens innovation, enhances decision-making and improves organisational effectiveness, thereby contributing positively to overall performance.

9. Future Outlook and Strategic Direction

Looking ahead, the Human Resources function will remain a strategic enabler in strengthening organizational capability, enhancing employee engagement and supporting the Scheme's strategic objectives. Key priorities include talent development, succession planning, digital transformation of HR processes, employee welfare and engagement and continuous improvement of performance management systems.

The Scheme will continue focusing in capacity building to equip employees with the evolving skills required in the dynamic pension and investment environment, supported by leadership development and structured succession planning to ensure business continuity and preserve institutional knowledge.



Management will also strengthen the Employee Value Proposition to attract, retain and motivate high-performing talent, with emphasis on inclusivity, diversity and equitable access to development opportunities. These initiatives will reinforce a culture of inclusion, accountability, and performance excellence.

Conclusion

The year's achievements reflect the Scheme's commitment to effective human capital management and organizational excellence. Continued investment in people, governance and professional development has strengthened the Scheme's capacity to deliver sustainable value to members and stakeholders. The HR function remains aligned with the Scheme's strategic direction, supporting long-term sustainability, efficiency and value creation.

Management acknowledges the dedication and professionalism of employees, whose contributions were instrumental in supporting performance and advancing the Scheme's mandate of safeguarding members' retirement benefits.

05

SCHEME ACTIVITIES

MEMBER ENGAGEMENT

YEAR 2025 - DC SCHEME

Member engagement remains a core deliverable of the Scheme. This is envisioned in the Schemes Ten (10) Years Strategic Plan. Its aim is to improve the members' service.

To achieve this, the Trustees employ various methods. These are either virtual, on-site or off-site methods as below: -

- Members induction programs
- Members education programs
- Pre-retirement education programs
- Retirement Briefing Sessions for Leavers
- Beneficiaries' meetings
- Themed customer service week
- Annual General Meeting
- Annual member survey

To actualize this, the following sessions were held in the year 2025.

a) Members Education Programs

The main objective of the programs was to connect members to the following:-

- Scheme administration matters.
- Scheme governance.
- Scheme benefits structure.
- Pension industry updates.
- Weigh customers satisfaction.
- Receive members feedback and expectations.

Three (3) programs were held in the Geothermal and Eastern hydros Tana regions. A total of three hundred and ninety-eight (398) members attended the program.

b) Pre-retirement Education Programs

Pre-retirement programs mirror the members' education programs. However, the unique distinct is the age of the members targeted in the forums. A total of five (5) forums were held in KSG Baringo, KSG Embu, Geothermal, Eastern Hydros and Kipevu regions. Two hundred and ten (210) members attended the forums.

The forums were designed to address members' expectations as they approach retirement. The following information was shared with the members.

- Benefits payable from the Scheme.
- Benefits taxation.
- Key drivers in retirement life.
- Retirement experiences.

c) Retirement Briefing Sessions for Leavers

To support a smooth transition into retirement, members who are exiting the employment are invited for retirement briefing session before they access their benefits, where the secretariat takes them through their benefit calculations and options, tax implications, medical cover options and offers personalized advice to members to assist them make informed decisions.
Additionally, this provides a platform for members to raise any queries or concerns they may have regarding their pension benefits before the settlement of the benefits.

These sessions are aimed at;

- Helping our members make well-informed decisions on their benefit options.
- Improve members' confidence as they enter the next phase of retirement.
- Build more financial security and achieve their financial goals.

d) Beneficiaries' meetings

To ensure transparency and fairness, the scheme invites beneficiaries for a meeting before settlement of a death claim. The core purpose of these meetings is to inform the beneficiaries of the members' wishes, the benefits payable and gather important information that may affect the distribution of benefits by the Trustees. It also helps the beneficiaries to understand their rights and obligations and inform them of the benefit payment process. This creates an opportunity for dialogue between the beneficiaries as well as the secretariat, ensuring peace and trust within the family following the departure of the members.

Twenty (20) beneficiary meetings were held during the year.

e) Members Induction Programs

Member induction training is done for members who are joining the scheme.

The forum was tailor made for young members and informed them of ways in which they can improve their retirement benefits over their years in the scheme. It was aimed at familiarizing the new joiners with the features of the scheme as below:

- Scheme's structure
- Contribution modes
- Benefits structure
- Member's rights
- Benefit access options.

MEMBER ENGAGEMENT

f) Themed customer service week

The Customer Service Week was held between 6th and 10th October 2025 in Sondu, Kipevu and Eastern Hydros regions to acknowledge members for their invaluable contributions to the scheme. The forum incorporated a campaign to create awareness on the Post Retirement Medical Fund and respond to their queries one-on-one resulting in improved member satisfaction.

g) Annual General Meeting

The 2025 Annual General meeting was held at Central Office to appraise the members of the scheme's performance for the year ended 31st December 2025. The hybrid AGM was held on 27th June 2025 and we had a total of one hundred and seventy eight (178) physical attendees and one thousand, three hundred and forty one (1,141) members joining virtually.

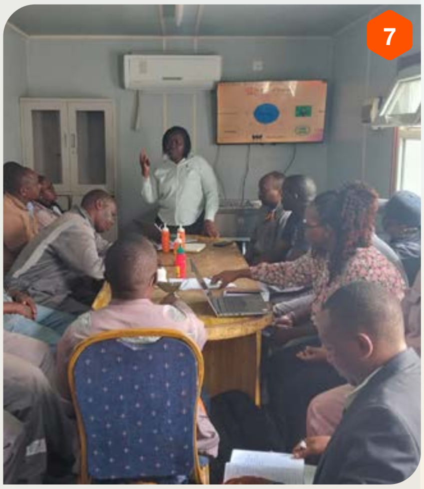
The AGM targeted all members of the scheme as well as pensioners.

h) Annual member survey

The member survey is conducted annually. It provides direct feedback from the members and helps the Board of Trustees understand the members' preferences to ensure that our products are tailormade to meet our members' needs.

We conducted the annual survey at the end of the year where we received feedback from two hundred and three (203) members. The survey provided an overview of the members' preference for a Post Retirement Medical Fund.

The satisfaction index in year 2025 was 80%



1. Beneficiaries education in Mt Kenya

2. Trustee Muhumed Abdi making a comment during Eastern Hydros member eduction

3&4. Secretariat staff during customer service week 2025

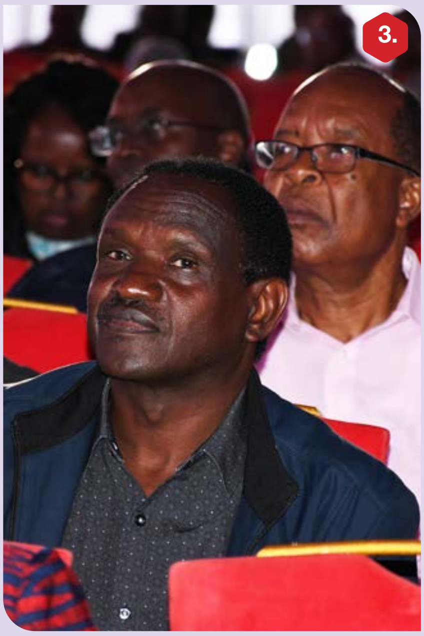
5. Senior Pensions Officer Purity Kamau at Eastern Hydros member education

6. A member at Eastern Hydros during Q & A session

7. Senior Pensions Officer Purity Kamau at one of the Olkaria Rigs for member education

BOARD RETREAT

EVENTS 2025



1 - 2 - 3 - 4 - 5 & 6. (2025 AGM)

7. Our new CEO & Trust Secretary and the Board chairmans for the two Schemes.

8. (2026 Board Retreat)

AWARDS & ACCOLADES

EVENTS 2025

06

SCHEME GOVERNANCE FRAMEWORK

GOVERNANCE FRAMEWORK STATEMENT

For the year ended 31 December 2025

1. Board of Trustees

The Board of Trustees serves as the governing body of the KenGen Defined Contribution (DC) Scheme, entrusted with overseeing its corporate governance. It is composed of Eight (8) Trustees and all Trustee appointments are carried out in accordance with the Trust Deed and Rules. Once appointed to the Board, each Trustee has a fiduciary duty to act in the best financial interests of the Scheme.

2. Fiduciary responsibility statement

The Board of Trustees is 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 are held by the custodian.

3. Objectives of the Board

The Board of Trustees seeks to achieve the following:

a) Maximizing returns to the members through prudent investment management, diligent oversight of fund performance, and strategic decision-making aimed at optimizing returns while managing risks effectively. The Board recognizes its fiduciary duty to act in the best interests of the members and strives to achieve competitive and sustainable returns over the long term.

b) Supporting innovation and developing solutions that meet the Members' and Sponsor's needs. The Board aims to continuously improve the services and offerings of the Scheme by embracing innovation, leveraging technology, and seeking feedback from Members and the Sponsor to ensure their evolving needs are met effectively.

c) Ensuring that the Scheme's administrative processes remain transparent and accessible to Members and the Sponsor. The Board is committed to upholding high standards of transparency and accessibility in all administrative processes, including financial reporting, decision-making and communication to enhance trust and confidence among Members and the Sponsor.

d) Building trust with the Members and Sponsor of the Scheme so that they are satisfied with the administration of the fund. This includes fostering open communication, providing timely and accurate information, and addressing concerns promptly to maintain a positive relationship with all stakeholders.

GOVERNANCE FRAMEWORK STATEMENT

For the year ended 31 December 2025

4. **Board Charter**
   The Board charter for the Scheme was revised and adopted. The Scheme Board Charter defines the roles, responsibilities, and structural frameworks necessary for effective strategic oversight by its members. As a key component of the Scheme's governance framework, the Charter offers guidance on corporate governance principles, outlines the duties and functions of the Board of Trustees, ensures corporate performance, viability, and sustainability, oversees corporate reporting and accountability, establishes operating principles for Trustees, sets forth a code of ethics, and provides direction on Board performance management.

5. **Effective Governance**
   Entrusted with fiduciary and statutory responsibilities, the Board of Trustees is dedicated to overseeing the Scheme and prioritizing the financial interests of members. The Board believes that robust corporate governance standards are fundamental to achieving corporate and strategic objectives, which center on delivering favorable retirement outcomes for members. Central to the governance strategy is the commitment to implementing an effective governance framework that adheres to industry's best practices.

   To ensure robust governance, the Board receives quarterly internal audit reports to monitor policy compliance. The Board holds an Annual Strategy Retreat to deliberate on the Scheme's strategic direction and holds quarterly meetings to review the Scheme's performance and the progress of strategy implementation. Furthermore, the Board of Trustees provides the Sponsor with quarterly reports detailing the activities and governance initiatives undertaken each quarter.

6. **ICT Governance**
   The Board of Trustees plays a pivotal role in ensuring effective ICT governance, with a focus on aligning technology initiatives to the Scheme's strategic objectives and enhancing value delivery. In support of the 2019–2028 Strategic Plan, the Scheme has made substantial investments in ICT infrastructure, enabling the enhancement of key business processes to improve efficiency and service delivery. Significant deliverables achieved under the Scheme's strategic plan included the automation of business processes, the implementation of the member Self-Service Portal, the toll-free line and e-board services which have substantially enhanced operational efficiency. To safeguard the integrity of its ICT environment, the Scheme conducts quarterly ICT audits, with reports submitted to the Audit and Risk Committee for review and action. The Scheme also maintains high standards of information security to ensure the confidentiality, integrity, and availability of all data managed within its systems.

7. **Board Induction**
   Upon appointment to the Board, Trustees receive an induction covering the Scheme's strategy, operations, and regulatory framework. This induction includes a comprehensive pack containing Scheme information, the Strategic Plan, the Trust Deed and Rules, the Board Charter, and various policies and regulations governing the Scheme. In the year under review, one new Trustees underwent the induction process and in accordance with the Retirement Benefits Authority's requirements, the Trustee completed the Trustee Development Program within the first six months of their appointment.

8. **Board Development Program**
   The Scheme Trustees participate in annual capacity-building programs to enhance their knowledge in various areas, including corporate governance, leadership, scheme regulations and best practices, scheme investments, and other specialized courses. Additionally, the Board and its committees receive regular updates on regulations impacting the Scheme's operations to ensure compliance and alignment with the current operating environment. During the year under review, all eight Trustees underwent training in various areas such as corporate governance, scheme investments, scheme regulations, and best practices in the pension industry.

9. **Conflict of Interest and Declaration of Interest**
   The Board of Trustees has implemented a Conflict of Interest policy in line with the Retirement Benefits Authority Good Governance Guidelines. All Trustees are required to fully disclose any real or perceived conflicts of interest, whether direct or indirect, to the Board. Declaration of conflicts of interest is a standing agenda item at all Board and Committee meetings, addressed before discussing any substantive agenda items.

10. **Board of Trustee Evaluation**
    In January 2026, the Board of Trustees of the Scheme conducted an independent Board evaluation facilitated by Robson Harris Advocates LLP. The assessment covered the overall performance of the Board, its committees, the Chairperson, the CEO/Trust Secretary and individual Trustees. The Board achieved a commendable rating of 94.7%, with the Investment & Strategy Committee scoring 89.2%, the Administration & Communication Committee scoring 89.6%, and the Audit & Risk Management Committee scoring 91.3%. While the evaluation confirmed strong governance practices, it also identified areas for improvement including strengthening technical capacity, enhancing risk oversight, improving member engagement and supporting succession planning within Board committee.

11. **Procurement Practice**
    The Scheme operates under a strong and transparent procurement framework that is fully compliant with the Public Procurement and Asset Disposal Act (PPADA) 2015 and its 2020 Regulations. These regulations ensure that all procurement activities are conducted fairly, transparently, competitively, and in a cost-effective manner, providing equal opportunities for all eligible bidders.

    Adhering strictly to the statutory guidelines, the Scheme implements a competitive tendering process designed to deliver optimal value while upholding high ethical standards. In support of government initiatives to empower marginalized groups, the Scheme allocates procurement opportunities to special interest groups, including youth, women, and persons with disabilities, in line with the mandated 30% threshold. Furthermore, the Scheme complies fully with the 'Buy Kenya Build Kenya' policy by reserving 40% of procurement contracts for local businesses, thereby promoting domestic enterprise growth and contributing to national economic development. To maintain effectiveness and alignment with strategic goals, the Board undertakes quarterly reviews of the implementation of the procurement plan.

GOVERNANCE FRAMEWORK STATEMENT

For the year ended 31 December 2025

12. Board Diversity

The Board appreciates diversity, recognizes its role in bringing different perspectives into board debates and offers better anticipation of the risks that are inherent in the Scheme and the investment opportunities the Scheme pursues.

The KenGen Defined Contribution (DC) Scheme is equipped with an assorted mix of skills and background with varied experience and expertise aligned to the needs of the Scheme.

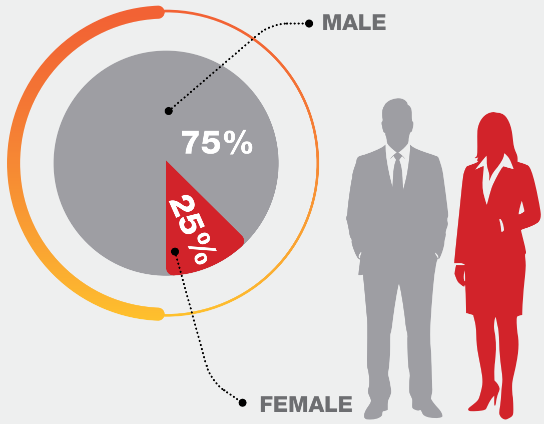
The Board has the following diverse set of skills:-

- Financial Experts - 2
- Legal and Governance Experts -1
- HR and Labor Relations Experts - 3
- Engineering Expert - 1
- Insurance Expert -1

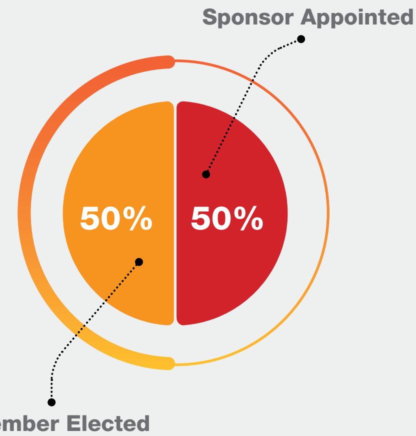
13. Gender Parity

Gender balance: Female -25% & Male-75%
Skills Mix: No. of Trustees with financial skills -2.

Age mix: Number of Trustees who are younger than 35 years (none) and Trustees older than 35yrs (8).



Board Composition



14. Trustees in Office

In 2025 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	MEMBERSHIP OF OTHER BOARDS
Mr. Ernest N. Nadome	58	Member Elected	8	Yes	Master's Degree	KPPF, AFH
CPA Mary Maalu	59	Sponsor Appointed	19	Yes	Master's Degree	Stima Sacco
Hon Rehema Hassan*	57	Sponsor Appointed	13	Yes	Bachelor's Degree	N/A
Dr. Rosemarie Wanyoike**	61	Sponsor Appointed	7	Yes	PhD	KenGen Plc
Mr. Austin Ouko	43	Sponsor Nominated	21	Yes	Master's Degree	N/A
Mr. Daniel Nzioka	47	Sponsor Appointed	20	Yes	Master's Degree	N/A
Mr. Charles Masio	48	Member Elected	20	Yes	Master's Degree	N/A
Mr. Asaria Onsoti	39	Member Elected	23	Yes	Bachelor's degree	N/A
Mr. Muhumed Abdi	55	Member Elected	25	Yes	Bachelor's degree	N/A

* Trustee Hon. Rehema Hassan was appointed to the Board on 20th March 2025.

** Trustee Dr. Rosemarie Wanyoike retired from the Board on 20th March 2025.

15. Meetings

The Board of Trustees held eight (8) full Board meetings during the year ending 31st December 2025. The meetings were held on the dates set out below:

GOVERNANCE FRAMEWORK STATEMENT

For the year ended 31 December 2025

16. Committees of the Board

To effectively execute its oversight role, the Board has established three (3) standing committees with specific delegated mandates. The Board Committees are run with clearly articulated terms of reference as approved by the Board of Trustees.

The following is the composition of each Committee, the number of meetings held and the allowances paid.

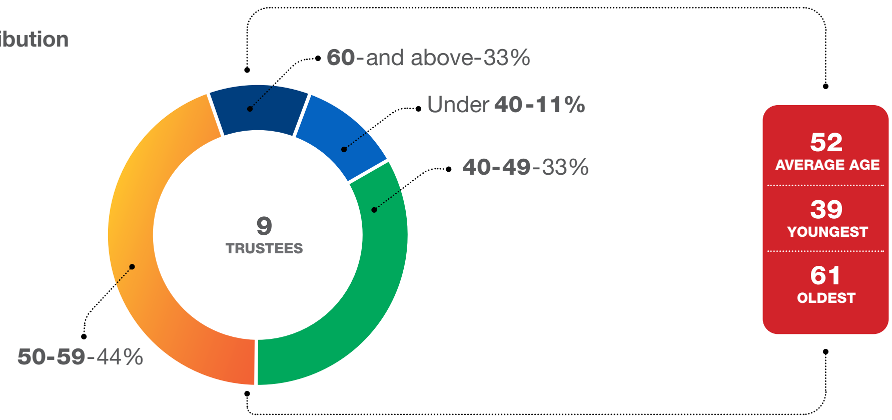
Committee Composition

Audit and Risk Management Committee	Investment and Strategy Committee	Administration and Communication Committee
Mr. Charles Masio-Chair	CPA Mary Maalu-Chair	Hon. Rehema Hassan-Chair
CPA Mary Maalu	Mr. Austin Ouko	Mr. Austin Ouko
Hon. Rehema Hassan	Mr. Charles Masio	Mr. Asaria Onsoti
Mr. Asaria Onsoti	Mr. Muhumed Abdi	Mr. Muhumed Abdi
Mr. Daniel Nzioka	Mr. Daniel Nzioka	

Committee Meetings and Allowances Paid

Committee Name	No. of meetings held	Any external advisors, invitees to meetings	Allowances paid 2025 (Shs'000)	Allowances paid 2024 (Shs'000)
Investment & Strategy	10	Professional Consultants	1,980	1,645
Administration & Communication	8	Professional Consultants	1,770	955
Audit & Risk Management	5	Professional Consultants	900	825
Full Board	8	Professional Consultants	3,739	4,698
Total			**8,389**	**8,123**

Trustee age distribution



The Board comprises nine trustees, with the largest cohort (44%) aged between 50 and 59. Eight of the nine trustees are aged 40 or above, reflecting a board weighted toward experienced, senior membership.

16. Committees of the Board (continence)

16.1 ADMINISTRATION AND COMMUNICATION COMMITTEE

i) Formulate and review policies related to member administration and communication.
ii) Oversee the quality and effectiveness of member services and ensure timely response to member inquiries.
iii) Develop and implement strategies for effective communication with members.
iv) Organize educational programs to inform members about their benefits and Scheme updates.
v) Address member complaints and grievances in a timely and effective manner.
vi) Ensure accurate and secure management of member data and records.
vii) Prepare and disseminate annual reports to members detailing scheme performance and changes.
viii) Ensure compliance with all relevant regulations and reporting requirements related to member administration.
ix) Plan and execute member engagement activities, including forums and feedback sessions.
x) Benchmark member services and communication practices against industry standards to ensure best practices.

16.2 INVESTMENTS AND STRATEGY COMMITTEE

i) Develop and periodically review the investment policy of the Scheme.
ii) Determine and recommend the strategic asset allocation for the Scheme's portfolio.
iii) Monitor and evaluate the performance of investments against benchmarks and targets.
iv) Identify, assess, and manage investment risks.
v) Oversee the selection and evaluation of external investment managers and advisors.
vi) Conduct regular analysis of market trends and economic indicators to inform investment decisions.
vii) Review and approve major investment proposals and divestitures.
viii) Ensure investment activities comply with relevant laws, regulations, and policies.
ix) Develop long-term strategic plans to align investments with the Scheme's goals and objectives.
x) Provide regular reports to the Board on the performance and status of the Scheme's investments.

16.3 AUDIT AND RISK MANAGEMENT COMMITTEE

i) Review and evaluate the adequacy and effectiveness of internal control systems.
ii) Oversee internal and external audit processes, including the selection of auditors.
iii) Ensure accurate and timely financial reporting in compliance with regulatory requirements.
iv) Identify and assess risks facing the scheme and develop strategies to mitigate them.
v) Monitor compliance with applicable laws, regulations, and internal policies.
vi) Implement and oversee measures to detect and prevent fraud.
vii) Review and approve the annual audit plan and any changes to it.
viii) Develop and review risk management policies and procedures.
ix) Establish and oversee a whistle-blower mechanism for reporting unethical behaviour.
x) Review audit findings and ensure timely implementation of corrective actions
xi) Reviewing the performance and efficacy of the ICT systems in place

17. 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.

18. Annual General Meeting

The Scheme held the 2025 Annual General Meeting (AGM) Hybrid (Virtual & Physical) on 27th June 2025 at Kengen Plaza 2, 6th floor parking.

GOVERNANCE FRAMEWORK STATEMENT

For the year ended 31 December 2025

19. Trustees' remuneration policy

During the year under review, the Trustees were paid a Gross Sitting Allowance of Kenya shillings Eight Million Three Hundred and Eighty-Nine Thousand only (Shs 8,389,000).

The payment complied with the Trustee Remuneration Policy of the Scheme as approved by members at the Annual General Meeting held on 27th June 2025 at Central Office.

20. Member Satisfaction Survey

As per the Schemes Ten (10) years Strategic Plan, Pillar Two (2) "Improve Members Service and Cost Management", the Board of Trustees works towards enhancing members satisfaction. This was done through a member survey that was carried out with an aim of getting the member satisfaction index on the Schemes communication and information sharing. The survey indicated that the customer satisfaction index score was 92.3%. This rating was achieved through sharing quality information with members and proactively addressing member queries.

21. Scheme Policies

As part of its commitment to continuous improvement and good governance, the Scheme undertook a comprehensive review of all its policies during the year under review. The objective of this exercise was to ensure that the Scheme's policy framework remains aligned with evolving regulatory requirements, industry best practices, and the strategic direction of the Scheme. The review process was consultative and inclusive, incorporating feedback from key stakeholders to enhance the relevance, clarity, and effectiveness of the policies. The Scheme engaged Robson Harris Advocates LLP as the lead consultant to guide the review process leveraging their expertise in legal and governance matters to ensure compliance and robustness of the revised policy documents. The updated policies were presented to the Board and subsequently approved in November 2024, marking a key milestone in the Scheme's efforts to strengthen internal controls, promote accountability, and support sustainable institutional performance.

22. DC Scheme 10 Year Strategy Implementation

The year marked the launch of Horizon II of the Scheme's 10-Year Strategic Plan, following the successful implementation of Horizon I. During the period, the Board remained committed to enhancing governance, improving liquidity and driving operational transformation. A significant achievement was the continued optimization of the investment portfolio by increasing allocations to low-risk, income-generating assets while gradually reducing exposure to less liquid investments. These initiatives supported the Scheme's continued growth, with the fund value rising to KES 18.81 billion and the Held-to-Maturity portfolio generating a return of 17.6%.

23. Strategic Human Resource Development

As part of its ongoing efforts to strengthen human capacity and support the successful delivery of the Scheme's strategic objectives, the Board commissioned a comprehensive Human Resource Consultancy in 2024. The exercise focused on reviewing and optimizing the organizational structure, aligning it with current and future operational needs, and positioning the Scheme for sustainable growth. Key outcomes included the development of an implementation plan for the refined structure, a recruitment and succession strategy. In addition, the Scheme's Human Resources policies and procedures were reviewed and updated to align with prevailing labour laws and best practices, with enhancements recommended for performance management systems. This initiative is expected to build a more efficient and agile workforce, well-positioned to deliver on the Scheme's strategic priorities and enhance service delivery to members.

24. Members' sensitization in the year 2025

Channel/Methodology Used	Date Held	No. of Members	Region
Beneficiaries Education Forums	13th March to 25th March 2025	198	Mombasa, Embu, Murang'a, Kisumu, Naivasha and Nairobi Regions
Member Education Forums	22nd October to 19th November 2025	398	Eastern Region, Geothermal Region, Kipevu
Annual Pensioners survey	15th to 31st December 2025	210	Sample of all the retirees.
Pre-retirement Training	27th to 28th February, 26th to 28th March, 27th to 29th May, 30th to 31st, October 18th to 19th November 2025	210	KSG Baringo, KSG Embu, Eastern Region, Kipevu, Geothermal Region

25. IDD Strategic Plan (2025-2029)

To support the growing need for flexible retirement solutions, the Board of Trustees established the Income Drawdown Fund (IDDF) in May 2022 under the KenGen Defined Contribution (DC) Scheme. The IDDF offers members a tax-efficient, sustainable alternative to annuities, tailored to provide post-retirement income while managing investment, longevity, and expense risks. In line with the evolving regulatory landscape and the Retirement Benefits (Income Drawdown Funds) Regulations, 2023, the Board initiated the development of the Fund's Strategic Plan for 2025–2029. This plan sets a clear direction for enhancing governance, compliance, member engagement, and investment strategies. Grounded in a member-centric approach, the strategic plan aims to ensure capital preservation, optimize returns, and maintain transparency in communication and reporting. Through this forward-looking initiative, the Board reaffirms its commitment to delivering value to retirees by safeguarding long-term income security and improving service delivery.

26. 2025 Strategy Planning

The Board of Trustees held its Annual Retreat from 27th January to 31st January 2025, in Mombasa, with the theme "Charting the Course: From Progress to Possibilities." During the retreat, the Board reviewed the 2024 Scheme's performance, noting the Scheme achievements, challenges faced and areas for enhancement in 2024. The Board further conducted a mid-term review of the 10 year strategy and approved the strategic deliverables for 2025 in line with the 10 year Strategic Plan on increased investment returns, alignment of investment with Scheme liabilities, enhanced member services and engagement and enhanced human resource and governance functions, taking into consideration regulatory changes affecting the Pension Scheme Industry, economic outlook and determining how the Scheme will strategically position itself for 2025.

27. Going Concern

The Board of Trustees is responsible for evaluating the Scheme's ability to operate as a going concern and for making appropriate disclosures regarding any material uncertainties. They are also tasked with ensuring that the financial statements are prepared on a going concern basis unless there is an intention to liquidate the Scheme or discontinue its operations. The Trustees confirm that the Scheme's financial statements have been prepared on a going concern basis and affirm that the Scheme has sufficient resources to meet its obligations and continue operating for the foreseeable future.

07

OUR FINANCIAL PERFORMANCE REPORT

REPORT OF THE TRUSTEES

For the year ended 31 December 2025

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 2025.

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 fund and provides retirement benefits for the staff of Kenya Electricity Generating Company Limited (KenGen). It is an 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. Additionally, members have the option to make Additional Voluntary Contributions (AVCs), allowing them to further augment their retirement savings and exercise greater control over their financial futures.

The Board of Trustees of the KenGen Defined Contribution (DC) Scheme 2012 established the Internal Income Drawdown Fund in June 2022. The Fund is approved by the Retirement Benefits Authority. It operates as per the fund rules in place. The Fund was established to meet the needs of the members and for smooth transition while leaving the DC Scheme through retirement. The fund operates as a sub-fund of the DC Scheme and the financials for the two funds are consolidated.

The scheme is registered under RBA Certificate number 01359.

Scheme Membership - DC

	2025 Shs'000	2024 Shs'000
Contributing members		
At start of year	2,413	2,513
Joiners	281	14
Reinstatements*	7	8
	2,701	**2,535**
Less:		
Retired members	(67)	(79)
Death in Service	(6)	(5)
Other secessionists**	(42)	(38)
At end of year	**2,586**	**2,413**
Dormant members		
At start of year	58	48
Joiners	18	40
Reinstatement	(5)	(12)
	71	**76**
Less:		
Retired with pension	(3)	(8)
Other secessionists	(4)	(10)
At end of year	**64**	**58**

REPORT OF THE TRUSTEES

For the year ended 31 December 2025

	2025 Shs'000	2024 Shs'000
Deferred members		
At start of year	81	64
Joiners	17	15
Reinstatement	-	4
	98	**83**
Less:		
Reinstatement	-	(1)
Other secessionists**	(7)	(1)
At End of Year	**91**	**81**
Scheme Membership - IDD		
IDD Pensioners		
At start of year	119	62
Joiners	51	58
Death	-	(1)
At end of year	**170**	**119**

*** Reinstatement** Members who had stopped contributions to the Scheme by change of their terms of service from permanent and pensionable to contract but they started contributing AVC hence the reinstatements to Active membership.

****Other Secessionists** Members who exited through resignations, dismissals and members who transferred their benefits to other registered schemes.

REPORT OF THE TRUSTEES

For the year ended 31 December 2025

Scheme Governance (Continued)

Financial Review
The statement of changes in net assets available for benefits on **page 84** shows an increase in the net assets of the Scheme for the year of Shs 4,113,862,000 (2024: Shs 3,659,358,000) and statement of net assets available for benefit on **page 85** shows the Scheme's net assets as Shs 18,807,617,000 (2024: Shs 14,693,755,000).

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 Scheme's investment managers are guided by an established investment policy. The make up of the investments as at the year end is summarised below:

	2025 Shs'000	2025 %	2024 Shs'000	2024 %	RBA Limit %
Equities	2,730,003	14.6%	1,715,318	11.7%	70
Government Securities	12,071,317	64.4%	9,386,755	64.2%	70
Corporate Bonds	13,883	0.1%	54,794	0.4%	20
Fixed Deposits	706,422	3.8%	581,184	4.0%	30
Investment Property	1,390,001	7.4%	1,386,001	9.5%	30
Private Equity	1,156,081	6.2%	918,842	6.3%	10
Offshore	387,488	2.1%	441,726	3.0%	15
Real Estate Investment Trust	278,622	1.5%	131,032	0.9%	30
	18,733,817	**100%**	**14,615,652**	**100%**	

We confirm that there is neither self-investment nor have any Scheme assets been used as security or collateral on behalf of the employer or any connected business or individual.

Key outcomes
The Board of Trustees seeks to achieve the following:

a) Maximizing returns to the members through prudent investment management, diligent oversight of fund performance, and strategic decision-making aimed at optimizing returns while managing risks effectively. The Board recognizes its fiduciary duty to act in the best interests of the members and strives to achieve competitive and sustainable returns over the long term.
b) Building trust with the Members and Sponsor of the Scheme so that they are satisfied with the administration of the fund. This includes fostering open communication, providing timely and accurate information, and addressing concerns promptly to maintain a positive relationship with all stakeholders.
c) Supporting innovation and developing solutions that meet the Members' and Sponsor's needs. The Board aims to continuously improve the services and offerings of the Scheme by embracing innovation, leveraging technology, and seeking feedback from Members and the Sponsor to ensure their evolving needs are met effectively.
d) Ensuring that the Scheme's administrative processes remain transparent and accessible to Members and the Sponsor. The Board is committed to upholding high standards of transparency and accessibility in all administrative processes, including financial reporting, decision-making and communication to enhance trust and confidence among Members and the Sponsor.

The Board of Trustees has also been sharing quarterly reports with the Sponsor detailing the activities that have taken place in each quarter.

Auditor
PricewaterhouseCoopers LLP was appointed in the year and continues in office in accordance with the Retirement Benefits Act.

STATEMENT OF TRUSTEES' RESPONSIBILITY

For the year ended 31 December 2025

The Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 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 (Occupational Retirement Benefit Schemes) Regulations, 2000.

The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000. 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 assessed 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 IFRS Accounting 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 **30th March 2026** and signed on its behalf by:

For the Trustees

Ernest N. Nadome	**Hannah Nguhi**
Chairman – Board of Trustees	Trust Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

Report on the audit of the financial statements (continued)

Opinion
We have audited the accompanying financial statements of KenGen Defined Contribution (DC) Scheme 2012 (the "Scheme") set out on **pages 77 to 110** which comprise the statement of net assets available for benefits at 31 December 2025 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, comprising material accounting policies and other explanatory information. In our opinion, the financial statements give a true and fair view of the financial position of KenGen Defined Contribution (DC) Scheme 2012 as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (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 Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

Report on the audit of the financial statements (continued)

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000 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 rislcs 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012

Report on the audit of the financial statements (continued)

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.

CPA Bernice Kimacia, Practising Certificate Number 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

30th March 2026

UNIQUE CODE: 29351260330

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended 31 December 2025

	Notes	DC 2025 Shs'000	IDD 2025 Shs'000	TOTAL 2025 Shs'000	DC 2024 Shs'000	IDD 2024 Shs'000	TOTAL 2024 Shs'000
Contributions	5	1,632,844	353,193	1,986,037	1,535,245	346,759	1,882,004
Benefits payable		(747,897)	(93,255)	(841,152)	(720,110)	(58,272)	(778,382)
Net surplus from dealings with members		**884,947**	**259,938**	**1,144,885**	**815,135**	**288,487**	**1,103,622**
Returns on Investments							
Investment income	6	1,646,093	135,530	1,781,623	1,213,449	88,337	1,301,786
Change in fair value of property investments	7	4,000	-	4,000	6,540	-	6,540
Change in fair value of other investments	9(h)	1,473,765	44,840	1,518,605	1,466,164	53,395	1,519,559
Less: Investment management expenses	10	(73,412)	(2,953)	(76,365)	(43,211)	(1,579)	(44,790)
Net returns on investments		**3,050,446**	**177,417**	**3,227,863**	**2,642,942**	**140,153**	**2,783,095**
Administrative expenses	11	(112,547)	(103)	(112,650)	(103,855)	(67)	(103,922)
Income tax expense	15(b)	(146,236)	-	(146,236)	(123,437)	-	(123,437)
Increase in net assets for the year		**3,676,610**	**437,252**	**4,113,862**	**3,230,785**	**428,573**	**3,659,358**
Net assets available for benefits at start of year		13,924,949	768,806	14,693,755	10,694,164	340,233	11,034,397
Net assets available for benefits at end of year		**17,601,559**	**1,206,058**	**18,807,617**	**13,924,949**	**768,806**	**14,693,755**

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

For the year ended 31 December 2025

	Notes	DC 2025 Shs'000	IDD 2025 Shs'000	TOTAL 2025 Shs'000	DC 2024 Shs'000	IDD 2024 Shs'000	TOTAL 2024 Shs'000
Assets							
Investment property	7	1,390,001	-	1,390,001	1,386,001	-	1,386,001
Intangible asset	8(a)	1,694	-	1,694	2,147	-	2,147
Furniture and equipment	8(b)	1,184	-	1,184	1,351	-	1,351
Equity investments	9(a)	2,730,005	-	2,730,005	1,715,318	-	1,715,318
Treasury bonds	9(b)	11,045,284	1,026,033	12,071,317	8,780,293	606,462	9,386,755
Corporate bonds	9(c)	13,883	-	13,883	54,794	-	54,794
Private equity	9(d)	1,156,081	-	1,156,081	918,842	-	918,842
Short term deposits	9(e)	549,614	156,808	706,422	424,549	156,635	581,184
Offshore investment	9(f)	387,488	-	387,488	441,726	-	441,726
Real estate investment trusts	9(g)	278,622	-	278,622	131,032	-	131,032
Contribution receivable	12(a)	78	-	78	-	-	-
Dividend and other receivables	12(b)	5,353	26,311	31,664	7,875	5,565	13,440
Cash and bank balances	14	152,451	1,478	153,929	135,206	5,243	140,449
Total assets		**17,711,738**	**1,210,630**	**18,922,368**	**13,999,134**	**773,905**	**14,773,039**
Liabilities							
Other payables and accrued expenses	13	100,008	4,572	104,580	47,548	5,099	52,647
Current income tax payable	15(c)	10,171	-	10,171	26,637	-	26,637
Total liabilities		**110,179**	**4,572**	**114,751**	**74,185**	**5,099**	**79,284**
Net assets available for benefits		**17,601,559**	**1,206,058**	**18,807,617**	**13,924,949**	**768,806**	**14,693,755**

The financial statements on **pages 84 to 110** were approved for issue by the Trustees on 30th March 2026 and were signed on their behalf by:

Ernest N. Nadome
Chairman – Board of Trustees

Hannah Nguhi
Trust Secretary

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	DC 2025	IDD 2025	TOTAL 2025	DC 2024	IDD 2024	TOTAL 2024
Cash flows from operating activities							
Contributions received	12	1,632,844	353,193	1,986,037	1,535,245	346,759	1,882,004
Benefits paid		(747,897)	(93,255)	(841,152)	(720,110)	(58,272)	(778,382)
Administrative expenses	11	(112,547)	(103)	(112,650)	(103,855)	(67)	(103,922)
Adjusted for:							-
- Add back: amortisation of intangible assets	8(a)	453	-	453	680	-	680
- Add back: depreciation of furniture and equipment	8(b)	357	-	357	313	-	313
Movement in working capital:							
- (Decrease)/increase in contributions receivable, dividend and other receivable		(2,444)	20,746	18,302	4,221	4,696	8,917
- Increase/(decrease) in payables		35,994	(527)	35,467	12,443	4,265	16,708
Income tax paid	15(b)	(162,702)	-	(162,702)	(114,082)	-	(114,082)
Net cash used in operating activities		**644,058**	**280,054**	**924,112**	**614,855**	**297,381**	**912,236**
Investing activities							
Rent income	6	3,600	-	3,600	3,000	-	3,000
Dividend income	6	184,559	-	184,559	135,595	-	135,595
Interest income	6	1,473,952	94,010	1,567,962	1,112,020	78,921	1,190,941
Other income	6	777	28	805	754	25	779
Realized exchange gain/(loss)	6	4,559	-	4,559	(55,717)	-	(55,717)
Investment management expenses	10	(73,412)	(2,953)	(76,365)	(43,211)	(1,579)	(44,790)
Purchase of treasury bonds	9(b)	(3,610,383)	(413,110)	(4,023,493)	(3,627,755)	(255,020)	(3,882,775)
Purchase of quoted equities	9(a)	(117,434)	-	(117,434)	(13,958)		(13,958)
Proceeds from sale of treasury bonds	9(b)	1,854,216	38,379	1,892,595	1,936,879	-	1,936,879
Proceeds from sale of corporate bonds	9(c)	40,138	-	40,138	2,185	-	2,185
Proceeds from sale of equities	9(a)	7,722	-	7,722	45,573	-	45,573
Purchase of real estate investment trust	9(g)	(132,527)	-	(132,527)	(45,000)	-	(45,000)
Purchase of private equity	9(d)	(237,239)	-	(237,239)	(166,766)	-	(166,766)
Purchase of furniture & equipment	8(b)	(190)	-	(190)	(1,175)	-	(1,175)
Purchase of intangible assets	8(a)	-	-	-	(1,300)	-	(1,300)
Purchase of offshore investment	9(f)	(122,777)	-	(122,777)	(217,839)	-	(217,839)
Proceeds from sale of offshore Investment	9(f)	222,691	-	222,691	140,455	-	140,455
Investment property additions	7	-	-	-	(460)	-	(460)
Net cash (used) generated from investing activities		**(501,748)**	**(283,646)**	**(785,394)**	**(796,720)**	**(177,653)**	**(974,373)**
Increase/(decrease) in cash and cash equivalents		142,310	(3,592)	138,718	(181,865)	119,728	(62,137)
Movement in cash and cash equivalents							
At start of year		559,755	161,878	721,633	741,620	42,150	783,770
Increase/(decrease) in cash and cash equivalents		142,310	(3,593)	138,718	(181,865)	119,728	(62,137)
At end of year	**14**	**702,065**	**158,286**	**860,351**	**559,755**	**161,878**	**721,633**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 General Information

KenGen Defined Contribution (DC) Scheme 2012 is a Scheme domiciled in Kenya under the Retirement Benefit Act.

For the IAS 26 reporting purposes, in these financial statements the balance sheet is represented by the statement of net assets available for benefits.

2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the Retirement Benefits Act (Cap 197) and the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000.

The financial statements are prepared on the historical cost basis except for financial assets and investment property, which are measured at fair value.

The financial statements present the net assets available for benefits and changes therein and do not include the actuarial present value of promised retirement benefits, which is disclosed separately in accordance with IAS 26 Accounting and Reporting by Retirement Benefit Plans.

The financial statements are presented in Kenya Shillings (Shs) and all values are rounded to the nearest thousand (Shs'000), unless otherwise stated.

The financial statements are presented in the functional currency, Kenya Shillings (Shs), rounded to the nearest thousand. The measurement applied is the historical cost basis, except where otherwise stated in the accounting policies below.

(b) Changes in accounting policies and disclosures

(i) New and amended standards adopted by the scheme

The Scheme has applied the following amendment for the first time for the annual reporting period commencing 1 January 2025:

Amendments to IAS 21 Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendment had no material impact on the amounts recognised in these financial statements.

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies and disclosures (continued)

New standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the Company had not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments(Annual periods beginning on or after 1 January 2026 (early adoption is available)

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets).

Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements (Annual periods beginning on or after 1 January 2027, but can be early adopted subject to local endorsement where required)

These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements.
The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.

IFRS 18, 'Presentation and Disclosure in Financial Statements'

This is the new on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss; and
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).

The Trustees expect IFRS 18 to have an impact on the Presentation and Disclosure of the Scheme's Financial Statements. The Trustees to do not expect the other changes to have a material impact on the Financial statements of the Scheme.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

2 Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation

i) Functional and presentation currency translation
Items included in the financial statements are measured using the currency of the primary economic environment in which the Scheme operates (the "functional currency"). The financial statements are presented in Kenya Shillings (Shs) rounded to the nearest thousand which is the Scheme's functional currency.

ii) Transactions and balances
Transactions in foreign currencies during the year are converted into the functional Currency at rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets available for benefits.

(d) Contributions receivable
Current service and other contributions are accounted for in the period in which they fall due.

(e) Benefits payable
Pensions and other benefits payable are taken into account in the period in which they fall due.

(f) Income from investments

i) Interest income is recognised on a time-proportion basis for all interest-bearing instruments using the effective yield method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.
ii) Dividends are recognised as income in the period in which the right to receive payment is established.

iii) Rental income is recognised in the period in which it is earned.

(g) Investment properties

Properties such as land and buildings and parts of buildings that are held for long-term rental yields or for capital appreciation or both, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Scheme and the cost can be reliably measured. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost has been incurred if the recognition criteria are met; and exclude the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the balance sheet date.

Gains and losses arising from the changes in the fair value of investment properties are included in the statement of changes in net assets available for benefit in the year in which they arise.

2 Summary of Significant Accounting Policies (continued)

(g) Investment properties (continued)

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of changes in net assets available for benefits.

(h) Financial assets

(i) Initial recognition
Financial instruments are recognised when, and only when, the Scheme becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Scheme commits itself to the purchase or sale.

(ii) Classification
The Scheme classifies its financial assets in the following measurement categories:

a) those to be measured subsequently at fair value (through profit or loss); and
b) those to be measured at amortised cost.

The classification depends on the Scheme's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.

For assets measured at fair value, gains and losses will be recorded in the statement of changes in net assets available for benefits.

The Scheme reclassifies debt investments when and only when its business model for managing those assets changes.

Financial instruments held during the year were classified as follows:

- Trade and other receivables, cash and cash equivalents were classified at amortised cost; and
- Quoted instruments, treasury bonds, treasury bills, offshore and corporate were classified at fair value through profit or loss.

(iii) Initial measurement
On initial recognition:

- Financial assets classified as at fair value through profit or loss are measured at fair value.

- Trade and other receivables are measured at their transaction price.

All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

2 Summary of Significant Accounting Policies (continued)

(h) Financial assets (continued)

(iv) Subsequent measurement - Debt instruments

Subsequent measurement of debt instruments depends on the Scheme's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Scheme classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

(v) Subsequent measurement – Equity instruments

The Scheme subsequently measures all equity investments at fair value through profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Scheme's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/ (losses) in profit or loss as applicable.

(vi) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Scheme has transferred substantially all the risks and rewards of ownership.

(vii) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the financial reporting date, those which management has the express intention of holding for less than 12 months from the financial reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

(viii) Impairment

The Scheme recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

a) the credit risk has increased significantly since initial recognition; or
b) there is observable evidence of impairment (a credit-impaired financial asset).

2 Summary of Significant Accounting Policies (continued)

(h) Financial assets (continued)

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Funds restricted for a period of more than three months on origination and cash reserve deposits with the Central Bank of Kenya are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

(j) Comparatives

Where necessary, the comparative numbers have been restated to conform to the current year's presentation.

3 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Critical estimates are made by the Trustees in determining the fair value investment properties.

Valuation of investment properties

Estimates are made in determining valuations of investment properties. The Scheme uses experts in determination of the values to adopt.

Management estimates the fair value of investment properties by using open market value. The market value reflects continuation of the existing use and the value may include a special element attributable to the earning potential of the premises for a particular existing purpose by reason of their nature, location, character and physical construction but such element of value if present exists irrespective of the benefit of the property to the particular individual undertaking of which it forms part.

There is judgement involved in the estimation of monetary worth of a particular property (or group of properties), in a specific place, at a given time.

4 Financial Risk Management Objectives and Policies

The Scheme's activities expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in foreign currency exchange rates, interest rates, and market prices of equities. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Scheme does not hedge any risks.

Risk management is carried out under policies and guidelines approved by the Trustees.

Market risk

(i) Foreign exchange risk

The Scheme has investments that are subject to foreign exchange risk being offshore investments that amounted to Shs 387,488,000 as at 31 December 2025 (2024: Shs 441,726,000). A 10% increase/decrease in the exchange rate would result in Shs 38,748,800 fluctuation in pre-tax profit in 2025 (2024: Shs 44,172,600).

(ii) Cash flow and fair value interest rate risk

The Scheme's interest-bearing assets include corporate bonds and bank deposits which are at fixed interest rates and hence not subject to interest rate risk. The Scheme has no interest-bearing liabilities. Holding all other factors constant, the impact of a 10% change in the effective interest rate of investments in bonds would have increased/decreased the net assets available for benefits by Shs 1,207,131,000 (2024: Shs 938,675,000).

(iii) Other price risk

The Scheme is exposed to equity price risk in respect of its investments in quoted and unquoted shares, both local and foreign. The exposure to price risk is managed primarily by setting limits on the percentage of net assets available for benefits that may be invested in equity, and by ensuring sufficient diversity of the investment portfolio.

At 31 December 2025, if the prices of all equity investments had increased/decreased by 10% with all other variables held constant, the increase in net assets available for benefits for the year would have been Shs 273 million (2024: Shs 171.5 million) higher/lower.

(iv) Credit risk

Credit risk arises from investments other than equity investments, contributions receivable, other receivables and cash and cash equivalents. The Scheme does not have any material concentrations of credit risk. The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Trustees.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

4 Financial Risk Management Objectives and Policies (continued)

Market risk (Continued)

(v) Credit risk (Continued)

The amount that best represents the Scheme's maximum exposure to credit risk as at 31 December 2025 is made up as follows:

	Note	Internal/ external rating	12 months or lifetime ECL	Gross carrying amount	Loss allowance	Net amount
				Shs'000	**Shs'000**	**Shs'000**
31 December 2025						
Government Securities	9(b)	N/A	N/A	12,071,317	-	12,071,317
Investment in Private Equities	9(e)	N/A	N/A	1,156,081	-	1,156,081
Fixed and Term Deposits (Kenya)	9(e)	N/A	12-month ECL	706,422	-	706,422
Other Receivables	12(b)	Performing	Lifetime ECL	31,664	-	31,664
Cash at Bank	14	N/A	12-month ECL	153,929	-	153,929
				14,119,413	**-**	**14,119,413**
31 December 2024						
Government Securities	9(b)	N/A	N/A	9,386,755	-	9,386,755
Investment in Private Equities	9(b)	N/A	N/A	918,842	-	918,842
Fixed and Term Deposits (Kenya)	9(e)	N/A	12-month ECL	581,184	-	581,184
Other Receivables	12(b)	Performing	Lifetime ECL	13,440	-	13,440
Cash at Bank	14	N/A	12-month ECL	140,449	-	140,449
				11,040,670	**-**	**11,040,670**

The Scheme has used the simplified approach for measuring the loss allowance for rent receivables and other receivables using a lifetime ECL model which is based on provision matrices.

No collateral is held for any of the above assets and none of the above assets are either past due or impaired.

4 Financial Risk Management Objectives and Policies (continued)

(vi) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated benefit payments. The Trustees agree with the Investment Manager on the amount to be invested in assets that can be easily liquidated. All financial liabilities at 31 December 2025 were payable within 60 days.

All financial liabilities apart from rent deposits as at 31 December 2025 were payable within 90 days. Rent deposits are payable on demand.

(vii) Fair value estimation

The following table presents the Scheme's financial instruments 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).

31 December 2025	**Note**	**Level 1 Shs'000**	**Level 2 Shs'000**	**Total Shs'000**
At fair value through profit or loss				
Quoted equities	9 (a)	2,730,005	-	2,730,005
Government securities	9(b)	12,071,317	-	12,071,317
Offshore investments	9 (f)	387,488	-	387,488
Private equity	9 (d)	1,156,081	-	1,156,081
Real estate investment trusts	9 (g)	278,622	-	278,622
Corporate bonds	9(c)	13,883	-	13,883
		16,637,396	**-**	**16,637,396**
31 December 2024				
At fair value through profit or loss				
Quoted equities	9 (a)	1,715,318	-	1,715,318
Government securities	9 (b)	9,386,755	-	9,386,755
Offshore investments	9 (f)	441,726	-	441,726
Private equity	9 (d)	918,842	-	918,842
Real estate investment trusts	9 (g)	131,032	-	131,032
Corporate bonds	9 (c)	54,794	-	54,794
		12,648,467	**-**	**12,648,467**

There were no transfers between levels 1 and 2 during the year.

4 Financial Risk Management Objectives and Policies (continued)

(viii) Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Scheme is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NSE equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. There were no level 3 assets.

5 Contributions

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
From employer	1,043,091	-	1,043,091	991,919	-	991,919
From employee	589,753	-	589,753	543,326	-	543,326
Transfers in	-	353,193	353,193	-	346,759	346,759
	1,632,844	**353,193**	**1,986,037**	**1,535,245**	**346,759**	**1,882,004**

In accordance with the recommendations of the actuary, contributions are made to the Scheme at a rate of 10% for members and 20% by employer.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

6 Investment Income

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
Rental Income	3,600	-	3,600	3,000	-	3,000
Dividend Income						
- Quoted Shares	184,559	-	184,559	135,595	-	135,595
Interest and Discount Receivable						
Government Securities	1,297,336	124,441	1,421,777	1,116,934	76,356	1,193,290
Commercial Paper and Corporate Bond	6,434	-	6,434	6,724	-	6,724
Fixed and Term Deposit	54,521	11,440	65,961	75,393	11,956	87,349
Other Income	777	28	805	754	25	779
Gain/(Loss) on Disposal of Shares (note 8 (a))	462	-	462	(2,075)	-	(2,075)
Gain /(Loss) on Disposal of Bonds	25,919	(379)	25,540	(73,115)	-	(73,115)
Equalization Interest Earned on PE	58,844	-	58,844	496	-	496
Gain from Offshore	9,082	-	9,082	5,460		5,460
Realized Exchange Gain/ (Losses)	4,559	-	4,559	(55,717)	-	(55,717)
	1,646,093	**135,530**	**1,781,623**	**1,213,449**	**88,337**	**1,301,786**

7 Investment Property

	2025 Shs'000	2024 Shs'000
At start of year	1,386,001	1,379,001
Additions	-	460
Fair value gain	4,000	6,540
At end of year	**1,390,001**	**1,386,001**

The Scheme's investment properties were revalued at 31 December 2025 by Opti Real 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)
- 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).

7 **Investment Property (continued)**

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000	Total Shs'000
At 31 December 2025				
Investment property	**-**	**1,390,001**	**-**	**1,390,001**
At 31 December 2024				
Investment property	**-**	**1,386,001**	**-**	**1,386,001**

The Scheme's investment properties were revalued at 31 December 2025 by Opti Real 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)
– 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 3 Shs'000	Total Shs'000
At 31 December 2025		
Investment property	1,390,001	1,390,001
At 31 December 2024		
Investment property	1,386,001	1,386,001

8 **Administrative Assets**

(a) **Intangible assets**

	2025 Shs'000	2024 Shs'000
Cost		
At 1 January	6,030	4,730
Additions	-	1,300
At 31 December	**6,030**	**6,030**
Amortization		
At 1 January	3,883	3,203
Charge for the year	453	680
At 31 December	**4,336**	**3,883**
Net book value		
At 31 December	**1,694**	**2,147**

8 Administrative Assets (continued)

(b) Furniture and equipment

	2025 Shs'000	2024 Shs'000
Cost		
At 1 January	1,888	713
Additions	190	1,175
At 31 December	**2,078**	**1,888**
Depreciation		
At 1 January	537	224
Charge for the year	357	313
At 31 December	**894**	**537**
Net book value	**1,184**	**1,351**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

9 Financial Assets

a) Equity Investments at FVTPL

Movement in number of shares held

Old Mutual Investment Group

Description	At 1 January 2024	Additions	Disposals	At 31 December 2024	Additions	Disposals	Bonus units	At 31 December 2025
ARM Cement Plc	31,400	-	-	31,400	-	-	-	31,400
Bamburi Cement Plc	98,900	-	-	98,900	-	(98,900)	-	-
ABSA Bank of Kenya Plc	2,339,800	-	-	2,339,800	-	-	-	2,339,800
BAT Kenya Plc	100,500	-	-	100,500	-	-	-	100,500
Co-op Bank Ltd	3,531,220	-	-	3,531,220	-	-	-	3,531,220
Diamond Trust Bank Kenya	189,140	-	-	189,140	-	-	-	189,140
East African Breweries Ltd	327,010	-	-	327,010	-	-	-	327,010
Equity Group Holdings Plc	3,328,800	-	-	3,328,800	1,000,000	-	-	4,328,800
I & M Holdings plc	-	300,000	-	300,000	1,500,000	-	-	1,800,000
Centum Investment Co Plc	7,400	-	(7,400)	-	-	-	-	-
KCB Group Plc	4,713,400	-	-	4,713,400	-	-	-	4,713,400
Jubilee Holdings Ltd	35,609	-	(35,609)	-	-	-	-	-
NCBA Bank Kenya Plc	1,129,342	-	-	1,129,342	-	-	-	1,129,342
Safaricom Plc	18,097,700	-	-	18,097,700	-	-	-	18,097,700
Umeme C. Ltd KES	104,500	-	-	104,500	-	(104,500)	-	-
Kenya Power & Lighting Co	231,600	-	(231,600)	-	-	-	-	-
StanChart Bank	280,710	-	-	280,710	-	-	-	280,710
Stanbic Bank	70,900	-	-	70,900	-	-	-	70,900
KenGen Co Plc Ord	2,419,800	-	-	2,419,800	-	-	-	2,419,800
Sub-total	**37,037,731**	**300,000**	**(274,609)**	**37,063,122**	**2,500,000**	**(203,400)**	**-**	**39,359,722**

For the year ended 31 December 2025

9 **Financial Assets (continued)**

a) **Equity Investments at FVTPL (continued)**

Movement in number of shares held (continued)

ICEA Lion Asset Managers

Description	At 1 January 2024	Additions	Disposals	At 31 December 2024	Additions	Disposals	Bonus units	At 31 December 2025
ARM Cement Plc	213,600	-	-	213,600	-	-	-	213,600
BAT Kenya Plc	33,210	4,000	-	37,210	-	-	-	37,210
HF Group Plc	800	-	-	800	-	(500)	-	300
Co-op Bank Ltd	3,944,180	-	-	3,944,180	-	-	-	3,944,180
Diamond Trust Bank Kenya	50,652	-	(50,652)	-	-	-	-	-
Equity Group Holdings Plc	3,525,700	-	-	3,525,700	-	-	-	3,525,700
East African Breweries Ltd	193,820	9,000	-	202,820	-	-	-	202,820
KCB Group Plc	3,257,456	-	(1,000,000)	2,257,456	75,000	-	-	2,332,456
NCBA Group Plc	481,778	45,000	-	526,778	15,000	(3,750)	-	538,028
KenGen Co. Plc	195,800	-	-	195,800	-	-	-	195,800
Umeme Ltd Ord UGS	173,100	-	(173,100)	-	-	-	-	-
Umeme Ltd Ord KES	22	-	-	22	-	-	-	22
Safaricom Plc	12,259,219	-	-	12,259,219	350,000	-	-	12,609,219
StanChart Bank	105,900	-	-	105,900	2,000	-	-	107,900
Stanbic Bank Ltd	206,600	-	-	206,600	-	-	-	206,600
MTN Uganda	378,050	-	(378,050)	-	-	-	-	-
Sub-total	**25,019,887**	**58,000**	**(1,601,802)**	**23,476,085**	**442,000**	**(4,250)**	**-**	**23,913,835**
Grand Total	**62,057,618**	**358,000**	**(1,876,411)**	**60,539,207**	**2,942,000**	**(207,650)**	**-**	**63,273,557**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

9 Financial Assets (continued)

a) Equity Investments at FVTPL (continued)

Movement in equities market value

Old Mutual Investment Group

Description	At 1 January 2024 Shs'000	Additions cost Shs'000	Disposal cost Shs'000	Gain/ (loss) on disposal Shs'000	Fair value gain/ (loss) Shs'000	At 31 December 2024 Shs'000	Additions cost Shs'000	Disposal Proceeds Shs'000	Gain/(loss) on disposal Shs'000	Fair value gain/(loss) Shs'000	At 31 December 2025 Shs'000
ARM Cement Plc	-	-	-	-	-	-	-	-	-	-	-
Bamburi Cement Plc	3,546	-	-	-	1,893	5,439	-	-	-	148	5,587
ABSA Bank of Kenya Plc	26,791	-	-	-	15,442	42,233	-	(6,428)	841	15,559	52,205
BAT Kenya Plc	40,954	-	-	-	(3,166)	37,788	-	-	-	8,342	46,130
Co-op Bank Ltd	40,256	-	-	-	17,833	58,089	-	-	-	26,484	84,573
Diamond Trust Bank Kenya	8,521	-	-	-	4,530	13,051	-	-	-	8,606	21,657
East African Breweries Ltd	37,279	-	-	-	20,111	57,390	-	-	-	28,613	86,003
Equity Group Holdings Plc	112,014	-	-	-	48,767	160,781	49,069	-	-	79,098	288,948
I & M Holdings plc	-	9,317	(66)	-	1,558	10,809	53,612	-	-	11,923	76,344
Centum Investment Co Plc	62	-	-	-	4	66	-	-	-	-	66
KCB Group Plc	103,224	-	-	-	92,853	196,077	-	-	-	113,829	309,906
Jubilee Holdings Ltd	6,588	-	(6,284)	(482)	178	-	-	-	-	-	-
NCBA Bank Plc	43,987	-	-	-	10,447	54,434	-	-	-	40,430	94,864
Safaricom Plc	251,558	-	-	-	57,008	308,566	-	-		204,504	513,070
Umeme C. Ltd	1,672	-	-	-	78	1,750	-	(1,423)	(442)	115	-
Kenya Power & Lighting Co	329	-	(362)	(9)	42	-	-	-	-	-	-
StanChart Bank	45,476	-	-	-	33,053	78,529	-	-	-	4,912	83,441
Stanbic Bank	7,710	-	-	-	2,021	9,731	-	-	-	4,289	14,020
KenGen Co Plc Ord	4,863	-	-	-	3,945	8,808	-	-	-	13,406	22,214
Sub-total	**734,830**	**9,317**	**(6,712)**	**(491)**	**306,597**	**1,043,541**	**102,681**	**(7,851)**	**399**	**560,258**	**1,699,028**

9 **Financial Assets (continued)**

a) **Equity Investments at FVTPL (continued)**

Movement in equities market value

ICEA Lion Asset Managers Ltd

	At 1 January 2024	Additions cost	Disposal Proceeds	Gain/ (loss) on disposal	Fair value gain/(loss)	At 31 December 2024	Additions cost	Disposal Proceeds	Gain/ (loss) on disposal	Fair value gain/(loss)	At 31 December 2025
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
ARM Cement Plc	-	-	-	-	-	-	-	-	-		
BAT Kenya Plc	13,533	1,356	-	-	(898)	13,991	-	-	-	3,088	17,079
HF Group Plc	2	-	-	-	-	2	-	-	-	-	2
Co-op Bank Ltd	44,963	-	-	-	19,919	64,882	-	-	-	29,581	94,463
Diamond Trust Bank Kenya	2,282	-	(2,505)	(643)	866	-	-	-	-	-	-
Equity Group Holdings Plc	118,640	-	-	-	51,651	170,291	-	-	-	65,049	235,340
East African Breweries Ltd	22,095	1,438	-	-	12,062	35,595	-	-	-	17,747	53,342
KCB Group Plc	71,338	-	(29,652)	(700)	52,924	93,910	2,959	-	-	56,489	153,358
NCBA Group Plc	18,765	1,847	-	-	4,779	25,391	1,289	(334)	64	18,784	45,194
KenGen Co. Plc	394	-	-	-	319	713	-	-	-	1,085	1,798
Umeme Ltd Ord UGS	2,862	-	(2,517)	298	(643)	-	-	-	-	-	-
Safaricom Plc	170,403		-	-	38,617	209,020	9,916	-	-	138,536	357,472
StanChart Bank	17,156	-	-	-	12,470	29,626	589	-	-	1,859	32,074
Stanbic Bank Ltd	22,468	-	-	-	5,888	28,356	-	-	-	12,499	40,855
MTN Uganda	2,665	-	(2,112)	(539)	(14)	-	-	-	-	-	-
Sub-total	**507,566**	**4,641**	**(36,786)**	**(1,584)**	**197,940**	**671,777**	**14,753**	**(334)**	**64**	**344,717**	**1,030,977**
Grand Total	**1,242,396**	**13,958**	**(43,498)**	**(2,075)**	**504,537**	**1,715,318**	**117,434**	**(8,185)**	**463**	**904,975**	**2,730,005**

9 Financial Assets (continued)

b) Treasury Bonds at Fair Value through Profit or Loss

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
At start of year	8,780,293	606,462	9,386,755	6,177,697	298,047	6,475,744
Additions at face value	3,610,383	413,110	4,023,493	3,627,755	255,020	3,882,775
Disposal at face value	(1,854,216)	(38,379)	(1,892,595)	(1,936,879)	-	(1,936,879)
Change in fair value	508,824	44,840	553,664	911,720	53,395	965,115
At the end of year	**11,045,284**	**1,026,033**	**12,071,317**	**8,780,293**	**606,462**	**9,386,755**
Maturing as follows						
Less than 1 year	2,386,116	125,425	2,511,541	1,523,322	58,831	1,582,153
Over 1 year	8,659,168	900,608	9,559,776	7,256,971	547,631	7,804,602
After 3 years	**11,045,284**	**1,026,033**	**12,071,317**	**8,780,293**	**606,462**	**9,386,755**

The weighted average interest rate as at 31 December 2025 was 13.24% (2024: 13.73%).

c) Corporate Bonds at Fair Value through Profit or Loss

	Maturity Date	Interest Rate	2025 Shs'000	2024 Shs'000
Kenya Mortgage Refinance Company	23-02-2029	12.5%	13,883	16,439
EABL medium term note	29-10-2026	12.25%	-	38,355
			13,883	**54,794**

	2025 Shs'000	2024 Shs'000
Movements in corporate bonds is analysed as follows:		
At the start of the year	54,794	57,043
Additions	-	-
Disposals	(40,138)	(2,185)
Fair value loss	(773)	(64)
At the end of the year	**13,883**	**54,794**
Maturing after 3 years	13,883	54,794
	13,883	**54,794**

The weighted average interest rate as at 31 December 2025 was 12.38 % (2024: 12.38 %)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

9 Financial Assets (continued)

d) Private Equity at Fair Value through Profit or Loss

	2025 Shs'000	2024 Shs'000
At start of year	918,842	752,076
Additions	237,239	166,766
At end of year	**1,156,081**	**918,842**

e) Short Term Deposits

	Average Interest Rate	2025 DC Maturity	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000	Shs'000
Co-operative Bank	10.00%	Call	-	-	-	10,036	-	10,036
Co-operative Bank	10.00%	Call	-	-	-	700	-	700
Co-operative Bank	6.00%	Call	-	-	-	2,041	-	2,041
Equity Bank	10.00%	Call	-	-	-	13,046	-	13,046
Equity Bank	14.50%	Call	-	-	-	15,286	-	15,286
Equity Bank	12.00%	Call	-	-	-	5,066	-	5,066
Equity Bank	10.00%	Call	-	-	-	20,110	-	20,110
Equity Bank	12.00%	Call	-	-	-	5,587	-	5,587
Equity Bank	12.00%	Call	-	-	-	101,381	-	101,381
Equity Bank	12.00%	Call	-	-	-	98,654	-	98,654
Equity Bank	16.00%	Call	-	-	-	9,359	-	9,359
Equity Bank (USD)	5.00%	Call	-	-	-	3,619	-	3,619
KCB Bank	12.50%	Call	-	-	-	2,032	-	2,032
KCB Bank	17.25%	Call	-	-	-	4,302	-	4,302
NCBA Bank	11.00%	Call	-	-	-	1,002	-	1,002
NCBA Bank	11.00%	Call	-	-	-	9,000	-	9,000
SBIC Bank	10.50%	Call	-	-	-	7,030	-	7,030
SBIC Bank	10.50%	Call	-	-	-	17,098	-	17,098
SBIC Bank	10.50%	Call	-	-	-	33,190	-	33,190
SBIC Bank	10.25%	Call	-	-	-	13,102	-	13,102
SBIC Bank	10.25%	Call	-	-	-	2,015	-	2,015
SBIC Bank (USD)	3.10%	Call	-	-	-	537	-	537
SBM Bank	17.50%	Call	-	-	-	50,356	-	50,356
Equity Bank	16.00%	Call	-	-	-	-	20,850	20,850
Equity Bank	14.50%	Call	-	-	-	-	12,229	12,229
Equity Bank	13.50%	Call	-	-	-	-	14,217	14,217
I&M Bank	15.25%	Call	-	-	-	-	13,342	13,342
I&M Bank	15.25%	Call	-	-	-	-	12,316	12,316

9 Financial Assets (continued)

e) Short Term Deposits (Continued)

	Average Interest Rate	Maturity	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
NCBA Bank	11.00%	Call	-	-	-	-	15,032	15,032
NCBA Bank	11.00%	Call	-	-	-	-	20,543	20,543
SBIC Bank	10.00%	Call	-	-	-	-	1,506	1,506
SBIC Bank	10.50%	Call	-	-	-	-	7,040	7,040
KCB Bank	11.75%	Call	-	-	-	-	2,023	2,023
NCBA Bank	16.00%	Call	-	-	-	-	198	198
NCBA Bank	17.85%	Call	-	-	-	-	1,130	1,130
SBIC Bank	10.50%	Call	-	-	-	-	35,201	35,201
SBIC Bank	10.25%	Call	-	-	-	-	1,008	1,008
Co-operative Bank	8.00%	Call	3,028	-	3,028	-	-	-
Diamond Trust Bank	9.20%	Call	4,026	-	4,026	-	-	-
Diamond Trust Bank	9.20%	Call	100,529	-	100,529	-	-	-
Diamond Trust Bank	9.20%	Call	44,233	-	44,233	-	-	-
Equity Bank	8.25%	Call	40,316	-	40,316	-	-	-
I&M Bank	7.50%	Call	27,039	-	27,039	-	-	-
I&M Bank	7.40%	Call	60,170	-	60,170	-	-	-
KCB Bank	7.25%	Call	3,049	-	3,049	-	-	-
NCBA Bank	7.00%	Call	70,349	-	70,349	-	-	-
Co-operative Bank	7.50%	Call	6,317	-	6,317	-	-	-
Equity Bank	3.50%	Call	2,489	-	2,489	-	-	-
Equity Bank	3.50%	Call	104,258	-	104,258	-	-	-
Equity Bank	7.00%	Call	2,900	-	2,900	-	-	-
KCB Bank	7.25%	Call	4,017	-	4,017	-	-	-
KCB Bank	7.50%	Call	69,863	-	69,863	-	-	-
NCBA Bank	7.00%	Call	4,020	-	4,020	-	-	-
NCBA Bank	7.00%	Call	505	-	505	-	-	-
NCBA Bank	7.00%	Call	1,184	-	1,184	-	-	-
NCBA Bank	7.00%	Call	100	-	100	-	-	-
NCBA Bank	7.25%	Call	1,222	-	1,222	-	-	-
Diamond Trust Bank	9.20%	Call	-	2,013	2,013	-	-	-
Diamond Trust Bank	9.20%	Call	-	10,070	10,070	-	-	-
Diamond Trust Bank	9.20%	Call	-	50,265	50,265	-	-	-
Equity Bank	8.25%	Call	-	28,221	28,221	-	-	-
Equity Bank	8.25%	Call	-	40,190	40,190	-	-	-
I&M Bank	7.50%	Call	-	9,013	9,013	-	-	-
I&M Bank	7.40%	Call	-	8,023	8,023	-	-	-
I&M Bank	7.50%	Call	-	9,013	9,013	-	-	-
			549,614	**156,808**	**706,422**	**424,549**	**156,635**	**581,184**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

9 Financial Assets (continued)

e) Short Term Deposits (Continued)

The weighted average interest rate as at 31 December 2025 was 7.54% (2024: 11.82%)

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
Maturing as follows:						
Within 1 Month	91,335	28,061	119,396	226,017	113,515	339,532
Between 1-3 Months	458,279	128,747	587,026	198,532	43,120	241,652
Included in the cash and cash Equivalents in (Note 13)	**549,614**	**156,808**	**706,422**	**424,549**	**156,635**	**581,184**

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:

	2025 %	2024 %
KCB Group Plc	17	17
Equity Group Holdings Plc	19	19
Safaricom Plc	32	30

f) Offshore Investments

	2025	2024
At start of year	441,726	316,827
Additions	122,777	217,839
Disposal	(222,691)	(140,455)
Fair value gain	45,676	47,515
At end of year	**387,488**	**441,726**

g) Real Estate Investment Trusts (REITS)

	2025	2024
At start of year	131,032	83,576
Additions	132,527	45,000
Fair value gain	15,063	2,456
At end of year	**278,622**	**131,032**

9 Financial Assets (continued)

h) Fair Value Gain/(loss)

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
Treasury bonds	508,824	44,840	553,664	911,720	53,395	965,115
Equity Investment	904,975	-	904,975	504,537	-	504,537
Corporate bonds	(773)	-	(773)	(64)	-	(64)
Private Equity	-	-	-	-	-	-
Offshore	45,676	-	45,676	47,515	-	47,515
REITS	15,063	-	15,063	2,456	-	2,456
	1,473,765	**44,840**	**1,518,605**	**1,466,164**	**53,395**	**1,519,559**

10 Investment Management Expenses

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
Investment Managers	42,292	2,232	44,524	34,481	1,183	35,664
Custodian	10,203	721	10,924	7,475	396	7,871
Property Expenses	20,917	-	20,917	1,255	-	1,255
	73,412	**2,953**	**76,365**	**43,211**	**1,579**	**44,790**

11 Administrative Expenses

	2025 DC Shs'000	2025 IDD Shs'000	2025 Total Shs'000	2024 DC Shs'000	2024 IDD Shs'000	2024 Total Shs'000
Staff costs	44,957	-	44,957	43,885	-	43,885
Trustees' capacity building and other expenses	29,104	-	29,104	20,557	-	20,557
Consultancy expenses	5,817	-	5,817	8,754	-	8,754
Trustees' meeting allowances	8,389	-	8,389	8,123	-	8,123
AGM expenses	4,698	-	4,698	5,337	-	5,337
RBA levy	5,000	-	5,000	5,000	-	5,000
ICT expenses	6,554	-	6,554	3,899	-	3,899
Travelling and accommodation	852	-	852	2,268	-	2,268
Audit fees	2,012	-	2,012	2,010	-	2,010
Member education	2,212	-	2,212	1,759	-	1,759
Amortization expense	1,285	-	1,285	680	-	680
Legal expenses	453	-	453	680	-	680
Printing and stationary	681	-	681	440	-	440
Depreciation expense	357	-	357	313	-	313
Bank charges	176	103	279	150	67	217
	112,547	**103**	**112,650**	**103,855**	**67**	**103,922**

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 December 2025

12 Receivables and Accrued Income

		2025 DC	2025 IDD	2025 Total	2024 DC	2024 IDD	2024 Total
(a)	**Contribution receivable**	78	-	78	-	-	-
	Movement in Contribution Receivable – DC						
	At start of year	-	-	-	-	-	-
	Contribution for the year (note 5)	1,632,844	353,193	1,986,037	1,535,245	346,759	1,882,004
	Contribution received	(1,632,766)	(353,193)	(1,985,959)	(1,535,245)	(346,759)	(1,882,004)
	At end of year	**78**	**-**	**78**	**-**	**-**	**-**
(b)	**Dividends and other receivables**						
	Transfers into DC scheme	337	26,180	26,517	529	5,437	5,966
	Dividends	-	-	-	2,065	-	2,065
	Other Receivables	795	131	926	324	128	452
	Due From IDD	4,221	-	4,221	4,957	-	4,957
		5,353	**26,311**	**31,664**	**7,875**	**5,565**	**13,440**

13 Other Payables and Accrued Expenses

	2025 DC	2025 IDD	2025 Total	2024 DC	2024 IDD	2024 Total
Trade payables & accrued expenses	30,009	4,572	34,581	40,022	5,099	45,121
Deposit for sale of Westlands property	43,300	-	43,300	-	-	-
Withdrawals payable	24,869	-	24,869	7,526	-	7,526
Rent deposit	1,830	-	1,830	-	-	-
	100,008	**4,572**	**104,580**	**47,548**	**5,099**	**52,647**

14 Cash and Cash Equivalents

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

	2025 DC	2025 IDD	2025 Total	2024 DC	2024 IDD	2024 Total
Cash at Bank	152,451	1,478	153,929	135,206	5,243	140,449
Fixed and term deposits (Note 9(e))	549,614	156,808	706,422	424,549	156,635	581,184
	702,065	**158,286**	**860,351**	**559,755**	**161,878**	**721,633**

15 Income Tax

a) 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.

b) Income tax expense	2025 Shs'000	2024 Shs'000
Investment income on unregistered portion of Scheme	487,452	411,457
Income subject to tax	487,452	411,457
Current income tax at 30% (2024: 30%)	**146,236**	**123,437**
c) Current income tax payable		
At start of the year	(26,637)	(17,282)
Income tax expense (Note14(b))	(146,236)	(123,437)
Tax payments during the Year	162,702	114,082
At end of year	**(10,171)**	**(26,637)**

16 Contingent Liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the Scheme at 31 December 2025 (2024: nil).

17 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 of Ksh 13,070,000 and contributions receivable (Note 12) the following transactions were carried out with related parties during the year:

	2025 Shs'000	2024 Shs'000
Included in net assets at the year-end are:		
- Quoted Shares held in the Sponsor Company	24,011	9,521
Transactions with Related Party:		
- Contributions from KenGen Plc Sponsor Company (note 12)	1,632,844	1,535,245

NOTES

NOTES

KenGen
DC Scheme

KenGen Defined Contribution (DC) Scheme
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