KenGen
Staff Retirement
Benefits Scheme

2025
ANNUAL REPORT
AND FINANCIAL STATEMENTS

Delivering Value Through Strategic Execution & Institutional Maturity

INSIDE THIS REPORT

The Information presented in this report aims to provide our various stakeholders with a clear understanding of the financial, human, social, environmental and economic impact of KenGen Staff Retirement Benefits Scheme to enable them to evaluate our ability to create sustainable value for all parties.

NOTICE FOR THE ANNUAL GENERAL MEETING 2026

KenGen
Staff Retirement
Benefits Scheme

NOTICE IS HEREBY GIVEN that the **Annual General Meeting** of KenGen Staff Retirement Benefits Scheme (DB 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 **10:00 AM**

- To read the Notice Convening the Meeting.
- 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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info@kengensrbs.co.ke
KenGensrbs Kengen_srbs KenGenSRBS kengensrbs1730 kengensrbs

01 SCHEME OVERVIEW

CORPORATE INFORMATION

Scheme Registered Office, Trustees and Professional Advisors

TRUSTEES

William Rahedi	- Chairman
Ernest N Nadome	
Elizabeth Njenga	
Austin Ouko	
Jennifer Mbugua	- Retired on 18th October 2025
Charles Ronoh Kibet	
Teresa Karani	
Jennifer Oduor	
Beatrice Kandie	- Appointed on 4th December 2025
Muhumed Abdi	
Josphat Muriuki	- Trust Secretary/Administrator - - Resigned on 4th September 2025
Hannah Nguhi	- Trust Secretary/Administrator- Acting from 5th September 2025 to 13th January 2026; Substantively appointed on 14th January 2026

INVESTMENT MANAGERS

GenAfrica Asset Managers
14 Riverside Business Park, Arlington Block, 1st Floor.
P.O Box 79217 - 00200
Nairobi

Sanlam Investments East Africa
Africa Re Centre 5th Floor, Hospital Road, Upper Hill,
P.O Box 67262 - 00200 Nairobi

CUSTODIANS

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
P.O Box 44599 - 00100
Nairobi

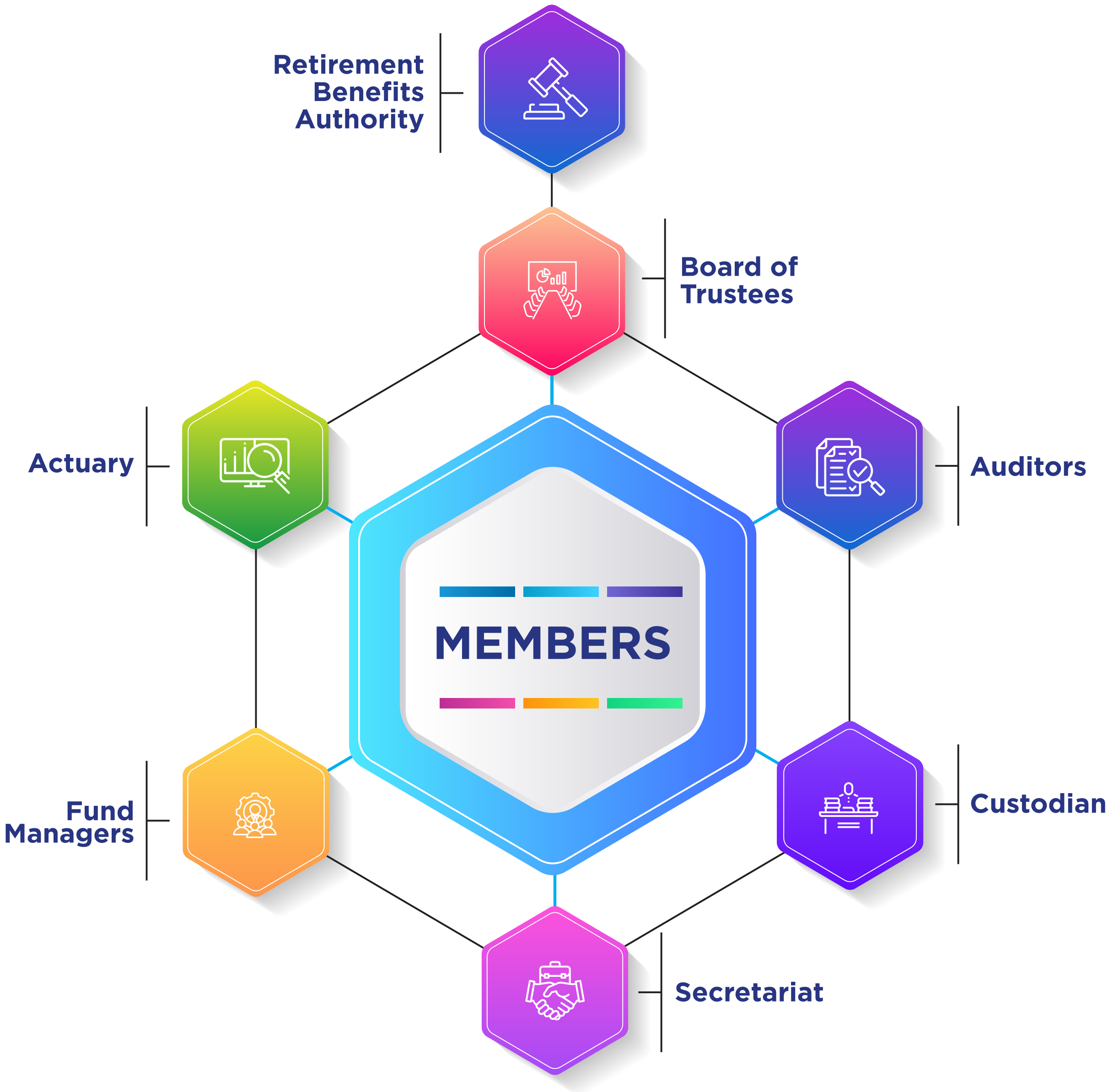
Co-operative Bank of Kenya Ltd
Co-operative Bank House
P.O Box 48231 - 00100
Nairobi

REGISTERED OFFICE

KenGen Pension Plaza 2, 11th Floor
Kolobot Road, Parklands
P.O Box 47936 – 00100
Nairobi

SCHEME STRUCTURE

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



MISSION, VISION & CORE VALUES

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

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

CORE VALUES

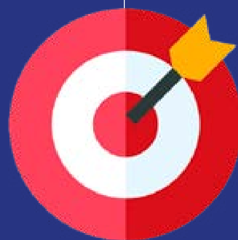
Customer- Focus
Quality first as we strive to meet our customers expectation.

Integrity
Acting ethically in every endeavor.

Innovation
Foster creativity & innovation.

Our Objective

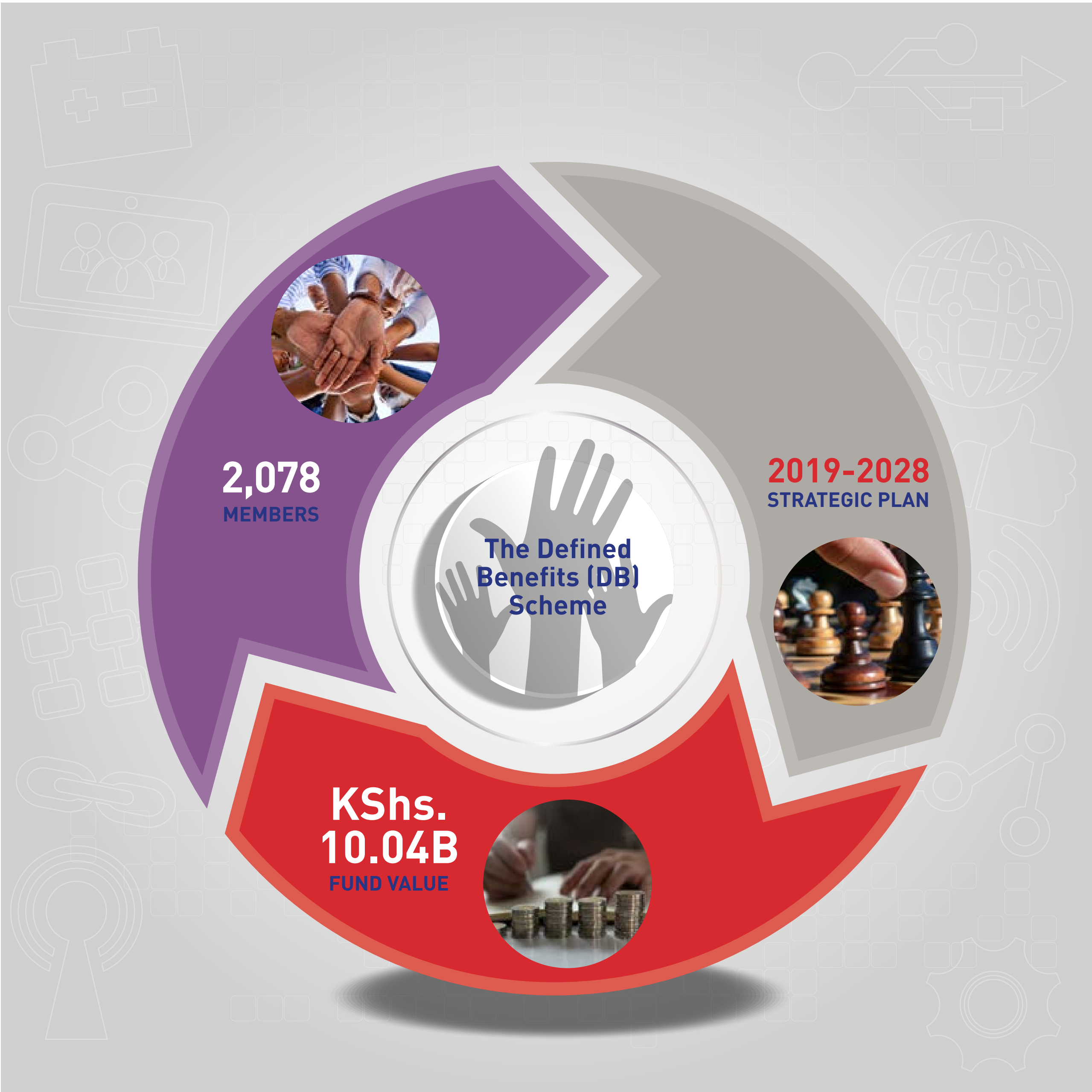
The objective of the DB Scheme is the *"provision of retirement benefits to employees of the sponsor upon their retirement or earlier withdrawal and to the dependants of deceased members"* as provided in the Trust Deed of the Scheme.



OUR SCHEME

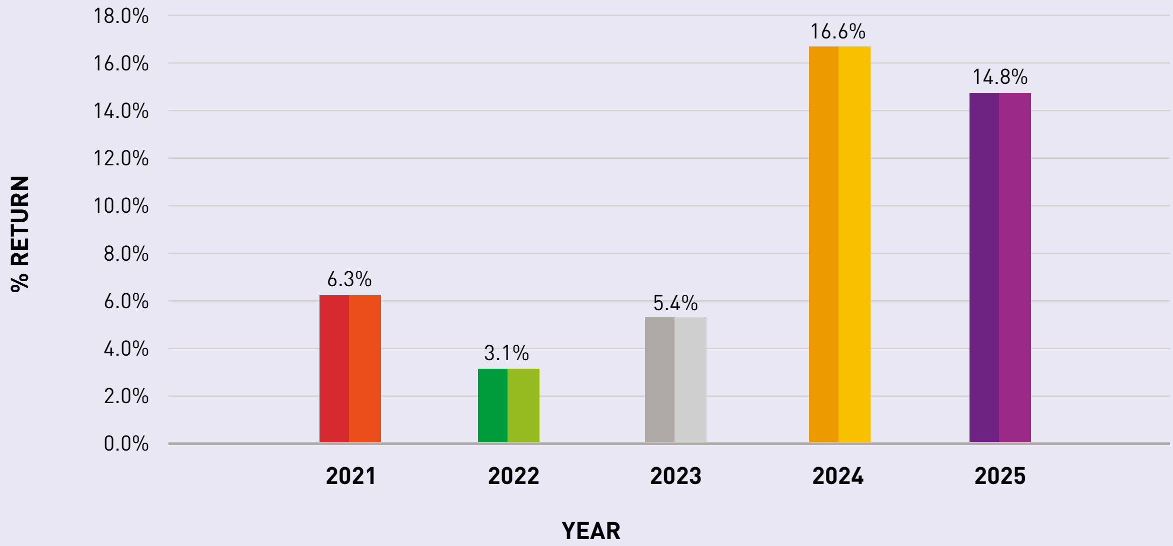
The Defined Benefits (DB) Scheme is an occupational Scheme of KenGen staff and has 2,078 members with KES 10.04B in Assets Under Management (AUM). The DB Scheme was established under irrevocable Trust Deed and Rules and commenced operations on 1st January 2000.

The objective of the DB Scheme is the "provision of retirement benefits to employees of the sponsor upon their retirement or earlier withdrawal and to the dependants of deceased members" as provided in the Trust Deed of the Scheme. The DB Scheme was closed to new members on 31st December 2011.



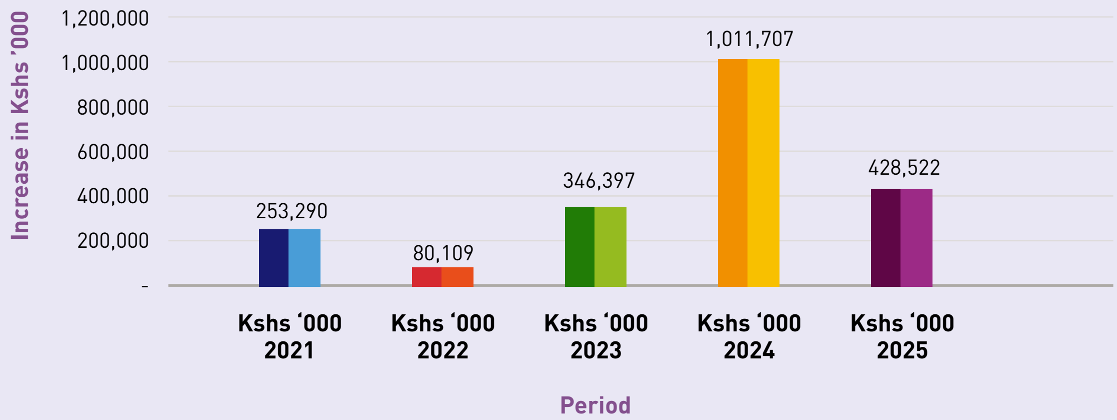
SCHEME HIGHLIGHTS

1. Return on Investment



The Fund delivered a solid return of 14.8% in 2025 relative to a return of 16.6% achieved in 2024.

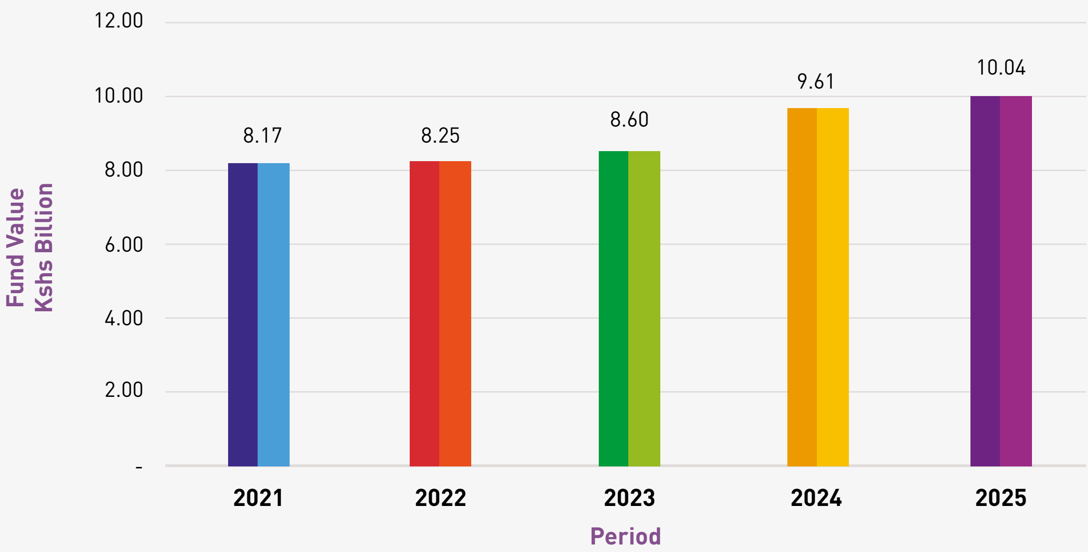
2. Increase/ (Decrease) in Net Assets



The net increase/decrease 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 428 Million during the year.

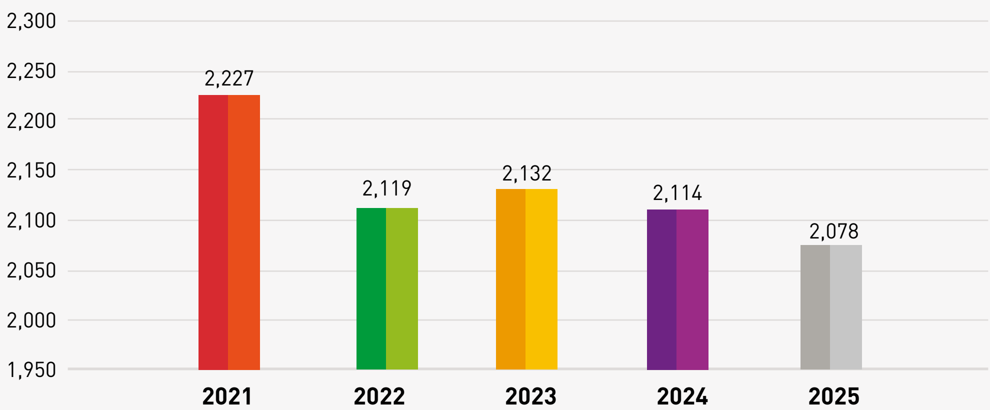
SCHEME HIGHLIGHTS

3. Fund Value Trend



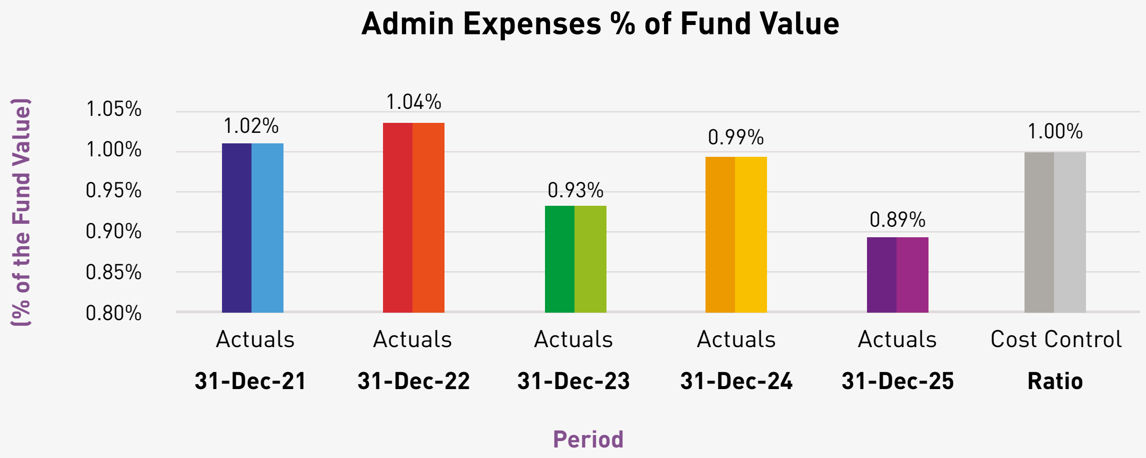
The growth of the Fund is the net movement of investment returns and payouts of the retirement benefits to members. The fund value has increased by KShs. 1.9 Billion over the last 5 years representing a 23% growth. The fund is a closed scheme whose contributions are diminishing every year with an increase in withdrawals. The increase in the fund is attributed to growth in value of properties and financial assets and Actuarial deficit Funding from the sponsor.

4. Fund Membership



The Fund Membership (Active, Deferred, and pensioners) decreased from 2,114 recorded in the previous year to 2,078 which was a 1.70% decrease. The Fund was closed in December 2011, and no members have been admitted since then.

5. Administrative Expenses



Administrative expenses stood at 0.89% of the total fund value.

Financial Year 2025 Key Performance Indicators (KPIs)

Net returns on investments
KShs 1,457.51 M (2025),
KShs 1,410.05 M (2024)

Net surplus from dealing with members
KShs (926.93) M (2025),
KShs (285.62) M (2024)

Increase in Net Assets
KShs 428.52 M (2025),
KShs 1,011.71 M (2024)

Contributions Receivable
KShs 10.24 M (2025),
KShs 626.25 M (2024)

Benefits Payable
KShs (937.17) M (2025),
KShs (911.87) M (2024)

Fund Value
KShs 10,040.90 M (2025),
KShs 9,612.38 M (2024)

Total Members
2,078 (2025),
2,114 (2024)

Pensioners & Beneficiaries
1,325 (2025),
1,277 (2024)

Dormant Members
692 (2025)
758 (2024)

SCHEME HIGHLIGHTS

5 YEAR SUMMARY

YEAR	31-Dec-21 Actuals Kshs '000	31-Dec-22 Actuals Kshs '000	31-Dec-23 Actuals Kshs '000	31-Dec-24 Actuals Kshs '000	31-Dec-25 Actuals Kshs '000
Net Dealings with members					
Employer & Employee Contributions	44,702	37,575	24,643	79,050	10,236
Actuarial Deficit Funding by Sponsor	502,200	787,200	984,600	547,200	-
Total Inflows	**546,902**	**824,775**	**1,009,243**	**626,250**	**10,236**
Withdrawal Benefits Payments	(293,706)	(411,400)	(297,205)	(304,742)	(272,118)
Pensioners Payroll	(406,837)	(477,770)	(544,586)	(607,129)	(665,051)
Total Outflows	**(700,543)**	**(889,171)**	**(841,791)**	**(911,871)**	**(937,169)**
Net Dealings with Members	(153,641)	(64,396)	167,452	(285,621)	(926,933)
Realised Income					
Investment Income	544,444	652,602	771,605	995,226	865,141
	544,444	**652,602**	**771,605**	**995,226**	**865,141**
Expenses					
Administration Expenses	(83,001)	(85,447)	(79,841)	(94,756)	(89,770)
Investment Management Expenses and Costs	(83,810)	(86,977)	(86,418)	(186,819)	(93,383)
Total Expenses	(166,811)	(172,424)	(166,258)	(281,575)	(183,153)
Net Earnings Before Tax	**377,633**	**480,178**	**605,346**	**713,651**	**681,988**
Tax Expense	(15,108)	(19,981)	(10,942)	(17,962)	(12,280)
Net Earnings After Tax	362,525	460,197	594,405	695,689	669,708
Unrealised Income					
Total Unrealised Income	**44,405**	**(315,692)**	**(415,460)**	**601,639**	**685,747**
Total Realised and Unrealised income	406,930	144,505	178,945	1,297,328	1,355,455
Net Increase in Fund	**253,290**	**80,109**	**346,397**	**1,011,707**	**428,522**
Opening Fund Value	**7,920,880**	**8,174,169**	**8,254,277**	**8,600,675**	**9,612,382**
Net increase in fund Value	253,290	80,109	346,397	1,011,707	428,522
Closing Fund Value	**8,174,170**	**8,254,278**	**8,600,675**	**9,612,382**	**10,040,904**

OPERATING ENVIRONMENT

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.

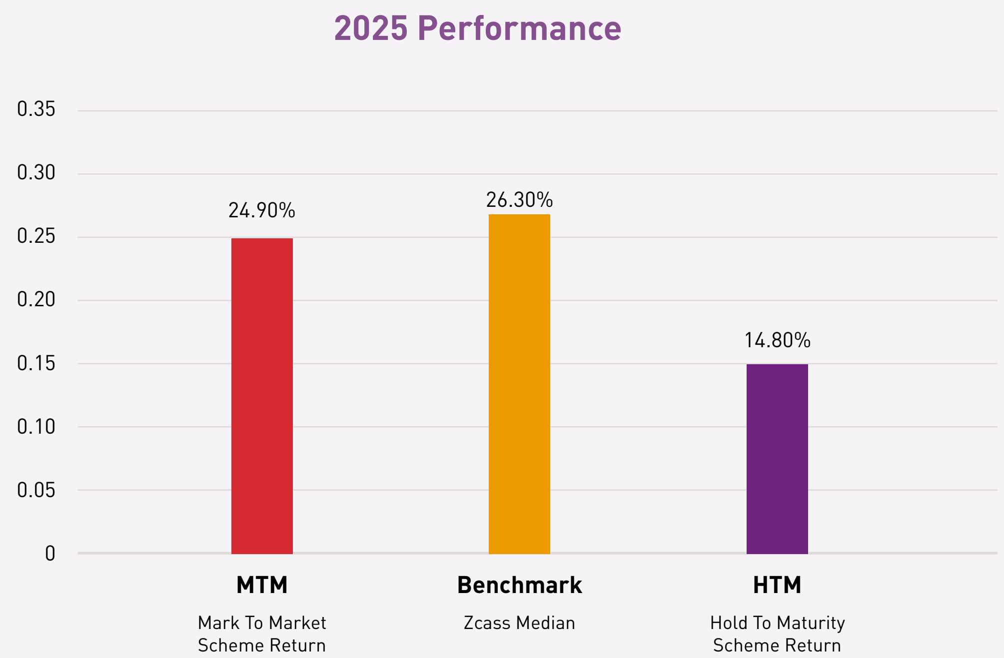
The Kenya Shilling remained broadly stable throughout the year, appreciating marginally by **0.22%** against the US Dollar to close the year at **KES 129.01 per USD**. The currency's stability was supported by improved foreign exchange inflows, prudent monetary policy, and adequate foreign exchange reserves.

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.

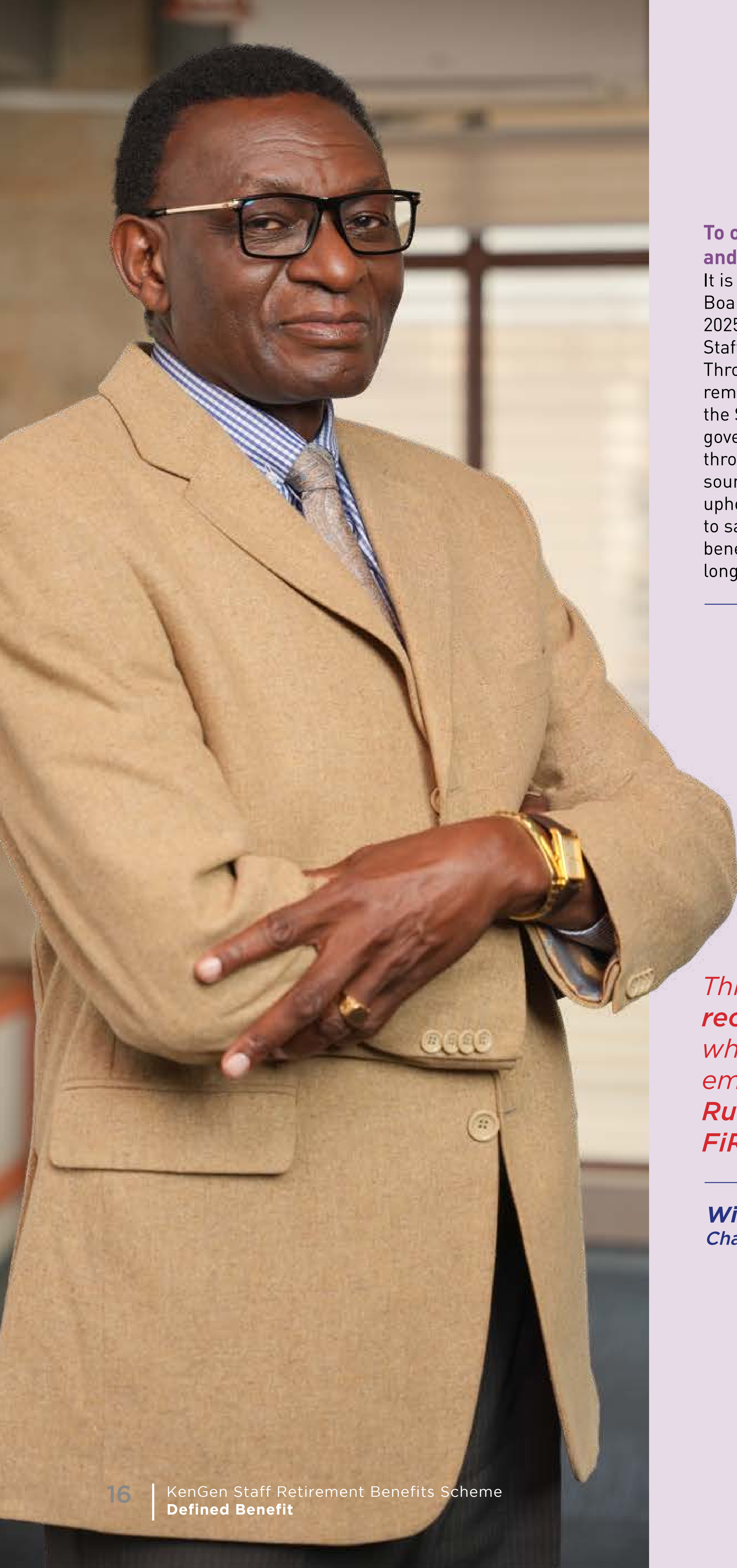
The fixed income market experienced a favourable environment as the government securities yield curve shifted downward across all maturities. This reflected an accommodative monetary policy stance and improved liquidity conditions in the domestic market, resulting in lower interest rates during the year.

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.

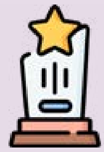


02 | REFLECTION FROM OUR LEADERSHIP



To our Esteemed Members and Stakeholders,

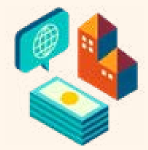
It is my privilege, on behalf of the Board of Trustees, to present the 2025 Annual Report of the KenGen Staff Retirement Benefits Scheme. Throughout the year, the Board remained focused on strengthening the Scheme's financial position, governance, and resilience through prudent oversight and sound investment decisions, while upholding its fiduciary responsibility to safeguard members' retirement benefits and create sustainable long-term value.



*This commitment was **recognised nationally** when the Scheme emerged as the **2nd Runner-Up** in the **2025 FiRe Awards.***

William Rahedi
***Chairman**, Board of Trustees*

CHAIRMAN'S STATEMENT



Kenya's economy grew by 4.6%, supported by strong performance in the financial and services sectors while fixed income and equity markets delivered favourable investment opportunities.

Navigating a Dynamic Economic Environment

The investment environment in 2025 remained resilient despite global economic headwinds. Kenya's economy grew by 4.6%, supported by strong performance in the financial and services sectors, while fixed income and equity markets delivered favourable investment opportunities. Against this backdrop, the Board continued to oversee a disciplined investment strategy that strengthened the Scheme's financial position and supported long-term value creation for members.

Strategy Review: Commencing Horizon II (2025–2029)

The year marked the successful commencement of Horizon II of the Scheme's 10-Year Strategic Plan. Building on the gains achieved under Horizon I, the Board remained focused on strengthening liquidity, enhancing governance, and modernizing operations.

A key milestone during the year was the continued rebalancing of the investment portfolio through increased allocation to low-risk, income-generating assets while reducing exposure to illiquid investments. These strategic initiatives contributed to the Scheme's fund value growing to KES 10.04 billion and the Held-to-Maturity portfolio delivering a return of 14.8%.

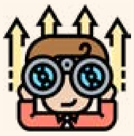
Legislative Developments: Legal Notice No. 126 & 127 of 2025

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.

Governance Excellence

The Board remained committed to upholding the highest standards of governance, risk oversight, and ethical leadership. This commitment was recognised nationally when the Scheme emerged as the 2nd Runner-Up in the 2025 FiRe Awards under the Pensions (Not-for-Profit) Category and was also recognised as the Champion of Governance by the Institute of Certified Secretaries.

These achievements reaffirm the Board's commitment to responsible stewardship and continuous improvement.



Looking Ahead

As we continue implementing Horizon II, the Board remains focused on strengthening the Scheme's funding position, deepening portfolio diversification, enhancing institutional resilience, and ensuring the Scheme continues to meet its long-term obligations to members.

Appreciation

On behalf of the Board of Trustees, I extend my sincere appreciation to our Sponsor, members, pensioners, regulators, service providers, the Secretariat, and my fellow Trustees for their continued confidence, commitment, and support. Together, we remain committed to safeguarding members' retirement benefits through sound governance and prudent stewardship.

Thank you.

WILLIAM RAHEDI
CHAIRMAN – KenGen STAFF RETIREMENT BENEFITS SCHEME

> *"The Scheme's fund value grew to KES 10.04 billion and the Held-to-Maturity portfolio delivering a return of 14.8%.*

BOARD OF TRUSTEES

William Rahedi
Chairman

He is the Chairman of the Board of Trustees. He was appointed to the Board of Trustees as a sponsor nominated trustee in July 2023. He is a seasoned Independent Business and Finance Consultant with over 40 years of multi-disciplinary strengths and experience in Business Investment Advisory, Banking, Finance, Treasury Management, Loan Negotiations and Agreements, Financial and Business Restructuring.

He holds a Bachelor of Science in Business Administration (Accounting) from the United States International University (USIU) and a Master of Business Administration (Finance) from the University of Nairobi. He is a Certified Public Accountant and a Member of Institute of Certified Public Accountants of Kenya (ICPAK). He is currently the Chairman of Spire Bank Kenya Limited and Director of Nairobi Hospice.

Ernest Nadome
Trustee

He was appointed to the Board of Trustees in 2017 as a member elected trustee. He is the Chairman of the Investment & Strategy Committee and a member of Administration & Communication Committee.

He holds a Master of Arts (MA) in Labour Management Relations, Bachelor of Arts (B.A) Degree (Hons). He is 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.

Elizabeth Njenga
Trustee

She was appointed to the Board of Trustees in 2020 as a sponsor nominated trustee. She is the Chairperson of the Audit & Risk Management Committee and a member of the Investment & Strategy Committee. Elizabeth Njenga is a seasoned professional with over two decades of experience in finance, strategy, and power projects planning and development within the energy sector. She brings a wealth of expertise in public policy, energy strategy formulation, power generation projects appraisal, financing and development.

She holds a Master's degree in Public Policy and Management from Strathmore University Business School, a Master's degree in Business Administration from the University of Nairobi, and a Bachelor of Arts in Accounting and Economics from Moi University. Additionally, she earned a Postgraduate Diploma in Financial Management from the Maastricht School of Management (Netherlands) and is a Certified Public Accountant (CPA-K). Elizabeth has built her career at KenGen through progressive leadership roles, including serving as Manager for Capital Planning and Strategy (2009–2014), and later as Manager for Capital Planning and Public-Private Partnerships (2014–2021).

Currently, as General Manager, Business Development and Strategy, she is charged with leading the development and execution of KenGen's corporate strategy. Her responsibilities include steering the company's power generation capacity expansion initiatives—ranging from project identification and feasibility analysis to procurement of consultants and contractors, overseeing project implementation, and commissioning. She also champions innovation and continuous improvement across business processes, positioning KenGen for sustained growth and operational excellence.

FCS Austin Ouko
Trustee

He was appointed to the Board of Trustees in October 2022 as a sponsor nominated trustee. He is the Chairman of the Administration & Communication Committee and a member of the Audit & Risk Management 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. Divisions: Insurance, Legal, Shares & Board Services and Property.

BOARD OF TRUSTEES

Beatrice Kandie
Trustee

She was appointed to the Board of Trustees in December 2025. She is a member of the Administration & Communication Committee and a member of the Audit & Risk Management Committee. She is a seasoned Human Resource Management professional with a wealth of knowledge and experience in all aspects of human capital management spanning over 24 years.

Her areas of expertise and passion include, but are not limited to: Organizational Design, Employee Resourcing, Performance and Reward Management, Organizational Development, Employee Engagement, Learning & Development, Career Planning and Succession Management, and Change Management. She is currently pursuing PhD studies at the University of Nairobi in Human Resources Management focused on Leadership and Organizational Design, and holds a Master's degree in Human Resource Management from Kenyatta University and a Bachelor's degree in Social Work from the University of Nairobi. She is also a Certified Human Resource Professional CHRP (K) and a Certified Change Manager from Prosci International. She also holds Post-graduate Diploma in Human Resources Management from the Kenya Institute of Management and has attended numerous local and international trainings in Human Resource Management.

Ms. Beatrice is a Full Member of the Institute of Human Resource Management with a valid practicing certificate and is a Member of the Kenya Institute of Management. She is currently the General Manager, Corporate Services, responsible for execution of Human Resource Strategy to optimize Human Capital contribution and provide work environment that continuously adds value to stakeholders in provision of electric energy and business sustainability. Divisions: Human Resource Management, Administration, Property Management, Community Relations.

Charles Kibet
Trustee

He was appointed to the Board of Trustees in June 2023 as a sponsor appointed trustee. He is a member of the Investment & Strategy Committee and Administration & Communication Committee. He is a qualified Electrical Engineer, from the Jomo Kenyatta University of Agriculture and Technology (JKUAT) with a specialization in Telecommunication and Information Engineering.

He holds a Master of Science in Project Management and is currently pursuing a PhD in the same field at the JKUAT. He is a certified Project Management Professional (PMP) and is also a Certified Project System Consultant with SAP. Additionally, he has completed an Organizational Leadership program at the renowned Harvard Business School. He is an active member of several prestigious professional organizations, including the Engineers Board of Kenya (EBK), the Institute of Engineers of Kenya (IEK), the Geothermal Association of Kenya (GAK) and as an Associate Member of the Institute of Management Information Systems (IMIS).

As the General Manager Commercial Services with KenGen PLC, he oversees the Company's Investment, New Business, and Partnerships Divisions, steering initiatives that align seamlessly with the organization's strategic vision. His leadership extends to the Marketing and Corporate Communication division, where he passionately nurtures the Company's brand, as well as the Sustainability Division, which advocates for the Company's sustainability agenda, ensuring that eco-consciousness remains at the heart of the business.

Eng. Teresa Karani
Trustee

She was appointed to the Board of Trustees in June 2023 as a sponsor appointed trustee. She is a member of the Investment & Strategy Committee and Audit & Risk Management Committee. She is an alumnus of Loreto Limuru High School. She holds a Bachelor of Science Degree in Electrical & Electronics Engineering (2000) and an MBA in Strategic Management (2009) from the University of Nairobi. She also holds a diploma in Geothermal Utilization from the United Nations University, Iceland. She is a registered Professional Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of the Institution of Engineers of Kenya (IEK).

She successfully participated in the Executive Training on Female Future Leadership Development program in 2019 by Federation of Kenya Employers (FKE) and Confederation of Norwegian Enterprise (NHO). She is currently the Electrical and Automation Manager with KenGen PLC. In the course of her work, she has mentored and trained many young engineers and been a good role model to technical staff.

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 Audit & Risk Management 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 hold 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.

BOARD OF TRUSTEES

Jennifer Oduor
Trustee

She was appointed to the Board of Trustees in August 2023 as a pensioners' elected trustee. She is a member of the Investment & Strategy Committee and a member of the Administration & Communication Committee. She holds Master of Urban Management (Department of Architecture and Building Science (University of Nairobi), Bachelor's degree in Land Economics (Department of Land Development & Design-University of Nairobi), Post Graduate Diploma, Estate Management and Valuation (Institution of Surveyors of Kenya), Post Graduate Diploma, Human Resource Management.

She has undergone the Senior Leadership Management Program at Strathmore Business School, Corporate Governance training (Centre of Corporate Governance), several professional trainings and certifications including Land Policy (ITC University, Netherlands), Geographical Information Management Systems (GIS) from various institutions within and outside Kenya. She has an outstanding career spanning over 30 years in Leadership, Corporate Governance, Land and Property administration, management, acquisitions, and resettlement action planning. She is a Registered and Licensed Valuer (Valuers Registration Board), Registered and Licensed Realtor (Estates Agents Registration Board) and Full Member of the Institution of Surveyors of Kenya (MISK).

She is also a Member of the Chartered Institute of Arbitrators (MCIArb) and Accredited Mediator with the Strathmore Dispute Resolution Centre (SDRC). She is currently an Independent Consultant in Land & Property matters. Prior to this, she served in the Energy sector and the Ministry of Lands.

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.

RBS Gardens

To our Esteemed Members and Stakeholders,

It is my privilege to present the CEO & Trust Secretary's Statement for the year ended 31 December 2025, a year marked by resilience, prudent stewardship and disciplined execution. Despite a dynamic investment environment, the Secretariat remained focused on implementing the Board's strategic priorities, strengthening operational efficiency, enhancing service delivery and safeguarding members' retirement benefits.

*During the year, the Scheme paid **KES 937** million in benefits to retirees and **beneficiaries** while continuing to enhance **member engagement.***

Hannah Nguhi
CEO & Trust Secretary

CEO & TRUST SECRETARY'S STATEMENT

The Scheme closed the year with total fund value of KES 10.041 billion, supported by gross income of KES 865 million and a net investment return of KES 1.46 billion.

Investment Returns and Scheme Growth

The Scheme closed the year with total fund value of KES 10.041 billion, supported by gross income of KES 865 million and a net investment return of KES 1.46 billion. A member crediting rate of 14.8% was declared, preserving members' purchasing power and reflecting the Scheme's prudent investment strategy.

During the year, proceeds from the Pension Plaza divestiture were successfully redeployed into higher-yielding fixed income and money market investments, improving portfolio liquidity and income generation. At the same time, RBS Gardens continued to be actively managed while preparations for its divestiture progressed.

Technology Modernization and Digital Transformation

Digital transformation remained a key operational priority during the year. The Scheme strengthened its ICT infrastructure through enhancements to disaster recovery capabilities, migration to NCBA Connect Plus integrated with the ERP platform, automation of procurement and contract management processes, rollout of member and pensioner self-service portals, and continued enhancement of the ERP and Electronic Document Management System (EDMS).

Progress was also made towards ISO Certification and implementation of the Quality Management System, while compliance with the Data Protection Act continued to be strengthened.

Operational Excellence

The Scheme's internally managed administration model continued to mature, reinforcing efficiency, accountability and responsiveness in service delivery. Supported by an integrated ERP platform, the Secretariat strengthened administration of member records, benefit processing, regulatory reporting and internal controls, while maintaining administration costs within target.

Risk Management and Business Resilience

The Secretariat continued to strengthen enterprise risk management through proactive monitoring of market, liquidity, cybersecurity and regulatory risks. The automation of the Risk Management Framework through the Electronic Board Management System significantly enhanced real-time risk reporting, accountability and informed decision-making, further strengthening operational resilience and business continuity.

Member Experience

During the year, the Scheme paid KES 937 million in benefits to retirees and beneficiaries while continuing to enhance member engagement through education forums, pre-retirement seminars and financial literacy programmes conducted across Sponsor stations.

Member participation in Scheme activities continued to improve, reflecting growing awareness and confidence in the services offered by the Scheme.

Looking Ahead

In 2026, our focus will remain on enhancing digital service delivery, strengthening operational efficiency, deepening member engagement and leveraging insights from the Horizon II strategy to deliver sustainable value to members.

Appreciation

I extend my sincere appreciation to the Board of Trustees for their strategic guidance, the Secretariat team for their professionalism and dedication, our service providers for their continued partnership, and our members for the trust and confidence they continue to place in the Scheme. Together, we remain committed to delivering efficient, responsive and sustainable retirement solutions.

Thank you.

HANNAH NGUHI
CEO & TRUST SECRETARY

> *"The Scheme closed the year with total fund value of KES 10.041 billion, supported by gross income of KES 865 million.*

SENIOR MANAGEMENT

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.

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Purity Kamau
Senior Pensions Officer

She joined the Scheme in 2009 and 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 College 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.

SENIOR MANAGEMENT

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)1st and the prestigious *"Supply Chain Raising Star Award"* (2023)1st. 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; Francis Maina (Property Maintenance Technician) **| Mercy Muhadia** (HR & Administration Officer) | **Doreen Wairimu** (Assistant Pension Administration Officer) | **Jane Namnyak** (Hospitality Assistant) | **Hannah Nguhi** (CEO & Trust Secretary)

Front Seated; Nicodemus Kiptoo (Senior Finance Officer) | **Stephen Mwaiwa** (Procurement Officer) | **William Mogaka** (Investment Analyst) | **Lawrence Paschal** (Pension Administration Officer)

Back Standing; Linda Anyango (Accounts Assistant) | **Becky Njika** (Executive Assistant) | **Purity Kamau** (Senior Pensions Administration Officer) | **Anthony Mangeli** (Senior Property Officer)

Front Seated; Maraka Silvio (Ag. Senior Investments Officer) | **Rashid Kanyua** (Financial Accountant) | **Jeremiah Gichiri** (Senior ICT & Database Officer)

03 VALUE FOR OUR MEMBERS: HOW WE DELIVERED IN 2025

STRATEGIC PLAN

2019-2028 Strategic Plan

Strategic Focus: *Enhancing liquidity and aligning investments to liabilities in the second implementation phase.*

Vision

TO BE A LEADING DB SCHEME IN THE REGION THAT PROVIDES BEST-IN-CLASS SERVICE TO ITS MEMBERS

Mission

To deliver on its commitments through prudent investments

Pillars and targets

1 Pillar 1

Align investments to Scheme's liabilities

- Rebalance existing assets to cover liabilities, achieving returns above the hurdle rates for different asset classes
- Selectively invest in assets that offer portfolio diversification and liquidity

2 Pillar 2

Improve member services and cost management

- Improve member satisfaction by 5% in the first two years and 2% thereafter
- Maintain costs within 1% of AUM

3 Pillar 3

Optimize HR and governance functions

- Improve skills, productivity and motivation of staff
- Optimize Board sub-committee structure, conduct regular evaluations and improve accountability systems

Core Values

Customer-focus, Integrity, Innovation

A balanced, customer-centric framework with strategic objectives, KPIs, and operational initiatives.

STRATEGIC PLAN

2019-2028 Strategic Plan

Horizon I Strategic Achievements (2019-2024)

a) The Scheme's Fund Value grew by approximately 4.5% to close at Kes. 10.040B in Dec 2025 compared to Kes. 9.612B as of December 2024.
b) The Scheme's one-year MTM gross return was 24.89% compared to an IPS benchmark of 26.23%.
c) The 2025 AGM attendance decreased by 24% to 1,319 members, 178 attending physically while 1,141 attended virtually. Last year's attendance was 1,734 members.
d) Administration costs were maintained at 0.89% below the annual target of 1.00%.
e) The fund won the FiRe Awards, confirming the Scheme's improved financial reporting.
f) The Sponsor fully paid the actuarial deficit funds of KES. 3.381B as of June 2025.

Horizon II Strategic Priorities (2025–2029)

Pillar 1: Align Investments to Scheme's Liabilities

- Increase RBS Gardens occupancy from 58% to 70% by end of 2025.
- Implement phased property exit strategy and complete the KenGen Plaza 1 & 2 disposal. (This was closed as the Pension Plaza Property was sold to the sponsor in 2025)
- Allocate 15% of assets to smaller, income-generating real estate.
- Enhance investment strategies to optimize returns and align with liability duration.

Pillar 2: Improve Member Services & Cost Management

- Accelerate tech deployment, focusing on member access & operational efficiency.
- Attain and maintain ISO certification to strengthen quality systems.
- Launch an education & engagement campaign to deepen member awareness.

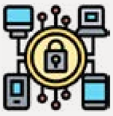
Pillar 3: Optimize HR and Governance function

- Fully implement the recommendations of the Board Evaluation.
- Fully implement the approved staff organizational structure and governance framework.
- Rebrand the Scheme, including its logo and name, to enhance its visibility and strengthen its identity.
- Optimize training and development opportunities for Board Members and Secretariat staff.

2024-2028 ICT Strategic Plan

ICT Strategy

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

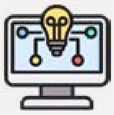
The Scheme continues to strengthen ICT governance by ensuring compliance with applicable legislation, standards, and best practices. During the year, the Scheme maintained compliance with key regulatory requirements, including the Data Protection Act, 2019 and the Computer Misuse and Cybercrimes Act, 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.

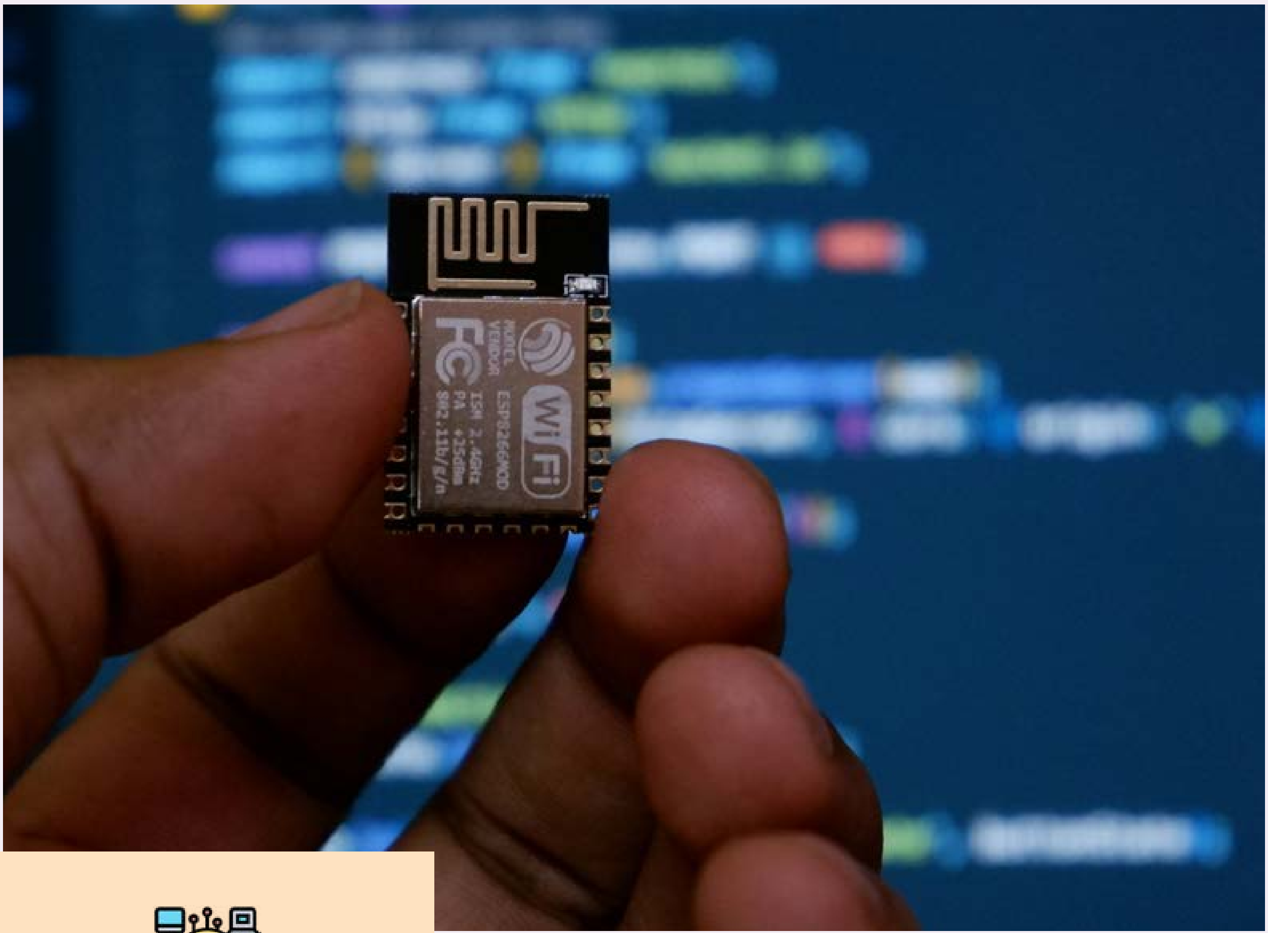


4. ICT Systems and Applications

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.

STRATEGIC PLAN

2019-2028 Strategic Plan



The Scheme continues to strengthen ICT governance by ensuring compliance with applicable legislation, standards, and best practices.

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 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

ISO CERTIFICATION

ISO 9001:2015 is more than a certification; it is a management philosophy that promotes a culture of continuous improvement.

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.

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.

PENSION BENEFITS ENTITLEMENT

ACCESS OF RETIREMENT SAVINGS

LEAVING SERVICE

A member is paid **50%** of the total benefits in the Scheme less applicable tax.

The balance of **50%** or the entire member account can be transferred into a Registered Post Retirement Medical Fund or deferred in the Scheme until retirement age.

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.

RETIREMENT

Payable from the age of **50** years or earlier on ill-health grounds. The benefits payable include a lump sum equivalent to one-third of the total accrued benefits and a monthly pension is payable during the lifetime of a member.

DEATH

Death In Service - Pension is payable to the beneficiaries. **50%** of the main member's pension is payable to the spouse and **12.5%** of the main member's pension is payable to a maximum of 4 children up to 21 years plus an Insured group life benefit equal to 5 times the annual basic salary is paid out as a lump sum (As per Group Life policy in Place)

Death In Retirement - If the pensioner dies before the expiry of the guarantee period (60 months), a one-off lump sum benefit is payable based on residual pension and a pension is payable to spouse and children as above.

WIDOWS AND ORPHANS PACKAGE

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.

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.

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.

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.

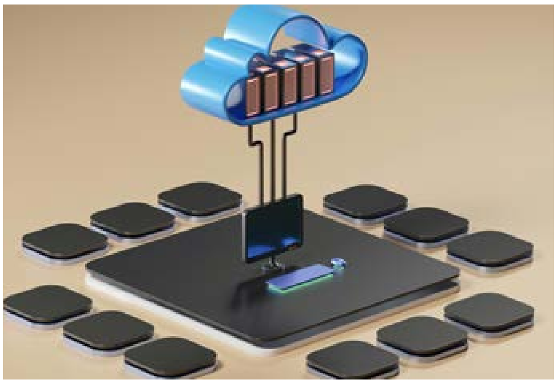
PROTECTING MEMBERS' DATA

Strengthened Governance Framework

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

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)

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



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)

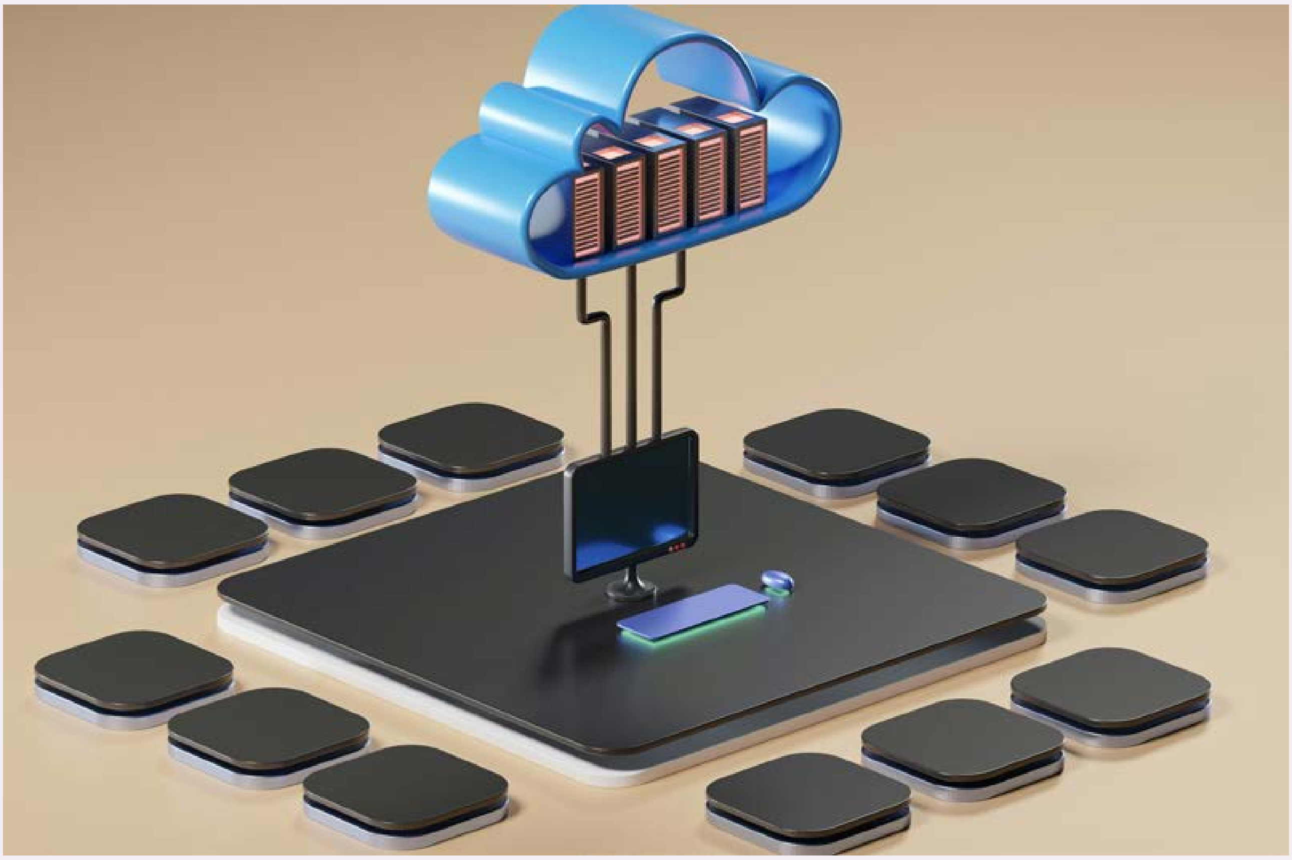
Looking Ahead: A Future-Proof Commitment

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

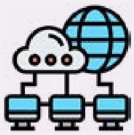
We recognize that safeguarding personal data is inseparable from safeguarding your retirement security.

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. Member Self-Service Portal

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.

The Scheme has successfully developed and deployed a Pensioner Self-Service Portal, mirroring the functionality available to active members.

4. Enhanced Communication through Digital Channels

The Scheme continues to leverage on 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

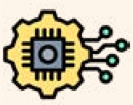
Digital communication remains a critical tool in meeting the expectations of a tech-savvy membership base.

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.

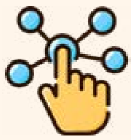


6. Strengthening Cybersecurity and Digital Resilience

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.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

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.

As a closed defined benefit scheme with a diminishing active contribution base, the KenGen Defined Benefit Scheme operates within a distinctive risk environment that is shaped by the need to preserve capital, maintain liquidity, and honour pension obligations to a fixed and ageing membership. The ERM framework is calibrated to reflect these characteristics, with risk appetite and mitigation strategies weighted accordingly.

The strategic objectives of our ERM are to:

- Establish a thorough and systematic approach for identifying and assessing risks specific to a closed defined benefit scheme environment.
- 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 investment decision-making processes.
- Create an environment that manages and controls risks within agreed tolerance levels, prioritising the critical risks of market volatility, liquidity, and cyber security.

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.

The Scheme faces a distinctive risk profile as a closed defined benefit scheme with a diminishing contribution base. Unlike an open scheme where new member contributions provide a regular capital inflow, the KenGen Defined Benefit Scheme is funded by existing assets and declining contributions, making the preservation of capital, the management of market exposure, and the maintenance of adequate liquidity existential priorities rather than merely operational ones.

Establish a thorough and systematic approach for identifying and assessing risks specific to a closed defined benefit scheme environment.

Market Risk is ranked as the Scheme's primary concern (No. 1, rated 20 — High), reflecting the direct and immediate impact that adverse movements in financial markets — including interest rate fluctuations, equity market volatility, inflation, and credit spread widening — can have on the value of the investment portfolio relative to the Scheme's fixed pension liability obligations. For a defined benefit scheme, adverse market movements do not only reduce asset values but can simultaneously increase the present value of liabilities (particularly in low interest rate environments), creating a compounding impact on the Scheme's funding position. The Scheme therefore maintains a low tolerance for unhedged market risk exposures and will actively seek to align asset duration with liability profiles wherever possible.

Liquidity Risk is ranked second (No. 2, rated 20 — High), reflecting the unique vulnerability of a closed defined benefit scheme. With contributions declining as the active membership diminishes and benefit outflows increasing as members retire, the Scheme faces a structural liquidity challenge: it must maintain sufficient liquid assets to meet monthly pension payroll obligations, lump sum retirement benefits, and regulatory requirements, without being compelled to liquidate long-term investments at inopportune times. The Scheme maintains a low tolerance for liquidity risks and will avoid investments that could compromise its ability to meet short-term obligations, ensuring that a designated liquidity buffer is maintained at all times.

Cyber Security Risk is ranked third (No. 3, rated 20 — High), reflecting the growing dependency of the Scheme's governance and administrative functions on digital platforms, including the eBoard management system and the integrated risk management module. The increasing sophistication of cyber threats — including ransomware, phishing, data breaches, and system intrusions — poses a material risk to the integrity, confidentiality, and availability of the Scheme's member data, financial records, and governance systems. The Scheme therefore maintains a low tolerance for cyber security risks and has implemented dedicated real-time monitoring controls, access management protocols, and staff awareness programmes to mitigate these exposures continuously.

Compliance Risk is ranked fourth (No. 4, rated 16 — High), recognising the extensive regulatory framework governing defined benefit schemes in Kenya, including the Retirement Benefits Act, RBA Regulations, and associated guidelines. Non-compliance carries regulatory sanctions, reputational damage, and the risk of remediation costs that could erode the Scheme's assets. The Scheme maintains a proactive compliance culture and will not knowingly accept compliance risk exposures that could attract regulatory intervention.

> *"Liquidity Risk is ranked second (No. 2, rated 20 — High), reflecting the unique vulnerability of a closed defined benefit scheme.*

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Operationally, the Scheme maintains a conservative risk appetite, dedicating resources to mitigate operational risks to acceptable levels.

Return on Investment (ROI) Risk is ranked fifth (No. 5, rated 16 — High), reflecting the obligation of a defined benefit scheme to generate investment returns that are sufficient to fund accrued pension liabilities. Underperformance against the liability discount rate directly increases the Scheme's funding deficit and may require additional employer contributions. The Scheme will pursue a prudent investment strategy that seeks to balance return generation with capital preservation, consistent with the funding objectives and the membership's demographic profile.

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 maintain operational effectiveness and governance efficiency.

The Scheme's risk appetite reflects the structural realities of a closed defined benefit scheme: capital preservation, liquidity maintenance, and cyber resilience are the three highest priorities, and the Scheme's investment, operational, and governance decisions are calibrated accordingly.

3. Risk Management Process

The Scheme's risk management process is structured around seven integrated activities, each calibrated to the specific risk environment of a closed defined benefit scheme:

- **Risk Identification:** Systematically identify potential risks that could impact the Scheme's objectives, including market, liquidity, cyber security, compliance, return-on-investment, strategic, governance, and operational risks.
- **Risk Assessment:** Evaluate and prioritise identified risks based on their likelihood and potential impact to the Scheme's funding position, member obligations, and governance, 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 and consistent with the Scheme's conservative risk appetite.
- **Risk Monitoring:** Continuously monitor risk exposure and the effectiveness of mitigation measures, adjusting strategies as necessary in response to changing market conditions, regulatory developments, and membership demographics.
- **Risk Reporting:** Regularly report on risk status, exposure, and management effectiveness to the Board of Trustees, ensuring transparency and informed decision-making.
- **Risk Integration:** Embed risk management practices within the Scheme's investment processes, governance culture, and operational 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 Benefit 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 reflects the Scheme's position as a closed defined benefit scheme: Market Risk, Liquidity Risk, and Cyber Security Risk are each rated at 20 (High) and collectively constitute the three highest-priority risks requiring immediate management attention. Compliance Risk and ROI Risk are rated at 16 (High), consistent with the regulatory and funding obligations inherent in defined benefit administration.

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

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 funding position, pension obligations, financial position, public perception, relationship with regulatory bodies, operations, and staff motivation.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

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 Features of the DB Scheme Heat Map: A defining characteristic of the KenGen Defined Benefit Scheme's risk heat map is the cluster of three risks at the highest residual risk intersection. **Market Risk, Liquidity Risk, and Cyber Security Risk** are all positioned at Likelihood: 4 (Likely) × Impact: 5 (Catastrophic), producing a residual score of 20 (High) for each. This tripartite cluster at the highest active risk intersection reflects the unique structural vulnerability of a closed defined benefit scheme: market movements directly affect both assets and liabilities simultaneously; liquidity risk is an ever-present structural concern as contributions decline and benefit outflows grow; and cyber security risk is elevated by the Scheme's growing reliance on digital governance and administrative platforms.

Compliance Risk and ROI Risk are positioned at Likelihood: 4 (Likely) × Impact: 4 (Major), producing a residual score of 16 (High). **Strategic Risk, Governance Risk, Investment Risk, and Succession Planning** are mapped at Likelihood: 3 (Possible) × Impact: 4 (Major), consistent with their medium score of 12. **Related Party Risk** is positioned at Likelihood: 2 (Unlikely) × Impact: 4 (Major), consistent with its low score of 8.

Likelihood / Impact	1 — Insignificant	2 — Minor	3 — Moderate	4 — Major	5 — Catastrophic
5 — Almost Certain	21 to 25				
4 — Likely	16 to 20			CR / RR	MR/LR/CS
3 — Possible	11 to 15			SR/GR/IR/SP	
2 — Unlikely	6 to 10			RPR	
1 — Rare	1 to 5				

Heat Map Legend

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

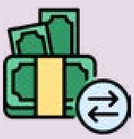
Risk Abbreviation Key

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

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

The KenGen Defined Benefit 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 trustees with up-to-date risk status information across all ten risk categories.

For Market Risk — the Scheme's highest-rated risk — the eBoard system continuously monitors portfolio valuations, interest rate movements, equity indices, and credit spreads against pre-set thresholds. For a defined benefit scheme, market risk monitoring is particularly critical because deteriorating market conditions can simultaneously reduce asset values and increase the present value of pension liabilities, rapidly widening the funding deficit. The system triggers immediate alerts to trustees and the investment manager when exposures approach or exceed agreed tolerance limits, enabling rapid portfolio realignment before losses compound.



For Liquidity Risk — the Scheme's second-ranked risk — the eBoard system tracks cash flow projections, benefit payment schedules, contribution receipts, and liquid asset buffers in real time. Given the structural dynamics of a closed defined benefit scheme — declining contributions and rising benefit outflows — the system provides rolling liquidity forecasts that alert trustees when the projected liquidity buffer falls below the agreed minimum threshold, enabling proactive asset reallocation before a liquidity shortfall materialises.

For Cyber Security Risk — the Scheme's third-ranked risk, rated alongside Market and Liquidity at 20 (High) — the eBoard system provides automated monitoring of system access logs, network activity, and data integrity indicators. Anomalies or suspicious activities generate instant alerts to the ICT and governance teams, enabling real-time investigation and response. 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 for regulatory audit purposes.

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 preserving our conservative risk appetite, protecting pension obligations, and ensuring the long-term financial sustainability of the Scheme.

OUR SUSTAINABILITY AGENDA

Our Contribution Sustainable Development Goals (SDGS)

In today's world, where climate change, social inequality, and environmental challenges continue to intensify, pension funds must integrate sustainability and corporate responsibility into their operations. By doing so, they play a critical role in fostering economic stability and long-term growth.

By embedding ethical and responsible investment practices into its framework, the **KenGen Staff Retirement Benefits Scheme** not only secures sustainable financial returns but also contributes to a more equitable and resilient future. Incorporating sustainability into its operations is essential for mitigating long-term financial risks.

The Scheme has embedded sustainable and responsible investment strategies, allowing it to proactively identify and address risks such as climate change impacts, regulatory shifts, and reputational concerns that could affect overall performance.

1. No Poverty (SDG 1)

The Scheme remains steadfast in its commitment to eradicating poverty by providing financial security for pensioners and beneficiaries, ensuring they receive a stable income after retirement or in the unfortunate event of a member's passing while in service.

During the reporting year, the Scheme disbursed Kshs 545 million in pension payments to guarantee financial continuity for retirees and beneficiaries.

Through the Widow and Orphan Trust Program, the Scheme has maximized the pension benefits of deceased members to uphold the financial well-being of beneficiaries. Key initiatives under this program include:

- Covering school fees and related expenses for beneficiaries.
- Providing essential upkeep support based on demonstrated needs.

Additionally, financial literacy training was provided to members, equipping them with knowledge to better plan for retirement while fostering a culture of wealth creation and savings.

2. Good Health and Well-being (SDG 3)

Recognizing healthcare as a crucial concern for retirees, the Scheme has implemented structures to ensure pensioners have access to affordable medical coverage post-retirement.

Given that securing a suitable medical cover is one of the primary challenges for retirees, the Scheme has facilitated negotiations and onboarding into cost-effective healthcare plans, allowing pensioners to pay monthly premiums for continued access to quality medical services.

3. Gender Equality (SDG 5)

The Scheme actively promotes women's participation in leadership and decision-making at all governance levels. It also supports procurement opportunities for Women, Youth, and Persons with Disabilities through the Access to Government Procurement Opportunities (AGPO) program.

During the reporting year, the Scheme complied with the one-third gender rule at both the Board and Secretariat levels, ensuring balanced representation.

Additionally, 40.7% of total procurement was awarded to special groups, including Women, Youth, and Persons with Disabilities, reinforcing

4. Clean Water and Sanitation (SDG 6)

The Scheme prioritizes access to clean water, water harvesting initiatives, and improved sanitation in all its property developments, ensuring compliance with environmental and sustainability standards. its commitment to inclusivity.

5. Affordable and Clean Energy (SDG 7)

The Scheme takes pride in its association with its sponsor, Kenya Electricity Generating Company PLC (KenGen), the leading power generation company in East Africa.

KenGen is renowned for its commitment to clean, affordable, and renewable energy, utilizing a diverse energy mix that includes Geothermal, Solar, Wind, and Hydroelectric power to drive sustainability in the region.

This structured approach enables the Scheme to contribute meaningfully to global sustainability objectives, ensuring long-term financial security while advancing economic, social, and environmental progress.

40.7%

Total procurement awarded to special groups, including Women, Youth, and Persons with Disabilities, reinforcing its commitment to inclusivity.

> *"The Scheme has implemented structures to ensure pensioners have access to affordable medical coverage post-retirement.*

OUR SUSTAINABILITY AGENDA

ESG & Sustainable Investment Report

Environmental: *Reduce carbon intensity across portfolio holdings and increase allocation to clean energy, green infrastructure and climate-resilient assets.*

Social: Prioritize investments that improve access to education, healthcare, housing and employment opportunities across underserved populations.

1. Introduction to Sustainable Investing

In the face of a rapidly evolving global financial and environmental landscape, the KenGen Defined Benefits (DB) Scheme continues to prioritize sustainable value creation across its investment portfolio. We believe that integrating Environmental, Social and Governance (ESG) principles into our decision-making processes is not only a fiduciary imperative but a driver of long-term resilience and opportunity.

Our commitment to ESG aligned investing is central to our mission: *to ensure members and beneficiaries enjoy financial security in retirement, while contributing meaningfully to a just, inclusive and low-carbon future.*

2. 2025 ESG Integration Framework

A. Investment Philosophy and Strategy

Our investment framework is rooted in the belief that sustainability risks and opportunities can materially impact financial performance. We actively pursue strategies that:

- Channel capital into enterprises and sectors advancing environmental protection, social progress and strong governance.
- Promote inclusive economic development aligned with national goals and global sustainability standards.
- Balance returns with a disciplined approach to ESG-related risk assessment and mitigation.

Reduce carbon intensity across portfolio holdings and increase allocation to clean energy

B. Core ESG Investment Objectives

- **Environmental:** Reduce carbon intensity across portfolio holdings and increase allocation to clean energy, green infrastructure and climate-resilient assets.
- **Social:** Prioritize investments that improve access to education, healthcare, housing and employment opportunities across underserved populations.
- **Governance:** Uphold principles of transparency, accountability and ethical leadership by supporting robust corporate governance practices.

3. Highlights of 2025 Initiatives and Achievements

A. Sustainable Asset Allocation

- **Infrastructure Bonds:** We expanded our holdings in long-duration infrastructure bonds that fund national projects with significant environmental and social returns, including transport, clean water and renewable energy infrastructure.
- **Real Estate Investment Trusts (REITs):** In pursuit of both social impact and financial yield, the Scheme increased investments in REITs focused on affordable student housing and green building standards.
- **Private Equity:** Strategic exposure to private equity funds enabled investments in SMEs contributing to job creation, healthcare access and gender inclusion. These funds have demonstrated measurable impacts in employment growth and female representation in leadership.

B. Stewardship and Shareholder Engagement

- We exercised our shareholder rights through **proxy voting**, supporting resolutions that champion:
  - Board diversity and competence.
  - Responsible dividend distribution aligned with long-term capital preservation.
  - Climate and human rights disclosures.
- **Policy Advocacy:** The Scheme participated in national stakeholder forums, including sessions on Bond Valuation Methodology, ensuring that pension sector voices are integrated into evolving regulatory frameworks.
- **Financial Education & Inclusion:** In collaboration with our sponsor, we ran targeted financial wellness sessions for youth and community groups, emphasizing responsible saving, debt management and pension planning.

4. Strategic Partnerships for ESG Implementation

We maintain robust engagement with Investment Managers, General Partners and Custodians. Our expectation is clear: ESG is not an optional layer, but a core investment lens. We actively evaluate partners on their ESG integration maturity, transparency and alignment with our long-term values.

This year, we formalized ESG reporting requirements across mandates, including climate risk disclosures, diversity metrics and ESG incident reporting protocols.

5. Outlook for 2026 and Beyond

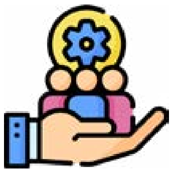
Looking forward, we aim to:

- Introduce **climate scenario analysis** across key portfolio segments.
- Deepen our **impact measurement** to capture not only risk-adjusted returns but also real-world outcomes.
- Expand our participation in **green bond markets** and thematic ESG funds targeting the circular economy and technological innovation.

We are also exploring **carbon foot printing** of our portfolio to align more closely with global net-zero investment principles.

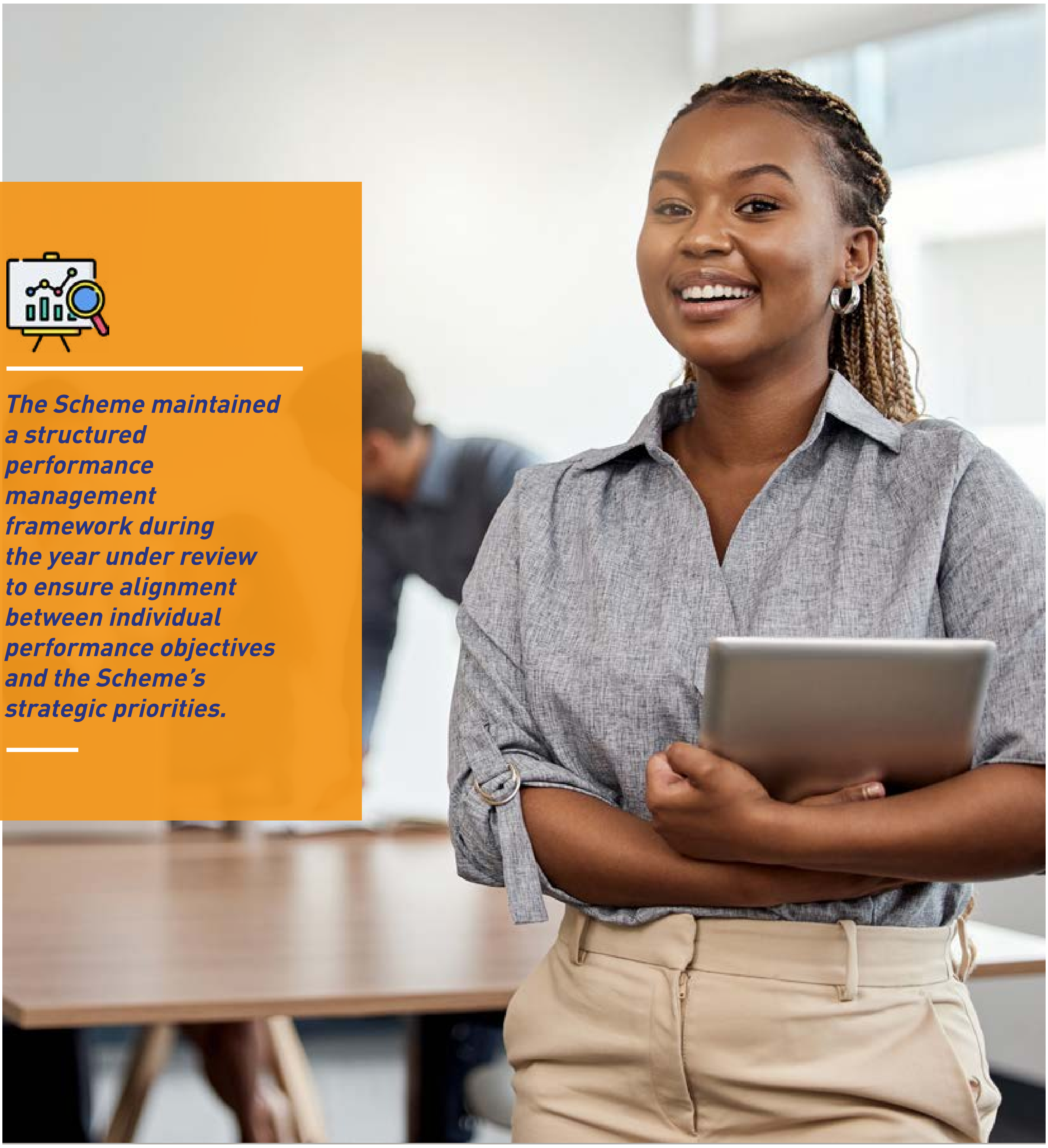
At the KenGen DB Scheme, ESG is not a tick-box exercise—it is a dynamic, value-driven approach to fiduciary excellence. We recognize that today's investment decisions shape tomorrow's world and we are proud to be part of a movement building both financial and societal wealth. We remain committed to leading with purpose, partnering with integrity and investing for a sustainable future for our members and for generations to come.

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.



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.

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 & 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.

> *"Employees were supported in pursuing professional certifications, specialized training, industry seminars and professional forums.*

OUR HUMAN CAPITAL

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.

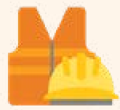
5. Employee Welfare and Engagement

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.

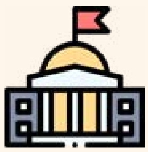
The Scheme also maintained its commitment to fair and equitable employment practices, promoting equal opportunity and ensuring a workplace free from discrimination, harassment, and other forms of inappropriate conduct. This commitment reinforces the Scheme's governance framework and supports the attraction,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

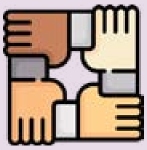


7. Governance, Compliance and Ethics

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.



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.

10. 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.

The HR function remains aligned with the Scheme's strategic direction, supporting long-term sustainability, efficiency and value creation.

04 SCHEME ACTIVITIES

MEMBER ENGAGEMENT

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 education programs
- Pre-retirement education programs
- Retirement Briefing Sessions for leavers
- Beneficiaries' meetings
- Themed customer service week
- Annual General Meeting
- Beneficiaries' Education Programs

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 Customer 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

MEMBER ENGAGEMENT

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) 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.

f) 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.

g) Beneficiaries' Education Programs

This year we held the first beneficiary education sessions in six (6) regions. A total of one hundred and ninety eight (198) beneficiaries attended the sessions representing 60% of the beneficiaries. These sessions provide an opportunity to have a one-on-one discussion with beneficiaries and obtain feedback on our services as well as come up with ways to deliver more value. We also educated the beneficiaries about the medical covers available for pensioners and onboarded.

Beneficiaries Education

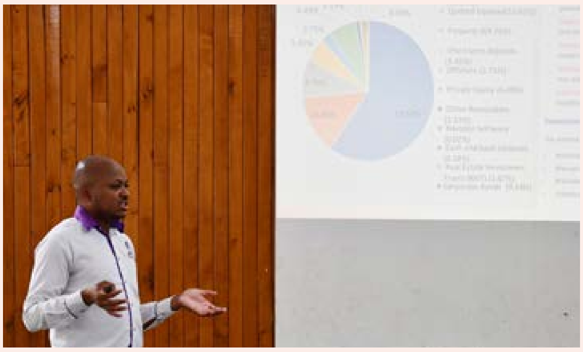
Customer Service Week 2025 Activities

***1.**, **2.** & **3.** Secretariat giving giveaways to members at Eastern (Hydros) region*
***2.** One of our members Mr. Michael Odemba from Central Office receiving giveaway at the Secretariat offices*
***4.** One of our stakeholders paid the Secretariat offices a courtesy call as show of appreciation*

MEMBER ENGAGEMENT

Board Retreat


Member Education




AGM 2025

Awards and Accolades

05 OUR SCHEME GOVERNANCE FRAMEWORK

GOVERNANCE FRAMEWORK 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.

1. Board of Trustees

The Board of Trustees serves as the governing body of the KenGen Staff Retirement Benefits Scheme, entrusted with overseeing its corporate governance. It is composed of Nine (9) 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, apart from the required funding level as summarized below.

a) The Retirement Benefits Act (the 'Act'), through the Retirement Benefits (Minimum Funding Level and Winding-up of Schemes) Regulations, 2000 Paragraph 4, notes that the minimum required funding level required for the Scheme is 100%. The Scheme's funding ratio as at 31 December 2023 (as per the previous Actuarial valuation report) was 84.2% which is below the minimum required level of 100%.

b) The Act, through the Investments, Regulations and Policies issued by the Retirement Benefits Authority, caps the investment by pension schemes in immovable property in Kenya at 30% of the total fund value. As at 31st December 2025, the Scheme's immovable property accounted for 20.39% of the total assets which is below 30% and hence compliant with the law.

3. Objectives of the Board

The Board of Trustees seeks to achieve the following:

d) 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.

> *"As at 31st December 2025, the Scheme's immovable property accounted for 20.39% of the total assets which is below 30% and hence compliant with the law.*

Operationally, the Scheme maintains a conservative risk appetite, dedicating resources to mitigate operational risks to acceptable levels.

e) 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.

f) 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.

g) 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.

4. Board Charter

The Scheme Board Charter outlines the roles, responsibilities, and structural frameworks essential for facilitating strategic oversight by its members. Integral to the governance framework of the Scheme, the Charter provides guidance on corporate governance principles, delineates the roles and functions of the Board of Trustees, ensures corporate performance, viability, and sustainability, oversees corporate reporting and accountability, establishes Trustee operating principles, defines a code of ethics, and gives guidance on Board performance management.

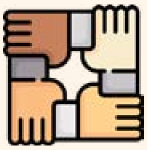
5. Effective Governance

The Board of Trustees believes a high standard of corporate governance is essential to achieving our corporate and strategic objectives, which are aimed at creating good retirement outcomes for our members. The Board has fiduciary and statutory obligations with respect to overseeing the Fund and prioritizes members' best financial interests. A fundamental aspect of the Board's role is to ensure an effective corporate governance framework that closely aligns with industry best practice is in place.

The Board holds an Annual Strategy retreat to deliberate on the strategic direction of the Scheme and holds quarterly meetings to review the Scheme performance and status of the strategy implementation. The Board has in place various policies to govern the operations of the Scheme and receives a quarterly internal audit report on compliance of these policies.

6. ICT Governance

The Board of Trustees plays a key role in ICT governance by ensuring technology supports the Scheme's strategic goals and adds value. In alignment with the 2019–2028 Strategic Plan, the Scheme has made significant investments in ICT infrastructure to streamline and improve key business processes, thereby boosting efficiency and service quality. Among the notable achievements under this strategic framework are the automation of core business processes, the implementation of the Member Self-Service Portal, the digitization of member records, the introduction of a toll-free line and the deployment of e-board services all of which have greatly strengthened operational performance. To protect the integrity of its ICT environment, the Scheme carries out quarterly ICT audits, with findings reported to the Audit and Risk Committee for oversight and corrective action. Furthermore, the Scheme upholds rigorous information security measures to guarantee the confidentiality, integrity, and availability of all data within its systems.



7. Board Development Program

The Scheme Trustees undergo regular capacity building every year to enhance their knowledge in diverse areas of corporate governance, leadership, scheme regulations and best practices, scheme investments and specialized relevant courses. The Board and it's committees receive regular updates on regulation that impacts the operations of the Scheme to ensure compliance and alignment with the operating environment. During the year, all Trustees underwent various training programs on areas of corporate governance, scheme investments, scheme regulations and best practices.

8. Conflict of Interest and Declaration of Interest

The Board of Trustees has in place a Conflict of Interest policy in accordance with the Retirement Benefits Authority Good Governance Guidelines and all Trustees are obliged to fully disclose to the Board any real or perceived conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Board and Committee meetings prior to discussion of a substantive agenda.

9. Board of Trustee Evaluation

In January 2026, the Board of Trustees of the KenGen Staff Retirement Benefits 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 95.15%, with the Investment & Strategy Committee scoring 92.33%, the Administration & Communication Committee scoring 89.2%, and the Audit & Risk Management Committee scoring 93.3%. While the results reflected strong governance, the evaluation identified areas for improvement including legislative monitoring, staff retention oversight and strengthening mechanisms for translating stakeholder feedback into actionable improvements.

10. Succession Planning

As part of its commitment to sound governance and long-term sustainability, the Scheme has continued to prioritize Board succession planning. Guided by a formal policy framework to identify, assess, and develop Trustees to seamlessly assume key roles when necessary. The Board has established and actively implements a formal succession plan, which is reviewed regularly to support smooth leadership transitions and uninterrupted operations. To further strengthen governance continuity, the Scheme manages Trustee tenure through a staggered approach, effectively preventing simultaneous exits and preserving institutional knowledge and leadership stability.

11. Procurement Practice

The Scheme maintains a strong and transparent procurement framework, fully aligned with the requirements of 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 .

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.

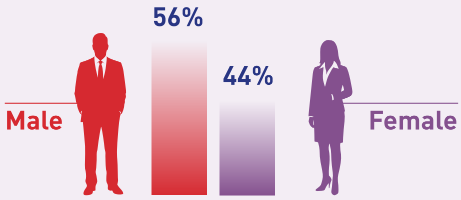
GOVERNANCE FRAMEWORK STATEMENT

The KenGen Staff Retirement Benefits Scheme is equipped with an assorted mix of skills and background with varied experience and expertise aligned to the needs of the Scheme.

13. Gender Parity

The composition of the Board of Trustees is as here under;

a) **Gender balance:**
Female - 44%   Male - 56%
b) **Skills Mix:** Number of Trustees with financial skills - 2
c) **Age mix:** Number of Trustees who are younger than 35yrs - 0



14. Trustees in Office

In this financial year, the following Trustees served in the Board of KenGen Staff Retirement Benefits Scheme:

Name of Trustee	Age	Category (Member elected/Sponsor nominated/ Professional)	No of Meetings Attended	Certified (Yes/No)	Highest qualification	Membership of Other Boards
Mr. William Rahedi	64	Sponsor Nominated	11	Yes	Master's Degree	KenGen Plc
Mr. Ernest Nadome	58	Members' Elected	34	Yes	Master's Degree	Kenya Power Pension Fund
Ms. Elizabeth Njenga	52	Sponsor Nominated	25	Yes	Master's Degree	N/A
Mr. Austin Ouko	44	Sponsor Nominated	30	Yes	Master's Degree	N/A
Ms. Jennifer Mbugua*	53	Sponsor Nominated	30	Yes	Master's Degree	N/A
Mr. Muhumed Abdi	56	Members' Elected	27	Yes	Bachelor's degree	N/A
Mr. Charles Ronoh Kibet	40	Sponsor Nominated	27	Yes	Bachelor's degree	N/A
Ms. Teresa Karani	50	Sponsor Nominated	27	Yes	Master's Degree	N/A
Ms. Jennifer Oduor	63	Member Elected	36	Yes	Master's Degree	N/A
Ms. Beatrice Kandie**	53	Sponsor Nominated	-	No	Master's Degree	N/A

* Retired on 18th October 2025
**Appointed on 4th December 2025

15. Meetings

The Board of Trustees held Nine (9) full Board meetings during the year ended 31st December 2025. The meetings were held on the dates below:

10TH **MARCH** 2025	**20**TH **NOVEMBER** 2025
24TH **MARCH** 2025	**3**RD **DECEMBER** 2025
29TH **MAY** 2025	**10**TH **DECEMBER** 2025
12TH **AUGUST** 2025	**17**TH **DECEMBER** 2025
1ST **SEPTEMBER** 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
Ms. Elizabeth Njenga-*Chair*	**Mr. Ernest Nadome**-*Chair*	**Mr. Austin Ouko-***Chair*
Mr. Austin Ouko	**Mr. Mr. Charles Ronoh Kibet**	**Ms. Jennifer Mbugua***
Ms. Teresa Karani	**Ms. Elizabeth Njenga**	**Ms. Jennifer Oduor**
Ms. Jennifer Mbugua*	**Ms. Jennifer Oduor**	**Mr. Ernest Nadome**
Mr. Muhumed Abdi	**Mr. Muhumed Abdi**	**Mr. Charles Ronoh Kibet**
Ms. Beatrice Kandie**	**Ms. Teresa Karani**	**Ms. Beatrice Kandie****

* Retired on 18th October 2025
**Appointed on 4th December 2025

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	11	Professional Consultants	2,155	1,695
Administration & Communication	7	Professional Consultants	2,665	1,266
Audit & Risk Management	5	Professional Consultants	865	820
Full Board	9	Professional Consultants	3,944	3,265
Total			9,629	7,046

GOVERNANCE FRAMEWORK STATEMENT

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

16.3 Audit & 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) Review the performance and efficacy of the ICT systems in place.

The Board and its committees convened special meetings to address various matters that required special consideration that was not timely with the regular meetings.

17. Responsibility corporate citizenship

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

18. Annual General Meeting

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

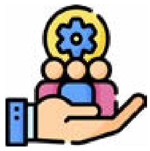
19. Trustees' remuneration policy

During the year under review, the Trustees were paid a gross sum of Kenya shillings Nine Million Six Hundred and Twenty Nine Thousand only (Shs 9,629,000). The Trustees Capacity Building and other expenses for the year were Kenya shillings Ten Million Eight Hundred and Seventy-Four Thousand only (Shs 10,874,000).

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

20. 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. 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 organization. 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.



21. 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.

22. 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	201	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

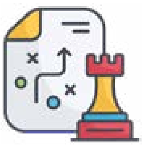
23. Member Satisfaction Survey

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.

GOVERNANCE FRAMEWORK STATEMENT

24. 10 Year Strategy Mid- Term Review

In the year under review, the Board of Trustees undertook a Mid-Term Review of the 10-Year Strategic Plan (2019–2028), which confirmed significant progress in strategic alignment, investment performance, governance, and operational efficiency. Over the past five years, the Scheme recorded a 23% growth in fund value and improved service delivery through the implementation of ERP and ICT systems. The Scheme remains firmly committed to prudent risk management, regulatory compliance, and member satisfaction. The review provided actionable recommendations aimed at enhancing sustainability, optimizing asset allocation, and strengthening stakeholder engagement as the Scheme enters the second half of the strategic period.



25. 2025 Strategy Planning

DB Scheme 10 Year Strategy Implementation.

The year marked the successful commencement of Horizon II of the Scheme's 10-Year Strategic Plan. Building on the gains achieved under Horizon I, the Board remained focused on strengthening liquidity, enhancing governance and modernizing operations. A key milestone during the year was the continued rebalancing of the investment portfolio through increased allocation to low-risk, income-generating assets while reducing exposure to illiquid investments. These strategic initiatives contributed to the Scheme's fund value growing to KES 10.04 billion and the Held-to-Maturity portfolio delivering a return of 14.8%.

26. 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.

In line with the Retirement Benefits Authority (RBA) regulations, which prescribe a minimum funding level of 100%, meaning that the Scheme's assets should be at least equal to its accrued liabilities, the Scheme's current funding level stands at 84.2%. This marks a notable improvement from the 76.9% funding level reported in 2020. To address the funding gap, the Sponsor has continued to fund the actuarial deficit. Actuarial valuations, which are conducted every three years to assess the Scheme's financial health, are scheduled to take place again in 2026.

06 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 of KenGen Staff Retirement Benefit Scheme (the "Scheme") for the year ended 31 December 2025.

Establishment, nature and status of the Scheme

Prior to 31 December 2000, the Kenya Power and Lighting Company Staff Retirement Benefits Scheme ("KPLC SRBS") was the only Scheme existing for the employees of Kenya Power and Lighting Company Plc ("KPLC") and Kenya Electricity Generating Company ("KenGen Plc"). A decision was made by the two employers to operate two separate schemes and the KenGen Staff Retirement Benefits Scheme ("KenGen SRBS") was established in the year ended 31 December 2000. As at 31 December 2014, the transfer of assets to KenGen SRBS from the legacy scheme had been completed.

The Scheme is governed by a Trust Deed & Rules dated 6 November 2000. It is a Defined Benefit Scheme and provides, under the rules of the Scheme, retirement benefits for the staff of Kenya Electricity Generating Company (KenGen Plc). It is an exempt approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority (Registration No 1083).

Employees contribute to the Scheme at the rate of 10% (2024: 10%) of their respective basic salaries. The employer contributes at rates based on periodic advice of the actuary. The current rate is 20% (2024: 20%) of employees' basic salaries.

In compliance with the Treasury Circular No. 18 dated 24 November 2011, KenGen Plc undertook a redesign of the retirement benefits arrangement whereby a new defined contributory (DC) Scheme 2012 was established with effect from 01 January 2012. As stipulated in the aforementioned circular, the members who were below 45 years were required to transfer and join the new DC Scheme. The members who were 45 years and above were given the option to either remain in this Scheme or move to the DC Scheme.

Actuarial position

The last actuarial valuation was as at 31 December 2023 by Zamara Actuaries, Administrators & Consultants Limited, an independent firm of actuaries, using the Attained Age Method.

According to the valuation at that date, the actuarial present value of promised retirement benefits was Shs 10.5 billion, while the fair value of the net assets available for benefits was Shs 8.86 billion, resulting in a deficit of Shs 1.66 billion. Although the actuary recommended a remedial plan to address the deficit, this was not implemented as proposed. Subsequently, the Sponsor requested that a fresh actuarial valuation be undertaken, and this process is currently underway. The Sponsor will consider the findings of the new valuation before determining the appropriate course of action. Details of the Actuarial Valuation are included in Note 18.

REPORT OF THE TRUSTEES

For the year ended 31 December 2025

Membership

		2025 Shs'000	2024 Shs'000
a)	**Total members**		
	In-service members	753	837
	Pensioners and beneficiaries	1,325	1,277
		2,078	**2,114**
b)	**Membership Categories**		
	In-service members		
	Contributing	9	18
	Deferred	52	61
	Dormant (Contributing in DC)	692	758
	At end of year	**753**	**837**
c)	**Pensioners**		
	At start of year	1,277	1,220
	Contributing members who retired during the year	72	78
	Widows or widowers pension becoming payable	22	23
		1,371	**1,321**
	Less: Deaths	(17)	(18)
	Less: Cessation of Children Pension	(29)	(26)
	At end of year	**1,325**	**1,277**

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 428,521,000 (2024: Shs 1,011,707,000) and the statement of net assets available for benefits on **page 85** shows the Scheme's net assets as Shs10,040,904,000 (2024: Shs 9,612,383,000).

Investment of funds

Under the terms of their appointment, Sanlam Investments East Africa and GenAfrica Asset Managers were responsible for the investment of available funds. They are not responsible for investment in properties, which are managed in-house.

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

REPORT OF THE TRUSTEES

For the year ended 31 December 2025

The Scheme's investment portfolio as at 31st December 2025 was as follows:

	2025 Shs'000	%	2024 Shs'000	%	RBA Limit
Investment Property	2,015,000	20.39%	4,045,000	42.4%	30%
Government Securities	6,533,012	66.10%	4,587,813	48.0%	70%
Equities	980,547	9.92%	617,433	6.4%	70%
Fixed Deposits	159,187	1.61%	97,050	1.0%	30%
Corporate Bonds	-	0.00%	34,389	0.4%	30%
Offshore Investments	195,972	1.98%	167,844	1.8%	15%
	9,883,718	**100%**	**9,549,529**	**100%**	

As at 31 December 2025, the Scheme's allocation to Investment Property stood at 20.39% (2024: 42.4%), which is now within the RBA regulatory limit of 30%.

During the year, the Trustees implemented a strategic rebalancing of the portfolio, including disposal of part of the Investment Property holdings. This has significantly reduced property concentration risk and brought the Scheme into compliance with the prescribed RBA threshold. The proceeds were largely reallocated to Government Securities and other compliant asset classes in line with the approved Investment Policy Statement.

The Trustees will continue monitoring asset allocation levels to ensure sustained compliance with RBA limits and optimal portfolio diversification.

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 interest 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.

Auditor

PricewaterhouseCoopers LLP continues in office in accordance with the Retirement Benefits Act.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 International Financial Reporting 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

William Rahedi
Chairman - Board of Trustees

Hannah Nguhi
Trust Secretary

07 INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENGEN STAFF RETIREMENT BENEFITS SCHEME

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of KenGen Staff Retirement Benefits Scheme (the "Scheme") set out on **pages 84 to 113** which comprise the statement of net assets available for benefits at 31 December 2025 and the statement 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 Staff Retirement Benefits Scheme 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 STAFF RETIREMENT BENEFITS SCHEME (Cont'd)

Responsibilities of the Trustees for the financial statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with 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 risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 STAFF RETIREMENT BENEFITS SCHEME (Cont'd)

Auditor's responsibilities for 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.

Bernice Kimacia

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: 91526260330

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2025

	Notes	2025 Shs'000	2024 Shs'000
Income from dealings with members			
Contributions received	5	10,236	626,250
Outgoings from dealings with members			
Benefits payable: - pensioners		(665,051)	(607,129)
- leavers		(272,118)	(304,742)
		(937,169)	**(911,871)**
Net outflows from dealings with members		**(926,933)**	**(285,621)**
Returns on investments			
Investment income	6	865,141	995,226
Change in fair value of financial assets	8(g)	684,247	591,509
Change in fair value of investment property	7	1,500	10,130
Less: Investment management expenses	10	(93,383)	(186,819)
Net returns on investments		**1,457,505**	**1,410,046**
Administrative expenses	**11**	**(89,770)**	**(94,756)**
Increase in net assets for the year before income tax		440,801	1,029,669
Income tax expense	15 (b)	(12,281)	(17,962)
Increase in net assets for the year		428,521	1,011,707
Net assets available for benefits at start of year		9,612,383	8,600,676
Net assets available for benefits at end of year		**10,040,904**	**9,612,383**

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

For the year ended 31 December 2025

	Notes	2025 Shs'000	2024 Shs'000
Assets			
Investment property	7	2,015,000	4,045,000
Financial assets at fair value through profit or loss			
Equity investments	8(a)	980,547	617,433
Treasury bills	8(b)	46,564	264,684
Treasury bonds	8(c)	6,486,448	4,323,129
Corporate bonds	8(d)	-	34,389
Offshore investments	8(f)	195,972	167,844
Other Assets			
Intangible assets	9(a)	1,814	1,697
Furniture & equipment	9(b)	6,142	6,600
Other receivables and accrued income	12	124,629	64,903
Cash and cash equivalents	14	247,861	189,175
Current Income tax recoverable	15(c)	14,428	-
Total assets		**10,119,405**	**9,714,854**
Less: liabilities			
Current income tax payable	15(c)	-	4,132
Other payables and accrued expenses	13	78,501	98,339
Total liabilities		**78,501**	**102,471**
Net assets available for benefits		**10,040,904**	**9,612,383**

The financial statements on **pages 84 to 113** were approved for issue by the Trustees on 30th March 2026 and signed on their behalf by:

William Rahedi
Chairman - Board of Trustees

Hannah Nguhi
Trust Secretary

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 Shs'000	2024 Shs'000
Cash flows from operating activities			
Contributions received	5	10,236	626,250
Benefits paid		(937,169)	(911,871)
Administrative expenses	11	(89,770)	(94,756)
Adjusted for:			
- Add back: (decrease)/ increase in loss allowance	12	(149)	1,058
- Add back: amortisation of intangible assets	9(a)	2,003	1,410
- Add back: depreciation of furniture and equipment	9(b)	2,931	2,935
- Add back: provision on investment property	7	-	98,000
- Add back: loss on disposal of investment property		115,576	-
Movement in working capital:			
- increase in receivables		(59,726)	(11,845)
- decrease in payables		(19,838)	(1,646)
Income tax paid	15(c)	(30,840)	(13,557)
Net cash used in operating activities		**(1,006,746)**	**(304,022)**
Investing activities			
Rent income	6	207,433	303,894
Dividend income	6	57,713	40,511
Interest income	6	552,157	633,082
Other income	6	2,799	2,876
Realised exchange loss	6	-	(23,852)
Investment management expenses	10	(93,383)	(186,819)
Purchase of treasury bonds	8(c)	(2,980,667)	(1,284,045)
Purchase of quoted equities	8(a)	(115,907)	(6,769)
Proceeds from sale of treasury bonds	8(c)	1,191,625	362,005
Proceeds from sale of equities	8(a)	64,095	3,499
Gain/(loss) on disposal of equity instruments at FVTPL	8(a)	1,315	(414)
Proceeds from sale of corporate bonds	8(d)	33,631	-
Proceeds from sale of treasury bills	8(b)	281,843	197,000
Purchase of treasury bills	8(b)	(45,729)	(291,422)
Purchase of furniture & equipment	9(b)	(2,473)	(1,305)
Purchase of intangible asset	9(a)	(2,120)	-
Purchase of offshore investment	8(f)	(24,669)	(88,035)
Proceeds from sale of offshore investment	8(f)	21,845	79,266
Proceeds on disposal of investment property	7	1,919,424	-
Investment property additions	7	(3,500)	(9,870)
Net cash generated from/(used) in investing activities		1,065,432	(270,398)
Increase/(decrease) in cash and cash equivalents		58,686	(574,420)
Movement in cash and cash equivalents			
At start of year		189,175	763,595
Increase/(decrease) in cash and cash equivalents		58,686	(574,420)
At end of year	14	247,861	189,175

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

1 General Information

KenGen Staff Retirement Benefit Scheme 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) 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 policy and disclosures

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 policy 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.

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 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) Contribution's 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.

2 Summary of Significant Accounting Policies (continued)

(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 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 financial reporting 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. Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Scheme and the cost of the item can be reliably measured. All other repairs and maintenance costs are charged to the statement of changes in net assets available for benefits during the year in which they are included.

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:

- those to be measured subsequently at fair value (through profit or loss), and
- those to be measured at amortised cost.

2 Summary of Significant Accounting Policies (continued)

(h) Financial assets

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)

(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:

a)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.

b)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.

2 Summary of Significant Accounting Policies (continued)

(h) Financial assets (continued)

(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).

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.

Scheme Overview
Reflection from Our Leadership
Value for our Members
Scheme Activities
Our Scheme Governance Framework
Our Financial Performance Report

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.

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 195,973,000 as at 31 December 2025 (2024: Shs 167,844,000). A 10% increase/decrease in the exchange rate would result in Shs 19,597,300 fluctuation in pre-tax profit in 2025 (2024: Shs 16,784,400).

(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 64,864,480 (2024: Shs 43,231,290).

4 Financial Risk Management Objectives and Policies (continued)

(iii) Other price risk

The Scheme is exposed to equity price risk in respect of its investments in quoted shares. 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 change in net assets available for benefits for the year would have been Shs 98,054,700 (2024: Shs 61,743,300) higher/lower.

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 significant 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.

The table below shows the following for the current period in line with the requirements of IFRS 9:

a) The gross carrying amount of financial assets with exposure to credit risk at the financial reporting date,

b) The age analysis of each of the classes of financial assets as applicable,

c) The loss allowance for each class of financial assets split into the various age categories as applicable,

d) The net carrying amount of each class of financial assets split into the various age categories as applicable, and

e) A narrative of the approach taken by management to calculate the loss allowance for each class of assets.

4 Financial Risk Management Objectives and Policies (continued)

At 31 December 2025	Gross carrying amount Shs '000	Loss allowance Shs '000	Net carrying amount Shs '000
Rent Receivables			
Current	-	-	-
0-30 days	-	-	-
Past due			
31 — 60 days	1,030	(213)	817
61 — 90 days	-	-	-
Over 90 days	12,218	(2,190)	10,028
	13,248	**(2,403)**	**10,845**
Other receivables			
Related party receivables	15,133	-	15,133

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.

At 31 December 2025	Gross carrying amount Shs '000	Loss allowance Shs '000	Net carrying amount Shs '000
Cash and cash equivalents			
Bank Balances	88,668	-	88,668
Short term deposits (original maturity of 1 - 90 days)	159,187	-	159,187
	247,855	**-**	**247,855**

4 Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

The loss allowance for cash and bank balances was determined using the 12 months expected credit loss model which is based on external ratings for the financial institutions. None of the cash and bank balances are past due. The calculated loss allowance is not material and has therefore not been booked in the financial statements.

At 31 December 2024	Gross carrying amount Shs '000	Loss allowance Shs '000	Net carrying amount Shs '000
Rent Receivables			
Current	-	-	-
0-30 days	84	(8)	76
Past due			
31 — 60 days	213	(44)	169
61 — 90 days	1,143	(210)	933
Over 90 days	12,769	(2,290)	10,479
	14,209	**(2,552)**	**11,657**
Other receivables			
Related party receivables	**4,902**	**-**	**4,902**

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.

At 31 December 2024	Gross carrying amount Shs '000	Loss allowance Shs '000	Net carrying amount Shs '000
Cash and cash equivalents			
Bank Balances	92,086	-	92,086
Fixed and time deposits (original maturity of 1 - 90 days)	97,050	-	97,050
	189,136	**-**	**189,136**

4 Financial Risk Management Objectives and Policies (continued)

The loss allowance for cash and bank balances was determined using the 12 months expected credit loss model which is based on external ratings for the financial institutions. None of the cash and bank balances are past due. The calculated loss allowance is not material and has therefore not been booked in the financial statements.

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

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	**Level 1 Shs'000**	**Level 2 Shs'000**	**Total Shs'000**
Financial assets			
Treasury bonds- FVTPL	6,486,448	-	6,486,448
Quoted equity- FVTPL	980,547	-	980,547
Corporate bonds-FVTPL	-	-	-
Offshore-FVTPL	195,972	-	195,972
	7,662,967	**-**	**7,662,967**
31 December 2024			
Financial assets			
Treasury bonds- FVTPL	4,323,129	-	4,323,129
Quoted equity- FVTPL	617,433	-	617,433
Corporate bonds-FVTPL	34,389	-	34,389
Offshore-FVTPL	167,844	-	167,844
	5,142,795	**-**	**5,142,795**

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

4 Financial Risk Management Objectives and Policies (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 financial assets at fair value through profit or loss.

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.

5 Contributions Received

	2025 Shs'000	2024 Shs'000
Employer contributions	6,824	11,433
Members' contributions	3,412	5,717
Actuarial Deficit Funding from the Sponsor (KenGen Plc) (Supplementary contribution)	-	609,100
	10,236	**626,250**

6 Investment Income

	2025 Shs'000	2024 Shs'000
Rent income	207,433	303,894
Dividend income	57,713	40,511
Interest income		
• Treasury bonds	639,457	563,297
• Commercial paper and corporate bonds	4,120	4,120
• Treasury bills	17,994	26,056
• Term deposits	22,498	47,678
Gain/(Loss) on disposal of equity instruments at FVTPL(Note 8(a))	1,315	(414)
Gain on disposal of treasury bonds at FVTPL (Note 8(c))	24,563	12,430
Loss on sale of Property	(115,576)	-
Gain on sale of offshore investments	2,824	18,630
Other income	2,799	2,876
Realised exchange loss	-	(23,852)
	865,141	**995,226**

7 Investment Property

	2025 Shs '000	2024 Shs '000
At start of year	4,045,000	4,123,000
Additions	3,500	9,870
Disposal proceeds	(1,919,424)	-
Loss on disposal	(115,576)	-
Fair value gain	1,500	10,130
Impairment of Investment Property*	-	(98,000)
At end of year	**2,015,000**	**4,045,000**

The Scheme's investment properties were revalued at 31 December 2025 by Seven Degrees North 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	2,015,000	2,015,000
At 31 December 2024		
Investment property	4,045,000	4,045,000

*In 2024 the Scheme has recognized a Shs 98 million impairment on its Malindi property due to an ongoing ownership dispute. Competing claims from multiple parties have created uncertainty over ownership, necessitating the provision in line with IAS 36 – Impairment of Assets. The provision of Shs 98 million reflected the property's full carrying value. Management will review the provision based on legal outcomes and reverse it if ownership is upheld.

During the year ended 31 December 2025, the Scheme disposed of Pension Plaza 1 and Pension Plaza 2 to the Sponsor as part of a strategic portfolio rebalancing initiative. The disposal was primarily undertaken to ensure compliance with the Retirement Benefits Authority (RBA) investment guidelines, particularly the prescribed limits on property exposure. In addition, given that the Scheme is mature and closed to new members, there is an increasing need to align the investment portfolio towards more liquid and income-generating assets to support benefit payments and enhance cash flow flexibility. The disposal was informed by independent valuations, with the Scheme's valuer assessing the properties at Shs 2.0 billion, while the National Lands Commission valuation provided an estimate of Shs 1.8 billion. Following negotiations, the transaction was concluded at Shs 1.9 billion, exclusive of VAT, representing a fair disposal within the valuation range.

8 Financial Assets

a) Equity instruments at FVTPL

Movement in number of shares held

Sanlam Asset Managers

Description	At 1 January 2024	Additions	Disposals	At 31 December 2024	Additions	Disposals	Bonus units	At 31 December 2025
Cooperative Bank of Kenya	3,003,080	-	-	3,003,080	-	-	-	3,003,080
Diamond Trust Bank Ltd	52,500	-	-	52,500	-	-	-	52,500
Equity Group Holdings	950,000	100,000	-	1,050,000	140,000	-	-	1,190,000
East Africa Breweries	86,950	-	-	86,950	30,000	-	-	116,950
KCB Group	1,557,197	-	-	1,557,197	-	-	-	1,557,197
Nation Media Group	14	-	-	14	-	-	-	14
Safaricom Plc	4,452,000	-	-	4,452,000	1,750,000	-	-	6,202,000
Kenya Power Plc	65	-	-	65	-	-	-	65
Standard Chartered Bank	75,437	-	-	75,437	-	-	-	75,437
Stanbic Holdings Plc	-	16,700	-	16,700	160,000	-	-	176,700
ABSA Bank	200,000	-	-	200,000	1,412,400	-	-	1,612,400
Sub-total	**10,377,243**	**116,700**	**-**	**10,493,943**	**3,492,400**	**-**	**-**	**13,986,343**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2025

8 Financial Assets (continued)

a) Equity instruments at FVTPL (continued)

Movement in number of shares held (continued)

GenAfrica Asset Managers

Description	At 1 January 2024	Additions	Disposals	At 31 December 2024	Additions	Disposals	Bonus units	At 31 December 2025
ABSA Bank	588,300	-		588,300	-	-	-	588,300
Cooperative Bank of Kenya	386,158	-		386,158	-	-	-	386,158
Diamond Trust Bank Ltd	4	-		4	-	-	-	4
East Africa Breweries	146,620	-		146,620	-	(4,200)	-	142,420
Equity Group Holdings	1,312,907	-		1,312,907	-	(332,300)	-	980,607
KCB Group	2,106,447	-		2,106,447	-	(1,074,400)	-	1,032,047
NCBA Plc	77,000	-		77,000	-	-	-	77,000
Safaricom Plc	7,314,100	-		7,314,100	-	-	-	7,314,100
Uganda Clays	3,000,000	-		3,000,000	-	-	-	3,000,000
KenGen Plc	1,313,100	-	(1,313,100)	-	-	-	-	-
Kenya Re Corporation	291,208	-	(291,208)	-	-	-	-	-
Standard Chartered Bank	27,288	-	-	27,288	-	-	-	27,288
Sub-total	**16,563,132**	**-**	**(1,604,308)**	**14,958,824**	**-**	**(1,410,900)**	**-**	**13,547,924**
Grand Total	**26,940,375**	**116,700**	**(1,604,308)**	**25,452,767**	**3,492,400**	**(1,410,900)**	**-**	**27,534,267**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2025

8 Financial Assets (continued)

a) Equity instruments at FVTPL (continued)

Movement in equities Market value

Sanlam Asset Managers

Description	At 1 January 2024	Additions cost	Disposal cost	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
Bamburi Cement	-	-	-	-	-	-	-	-	-	-	-
Co-op Bank Ltd	34,235	-	-	-	15,166	49,401	-	-	-	22,523	71,924
DTK Bank Ltd	2,365	-	-	-	1,257	3,622	-	-	-	2,389	6,011
Equity Group	31,967	4,579	-	-	14,168	50,714	8,149	-	-	20,570	79,433
EABL Ltd	9,912	-	-	-	5,347	15,259	6,632	-	-	8,867	30,758
KCB Group	34,103	-	-	-	30,677	64,780	-	-	-	37,606	102,386
Safaricom Plc	61,882	-	-	-	14,024	75,906	44,824	-	-	55,097	175,827
Stanbic Holdings Plc	-	2,190	-	-	102	2,292	29,158	-	-	3,492	34,942
StanChart Bank	12,221	-	-	-	8,883	21,104	-	-	-	1,320	22,424
ABSA Bank	2,290	-	-	-	1,320	3,610	27,144	-	-	9,072	39,826
Sub-total	**188,975**	**6,769**	**-**	**-**	**90,944**	**286,688**	**115,907**	**-**	**-**	**160,936**	**563,531**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2025

8 Financial Assets (continued)

a) Equity instruments at FVTPL (continued)

Movement in Market value (continued)

GenAfrica Asset Managers

Description	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
ABSA Bank	6,736	-	-	-	3,882	10,618	-	-	-	3,912	14,530
BAT Kenya Ltd	-	-	-	-	-	-	-	-	-	-	-
Co-op Bank Ltd	4,402	-	-	-	1,950	6,352	-	-	-	2,896	9,248
DTK Bank Ltd	-	-	-	-			-	-	-	-	-
EABL Ltd	16,716	-	-	-	9,017	25,733	-	(873)	7	12,589	37,456
Equity Group	44,179	-	-	-	19,234	63,413	-	(15,618)	244	17,417	65,456
KCB Group	46,131	-	-	-	41,497	87,628	-	(47,604)	1,064	26,769	67,857
NCBA Plc	2,999	-	-	-	712	3,711	-	-	-	2,757	6,468
Safaricom Plc	101,666	-	-	-	23,039	124,705	-	-	-	82,650	207,355
Uganda Clays	1,612	-	-	-	(661)	951	-	-	-	(416)	535
KenGen Plc	2,639	-	(2,950)	(96)	407	-	-	-	-	-	-
Kenya Re Corp.	549	-	(549)	(318)	318	-	-	-	-	-	-
StanChart Bank	4,421	-	-	-	3,213	7,634	-	-	-	477	8,111
Sub-total	**232,050**	**-**	**(3,499)**	**(414)**	**102,608**	**330,745**	**-**	**(64,095)**	**1,315**	**149,051**	**417,016**
Grand Total	**421,025**	**6,769**	**(3,499)**	**(414)**	**193,552**	**617,433**	**115,907**	**(64,095)**	**1,315**	**309,987**	**980,547**

8 Financial Assets (continued)

		2025	2024
(b)	**Treasury bills at FVTPL**	**Shs'000**	**Shs'000**
	At the beginning of the reporting period	264,684	144,206
	Additions at face value	45,729	291,422
	Disposals proceeds	(281,843)	(197,000)
	Interest received on maturity	17,994	26,056
	Change in fair value	-	-
	At the end of the reporting period	**46,564**	**264,684**
	Maturing as follows:		
	Within 1 year	**46,564**	**264,684**
(c)	**Treasury bonds at FVTPL**		
	At the start of the year	4,323,129	3,002,811
	Additions at face value	2,980,667	1,284,045
	Disposals proceeds	(1,191,625)	(362,005)
	Gain on disposal	24,563	12,430
	Change in fair value	349,714	385,848
	At the end of the year	**6,486,448**	**4,323,129**
	Between 1 – 3 years	-	-
	More than 3 years	6,486,448	4,323,129
		6,486,448	**4,323,129**
(d)	**Corporate bonds at FVTPL**		
	At the start of the year	34,389	34,366
	Disposal	(33,631)	-
	Change in fair value	(758)	23
	At the end of the year	**-**	**34,389**

8 Financial Assets (continued)

The corporate bonds breakdown is as shown below.

(d) Corporate bonds at FVTPL	Maturity date	Interest rate	2025 Shs'000	2024 Shs'000
EABL PLC Medium Term Note	29.10.2026	12.25%	-	16,606
EABL PLC Medium Term Note	29.10.2026	12.25%	-	17,783
			-	34,389
			-	34,389

(e) Term deposits at amortised cost	2025	2024
At the end of the year	97,050	503,897
Additions at face value	5,315,383	3,254,532
Maturities	(5,253,246)	(3,661,379)
At the end of the year	**159,187**	**97,050**

The breakdown for term deposits is as follows:

Term deposits at amortised cost	Maturity date	Interest rate	2025 Shs'000	2024 Shs'000
Absa Bank (USD)	Call deposit	3.25%	-	1,922
DTB BANK	20.01.2025	10.00%	-	23,088
Equity bank	03.02.2025	14.50%	-	41,797
Equity bank (USD)	Call deposit	5.00%	-	755
KCB BANK	Call deposit	10.00%	-	5,019
NCBA Bank	27.01.2025	11.00%	-	4,049
NCBA Bank	10.02.2025	13.75%	-	20,420
Co-op Bank	05.01.2026	7.50%	35,051	-
Equity bank	12.01.2026	8.50%	13,024	-
Equity bank	19.01.2026	8.50%	53,259	-
Equity bank (USD)	Call deposit	5.00%	790	-
NCBA Bank	19.01.2026	8.25%	55,154	-
Stanbic Bank	Call deposit	3.32%	1,909	-
			159,187	**97,050**

Maturing as follows:	2025	2024
Within 1 Month	-	29,815
Between 1 – 3 Months	159,187	67,235
Included in the cash and Cash. Equivalents in (Note 14)	**159,187**	**97,050**

8 Financial Assets (continued)

(f) Offshore investments	2025 Shs'000	2024 Shs'000
At start of the year	167,844	146,989
Additions	24,669	88,035
Disposal	(21,845)	(79,266)
Fair value gain	25,304	12,086
	195,972	**167,844**

(g) Fair value (losses)/gains	2025 Shs'000	2024 Shs'000
Treasury bonds (Note 8(c))	349,714	385,848
Equity investments (Note 8(a))	309,987	193,552
Corporate bonds (Note 8(d))	(758)	23
Offshore investments (Note 8(f))	25,304	12,086
	684,247	**591,509**

9 Administrative Assets

a) Intangible assets

	2025 Shs'000	2024 Shs'000
Cost		
At 1 January	17,441	17,441
Additions	2,120	-
At 31 December	**19,561**	**17,441**
Amortization		
At 1 January	15,744	14,334
Charge for the year	2,003	1,410
At 31 December	**17,747**	**15,744**
Net book value		
At 31 December	**1,814**	**1,697**

9 Administrative Assets (continued)

(b) Furniture and equipment

	2025 Shs'000	2024 Shs'000
Cost		
At 1 January	24,682	23,377
Additions	2,473	1,305
At 31 December	**27,155**	**24,682**
Depreciation		
At 1 January	18,082	15,147
Charge for the year	2,931	2,935
At 31 December	**21,013**	**18,082**
Net book value		
At 31 December	**6,142**	**6,600**

10 Investment Management Expenses

	2025 Shs'000	2024 Shs'000
Investment managers expenses	13,822	13,185
Custodian expenses	4,141	2,799
Investment property operating expenses 10(a)	75,420	170,835
	93,383	**186,819**

(a) Investment property operating expenses breakdown:

	2025 Shs'000	2024 Shs'000
Electricity and water expenses	12,538	14,038
Repairs and maintenance expenses	11,918	14,194
Generator expenses	848	1,798
Property insurance expenses	(83)	527
Licenses & statutory expenses	2,683	2,898
Property valuation expenses	600	750
Security and cleaning expenses	19,193	23,838
Marketing expenses	5,303	5,267
Internet expenses	-	84
Staff costs	10,705	8,503
Service charge audit expenses	-	119
Legal fees - property	11,715	819
Impairment provision on investment property	-	98,000
	75,420	**170,835**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2025

11 Administrative Expenses	2025 Shs'000	2024 Shs'000
Actuarial fees	259	431
External Audit fees	1,830	1,831
RBA levy expense	5,000	5,000
Annual general meeting expenses	3,132	4,193
Trustees' meeting allowances expenses	9,629	7,046
Trustee capacity building and other expenses	10,874	13,759
Staff costs	36,051	34,563
Consultancy fees expenses	2,674	4,689
Movement in loss allowance (Note 12)	(149)	1,058
Advertising expenses	374	60
Amortization expense (Note 9(a))	2,003	1,410
Depreciation expense (Note 9(b))	2,931	2,935
Bank charges	1,641	1,475
Fund subscription expenses	125	125
ICT expenses	4,370	3,063
Insurance expenses	-	662
Internal audit expenses	1,279	1,279
Legal expenses	1,509	2,407
Member engagement expenses	4,308	6,090
Office consumables expenses	805	551
Printing and stationery expenses	453	347
Travelling and accommodation expenses	672	1,782
	89,770	**94,756**

12 Other Receivables and Accrued Income	2025 Shs'000	2024 Shs'000
Rent receivable	13,248	14,209
Loss allowance	(2,403)	(2,552)
	10,845	**11,657**
Related Party Receivables (Note 17(b))	15,133	4,902
Loss allowance	-	-
	15,133	**4,902**
Dividends receivable	-	-
Prepayments	20,538	15,842
Other receivables	78,113	32,502
	124,629	**64,903**
Movements in the loss allowance are as follows:		
At start of year	2,552	1,494
(Decrease)/Increase in loss allowance in the year	(149)	1,058
At end of year	**2,403**	**2,552**

13 Payables and Accrued Expenses

	2025 Shs'000	2024 Shs'000
Trade payables & accrued expenses	58,970	81,786
Rent deposits	669	1,790
Withdrawals payable	18,862	14,763
	78,501	**98,339**

14 Cash and Cash Equivalents

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

	2025 Shs'000	2024 Shs'000
Cash at bank	88,668	92,086
Cash in hand	6	39
Cash in USD	-	-
Fixed and time deposits (Note 8(e))	159,187	97,050
	247,861	**189,175**

15 Income Tax

a) Tax status of the Scheme

KenGen Staff Retirement Scheme has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income to the extent allowable.

Investment income earned from investing the accumulated funds arising from the employer and employees' 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	40,935	59,873
Income subject to tax	40,935	59,873
Current income tax at 30%	**12,281**	**17,962**
c) Current income tax (recoverable)/payable		
At start of the year	4,132	(273)
Income tax expense (Note15 (b))	12,281	17,962
Tax payments during the year	(30,840)	(13,557)
At end of year	**(14,428)**	**4,132**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2025

16 Contingent Assets and Liabilities

a) Contingent assets

The Scheme has made a claim against one of its property managers valued at Shs 166 million plus costs and interest. The claim relates to a breach of a management contract between the Scheme and its property manager.

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

b) Contingent liabilities

The Scheme had no contingent liabilities as at 31 December 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.

The following transactions were carried out with related parties:

	2025 Shs'000	2024 Shs'000
(a) Income		
Rent income billed (KenGen Plc)	122,157	232,676
Employer contributions (Note 5)	6,824	11,433
Actuarial deficit funding from the Sponsor (KenGen Plc) (Note 5)	-	609,100
	128,981	**853,209**
(b) Receivables		
Due from KenGen Defined Contribution Scheme 2012	12,460	2,228
Other Receivables	2,673	2,674
	15,133	**4,902**

There were no share transactions between the Scheme and the sponsor (2024: Nil).

18 Actuarial Valuation

An Actuarial valuation of the Scheme was carried out by Zamara Actuaries, Administrators & Consultants Limited as at 31 December 2023.

The purposes of the valuation were:

- To assess and carry out actuarial review of the scheme as at 31 December 2023.
- To provide or review actuarial factors for individual benefit calculations.
- To project cash flows ten years into the future.
- Propose a remedial plan for funding in case of deficit.

The actuarial funding status of the scheme as of 31 December 2023 is summarised as follows:

	Shs 'million
Value of accrued liabilities;	
Current employees	4,239.4
Current pensioners	5,283.4
Deferred members	83
Members with unclaimed benefits	27
Refund of employee contributions on death	48.5
Administrative expense reserve	839.7
Total liabilities	**10,521.0**
Value of scheme assets	**8,862.2**
Actuarial deficit	(1,658.8)
Funded ratio	84.2%

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

Demographic assumptions

- Current employees- The employee movement between January and December 2020 indicated average annual termination, mortality and disability rates of 4.4 per mille, 7.0 per mille and 1.0 per mille respectively.
- Retirees- the retirees' movement between January 2018 and December 2020 indicated an average annual mortality rate of 9.5% per mille.
- Early retirement- The pensioner's data showed that the average age at retirement for the then retirees was 58.49 years, which was consistent with an early retirement rate of 3% p.a for the ages 50 through 59.
- The valuation assumed that all the employees and retirees were married, and that the male spouses were three years older than female spouses.
- The valuation assumed that the retirees commuted one third of their pension on retirement, meaning up to their death, the spouses' pension is 75% of the pension the retiree was receiving just before they died.

18 Actuarial Valuation (continued)

Financial assumptions

The key financial assumptions applied were the interest rate and the rate of salary and pension increases. The following outlined assumptions were used in the scheme valuation:

Valuation interest	10% p.a
Salary escalation rate	8% p.a
Pension escalation rate for KPLC service	3% p.a
Pension escalation rate for KenGen service	0% p.a
Inflation rate	7.1% p.a
Commutation	Retiring members commute one third of the pension
Scheme administrative expenses	1% p.a. of the employees and pensioners actuarial liabilities

The valuation interest rate is the anticipated return on scheme assets.
In line with the actuarial valuation and the requirements of the Retirement Benefits (Minimum Funding Level and Winding-up of Schemes) Regulations, 2000, the Trustees and the sponsor have prepared remedial action plan, currently being executed.

- During the year 2024, the Sponsor funded the Scheme for the period January to June 2024 reducing the Scheme deficit by Shs 547.2 million under the previous remedial plan.
- The Scheme successfully disposed of Pension Plaza 1 and 2 to the Sponsor, unlocking significant liquidity. The proceeds have since been redeployed into high-yielding asset classes currently delivering returns above the actuarial assumed rate of 10%. This strategic reallocation has enhanced income generation, improved asset-liability matching, and is expected to accelerate the Scheme's progress toward full funding by contributing to a reduction in the actuarial deficit.
- The Scheme to be undertaking annual actuarial valuations to review the evolution of the scheme's funding position within the life of the remedial action plan.
- The sponsor and the members to continue contributing to the scheme at the rates of 20% and 10% respectively.
- During the year ended 31 December 2025, Management commissioned a desktop actuarial valuation by Zamara to obtain an updated assessment of the Scheme's funding position. The results of the valuation indicate that the Scheme's funding ratio improved to 93.5% as at 30 June 2025.The improvement in the funding level is primarily attributable to enhanced Scheme performance over the period since the last full actuarial valuation, driven by favourable investment returns, additional sponsor contributions, and ongoing asset rebalancing initiatives.

The Scheme will undertake another Actuarial valuation based on the financial information for the year ending 31st December 2025 and this will be finalised by 30th June 2026.

NOTES

NOTES

KenGen
Staff Retirement
Benefits Scheme

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