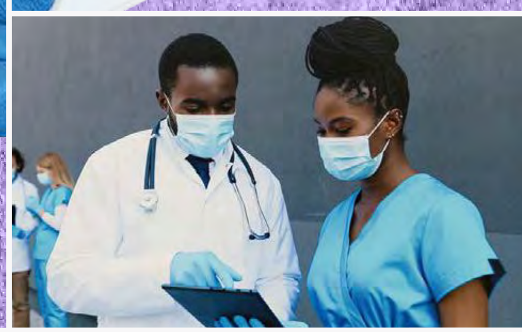
KenGen

Energy for the nation

INTEGRATED ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Honouring Our Promise



OUR PROMISE

We promise to create value for all our stakeholders cutting across our shareholders, employees, communities neighbouring our plants and our fellow citizens. We will continue focusing on achieving sustainability in value creation from the “present generation” to the “next and future generation” of Kenyans.

OUR MISSION

To efficiently generate competitively priced electric energy using state of the art technology, skilled and motivated human resource to ensure financial success. We shall achieve market leadership by undertaking least cost and environmentally friendly capacity expansion. Consistent with our corporate culture, our core values will be adhered to in all operations.

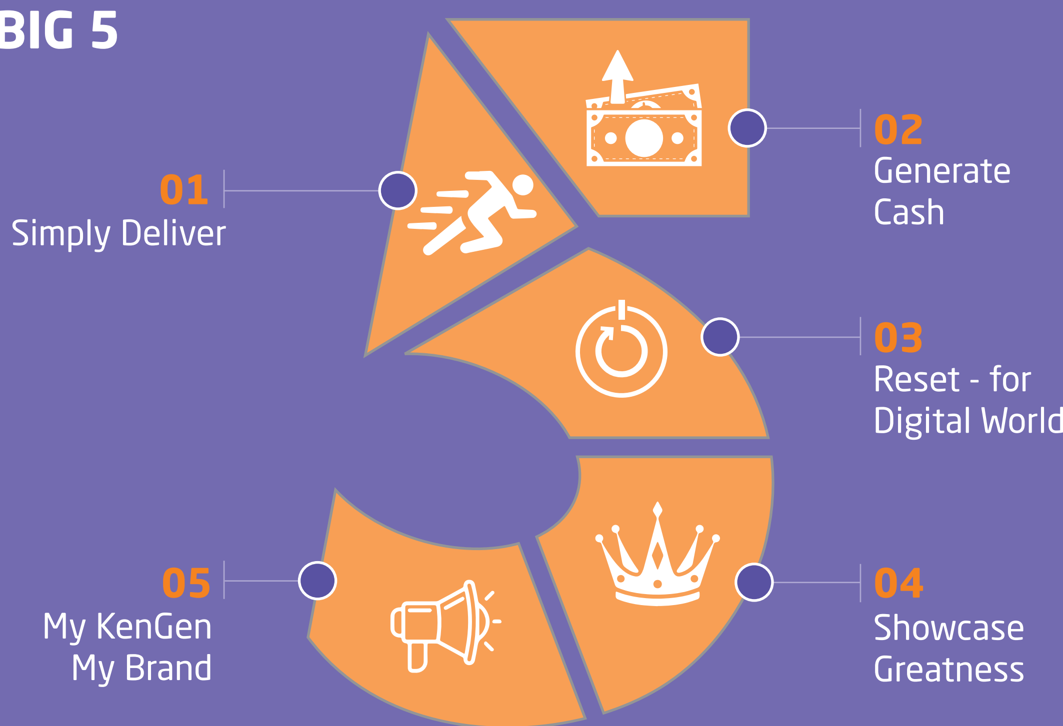
OUR VISION

To be the market leader in the provision of reliable, safe, quality and competitively priced electric energy in the Eastern African region.

HONOURING OUR PROMISE

Kenya Electricity Generating Company PLC, KenGen is the leading electric power generation company in Kenya, producing about 75 percent of electricity capacity installed in the country. The company utilises various sources to generate electricity ranging from hydro, geothermal, thermal and wind.

THE BIG 5



The Company's installed generation capacity mix includes

HYDRO

825.7 MW

GEOTHERMAL

713.13 MW

WIND

25.5 MW

THERMAL

253.5 MW

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This report is also available online.For greater insight into the Company, visit our corporate website: **www.kengen.co.ke**

OUR HISTORY

2015 - 2021

- Olkaria V 173MW Commissioned in 2019
- Maturity and full Redemption of KenGen Infrastructure Bond of 2009 in 2019
- Largest Rights Issue in East Africa 2016
- Embakasi GT moved to Muhoromi 60MW in 2016
- First of a kind nature Geothermal Spa in Africa completed in 2014
- Takeover of the operation and maintenance of 120MW Kipevu III from Wartsila to KenGen
- Largest contributor to the +5000MW in 40 months GoK initiative: with 375MW already installed out of the allocated 844MW to KenGen
- Innovation of the Wellhead 83.5MW
- Olkaria Resettlement Action Plan (RAP)
- Construction of 300Million Naivasha Level 5 Hospital Ongoing
- Rehabilitation of Wanji Power Station
- Completed the single largest geothermal power plant in the world; (280MW) project

2005 - 2014

- The first CER payment for Olkaria II of USD 1.2Million in 2013
- Establishment of KenGen Foundation in 2012
- Establishment of Sangoro Power Plant of 21.1MW completed in 2012
- Largest Public Infrastructure Bond in Kenya; successfully raised over Shs 26 billion 2009
- Kiambere 142MW completed in 1983 upgraded to 168MW in 2009
- Largest Wind Farm in Kenya completed: Ngong 25.5MW
- Ambitious Resettlement Action Plan (RAP) for 150 households in Olkaria completed
- ISO QMS 9001:2008 and EMS 14001:2004 recertified
- Innovative Wellhead Technology Project of 75MW rolled out
- Quickest Thermal Power Plant in East Africa commissioned in record 14 months: Kipevu III 120MW
- Deepened Kenyan Capital Markets through successful public listing with 336% subscription rate on the Nairobi Securities Exchange
- 60MW Sondu Miriu Hydro Power, a run-off the river plant with a 17km penstock tunnel commissioned
- Ground breaking for the largest Single Geothermal Power Project in the World: Olkaria 280MW

1995 - 2004

- Kenya Power Company rebranded as KenGen following a restructuring in the Power Subsector
- Becomes the first Kenyan parastatal to be ISO: 9001 Standard certified

1975 - 1984

- First 15MW Geothermal Unit in Olkaria I installed and a total of 45MW completed in 1985
- 144MW Gitaru Units 2 & 3 installed; 80MW Unit 1 installed in 1999, making it the largest Hydro
- Plant in Kenya at 225MW

1955 - 1964

- Completed the first three geothermal exploration wells in Africa within Olkaria Geothermal Field
- Gogo 2MW Hydro Power Plant commissioned

1925 - 1944

- Ndula Power Plant commissioned (2MW)
- Mesco Hydro power Plant (0.38MW), rehabilitation & upgrade to 0.433MW in 2013

1985 - 1994

- First Ngong' Wind Farm 0.35MW commissioned
- Turkwel 106MW Hydro Power Plant commissioned

1965 - 1974

- First Ngong' Wind Farm 0.35MW commissioned
- Turkwel 106MW Hydro Power Plant commissioned

1945 - 1964

- Kenya Power Company (KPC) incorporated in 1954

OUR BUSINESS

About this Report

This integrated report is KenGen's primary communication to shareholders and stakeholders on our performance and prospects. The report provides a review of the material matters we face; our key operational, financial, economic, social and environmental aspects; our governance; our engagements; as well as our risks and opportunities.

This is our value creation story.

Scope and Boundary

Our strategy as well as material matters form the anchor of the report and determine its content. The report covers the period 1 July 2020 to 30 June 2021 and gives commentary, performance measures and prospects for the important operations. The structure and layout of this report draws on the International Integrated Reporting Framework (IIRF). Material events up to the date of approval have been included. Unless otherwise indicated, the information presented is comparable to that of prior years, with no significant restatements. For a comprehensive overview of our financial performance, the integrated report should be read in conjunction with our annual financial statements.

Assurance and Audit Approach

The Company has put in place a robust governance oversight and risk management framework. Our combined assurance model takes a three-pronged approach comprising a review by management, supplemented by internal and external auditors. The Audit, Risk & Compliance Committee as delegated by the Board relies on the combined assurance in forming their view of the adequacy of our risk management and internal controls. The annual financial statements are audited by the Auditor-General who has issued an unqualified opinion.

Financial and Non-Financial Information

We apply International Financial Reporting Standards (IFRS) and comply with the listing requirements of the Capital Markets Authority (CMA) and Nairobi Securities Exchange (NSE), the Companies Act No.17 of 2015 and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

Board Responsibility and Approval

The Board is accountable for the integrity and completeness of the integrated report and any additional information. The Audit Risk & Compliance Committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation.

In considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Audit Risk & Compliance Committee approved the 2021 Integrated Annual Report and Financial Statements and additional information on 17th November 2021.

Kenya Electricity Generating Company PLC (KenGen) was incorporated in 1954 under the Companies Act (Cap 486) as Kenya Power Company Limited (KPC) renamed as Kenya Electricity Generating Company Limited (KenGen) in 1998 following the implementation of the reforms in the energy sector.

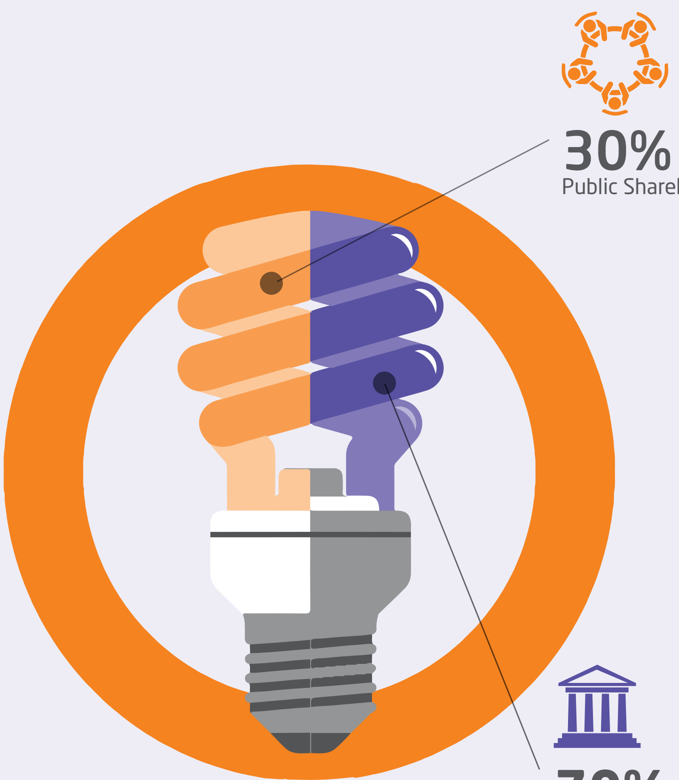
It is listed on the Nairobi Securities Exchange with the Government of Kenya owning 70% shareholding and the public 30%. The company is domiciled in Kenya and has a branch in Ethiopia.

The Company is propelled by the Good-to-Great (G2G) Transformation strategy that strives to create sustainable value from generation to generation. We operate in a liberalized environment and remain the market leader in the provision of reliable, quality, safe and competitively priced electricity to enable the economy as provided in the Vision 2030 and the Big 4 Agenda. Kenya Power remains the sole off taker of electricity under competitive Power Purchase Agreement (PPA).

Backed by a wealth of cutting-edge expertise, KenGen has distinguished itself as Africa's leading geothermal power producer and propelled Kenya into the league of top ten geothermal power producers in the world. This is in addition to our unrivalled track record of over 66 years of expertise in running hydro power plants. We pioneered wind generation in East Africa with the first wind farm in Ngong in the 1990s.

Our total installed capacity is **1,818 MW** comprising of **Geothermal (713.1 MW)**, **Hydro (825.7 MW)**, **Thermal (253.5MW)** and **Wind (25.5MW)**.

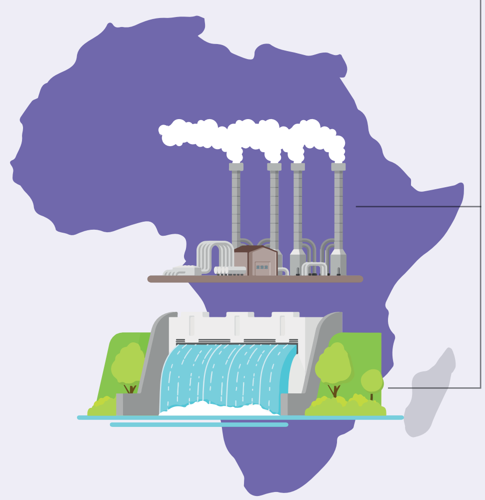
KenGen listing at the NSE nairobi securities exchange Discover Opportunity



30%
Public Shareholding

70%
Government of Kenya Shareholding

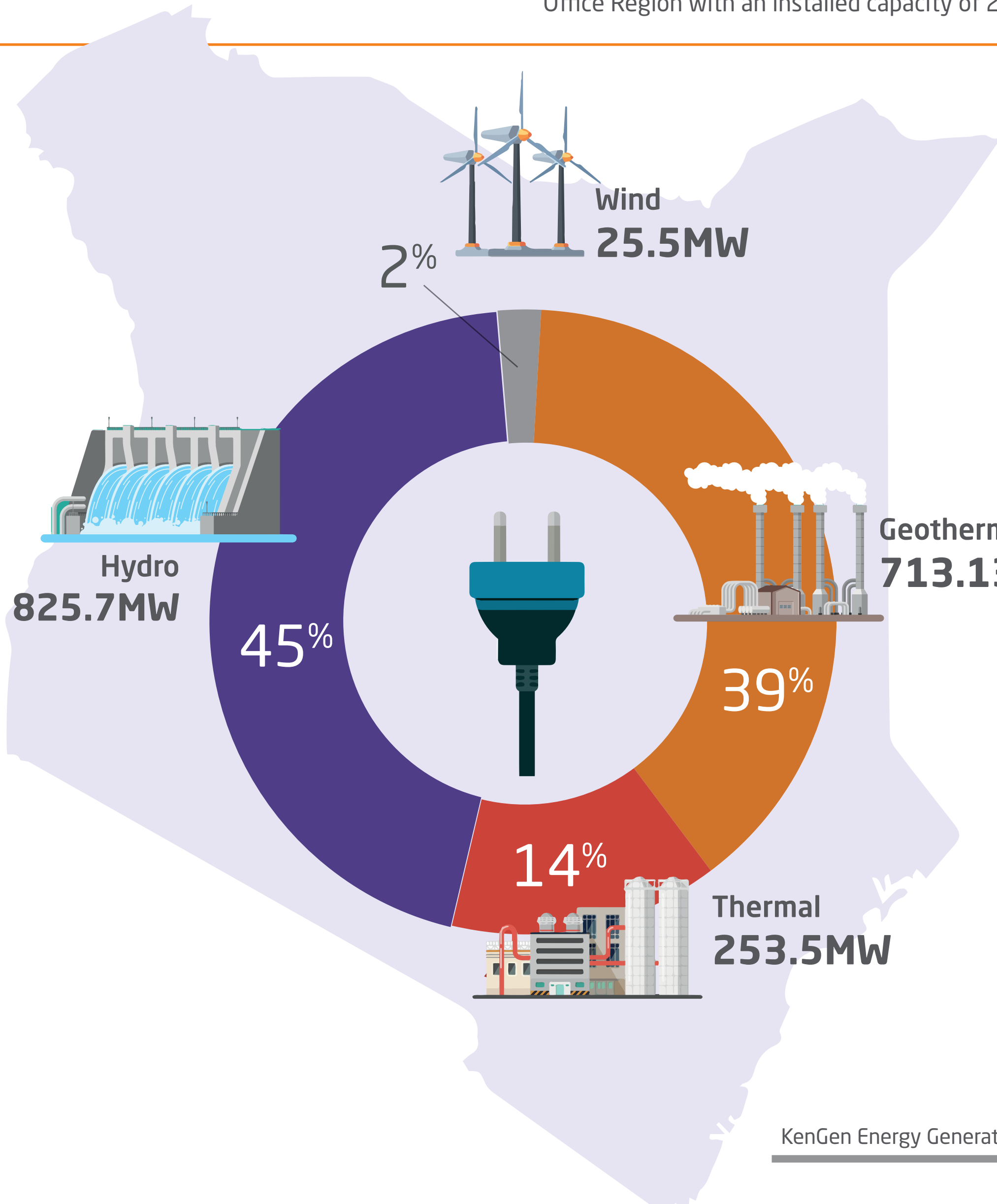
KenGen is **Africa's leading Geothermal power producer** and has an unrivalled track record of over **66 years of expertise in running hydro power plants.**



ABOUT KenGen

Our Footprint

KenGen's footprint is in six operational regions: The Geothermal Region, found in the Rift Valley, has a total installed capacity of 713.1MW. The Eastern Region has five power plants along the Tana River comprising of Masinga, Kamburu, Gitaru, Kindaruma and Kiambere power stations, with a total installed capacity of 600.4MW. The Western Region consists of four hydro stations: Turkwel, Sondu Miriu, Sang'oro and Gogo with an installed capacity of 190.3MW and a thermal plant, Muhoroni, with a total installed capacity of 60MW. Kipevu Region has two thermal plants located in Mombasa County with an installed capacity of 193.5MW. The Upper Tana area comprises of four power plants: Mesco, Wanjii, Sagana and Tana. The area has been developed with an installed capacity of 35MW. Ngong Wind farm is in the Central Office Region with an installed capacity of 25.5MW.



KenGen Energy Generation Mix 2020/2021

SUSTAINABILITY

97% of electric energy generated from **renewable sources**

181,031 trees planted

contributing to the removal of 42,257 tonnes of CO_2 from the atmosphere

Certified Emissions Reductions (CERs) of 4,617,309 tonnes of carbon dioxide equivalent (tCO2e) registered from Clean Development Mechanism projects. KenGen joined the "UN-backed Global Campaign Business Ambition for 1.50C"

BUSINESS AMBITION FOR 1.5°C OUR ONLY FUTURE

Achieved **ISO Recertification Quality Management System (ISO 9001:2015)** and **Environmental Management System (ISO 14001:2015) up to 2024**

Realized total energy savings of **1,622,950kW** in the year amounting to **CO_2 reductions of 535,574Kg**

EDUCATION - SCHOLARSHIPS

187 students

sponsored and mentored through their secondary and university education

WATER AND SANITATION

Water tanks distributed totalling to a capacity of

70,000 litres

HUMAN CAPITAL

For succession planning and business continuity:

- Youths constitute about 29% of the total employees
- Rolled out Competencies E-Lab online learning platform

INFRASTRUCTURE

- Construction of Naivasha level 5 hospital
- Maintenance - 36km between Kivaa-Kiambere, 12km Kaewa- Masinga Road, Kainuk- Turkwel road 3.8km, 6km of road at Gogo
- Masinga Ogee spillway rehabilitation
- 2 classrooms (Ngong and Seven Forks) and 1 library at Ngong

Awards

The Annual Trailblazers Award for Gender Mainstreaming Category winner in Trailblazers Award by the Ministry of Public Service and Gender through the Pink Energy initiative

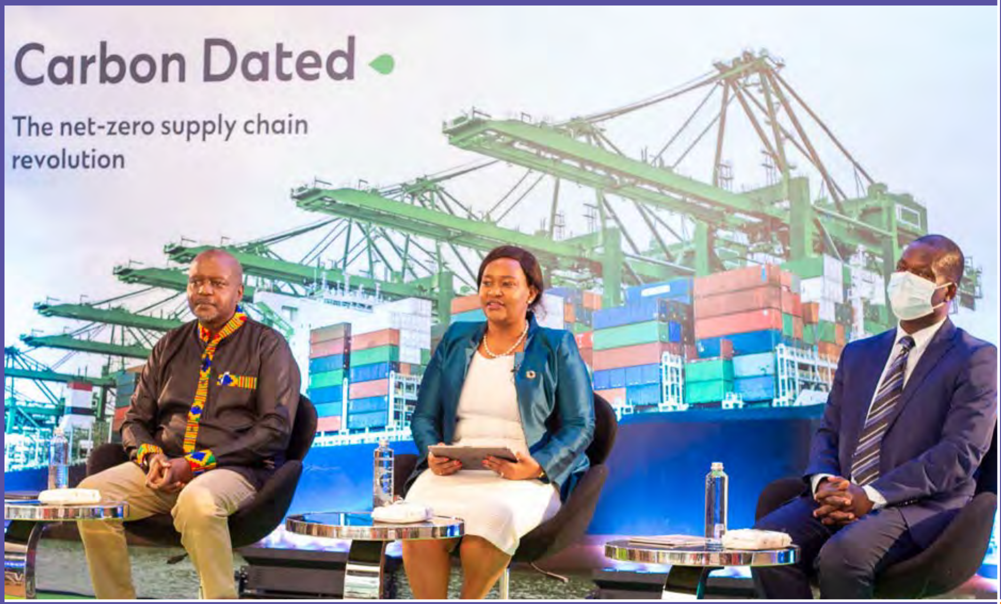
FiRe Award- IFRS category Winner of State Corporation and Semi-Autonomous Government Agencies

FiRe Award Category Winner in Environmental and Social Reporting or Corporate Social Responsibility category

Best Public Procurement Project of the year by the Kenya Institute of Supplies Management

Winner in Public sector law department of the year by The Law Society of Kenya, Nairobi Branch

Building Relationships

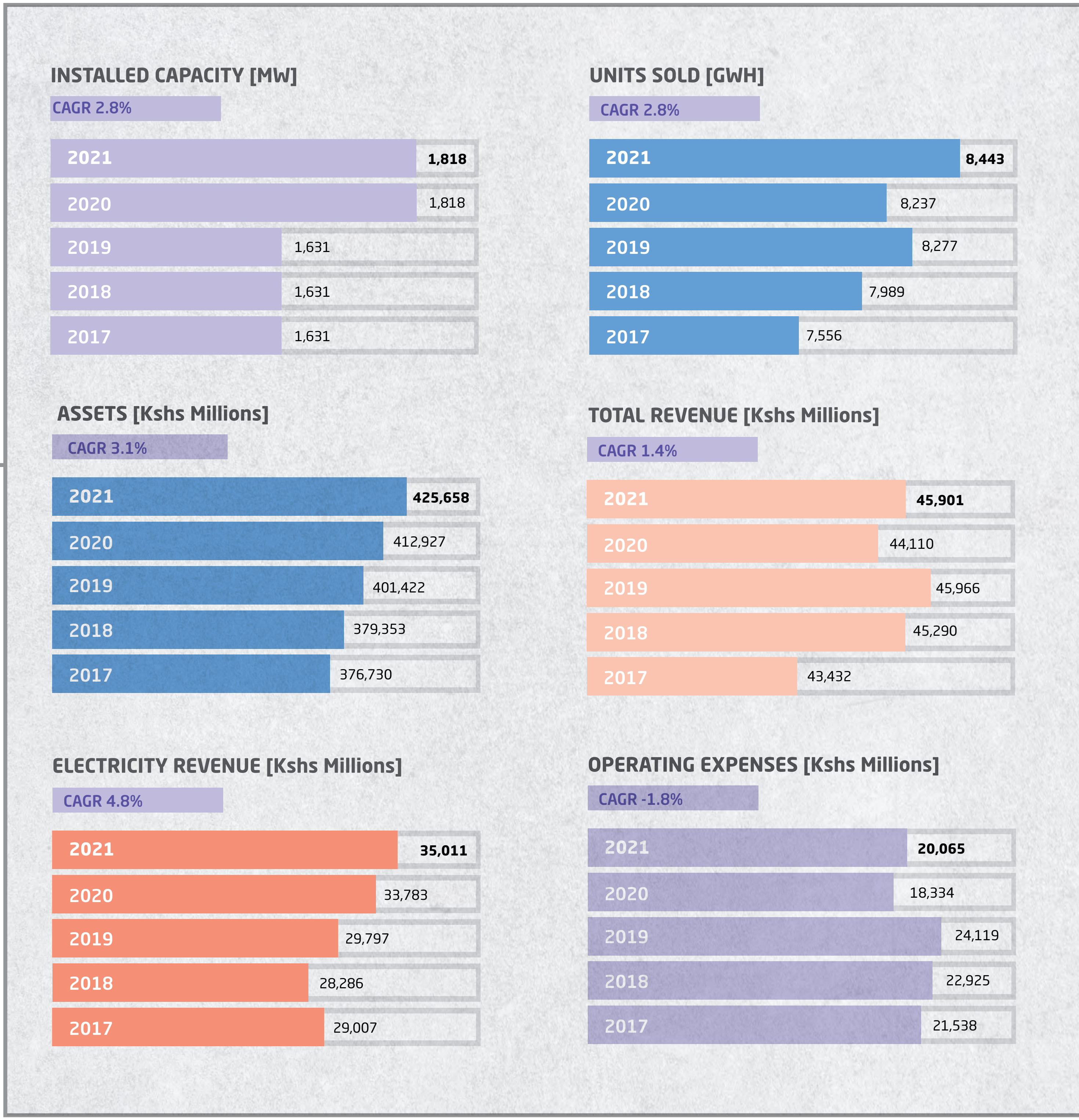


KenGen Managing Director & CEO, Rebecca Miano with other CEO panelists during the launch of the carbon dated report on Climate Action

The Cabinet Secretary - National Treasury Hon. Amb. Ukur Yatani, KenGen Board Chairman General (Rtd) Samson Mwathethe, CAS - National Treasury, Nelson Gaichuhie, and KenGen Managing Director & CEO, Rebecca Miano at Treasury Building during the dividend cheque presentation ceremony

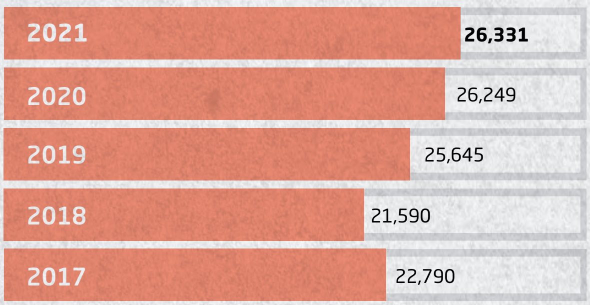
FINANCIAL HIGHLIGHTS

PERFORMANCE HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021



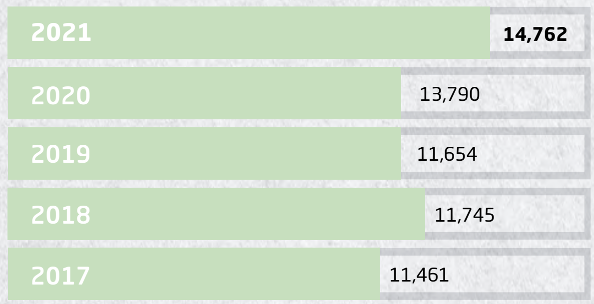
EBITDA [Kshs Millions]

CAGR 3.7%



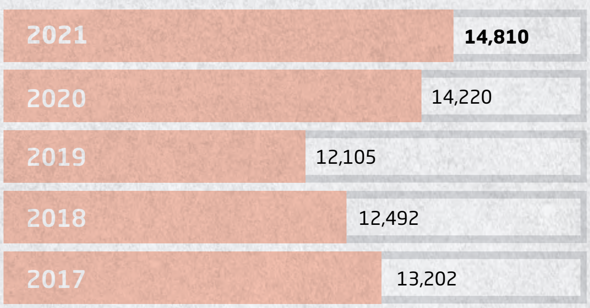
PROFIT BEFORE TAX [Kshs Millions]

CAGR 6.5%



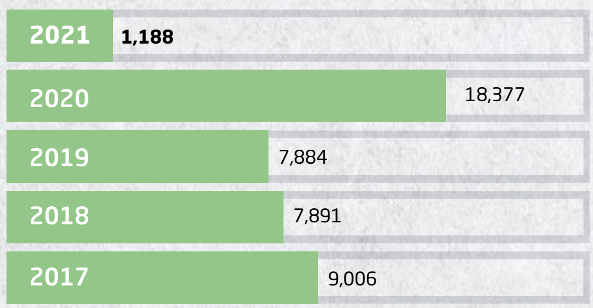
OPERATING PROFIT [Kshs Millions]

CAGR 2.9%



PROFIT AFTER TAX [Kshs Millions]

CAGR -39.7%



***CAGR** - Compound Annual Growth Rate

Business Review - Management Analysis

For the Year Ended 30 June 2021

The Company benefited from a full year of operation of 172.3 MW Olkaria V geothermal project which was completed in November 2019 thereby displacing production from the thermal plants leading to a reduction of 12%. The Unit sales for geothermal dropped by 5%, attributable to the outages in Olkaria II, Olkaria IV and Olkaria I Unit 4 & 5. Wind generation recorded an increase of 15% due to improved wind conditions and fewer breakdowns. Overall, there was growth of 3% in energy unit sales which increased from 8,237 GWh in 2020 to 8,443 GWh in 2021.

The power plant output performance in terms of generation mix is summarized below.

Electricity Unit Sales (GWh)

Source	2021	2020	Change
Hydro	4,092	3,636	13%
Geothermal	4,052	4,276	-5%
Thermal	245	278	-12%
Wind	54	47	15%
Total	**8,443**	**8,237**	**3%**

Revenue

Revenue grew by 4.1% from Shs 44,110 million in the previous year to Shs 45,901 million in 2021, mainly driven by Geothermal and Hydro generation that led to increase in electricity revenue from Shs 33,783 million to Shs 35,011 million. The diversification venture that include drilling services in Tulu Moye in Ethiopia contributed additional revenue of Shs 1,784 million compared to Shs 440 million in the previous year. However, Steam and fuel revenue declined by 5.8% and 11.6% respectively as a result of lower dispatch of Wellheads and Thermal plants.

Other income and gains

Other income increased from Shs 473 million to Shs 495 million compared to previous year, attributable to insurance compensation while income from clubs and consultancy recorded declines due to the impact of Covid-19 pandemic.

Other gains relate to foreign exchange valuations and fair value measurements of financial assets. The amount decreased by 82.4% from Shs 6,383 million to Shs 1,125 million during the period, mainly attributable to fair value gain on a financial asset through profit or loss as a result of stability of the Shilling against other major currencies.

Expenses

Reimbursable expenses decreased by 3.0% from Shs 4,288 million to Shs 4,160 million, attributable to reduced dispatch from the thermal power plants because of enhanced Geothermal and Hydro generation.
Olkaria I assets have been fully depreciation leading to lower depreciation expense, a decrease of 4.2% from Shs 12,030 million to Shs 11,520 million.

Employee expenses increased by 8.5% from Shs 7,082 million to Shs 7,685 million due cost for staff engaged in the drilling operations in Ethiopia and implementation of Collective Bargaining agreement (CBA), and gratuity for personnel on contract terms.

Steam costs are incurred in respect to supply of steam used in generation of power from third party owned wells. The costs declined from Shs 3,161 million to Shs 3,029 million due to lower dispatch from the wells connected to Olkaria I AU, Olkaria IV and Wellheads that experienced breakdowns during the period.

The plant operation and maintenance expenses increased from Shs 1,503 million to Shs 1,881 million because of expenses related to drilling in Ethiopia. Other expenses increased from Shs 2,299 million to Shs 3,310 million, attributable to expenses for drilling in Ethiopia, provisions arising from International Financial Reporting Standards (IFRS 9), two AGMs were held to conclude the 2019 and 2020 business occasioned by the delay in appointment of substantive Auditor-General and the construction of Naivasha Hospital which is a corporate social investment (CSI).

The costs associated with drilling of wells in Tulu Moye, Ethiopia amounting to Shs 1,336 million have been included under the expenses above.

Finance income/ expense

Finance income increased from Shs 1,431 million in 2020 to Shs 1,880 million in 2021 because interest on delayed payments of receivables and bank deposits arising from higher balances brought about by moratorium on repayment of borrowings.

The shilling appreciated against other major currencies especially the USD and JPY as compared to previous year when there was impact of COVID-19 pandemic resulting in a foreign exchange loss of Shs 5,965 million compared with a loss of Shs 701 million in the current year on borrowings. Therefore, finance expenses decreased by 63% from Shs 8,244 million to Shs, 3,053 million.

Results

During the financial year ended 30 June 2021, the business performance continued on the upward trend with a growth of the Profit before tax and continued stability of the business fundamentals. Profit before tax grew by 7% from Shs 13,790 million to Shs 14,762 million.

The corporate tax rate increased from 25% to 30% resulting in a tax expense of Shs 8,795 million on deferred tax compared with a credit of Shs 8,145 million in the previous year. This effectively resulted in tax expense of Shs 13,574 million in the year compared with Shs 4,587 million tax credit recorded in the previous year. Profit after tax reduced by 93.5% from Shs 18,377 million to Shs 1,188 million, owing to the reversal of tax measure put in place by the government in the last financial year to mitigate the impacts of Covid-19 pandemic. In 2020, the Company further enjoyed the benefit of capital allowances following the completion of 172.3 MW Olkaria V power station which reduced the tax expense for that year. These allowances are not available in the current year.

Financial position

Total assets grew by 3.1% from Shs 412,927 million to Shs 425,658 million, mainly attributable to Olkaria I Unit 6 and drilling of additional wells to secure steam for the upcoming power plants.

Cash flows

The cash and bank balances increased from Shs 5,374 million to Shs 13,859 million, attributable cash generated from operations attributable to working capital movements because of improved cash collections, reduced payment to contractors and fuel suppliers.

Ongoing projects

KenGen continued implementing its Good to Great corporate strategy to ensure sustainable power growth in the country, while leveraging on innovations and partnerships for continued business diversification. We focus on implementing measures that will ensure employees are well protected against the Covid-19 Pandemic and business continuity.

Olkaria I Unit 6 geothermal power plant which will add 83.3MW to the national grid is on course. We continued with diversification for other revenue sources from consultancies, and Geothermal Training Centre.

CORPORATE INFORMATION

Board of Directors	**Samson Mwathethe**	Chairman of the Board
	Joshua Choge	Retired at 2019 AGM on 3rd November 2020
	Rebecca Miano	Managing Director & CEO
	Ukur Yatani	Cabinet Secretary, The National Treasury
	Gordon O. Kihalangwa	Principal Secretary, State Department For Energy (Appointed on 30th September 2021)
	Joseph Njoroge	Principal Secretary, State Department For Energy (Served until 30th September 2021)
	Maurice Nduranu	
	Phyllis Wakiaga	
	Joseph Sitati	
	Peris Mwangi	
	James Opindi	
	Winnie Pertet	
	Samuel Kimani	
	Ziporah N. Ndegwa	Retired at 2019 AGM on 3rd November 2020
	Musa K. Arusei	Retired at 2020 AGM on 22nd April 2021
	Kairu Bachia	Retired at 2020 AGM on 22nd April 2021
	Reginalda Wanyonyi	Retired at 2020 AGM on 22nd April 2021
	Bernard Ndungu	Alternate Director to CS, The National Treasury (Appointed on 30th June 2021)
	Humphrey Muhu	Alternate Director CS, The National Treasury (Served until 30th June 2021)
	William Mbaka	Alternate Director to Principal Secretary, Ministry of Energy
	Peter Nyutu	Representative, Inspectorate of State Corporations

Secretary

CS Lawrence Kibet
For: Image Registrars Limited
Certified Public Secretary (Kenya)
P.O. Box 47936-00100 Nairobi, Kenya

Registered Office

Head Office
KenGen Pension Plaza 2
Kolobot Road
P.O. Box 47936-00100 Nairobi, Kenya

Registrars

Image Registrars Limited
5th Floor, Absa Towers, Loita Street,
P. O. Box 47936 - 00100
Nairobi

Principal Auditor

The Auditor-General
Anniversary Towers
P. O. Box 30084 - 00100
Nairobi

Delegated Auditor

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way/Chiromo Road, Westlands
P. O. Box 40092 - 00100
Nairobi, Kenya

Principal Bankers

The Co-operative Bank of Kenya Limited
Stima Plaza
P.O. Box 38764 - 00600
Nairobi

Citibank NA
Upper Hill
P.O. Box 30711 - 00100
Nairobi

Stanbic Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30552 - 00100 Nairobi

Equity Bank Kenya Limited
Westlands Supreme Centre,
P.O. Box 14253 - 00800
Nairobi

KCB Bank Kenya Limited
Moi Avenue Branch
P. O. Box 24030 - 00100
Nairobi

NCBA Bank Kenya Plc
NIC House
Masaba Road, Upper Hill
P.O. Box 44500 - 00100
Nairobi

Standard Chartered Bank Kenya Limited
Chiromo
P.O. Box 30003 - 00100
Nairobi

Bank of Africa Kenya Limited
Sameer Business Park
Unit C 1st Floor
P.O. Box 69562 - 00400
Nairobi

ABSA Bank Kenya Plc
Off Waiyaki Way
Corporate Banker Center
P.O. Box 30120 - 00100
Nairobi

MANAGEMENT TEAM

Divisional Directors:

Rebecca Miano	Managing Director & CEO
John Mudany	Finance & ICT Director
Elizabeth Njenga	Business Development Director
Abraham Serem	Human Resource & Administration Director
Solomon Kariuki	Operations Director
Jennifer Oduor	Ag. Company Secretary & Legal Affairs Director
Peketsa Mangi	Ag. Geothermal Development Director
David Muthike	Strategy & Innovation Director
Philip Yego	Supply Chain Director
Mary Maalu	Corporate & Regulatory Services Director

BOARD COMMITTEES

Audit, Risk & Compliance Committee

Joseph Sitati	Chair
Bernard Ndungu	Alternate Director to CS-National Treasury
Phyllis Wakiaga	
Peris Mwangi	
Samuel Kimani	

Strategy Committee

Phyllis Wakiaga	Chair
Bernard Ndungu	Alternate Director to CS-National Treasury
James Opindi	
William Mbaka	Alternate Director to PS-State Department of Energy
Rebecca Miano	

HR & Nomination Committee

Winnie Pertet	Chair
Maurice Nduranu	
James Opindi	
William Mbaka	Alternate Director to PS-State Department of Energy
Rebecca Miano	

Governance Advisory Committee

Peris Mwangi	Chair
Maurice Nduranu	
Winnie Pertet	
Joseph Sitati	
Rebecca Miano	

Finance Committee

Maurice Nduranu	Chair
Samuel Kimani	
Peris Mwangi	
Bernard Ndungu	Alternate Director to CS-National Treasury

Report of the Directors

For the Year Ended 30 June 2021

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the "Company" or "KenGen") for the year ended 30 June 2021.

Principal Activities

The principal activity of the Company is to generate and sell electricity to the authorised distributor, The Kenya Power and Lighting Company Plc (Kenya Power).

Results

The results of the entity for the year ended 30 June 2021 are set out on page [148 to 149].
Below is summary of the profit or loss made during the year.

	2021 Shs'000	2020 Shs'000
Profit before income tax	**14,761,745**	**13,789,787**
Income tax (expense)/credit	(13,573,338)	4,587,306
Profit for the year	**1,188,407**	**18,377,093**
Other comprehensive loss for the year, net of tax	(205,069)	(374,610)
Total comprehensive income for the year	**983,338**	**18,002,483**

Recommended dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of Shs 1,978 million (2020: Shs 1,978 million) for the year representing Shs 0.30 (2020: Shs 0.30) per issued ordinary share.

Directors

The Directors who held office during the year and to the date of this report are disclosed on page 14;

Disclosures to the auditor

The Directors confirm that with respect to each Director at the time of approval of this report:

(a) There was, as far as each Director is aware, no relevant audit information of which the Company's auditor is unaware; and

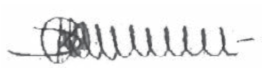
(b) Each Director had taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of appointment of auditors

The Auditor-General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf. Accordingly, Deloitte & Touche were appointed to carry out the audit for the year ended 30 June 2021.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board



CS Lawrence Kibet
For: Image Registrars Limited

24 November 2021

STATEMENT OF THE CHAIRMAN

"KenGen remains steadfast in its commitment to grow and maximise shareholder value through a resilient business model."

8th

Globally and leader in Africa geothermal prowess

86%

Renewable Energy portfolio

Gen (Rtd) Samson Mwathethe, EGH, MBS, DCO
Chairman of the Board

Dear Shareholders,

Welcome to our 2021 Integrated Annual Report and Accounts.

This is our second year of business during these unprecedented times of the pandemic.

The second, third and fourth waves of the Covid-19 variants have had devastating adverse effects both on human life and the business environment. Inspite of this, your Company has remained resilient and prudent in running of the business both in managing costs, securing our human capital, and putting stringent business continuity measures.

This has all paid off and I am happy to report that we have recorded another profitable year while continuing to provide safe, reliable, and competitively priced electric energy to the citizens of Kenya.

Business Operating Environment

The country's Gross Domestic Product decelerated by 0.3% in 2020 as compared to a revised growth of 5.0% in 2019. Despite most sectors recording negative growths due to the impact of the Covid-19 pandemic, the economy was supported by accelerated growth in agricultural production (4.8%), construction activities (11.8%), financial and insurance activities (5.6%) and health services activities (6.7%).

The key macroeconomic indicators are expected to remain stable and supportive of growth in 2021 resulting in a significant rebound of the economy in 2021. KenGen remains steadfast in its commitment to grow and maximise shareholder value through a resilient business model. This is focused on diversification and growing generation capacity to meet local growing demand for electricity as evidenced by the 3.5% growth in pre-Covid peak demand of 1,926 MW in March 2020 to 1,994 MW in June 2021.

Creating Value Through Sustainability

We have surged ahead in our Good-to-Great (G2G) strategy to grow our renewable energy portfolio to 86% as we protect this planet and secure it for the next generations. To complement our traditional electricity generation business, KenGen has adapted an aggressive diversification agenda encompassing growing our African geothermal footprint and developing other non-generation revenue streams.

Our corporate culture of continuous improvement embraces the Kaizen philosophy that applies to both short-term and long-term processes. The KenGen annual G2G Innovation Seminars inculcate a workplace culture that advocates for active engagement in offering solutions and enhancing efficiency across the business.

Our geothermal prowess has cemented Kenya in the eighth position globally and the leader in Africa. All factors constant, the commissioning of Olkaria I Unit 6 will earn us position seven and inch us closer to the Geothermal Gigawatt Club. Leveraging on these strengths, KenGen has broken ground as the first state corporation to expand beyond the Kenyan borders by securing several geothermal drilling contracts in Ethiopia and Djibouti. Rwanda and the Democratic Republic of Congo have engaged KenGen in geoscientific studies with an objective of undertaking drilling subject to the findings.

Climate change is a major global concern and KenGen prides itself on being a responsible corporate citizen with an active Carbon Development Mechanism. KenGen as a member of the UN Global Compact is committed to the Ten Principles anchored on environment, human rights, labour, and anti-corruption which will accelerate our attainment of the Sustainable Development Goals (SDGs).

Stakeholder Engagement

Building strong relationships with our stakeholders gives us a social capital to deliver on our core mandate in line with our long-term values. Our Community Engagement Strategy continues to define the needs of our stakeholders and our day to day relations with the stakeholders and the communities neighbouring our operational ecosystem.

While we have endeavoured to focus on enabling manufacturing on the Big 4 agenda, we have gone a step further to foster the Universal Healthcare Initiative through construction of a mega Level 5 Hospital in Naivasha. The hospital will be key in serving the greater Rift Valley Region and contributing towards attainment of SDG3 on good health and wellbeing for all. We continue to remain intentional about positively impacting the communities around us through our diverse Stakeholders Coordination Committees.

Changes in the Board

At the last Annual General Meeting held on 22nd April 2021, there were transitional changes in the Board with the election of three new Non-executive Directors who joined the KenGen Board. Directors Winnie Pertet, James Opindi and Samuel Kimani have refreshed the Board's mix of skills with their specific expertise and experience for effective oversight by the Board. We welcome them to the Board and the greater KenGen fraternity.

Dividends

The Board proposes a first and final dividend for the year of KShs. 0.30 per ordinary share. This compares to a total dividend of KShs. 0.30 per ordinary share paid in 2020. If approved at this Annual General Meeting by shareholders, the dividend will be paid less withholding tax where applicable on or about Thursday 10th February 2022.

Appreciation

I reassure you that your Board of Directors is alive to the uncertainties in the current business environment and continue to provide the requisite oversight to protect the shareholders' interests and maximise shareholder value to ensure KenGen has a sustainable business ethos.

I thank the Government of Kenya and our parent ministry, the Ministry of Energy for the unwavering support and confidence they have accorded the Board of Directors and KenGen as we support the nation building efforts with provision of the critical infrastructure enabler. KenGen has continued to grow from strength to strength due to the commitment and dedication of Management and staff. They have not lost sight of the strategic objectives of the Company, and I thank them for their continued diligence.

I also appreciate our development financial partners who have continued to support our strategy with favourable financing which has ensured that KenGen remains on course to deliver on the project pipeline.

In closing, I urge you all to continue to abide by the issued Covid-19 health protocols. Let's keep safe and protect our families.

Gen (Rtd) Samson Mwathethe
EGH, MBS, DCO
Chairman of the Board

TAARIFA YA MWENYEKITI

"KenGen imeweka kipaumbele ahadi yake ya kuhakikisha ukuaji na kufikia upeo wa juu wa thamani ya wenye hisa kupitia muundo stahimilivu wa

Gen (Rtd) Samson Mwathethe, EGH, MBS, DCO
Mwenyekiti wa Bodi

8

Nafasi ya nane kwa uzalishaji mvuke duniani na ya kwanza barani Africa.

86%

Kawi ya vyanzo mbadala

Wapendwa Wenyehisa,

Karibu kwenye Ripoti Yetu Jumuishi ya Kila Mwaka na Akaunti za 2021.

Huu ni mwaka wetu wa pili wa biashara katika nyakati hizi ambazo hazikutarajiwa za tandavu hii.

Mawimbi ya aina ya pili, tatu na nne ya Covid-19 yamekuwa na athari mbaya zaidi katika maisha ya binadamu na mazingira ya biashara. Licha ya haya, Kampuni yako imestahimili na ina adilifu katika kuendesha biashara hususan kwenye kusimamia gharama, kulinda mtaji wetu wa kibinadamu na kuweka hatua madhubuti ya uendelevu wa biashara. Hii imeleta ufanisi na ninafurahi kuripoti kwamba tumerekodi mwaka mwingine wa faida huku tukiendelea kutoa kawi salama, tena ya kutegemeka na ya bei nafuu kwa wananchi wa Kenya.

Mazingira ya Uendeshaji Biashara

Jumla ya Mapato ya Ndani ya Nchi yalipungua kwa 0.3% mwaka wa 2020 ikilinganishwa na ukuaji wa 5.0% mwaka wa 2019. Licha ya sekta nyingi kurekodi ukuaji hasi kutokana na athari ya tandavu ya Covid-19, uchumi ulipigwa jeki na ukuaji katika uzalishaji wa kilimo (4.8%), shughuli za ujenzi (11.8%), shughuli za kifedha na bima (5.6%) na shughuli za huduma za afya (6.7%).

Viashiria vikuu vya kiwango kikubwa cha uchumi vinatarajiwa kusalia thabiti na kuendelea kupiga jeki ukuaji mwaka wa 2021 na kusababisha kurejea kwa kiasi kikubwa cha uchumi katika mwaka wa 2021. KenGen inasalia kuipa kipaumbele ahadi yake ya kuhakikisha ukuaji na kufikia upeo wa juu wa thamani ya wenye hisa kupitia muundo stahimilivu wa biashara. Muundo huu unalenga upanuzi na kukuza uwezo wa uzalishaji ili kukidhi mahitaji yanayokua kindani ya umeme kama ilivyoshuhudiwa kutokana na ukuaji wa 3.5% katika hitaji la juu zaidi kabla ya Covid la 1,926 MW mnamo Machi 2020 hadi 1,994 MW mwezi Juni 2021.

Kuunda Thamani Kupitia Uendelevu

Tumepiga hatua katika mkakati wetu wa Good-to-Great (G2G) wa kukuza uwezo wetu wa kawi ya vyanzo mbadala hadi 86% huku tukilinda sayari hii na kuifanya kuwa salama kwa vizazi vijavyo. Ili kujaliza biashara yetu ya tangu jadi ya uzalishaji wa umeme, KenGen imekumbatia ajenda kuu ya upanuzi wa uzalishaji anuwai unaojumuisha alama yetu ya Kiafrika ya kawi ya mvuke na kuunda mikondo mingine ya mapato isiyo ya uzalishaji.

Utamaduni wetu wa kuendelea kuboresha mambo unakumbatia falsafa ya Kaizeni inayotumia michakato ya muda mfupi na ya muda mrefu.

Warsha za Uvumbuzi za KenGen, G2G zinazofanyika kila mwaka hujumuisha utamaduni wa eneo kazi unapigania kuhusisha watu kikamilifu katika kutoa suluhu na kuboresha ufanisi kote katika biashara hii.

Uwezo wetu wa kawi ya mvuke umeweka Kenya katika nafasi ya nane kote duniani na ya kwanza barani Afrika. Vigezo vyote vikisalia vilivyo, uzinduzi wa Olkaria I Kitengo cha 6 utaweka katika nafasi ya saba na kukaribia kuingia katika Kundi la Geothermal Gigawatt. Kwa kuegemea uwezo huu, KenGen imeweka msingi kwa kuwa shirika la kwanza la serikali kupanua mipaka yake nje ya Kenya, kwa kufanya mikataba kadhaa ya kuvuna kawi ya mvuke nchini Ethiopia na Djibouti. Nchi ya Rwanda na Jamhuri ya Kidemokrasia ya Kongo zimehusisha KenGen katika masomo ya sayansi ya kijiolojia kwa lengo la kuanza kuvuna kawi ya mvuke kutokana na matokeo. Mabadiliko ya hali ya hewa yamekuwa ni suala kuu la kimataifa na KenGen inajivunia kwa kuwa shirika linalojali maslahi ya mwananchi, linalowajibika na lenye Mbinu endelevu ya Maendeleo ya Kaboni. KenGen kama mwanachama wa Makubaliano ya Kimataifa ya Umoja wa Mataifa imejitolea kuhusika na Kanuni Kumi zilizojikita kwenye mihimili ya mazingira, haki za binadamu, maslahi ya wafanyikazi na vita dhidi ya ufisadi, jitihada hizi zikitupa kasi ya ufikiaji wa Malengo Endelevu ya Maendeleo (SDGs).

Ushirikishwaji wa Washikadau

Kukuza ushirika thabiti na washikadau wetu kunatupatia mtaji wa kijamii ili kufanikisha kazi yetu kuu kulingana na maadili yetu ya muda mrefu. Mkakati wetu wa Kuhusisha Jamii unaendelea kufafanua mahitaji ya washikadau wetu na ushirikiano wetu wa kila siku na washikadau hao na jamii zinazozingira mazingira yetu ya utendakazi.

Huku tukiwa tumeweka juhudi za kulenga kuwezesha kipengee cha utengenezaji bidhaa chini ya ajenda ya Big 4, tumepiga hatua kubwa katika kuimarisha Mpango wa Bima ya Afya kwa Wote kupitia ujenzi wa Hospitali kubwa ya Level 5 mjini Naivasha. Hospitali hiyo itakuwa muhimu katika kuhudumia Eneo pana la Bonde la Ufa na kuchangia katika kufikia SDG3 kuhusu afya bora na ustawi kwa wote. Tunaendelea kusalia na nia ya kuleta athari chanya kwa jamii za karibu nasi kupitia Kamati zetu anuwai za Uratibu wa Washikadau.

Mabadiliko Kwenye Bodi

Katika Mkutano Mkuu wa Kila Mwaka uliofanyika tarehe 22 Aprili 2021, kulikuwa na mabadiliko ya kimpito kwenye Bodi kutokana na kuchaguliwa kwa Wakurugenzi watatu wapya Wasio watendaji ambao walijiunga na Bodi ya KenGen. Wakurugenzi Winnie Pertet, James Opindi na Samuel Kimani wameweka upya ujuzi anuwai katika Bodi hii kwa utaalamu wao mahususi na uzoefu wa ajili ya ufanisi katika usimamizi na Bodi. Tunawakaribisha katika Bodi na familia pana ya KenGen.

Mgao wa Mapato

Bodi inapendekeza mgao wa kwanza na wa mwisho wa mwaka wa KShs. 0.30 kwa kila hisa ya kawaida. Hii ikilinganishwa na mgao wa jumla wa Kshs.0.30 kwa kila hisa ya kawaida iliyolipwa mnamo mwaka 2020. Iwapo itaidhinishwa katika mkutano huu wa mwisho wa mwaka na washikadau, mgao huo utalipwa bila ya kodi ya biashara kila itakapofaa kufikia au karibu na siku ya Alhamisi tarehe 10 Februari 2022.

Shukrani

Ninawahakikishia tena kwamba Bodi ya Wakurugenzi inaifahamu halitete katika mazingira ya sasa ya biashara na inaendelea kutoa usimamizi unaohitajika ili kulinda masilahi ya wenye hisa na kufikia upeo wa juu wa thamani ya wenye hisa ili kuhakikisha kwamba. KenGen ina maadili endelevu ya biashara.

Ninashukuru Serikali ya Kenya na wizara yetu mama, Wizara ya Kawi kwa kutoa msaada usioteteреka na ujasiri ambao wameupa Bodi ya Wakurugenzi na KenGen huku tukiendesha juhudi za kujenga nchi kwa kutoa nyenzo muhimu ya kuwezesha miundomsingi. KenGen imeendelea kukua kutoka kiwango kimoja cha uwezo hadi kingine kutokana na kujitolea na umakinifu wa Usimamizi na wafanyakazi.

Hawajakosa kumakinikia malengo ya kimikakati ya Kampuni hii, na ninawashukuru kwa kuendelea kufanya kwa bidii. Kadhalika, ninawashukuru washirika wetu wa maendeleo ya kifedha ambao wameendelea kusaidia mkakati wetu kwa kutoa ufadhili unaofaa ambao umehakikisha kwamba KenGen imeendelea kufanikisha miradi yake iliyopangiliwa. Hatimaye, ninawahimiza kuendelea kutii taratibu zote zilizotolewa za afya kuhusiana na Covid-19. Tuhakikishe kwamba tuko salama na tulinde familia zetu.

Gen (Rtd) Samson Mwathethe
EGH, MBS, DCO
Mwenyekiti wa Bodi

MESSAGE OF THE MANAGING DIRECTOR & CEO

"We have secured long-term revenue streams through Sustainable Power Purchase Agreements developed within the framework of the Energy Act 2019 to provide competitive tariffs with a view of attaining SDG 7 on affordable and clean energy by 2030."

7.0%

Growth in Profit before tax in 2021 compared to 2020

4.1%

Revenue Growth in 2021 as compared to 2020

Rebecca Miano , MBS
Managing Director & CEO

Dear Shareholders,

I am pleased to present to you the 2021 performance which was delivered under uncertainties brought about by the Covid-19 pandemic.

As an organisation, we remained keen on ensuring business continuity is aligned to our strategic aspirations which has enabled us to assess potential impact of disruptions, make decisions and minimize the impact of these disruptions.

In the midst of Covid-19, we have in place a well-defined Business Continuity Plan and a Disaster & Risk Management Framework which have steered critical business operations while retaining the agility of the business. In addition, we have ensured that enterprise risk management (ERM) processes address sustainability challenges such as resource availability and allocation, and employee wellbeing.

Our Strategic Direction

KenGen has continued to implement the revamped Horizon II Good to Great (G2G) strategy. Our commitment has enabled us to make tremendous strides in achieving our projects, our ambition demands more agility to actualize our renewable energy agenda. Our key priority amid the Covid-19 pandemic, is to deliver the 83.3 MW Olkaria I Unit 6 Geothermal Power Plant into the national grid by December 2021.

The rehabilitation of Olkaria I, which seeks to increase the plant's installed capacity from the current 45 MW to over 60MW which we intend to ground break. Detailed scientific studies have been done on our Olkaria and Eburru fields to pave way for further development of geothermal power plants. Other projects are in various stages of development.

Our affinity for renewable energy has paved way for development of 42.5 MW Seven Forks Solar project expected to be added to the grid by end of the year 2024 and redevelopment of 10 MW Gogo Power Plant in Migori County.

In line with SDG 11 on sustainable cities and communities which makes cities and human settlements inclusive and safe; we have partnered with Nairobi Metropolitan Services (NMS) to develop a 45 MW Waste to Energy Power Plant. This novel project enhances a circular economy approach in the management of voluminous waste in the Nairobi Metropolitan area while providing electricity and grid stability.

Securing Our Revenues

We have secured long-term revenue streams through Sustainable Power Purchase Agreements developed within the framework of the Energy Act 2019 to provide competitive tariffs with a view of attaining Sustainable Development Goal No. 7 (SDGs) on affordable and clean energy by 2030. This ensures that our financial stability and ability to meet our obligations are maintained while being able to attract capital for future projects. These long-term arrangements allow us access to concessional funding for our projects.

Diversification remains a key strategy to our business sustainability. As part of its contribution to Kenya's social economic development, KenGen is setting up a Green Energy Park and related infrastructures in Olkaria area, Naivasha. The industries at the Park will benefit from reduced production costs guaranteed by stable power and access to affordable geothermal resources such as steam, brine, and condensate. In addition, it will create employment, spur economic development, and support the Government's Big 4 Agenda.

The Company continues to benefit from our revenue diversification projects. During the year, our ongoing drilling projects in Ethiopia and Djibouti have positively impacted on our total revenue. The Company has also leveraged on its expertise on geothermal to offer geoscientific consultancy services both locally and internationally.

2021 Business Performance

During the year ended 30th June 2021,the strength and agility of our business, combined with our professionalism enabled us to continue delivering a strong operational performance. Overall,we delivered revenue growth of 4.1%, from KShs 44,110 million in 2020 to KShs 45,901 million for the period. This reflects full year revenue impact from Olkaria V geothermal power plant.

Profit before tax grew by 7.0% in 2021to KShs 14,762 million compared to KShs 13,790 million in 2020. The corporate tax rate of 25% which had been given in the 2020 as part of Covid-19 mitigation measures, reverted to 30%. Consequently, our profit after tax declined to KShs 1,188 million compared to KShs 18,377 million in the previous year, principally reflecting the reversal of the corporate tax rate from 25% back to 30% and the related reinstatement of the associated deferred tax liability.

Regulatory Environment

KenGen actively participates in shaping the regulatory environment to deliver value for all stakeholders as we efficiently generate competitively priced electric energy. During the year under review, KenGen worked with other energy sector agencies to shape the regulatory environment and formulate regulations to operationalize the Energy Act 2019. In addition to KenGen's enhanced collaboration with the relevant national and county government arms, we are active participants in discussions on emerging legislation and regulations and ensure a change in law clause is included in the Power Purchase Agreements. In March 2021, H.E. the President appointed a taskforce to undertake comprehensive review of all existing PPAs. KenGen as a key stakeholder has actively engaged the Taskforce on all existing PPAs. We remain optimistic that this will bring about an enhanced and efficient electricity supply system for affordable and competitively priced electricity for the economy.

The Public Procurement and Asset Disposal Regulations 2020 which were issued in July 2020 have been incorporated and operationalised in our supply chain processes to ensure legal compliance.

Climate Action

To combat global warming, KenGen remains committed to promoting sustainable environmental practices and mitigating current and potential climate change impacts. To this end, KenGen joined the United Nation Global Compact (UNGC) Caring for Climate Working Group with a view to refocusing its business sustainability through taking further actions to continuously improve the efficiency of energy usage and to reduce the carbon footprint of our activities and processes. KenGen is the first state corporation to be admitted to the

Business Ambition for 1.5°C Campaign, an initiative of the companies demonstrating the highest level of ambition on climate, paving the way to a net-zero future.

To accelerate the achievement of SDG 13 on Climate action, we have developed and registered six Clean Development Mechanism (CDM) projects which contribute approximately 1.5 million tCO2e on annual basis. In the year 2020-2021 our verified projects resulted to issuance of 4,617,309 tCO2e Certified Emissions Reductions (CERs).

Our People

During the Covid-19 pandemic, KenGen employees as part of the essential service providers remained resilient, agile, and committed to ensure availability of reliable power to support the economy. KenGen in its response; to ensure business continuity, safety and well-being of the employees; activated its corporate Crisis Management Team which in conjunction with the Ministry of Health ensured vaccination of most of our employees.

In recognition of KenGen's efforts to promote gender mainstreaming and women empowerment, through the Pink Energy initiative, the company won the Trailblazers Award by the Ministry of Public Service and Gender.

To enhance the employees' skills and competencies, the company implemented blended learning by introducing E-learning to complement in-person classroom trainings. The company introduced Competencies E-Lab an online learning platform that offers training content and services with 100% cloud access, anytime, anywhere.

Operational Excellence

KenGen strongly relies on operational excellence to execute its strategy consistently and reliably thereby achieving business growth and continued innovation leveraging on vast employee experience, ICT technologies, and KAIZEN philosophy of continuous improvement.

Through continuous improvement of our generation assets, we undertook an overhaul and rehabilitation of Masinga Power Plant Unit One that has restored its effective capacity to 20 MW thereby maximizing on the revenues. Further, we are rehabilitating our 69 year old Wanjii Power station to increase its capacity from 7.4 MW to 8.2 MW and improve its operational efficiency.

These plant improvement processes are supported by effective management of spares, continued capacity building and optimization of employees.

Stakeholder Engagement

KenGen has a robust strategy that identifies and actively engages the various stakeholders to promote sustainable operations by adopting practices that are responsive to their needs. During the Covid-19 pandemic, KenGen engaged local communities through economic and social support to help alleviate the impacts of the disease.

As an organisation, we continued to aggressively engage the special groups categorized as youth, women and persons with disabilities on Access to Government Procurement Opportunities (AGPO).

The sensitization and awareness sessions were conducted to increase uptake of allocated procurement opportunities, empowerment, and inclusivity.

Innovation

In this ever-changing world, no organisation can survive without innovation. This is the lifeline that drives business today and KenGen is continually seeking ways to create and improve its business models and practices. The innovative nature and resilience of our workforce is showcased at the annual G2G innovation seminar which successfully exploits new ideas that improve our business processes and embrace new solutions.

This corporate innovative culture has given us a distinct competitive edge which is driving our diversification agenda and has successfully won us several contracts in Ethiopia and Djibouti. We pride ourselves in that the contracts are solely run by KenGen employees with skills and expertise grown within KenGen. We have secured our intellectual property against possible violations by partnering with the Kenya Industrial Property Institute and administer non-disclosure agreements.

The Internet of Things (IoT) revolution has undoubtedly arrived and has now permeated all sectors. At KenGen, IoT is one of the main drivers of our ongoing digital adaptations that is radically changing the way we do our business. We are resetting digitally to attain value proportions of efficient business processes, increased productivity, alternative revenue and cost savings, increased compliance and data protection, and customer satisfaction.

Future Outlook

I am profoundly thankful to the KenGen fraternity for its unwavering commitment to addressing climate change as an urgent global priority. KenGen, as a market leader, plays a central role in meeting the national power demand while lowering the carbon intensity and making energy more resilient.

Through its renewable penetration and expertise, the Company plays a fundamental role in decarbonizing the globe in line with the Paris Climate Agreement.

Our future outlook is governed by the energy trilemma filter that paves the way for developing Geothermal, Wind, Hydro and Solar sources. In the interest of variability, Geothermal energy takes a dominant role to overcome weather vagaries and ensure reliable baseload power to the grid. This commitment provides an energy mix dominated by renewable sources, which not only actualizes our Climate Positive aspiration but significantly lowers the cost of power and greatly optimizes the shareholder value.

Innovation is our culture in approaching sustainability. Through this, our diversification agenda was hatched to grow our revenues, reduce our costs preserving our cash flow and meeting our obligations. In recognition of our refined expertise, KenGen has been engaged by several partners in the African region, including Ethiopia and Djibouti to help develop renewable energy capacity on several fronts. In addition, several local companies have directly contracted KenGen to undertake geothermal studies and drilling works within their concessions. This has in every way grown our brand, revenues and increased our revenue sources.

Operational Excellence was our North Star in preserving our revenues. It permeates all facets of our business through optimum management of costs, reducing tariffs, and ultimately increased profitability.

Operation and maintenance costs for our generation fleet is one of the significant cost drivers for our business. Therefore, plant operational strategies and arising practices are a crucial element of KenGen's overall Operational Excellence pillar. Our elaborate Operational and Maintenance strategy for our diverse Generation Fleet has evolved from time-based preventive mode through condition-based and predictive maintenance approach to the current nascent Reliability-Centred Maintenance (RCM) strategy. The dynamism of regulatory and business environment coupled with the heightened customer awareness and strive for lower power costs reinforces the need for constant scanning and review of maintenance strategies to ensure alignment with best practices, optimization of costs and sustainability of the business for the continued financial success of KenGen and our esteemed shareholders and humbly enhancing our corporate contribution to the larger overall good of our great country, Kenya.

With a greater focus than ever before, the Company rolled out a digitalization plan. This plan, combined with our headway, enabled us to improve operational execution and strengthened our capacity to work through the uncertainties triggered by the pandemic.

The KenGen brand is one of our eminent pride and a source of competitive advantage. It continues to be a significant resource that deserves constant attention and deliberate nurturing. We shall continue to promote our brand through effective and intentional stakeholder management.

As a good corporate citizen, the Company is keen on establishing "Karibu Centers" in all our operations to proactively serve our customers and provide necessary information with a smile. We remain committed to positively interacting and meeting all our stakeholders halfway, and building mutually beneficial relationships. We are already a positive presence and active participants in local and major international events such as Global Compact Climate Action Platforms.

KenGen is a renowned force of good and a reference point in excellent stakeholder management. Tremendous effort in proactively deepening our international stakeholder engagements has been made. This initiative is timely because of the enormous potential brand equity to be gained coupled with the fact that it aligns and dovetails perfectly with our stated ambition of expanding our business footprints in Africa and beyond, particularly in the Geothermal field.

Appreciation

I sincerely thank the Board of Directors for their guidance and the entire KenGen family for their dedication to our corporate theme; "Build, Bring out the best, and Be present with excellence" as we seek to simply deliver on our strategic aspirations.

Rebecca Miano , MBS
Managing Director & CEO

UJUMBE WA MKURUGENZI MKUU NA AFISA MTENDAJI

"Tumepata mikondo ya muda mrefu kupitia Makubaliano Endelevu Ya Ununuzi wa Kawi yaliyounda ndani ya Msingi wa Sheria ya Kawi Cha 2019 ili kutoa bei shindani kwa mtazamo wa kufikia SDG 7 kuhusu kawi ya bei nafuu na safi kufikia 2030."

7.0%

Ukuaji wa faida kabla ya Ushuru mwaka 2021 ikilinganishwa na mwaka 2020

4.1%

Ukuaji wa Mapato mwaka 2021 ikilinganishwa na mwaka 2020

Rebecca Miano, MBS
Mkurugenzi Mkuu na Afisa Mtendaji

Wapendwa Wenyehisa,

Ninafurahi kuwasilisha kwenu matokeo ya utendakazi wa 2021 yaliyowasilishwa katika halitete iliyosababishwa na janga tandavu la COVID-19.

Kama shirika, tumesalia kuwa makini ili kuhakikisha uendelevu wa biashara umeoanishwa na maazimio yetu ya kimkakati ambayo yametuwezesha kutathmini athari inayoweza kuwepo ya kiuharibifu, kufanya maamuzi na kupunguza athari ya uharibifu huu.

Ingawa tandavu ya Covid-19 bado ingalipo, tumeweka Mpango wa Uendelevu wa Biashara na na Muundo wa Janga na Udhibiti wa Hatari Ambao umeongoza uendeshaji muhimu wa biashara huku tukisalia na urahisi wa kufanya biashara. Kando na hayo, tumehakikisha kwamba michakato ya udhibiti wa hatari (ERM) wa biashara unashughulikia changamoto za uendelevu kama vile upatikanaji wa rasilimali na ugavi, pamoja na ustawi wa wafanyakazi.

Mwelekeo Wetu wa Kimkakati

KenGen imeendelea kutekeleza mkakati wetu ulioimarishwa wa Horizon Good to Great (G2G). Kujitolea kwetu kumetuwezesha kupiga hatua kubwa katika kufanikisha miradi yetu, maazimio yetu yanahitaji wepesi ili kufanikisha ajenda yetu ya kazi ya vyanzo mbadala. Kipaumbele muhimu kwetu wakati wa tandavu ya Covid-19 ni kuwasilisha Kituo cha Kawi cha Mvuke cha 83.3 MW Olkaria I Kitengo cha 6 katika gridi ya kitaifa kufikia Desemba 2021.

Tumepiga hatua kubwa katika mradi wa Ushirikiano wa Umma na Sekta ya Kibinafsi ili kuzindua kituo cha Olkaria VI ambacho kinatarajiwa kuongeza 140 MW kwenye gridi ya kitaifa. Huu utakuwa mradi wetu wa kwanza wa PPP na kwa hakika utakuwa mradi mkubwa zaidi wa aina yake katika bara hili. Zaidi ya hayo, ukarabati wa Olkaria I, unaolenga kuongeza uwezo uliosakinishwa wa kituo hiki kutoka kwa uwezo wake wa sasa wa 45MW hadi zaidi ya 60 MW tunazolenga kuzindua. Tafiti za kina za kisayansi zimefanywa katika maeneo yetu ya Olkaria na Eburru ili kutoa fursa ya maendeleo zaidi zaidi ya vituo vya kawi ya mvuke. Miradi mingine ipo katika hatua mbalimbali za maendeleo.

Mapendeleo yetu ya kawi ya vyanzo mbadala yameruhusu ukuzaji wa mradi wa nishati wa 42.5 MW Seven Forks Solar unaotarajiwa kuongezwa kwenye gridi kufikia mwisho wa mwaka 2024 na kukuzwa tena kwa mradi wa 10 MW Kituo cha Kawi cha Gogo katika Kaunti ya Migori. Kulingana na SDG 11 kuhusu jiji endelevu na jamii zinazounda majiji na makazi ya binadamu kuwa jumuishi na salama; tumeshirikiana na

Huduma za Usimamizi Wa Jiji la Nairobi (NMS) ili kuunda Kituo cha Kawi ya Inayotokana na TakaTaka cha 45 MW. Mradi huu mpya unaboresha mwelekeo wa pande zote za uchumi katika usimamizi wa idadi ya juu ya takataka katika eneo la Jiji la Nairobi huku ukitoa uthabiti wa umeme na gridi.

Kupata Mapato Yetu

Tumefanikisha kuwa na njia za mapato ya muda mrefu kupitia kwa Makubaliano Endelevu Ya Ununuzi wa Kawi yaliyoundwa kwenye mfumo wa Sheria ya Kawi yaa 2019 ili kutoa mipango ya malipo nafuu kwa nia ya kufikia malengo ya SDG 7 kuhusu kawi ya bei nafuu na safi kufikia 2030. Hii inahakikisha kwamba uthabiti wetu wa kifedha na uwezo wetu wa kufikia wajibu wetu umedumishwa huku tukiweza kuvutia mtaji kwa ajili ya miradi ijayo. Mipango hii ya muda mrefu inatuwezesha kufikia ufadhili wa kipekee kwa ajili ya miradi yetu.

Upanuzi anuai unasalia kuwa mkakati muhimu katika uendelevu wa biashara yetu. Kama sehemu ya mchango wake kwa maendeleo ya kijamii na kiuchumi ya Kenya, KenGen inaweka Bustani ya Kawi ya Vyanzo Asili na vinavyohusiana na miundomsingi katika eneo la Olkaria, Naivasha. Viwanda katika Bustani hii vitanufaika pakubwa kutokana na gharama zilizopungua za uzalishaji na kuwepo kwa hakikisho la kawi thabiti pamoja na ufikiaji wa rasilimali za kawi ya vyanzo mbadala kwa bei nafuu kama vile, mvuke, maji ya chumvi na maji kutokana na mvuke. Zaidi ya hayo, itatengeneza nafasi za ajira, kupiga jeki ukuaji wa kiuchumi na kusaidia katika Ajenda 4 Kuu za Serikali.

Kampuni hii inaendelea kunufaika kutokana na miradi yetu ya upanuzi wa mapato. Katika mwaka huu, miradi yetu inayoendelea ya uchimbaji nchini Ethiopia na Djibouti imeathiri kwa njia chanya mapato yetu ya jumla. Kampuni hiyo pia imetumia utaalamu wake katika kawi ya mvuke ili kutoa huduma za ushauri wa sayansi ya kijiolojia humu nchini na hata kimataifa.

Utendakazi wa Kibiashara 2021

Katika kipindi cha mwaka uliokamilika tarehe 30 Juni 2021, uthabiti na ubora wa biashara yetu, ikiongezewa na utaalamu wetu, ilituwezesha kuendelea kutoa huduma bora za kiusimamizi. Kwa ujumla, tulifanikiwa kuzalisha mapato ya 4.1 %, kutoka KShs 44,110 milioni mnamo 2020 hadi KShs 45,901 milioni katika kipindi hicho. Hali hii inaakisi athari ya mapato ya mwaka mzima kutoka kiwanda cha uzalishaji mvuke cha Olkaria V na shughuli zetu za uchimbaji huko Ethiopia.

Faida kabla ya ushuru iliongezeka kwa 7% mnamo 2021 hadi kufikia KShs 14,762 milioni ikilinganishwa na KShs 13,790 milioni mnamo 2020. Kiwango cha ushuru wa kishirika cha 25%, kilichotozwa mnamo 2020 kama sehemu ya hatua za kukabiliana na janga tandavu la Covid-19, kilipanda hadi 30%. Hata hivyo, faida yetu baada ya ushuru ilipungua na kufikia KShs 1,188 milioni ikilinganishwa na KShs 18,377 milioni katika kipindi cha mwaka uliotangulia, kimsingi, hii inaakisi athari ya kiwango cha juu cha ushuru.

Mazingira ya Kisheria

KenGen inaendelea kushiriki katika kutoa mwongozo wa mazingira ya kisheria ili kutoa thamani kwa washikadau wote huku tukizalisha kawi ya bei nafuu kwa ufanisi. Katika mwaka huu unaokaguliwa, KenGen ilishirikiana na mashirika mengine katika sekta ya kawi kutoa mwongozo wa mazingira ya kisheria na kuunda kanuni za kutendesha Sheria ya Kawi ya Ya 2019. Kando na ushirikiano ulioboreshwa wa KenGen na ngazi zinazofaa za serikali ya kitaifa na kaunti, tunashiriki kikamilifu katika majadiliano kuhusu sheria na kanuni ibuka na kuhakikisha mabadiliko katika kipengele cha sheria yamejumuisha katika Mikataba ya Ununuzi wa Kawi. Mnamo Machi 2021, Mheshimiwa Rais aliteua jopo kazi ili kuendesha ukaguzi kamilifu wa PPA zote Zilizopo. KenGen kama mshikadau muhimu imehusisha Jopo-kazi hili kikamilifu kuhusu PPA zote zilizopo. Tunabakia tukiwa na matumaini kwamba hatua hii italeta mfumo ulioboreshwa na wenye ufanisi katika usambazaji wa umeme kwa bei nafuu ya umeme na iliyo na ushindani kwa ajili ya uchumi.

Sheria za Manunuzi ya Umma na Utoaji wa Mali Za 2020 ambazo zilitolewa Julai 2020 zimejumuishwa na kutendeshwa katika michakato yetu ya mikondo ya usambazaji ili kuhakikisha utiifu wa kisheria

Hatua kuhusu Hali ya Hewa

Ili kukabiliana na ongezeko la joto duniani, KenGen inasalia kujitolea kuhimizamatendo endelevu ya kimazingira na na kutatua athari za sasa na zinazoweza kuwepo za mabadiliko ya hali ya hewa. Hadi hapo, KenGen ilijiunga katika Kikundi Kazi cha Uhifadhi wa Hali ya Hewa UNGC, kwa lengo la kuangazia tena uendelevu wa biashara yake kupitia kuchukua hatua zaidi ili kuendelea kuboresha ufanisi wa matumizi ya kawi na kupunguza alama za kaboni ya shughuli zetu na michakato. KenGen ndiyo shirika la kwanza la kitaifa kusajiliwa katika Kampeni ya Maazimio ya Biashara kwa 1.5 °C Mpango wa kampuni zinazoonyesha kiwango cha juu zaidi cha maazimio kuhusu hali ya hewa, na kutoa njia kwa ajili ya mustakabali usio na uchafuzi wa hewa hata kidogo.

Ili kuendesha ufikiaji wa SDG 13 kuhusu Hatua ya Hali ya Hewa, tumeunda na kusajili miradi sita ya Mbinu ya Maendeleo Safi (CDM) ambao utachangia takriban milioni 1.5 tCO2e kila mwaka. Mwaka wa 2020-2021, miradi yetu iliyothibitishwa ilisababisha kutolewa kwa tCO2e 4,617,309 za Mapunguzo Yaliyothibitishwa ya Utoaji wa Hewa (CERs).

Wafanyakazi Wetu

Wakati wa janga la COVID-19, Wafanyakazi wa KenGen kama sehemu ya watoa huduma muhimu walisalia kuwa na ustahamilivu, wakakamavu na kujitolea ili kuhakikisha upatikanaji wa nishati inayotegemeka na itakayosaidia uchumi. KenGen katika mwitikio wake; ili kuhakikisha uendelevu, usalama na ustawi wa wafanyakazi, iliweka kikosi cha Usimamizi wa Janga, ambacho kwa ushirikiano na Wizara ya Afya kilihakikisha kupewa chanjo kwa wafanyakazi wetu wengi.

Katika kutambua juhudi za KenGen kwenye kuendeleza ulainishaji wa jinsia na uwezeshaji wa wanawake, kupitia Mpango wa Pink Enegry, kampuni hii ilishinda Tuzo za Trailblazers kutoka Wizara ya Huduma ya Umma na Jinsia.

Ili kuimarisha ujuzi na umilisi wa wafanyakazi, kampuni hii Imefanya mafunzo mseto kwa kuzindua Mafundisho ya mtandaoni kwa ajili ya kujalizia mafunzo ya ana kwa ana ya darasani. Kampuni hii ilizindua Maabara ya Mtandaoni Ya Umilisi, jukwaa la kujifundishia mtandaoni ambalo linatoa maudhui na huduma za mafunzo kwa ufikiaji wa huduma za wingu kwa 100%, wakati wowote, popote pale.

Ufanisi wa Uendeshaji wa Biashara

KenGen inaegemea ufanisi wa utendakazi kwa njia thabiti ili kutekeleza mkakati wake kwa uthabiti na njia inayotegemeka hivyo kufikia ukuaji wa biashara na kuendelea kutumia uvumbuzi unategemea uzoefu mpana wa wafanyakazi, teknolojia za Tehama na falsafa ya Kaizeni ya kuendelea kuboresha.

Ili kusalia kuwa unyumbufu pamoja na ushindani katika mazingira ya biashara yanayobadilika, ni muhimu sana kufanya mambo kidijitali. Ili kufikia hili, tunaushughulikia muundomsingi wa kiotomatiki wa mfumo wa mita kwenye vituo vyote za uzalishaji. Hii itawezesha ukusanyaji wa data ya mita kutoka kwenye kituo kikuu na kuwa kama duka moja kwa ajili ya ufanisi katika kufanya uamuzi. Kupitia kwa njia endelevu za kuboresha uzalishaji wetu wa rasilimali, tulifanya mageuzi na ukarabati wa Kituo cha Kawi cha Masinga Kitengo cha Kwanza (Unit One) ambao umerejesha uwezo wake wa ufanisi hadi 20 MW kwa hivyo kufikia upeo wa juu wa wa mapato. Zaidi ya hayo, tunakarabati kituo chetu cha Kawi cha Wanjii kilicho na miaka 69 ili kuongeza uwezo wake wa kutoka 7.4 MW hadi 8.2 MW na kuboresha ufanisi wake wa kiutendaji. Uboreshaji wa michakato ya vituo hivi unasaidiwa na usimamizi unaofaa wa vipande, kuendelea kukuza uwezo na uboreshaji wa wafanyakazi wetu wengi.

Ushirikishwaji kwa Washikadau

KenGen ina mkakati mpana ambao unatambua na kuendelea kuhusisha washikadau mbalimbali ili kuendeleza utendakazi endelevu kwa kukumbatia matendo ambayo yanashughulikia mahitaji yao. Wakati wa janga la COVID-19, KenGen ilishirikisha jamii za ndani kupitia usaidizi wa kiuchumi na kijamii ili kusaidia kukabiliana na athari za ugonjwa.

KenGen imeanza kutumia mfumo wa Ununuzi mtandaoni ili kuongeza ufanisi na kupunguza muda wa kufanya ununuzi kupitia mfumo wa Usimamizi wa Mahusiano ya Wasambazaji. Kwa kufanya hivyo, Kampuni hii imeongeza fursa ya kuonekana kuwa na viwango vya uwazi wa michakato ya ununuzi, utoaji ripoti zilizoboreshwa na pia tumepiga hatua kubwa kwenye itifaki za tandavu za kuondoa matumizi ya karatasi Kama shirika, tunaendelea kuvishirikisha kabisa vikundi maalum vilivyoainishwa kama vile; vijana, wanawake na watu wanaoishi na ulemavu kuhusu Ufikiaji wa Fursa za Ununuzi Za Serikali (AGPO).

Vipindi vya mafunzo na uhamasisho viliendeshwa ili kuongeza kuchukuliwa kwa fursa, uwezeshaji na ujumuishaji katika ununuzi uliotengwa.

Uvumbuzi

Katika dunia hii inayozidi kubadilika, hakuna shirika linaloweza kujisitiri bila kufanya uvumbuzi. Huu ndio mkondo wa maisha ambao unaendesha biashara leo na KenGen inaendelea kutafuta njia za kuunda na kuboresha miundo na desturi zake za kibiashara. Asili ya uvumbuzi na ustahimilivu wa jopo-kazi letu unaonyeshwa katika warsha za kila mwaka za G2G ambazo zimefanikiwa katika kuvuna mawazo mapya yanayoboresha michakato yetu ya biashara na kukumbatia suluhu mpya.

Utamaduni huu wa uvumbuzi wa shirika umetupa uwezo wa kipekee shindani ambao unaendesha ajenda yetu ya upanuzi na kufanikiwa pakubwa kutushindia zabuni nchini Ethiopia na Djibouti. Tunajivunia ukweli kwamba zabuni hizi zinaendeshwa na wafanyakazi wa KenGen pekee walio na ujuzi na utaalamu uliokuzwa ndani ya KenGen. Tumepata haki ya mali ya akili dhidi ya ukiukaji wowote unaowezekana kwa kushirikiana na Taasisi ya Mali ya Viwandani ya Kenya Na kutoa mikataba ya kutofichua yaliyomo.

Mageuzi ya Mtandao wa Mambo (IoT) umefika bila shaka na sasa kufikia kila sekta. Hapa KenGen, IoT ni majawapo ya viendeshi vikuu vya matumizi yetu yanayoendelea ya dijitali ambayo kuleta mabadiliko ya haraka kwa jinsi tunavyofanya biashara. Tunabadilisha na kufanya mambo yetu kidijitali ili kufikia migao ya thamani ya biashara, kuongezeka kwa uzalishaji, mapato mbadala na kuokoa gharama, ongezeko la utiifu na ulinzi wa data na kuridhika kwa mteja.

Mtazamo wa Baadae

Natoa shukrani za dhati kwa jamii ya KenGen kwa kujitolea thabiti katika kushughulikia mabadiliko ya tabianchi kama kipaumbele cha dharura cha kilimwengu. KenGen, kama kiongozi wa soko, ina jukumu la msingi katika kutimiza mahitaji ya umeme katika taifa huku ikipunguza ukali wa kaboni na kufanya kawi kuwa thabiti zaidi.

Kupitia upenyaji na utaalamu wake unaoweza kufanywa upya, Kampuni hii ina jukumu la msingi katika kuondoa kaboni ulimwenguni kwa kufuata Makubaliano ya Tabianchi ya Paris.

Mtazamo wetu wa baadaye unaongozwa na kichujio cha utata wa kawi ambacho hutayarisha maandalizi ya vyanzo vya Mvuke, Upepo, Maji na Jua. Kwa mapendelo ya ubadilifu, kawi ya Mvuke inachukua jukumu lenye nguvu la kushinda hali ya anga isiyo ya kawaida na kuhakikisha kuwa kuna umeme unaoweza kutegemewa. Kujitolea huku kunatoa mchanganyiko wa kawi unaotawaliwa na vyanzo vinavyoweza kufanywa upya, ambavyo havifanikishi tu hamu yetu ya kupata matarajio Chanya ya Tabianchi bali kupunguza kwa kiasi kikubwa gharama ya umeme na kuwezesha pakubwa thamani ya mshikadau.

Uvumbuzi ni utamaduni wetu katika kulenga uendelevu. Kupitia hii, ajenda yetu ya anuwai ilifanikishwa ili kukuza mapato yetu, kupunguza gharama zetu na kuhifadhi mzunguko wetu wa pesa na kutimiza wajibu wetu. Katika kutambua utaalamu wetu uliowekwa upya, KenGen imehusika na wabia wengi katika ukanda wa Afrika, ikiwa pamoja na Ethiopia na Djibouti ili kusaidia kuunda nafasi ya kawi inayoweza kufanywa upya katika sehemu kadhaa. Isitoshe, kampuni kadhaa za ndani zimeafikiana moja kwa moja na KenGen ili ifanye utafiti wa mvuke na kazi za uchimbaji ndani ya ridhaa yao. Hii kwa njia kubwa imekuza shirika letu pamoja na mapato yetu na kuongeza vyanzo vya mapato yetu.

Ubora wa Utendaji ndio ulikuwa Mwongozo wetu katika kutunza mapato yetu. Inapenya sehemu zote za biashara yetu kupitia usimamizi bora kabisa wa gharama, kupunguza ushuru wa forodha, na hatimaye kuongeza uzalishaji faida.

Gharama za uendeshaji na usimamizi za uzalishaji wetu ni mojawapo ya viendeshaji muhimu vya gharama katika biashara yetu. Kwa hivyo, mikakati ya uendeshaji wa kiwanda na matendo yanayoibuka ni kipengele muhimu cha jumla ya mhimili wa Ubora wa Uendeshaji wa KenGen. Mkakati wetu wazi wa Uendeshaji na Usimamizi wa Vyombo vyetu anuwai vya Uzalishaji umekua kutoka modi ya uzuiaji inayolingana na wakati kupitia mtazamo wa usimamizi unaoweza kutabiriwa na kulingana na hali hadi mkakati wa sasa wa Usimamizi Unaojikita katika Uwezo wa Kutegemewa (RCM). Uwezo wa udhibiti na mazingira ya biashara pamoja na utambuzi wa mteja ulioimarishwa na jitihada za gharama za chini za umeme huwezesha haja ya utambazi wa mara kwa mara na ukaguzi wa mikakati ya usimamizi ili kuhakikisha ulandanishaji na matendo bora, uchumishaji wa gharama na uendelevu wa biashara kwa ajili ya mafanikio ya kifedha ya KenGen na washikadau wetu na kuwezesha mchango wetu kwa wema wa nchi yetu tukufu, Kenya.

Kwa malengo makubwa ambayo hayajawahi kukuwepo, Kampuni ilianzisha mpango wa kufanya mambo kidijitali. Mpango huu, pamoja na maendeleo yetu, ulituwezesha kubresha utekelezaji wa uendeshaji na kuhimiza uwezo wetu wa kufanya kazi kupitia mashaka yaliyoletwa na janga hili.

Shirika la KenGen ni mojawapo ya fahari yetu adhimu na chanzo cha faida ya ushindani. Linaendelea kuwa rasilimali muhimu inayostahili umakinifu wa mara kwa mara na kushauriana utunzaji.

Tutaendelea kutangaza chapa yetu kupitia usimamizi wa mshikadau faafu na wenye nia.

Kama raia mzuri wa kibiashara, Kampuni ipo makini katika kuanzisha "Vituo vya Karibu" katika utendaji wetu wote ili kuhudumia wateja wetu ipasavyo na kutoa taarifa muhimu kwa tabasamu. Tunaendelea kujitolea kuingiliana vizuri na kukutana na washikadau wetu wote katikati, na kujenga uhusiano unaofaa pande zote. Tayari sisi tupo kwa njia nzuri na ni washirika wamilifu katika matukio ya ndani na ya kimataifa kama vile Majukwaa ya Kitendo cha Hali ya Hewa yenye Mapatano Ulimwenguni.

KenGen nguvu inaojulikana kwa wema na hatua ya kurejelea katika usimamizi bora wa mshikadau. Juhudi kubwa mno inaimarisha zaidi uhusiano wetu wa kimataifa wa mshikadau tayari zimefanywa. Mpango huu umekuja kwa wakati mzuri kwa sababu ya usawa mkubwa wa chapa wa kupatwa pamoja na ukweli kwamba inalandanisha na kupatana vyema kabisa na tamaa yetu ya makuu ya kupanua biashara yetu Afrika na zaidi, haswa katika uwanja wa Mvuke.

Shukrani

Naishukuru kwa dhati Bodi ya Wakurugenzi kwa mwongozo wao pamoja na familia nzima ya KenGen kwa kujitolea kwao kuimarisha kauli mbiu yetu ya shirika inayosema, "Jenga, Dhihirisha matokeo bora, Kuwa hapo sasa ili kuonyesha ufanisi" tunapotafuta kuwasilisha malengo yetu ya kimkakati.

Rebecca Miano, MBS
Mkurugenzi Mkuu na Afisa Mtendaji

CORPORATE GOVERNANCE

Ngong Wind Farm

Who Governs Us

Under General Mwathethe's leadership, KenGen is committed to strengthening its stakeholder relations as we continue to build a responsive and dynamic business that takes into account the emerging technological advancements and social trends.

General (Rtd) Samson Mwathethe, EGH, MBS, DCO
Chairman of the Board, Independent & Non-Executive Director

General (Rtd) Samson Mwathethe, the Chairman of the Board of Directors, is the immediate former Chief of Defence Forces of the Republic of Kenya. He retired from the Kenya Defence Forces in May 2020 after serving as the Chief of the Kenya Defence Forces for years. He currently heads the Oceans and Blue Economy Office. He has held various command appointments, including Vice Chief of the Defence Forces, Commander Kenya Navy, Deputy Commander Kenya Navy, Kenya Navy Logistics Commander, Base Commander Mtongwe and Fleet Commander.

His other appointments included Chief of Systems & Procurement, Department of Defence, Command of individual Kenya Navy Ships, Staff Officer Operations at Navy Headquarters, 86 Squadron Commander and Staff Officer I Coordination at the Department of Defence. His other professional and military training includes International Sub-Lieutenants Course (UK), International Principal Warfare (IPWO) Course (UK), Missiles Course (Italy) and the Royal Naval Staff College, Greenwich, (UK) in 1989. He also attended the Defence Resource Management Course in Monterey, USA in 1998, and the National Defence College in Nairobi, Kenya in 2000.

He also served with the United Nations as a Military Observer in Kuwait/Iraq and Yugoslavia in 1991/92. His decorations include Elder of the Golden Heart of Kenya (EGH), Distinguished Conduct Order (DCO), Moran of the Burning Spear (MBS), among others.

General (Rtd) Samson Mwathethe born in 1958 and went to Sacred Heart High School in Mombasa, before joining the Kenya Navy in April 1978. He was commissioned in 1980 as a Seaman Officer after attending Britannia Royal Naval College, Dartmouth.

General (Rtd) Mwathethe brings to the KenGen Board immense wealth of experience in strategy and leadership which will steer KenGen on our noble mandate to generate reliable, safe and competitively priced electric energy for the nation and diversify the business to expand the revenue streams.

Under General Mwathethe's leadership, KenGen is committed to strengthening its stakeholder relations as we continue to build a responsive and dynamic business that takes into account the emerging technological advancements and social trends.

Mrs. Miano is focused on growing KenGen's footprint in geothermal development across the African continent and she has successfully implemented several large geothermal projects in the continent.

Rebecca Miano, MBS
Managing Director & CEO, Executive Director

Mrs. Rebecca Miano is the Managing Director & CEO of Kenya Electricity Generating Company PLC, a position she has held since October 2017. She has over 30 years' experience in the energy sector where she has had a distinguished multi-faceted career which has earned her global recognition as a continental business leader. Mrs. Miano is a strong champion of sustainability as is demonstrated in the implementation of KenGen's business transformation agenda. This has seen the Company shift its strategy to focus on diversification to build internal resilience and gain competitive edge in an ever-evolving operating environment. She has built her expertise over the years in a wide range of specialities including renewal energy, structuring global and regional multi-million business projects, modelling of international regulatory framework in sustainable development and climate change, policy development, corporate governance and business law. She is focused on growing KenGen's footprint in geothermal development across Africa and under her leadership, the Company has successfully implemented several large geothermal projects in the continent.

Some of Mrs. Miano's recent recognitions and awards include: appointment to the Board of Global Compact Network, Kenya in November 2019; joined the World Bank Group's Advisory Council on Gender and Development in July 2020; named among the Top 100 Women CEOs by Reset Global People in partnership with Pulse and Avance Media, named as one of the top 25 movers and shakers in Africa in 2021 by the African Energy Chamber, among other notable accolades.

Earlier in 2010, she won the Company Secretary of the Year award in the Champions of Governance Awards series. The same year, she was awarded the Order of the Grand Warrior of Kenya (OGW) and in 2019, the Moran of the Order of the Burning Spear (MBS) in recognition of her outstanding service to the nation. Mrs. Miano has been a member of St. Paul's University Council since 2010 where she chaired the Finance and General Purposes Committee from 2013 to 2016. She has also served in the Finance Committee of the National Council of Churches of Kenya (NCCK). She is also a member of several Boards and also Chairs the giant Stima Sacco Board.

Mrs. Miano strongly believes in diversity mainstreaming and has over the years worked to improve the working environment for all employees to grow to their full potential. Notably, she founded the Pink Energy forum in KenGen to address female and gender parity to close the gap within the company. She has since advanced the Pink Energy agenda to a sectoral platform to enjoin the other state agencies within the Ministry of Energy. She also launched the Y-Gen youth forum to further institutionalise youth empowerment and personal professional development of all employees.

She holds a Bachelor of Laws (LLB) Degree, a Diploma in Law and Post-graduate studies in Comparative Law. In 2010, she completed the Advanced Management Program from Strathmore University. She is a registered Certified Public Secretary of Kenya and is a Member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK). She has attended various leadership and business programs over her career. She was born in 1966.

Hon. Amb. Ukur Yatani, EGH

Cabinet Secretary, The National Treasury,
Non-Executive Director

Hon. Amb. Ukur Yatani born in 1967, has over 27-year experience in public administration, politics, diplomacy, and governance in public sector. Before his appointment as Cabinet Secretary for the National Treasury he served as the Cabinet Secretary for Labour and Social Protection since January 2018.

Between the years 2006 - 2007 while Member of Parliament for North Horr constituency, he also served as an Assistant minister for science and technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County, the largest County in the Republic of Kenya.

Between June 2009 and October 2012, he served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. In this position, he aggressively pursued and advanced Kenya's foreign interests. He held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and chair of African Group of Ambassadors among others.

Between 1992 - 2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills. He has Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005; and Bachelor of Arts in Economics, Egerton University, Kenya, 1991.

Maj Gen (Rtd) Dr. Gordon O. Kihalangwa, CBS

Principal Secretary, State Department for Energy
Non-Executive Director

Maj. Gen (Rtd) Dr. Gordon .O. Kihalangwa born in 1956, joined the Ministry of Energy as the Principal Secretary from the State Department for Public Works in October 2021. Before his posting in the Ministry of Energy, he served as the Director for Immigration Services from 2014 until March 2018 when he was appointed as the Principal Secretary, State Department for Immigration and Citizen Services, in the Ministry of Interior and Coordination of National Government. He also had a short stint as Principal Secretary, Ministry of Defence in August 2019, he was reassigned in the same capacity to the State Department for Public Works in the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works in 2019.

Prior to joining the Civil Service, he worked in the Military which he joined as a Cadet Officer close to 40 years ago. He diligently served and worked his way through the ranks in the military and rose to the rank of Major General and was appointed to the position of Assistant Chief of General Staff in-charge of Personnel and Logistics. He retired as a Major General in 2014 after close to 33 years of Service.

During his time in the Military, Maj. Gen (Rtd) Dr. Kihalangwa underwent various military courses and Strategic Leadership training, locally and internationally. He is an Alumni of the National Defence College (K), National Defence College 'ensp' (RSA) and Defence Staff College (K). He holds a PhD and a Master's degree in International Studies and Diplomacy from Washington International University (WIU) in the United States of America. He further holds a Diploma in Strategic Studies and a Diploma in International Studies both from the University of Nairobi (UoN).

Mr. Maurice Nduranu

Independent & Non-Executive Director

Mr. Maurice Nduranu born in 1974, has twenty plus years of work experience, over ten of which have been at senior management / leadership level in several world class organizations. He has worked for one of the top public infrastructure consulting firms in the U.S. West, DPFG, one of the largest African investment bank / asset management firms, African Alliance, and the pioneer impact investment fund, Acumen.

He has led experienced multi-disciplinary, multi-cultural teams in various sectors & geographies from structuring public infrastructure financing to managing public pension & deposit protection assets. He has also overseen and managed investments into businesses in the region ranging from agri-business to financial services and from manufacturing to retail.

He graduated magna cum laude from the California State Polytechnic University at Pomona with a BSc in Business Administration - Finance, Real Estate, & Law. He also holds a Master of Financial Engineering degree from the Haas School of Business at the University of California, Berkeley. He is a member of the Institute of Directors (Kenya), Chairman of CPF financial Services in addition to serving on several other boards.

Mrs. Phyllis Wakiaga

Independent & Non-Executive Director

Mrs. Phyllis Wakiaga born in 1981, she is a dynamic, results oriented legal professional with a strong track record of over 15 years in Organizational Strategy Development and Implementation, Corporate Governance, Public Policy Advocacy and Formulation, Legislative Reform, Stakeholder Relations, Human Capital Management, Trade Negotiations and Sustainability. She is a transformational leader who is keen to contribute to the sustainable development and economic growth of society.

Mrs. Wakiaga is the Chief Executive of the Kenya Association of Manufacturers (KAM) and is an Advocate of the High Court of Kenya who holds a masters in International Trade and Investment Law and a Master's in Business Management. She is an alumni of the Swedish Institute Management Program on Sustainable Business Leadership and Corporate Social Responsibility. She is currently pursuing a PHD in Leadership and Governance.

Mrs. Wakiaga is the UN Global Compact Network, Kenya Chapter Board Chair, Kenya Industrial Water Alliance Chair and a member of the Kenya COVID-19 Fund Board. She represents KAM in several institutions including COMESA Business Council, EAC Manufacturers Network, Anti-Counterfeit Agency, and Anti-Illicit Trade Multi-Agency Forum amongst others.

She was recognized as a Top Africa Economic Leader for Tomorrow by Choiseul 100 Africa list 2018 and one of the 2019 Most Influential People of African Descent, Global 100 under 40. She is a member of the Law Society of Kenya, Institute of Human Resource Management, Institute of Directors and the Institute of Economic Affairs.

Mr. Joseph Sitati

Independent & Non-Executive Director

Mr. Joseph Sitati, born in 1973, holds a Bachelor of Science (Mechanical Engineering) from the University of Nairobi. He is a Fellow of the Association of Chartered Certified Accountants and a platinum member of the Information System Audit and Control Association. He has attended various professional development training programs.

He has previously been Chief Finance and Administration Officer at Deacons East Africa PLC, Commercial Finance Manager – Central, East & West Africa Business Unit at the Coca-Cola Company, Nairobi, Group Finance Director at Old Mutual Group, Nairobi, and Finance Manager at Shell BP Kenya Limited amongst other positions. He is a member of the Institute of Directors (Kenya).

Ms. Peris Mwangi

Independent & Non-Executive Director

Ms. Peris Mwangi, born in 1990. She is agile, a relentless performer, tenacious, dedicated and insightful leader. She is an analytical decision maker, effective communicator, results oriented legal and corporate professional with years of experience. She is a team player, a visionary leader, detail-oriented, multi-tasker who thrives in fast-paced environment.

Ms. Mwangi is the Managing Partner of H.Kago & Company Advocates and an Advocate of the High Court of Kenya who holds a Bachelor of Laws degree (LLB) from Kabarak University and a Postgraduate Diploma from the Kenya School of Law and She is currently pursuing a post graduate degree (LLM Intellectual Property Law) at the University of Leeds.

Ms. Mwangi has both legal and corporate background and has worked in several law firms and institutions in Kenya where she has advised on governance, compliance and risk management.

Ms. Mwangi is a member of the Institute of Human Resource Management (IHRM) Kenya, Chartered Institute of Personnel Development (CIPD) in the United Kingdom, Institute of Directors, Law Society of Kenya and Young Lawyers Association of Kenya.

She is a Certified Legal Auditor, a Commissioner of Oaths, a Notary Public, a Leadership Coach, a Consultant on Risk Management, Corporate Governance and Public Procurement laws and policies.

Ms. Winnie Pertet

Independent & Non-Executive Director

Ms. Winnie Pertet born in 1965 holds MBA in Human Resource Management and a Bachelor of Education Degree, both from Kenyatta University, a Higher Diploma in Human Resource Management and a Diploma in Executive Coaching from the Academic of Executive Coaching (AEOC).

Ms. Pertet is a seasoned Human Resource Practitioner with a rich career spanning over 22 years at various management and leadership levels in leading local and global multinational organizations. Her career includes over 10 years in the Banking Industry and a further 7 years in the manufacturing sector, (FMCG) at East African Breweries and Coca-Cola SABCO (now Africa Beverages) as well as 3 years in financial services that includes Insurance, Asset Management, Banking and Property.

Ms. Pertet was the founding Chairperson of the National Employment Authority as well as a past Chairperson of the Association of Retirement Benefits Schemes. She is credited with the successful setup of National Employment Authority, a government corporation, a task which involved lobbying and developing relationships within government and related partners.

During her tenure as Chairperson of Association of Retirement Benefits Schemes (ARBS), she facilitated the design and launch of Trustee accreditation training. She currently serves as the Chief Executive Officer of Serian Consulting Limited, the Chairperson of Ngare Narok Holdings Limited and a Council Member of Kenya Institute of Management.

Ms. Pertet has been instrumental in designing and implementing Culture and People Change strategies and practices in most of the organizations she has worked for. She also has credible experience in restructuring, mergers and acquisition and related people practices. She brings to the KenGen Board an immense wealth of experience in strategy, leadership and people skills.

Mr. James Opindi

Independent & Non-Executive Director

Mr. James Opindi has had an illustrious career in the Energy Sector with specialization in Oil and Gas. He has held positions at Board, Executive, and Senior Management levels at ExxonMobil Affiliate Companies, Navgas Ltd in Nigeria, African Gas and Oil Ltd and Weld-Con Ltd.

During his long experience, James has supervised Energy related projects in several African Countries; and supervised SH&E (Safety, Health and Environmental Protection) operations while in charge of Africa and Middle East for ExxonMobil based in Brussels, Belgium. He has a strong and proven track record in Engineering Project Management, Oil and Gas Operations, and SH&E.

Mr. Opindi has vast knowledge and broad business experience in matrix and multifunctional organizations and is a widely acknowledged Expert and Consultant.

Born in 1951, he holds a Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi.

Mr. Samuel Kimani

Independent & Non-Executive Director

Mr. Samuel Kimani born in 1962 holds a Bachelor of Science Degree in Civil Engineering and an MBA in Strategic Management both from the University of Nairobi. He is an alumnus of the Harvard Business School's Advanced Management Program. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr. Kimani is a seasoned financial expert with an illustrious career in banking spanning over 20 years. He is the immediate former Chief Executive Officer of Jamii Bora Bank Limited (now Kingdom Bank Limited). Prior to that, he served in various capacities at the KCB Bank Group Plc including Finance Director, Financial Controller and rose through the ranks to the position of the Deputy Chief Executive Officer of the bank and group.

He has also served at the Central Bank of Kenya in various capacities including Deputy Chief Banking Manager, Deputy Director Financial Markets, Principal Financial Accountant, and the Chief Internal Auditor. He has also headed the Surveillance Division of the Deposit Protection Fund. He has also served as a Senior Auditor at PricewaterhouseCoopers (PwC).

He sits on various boards including the Nairobi Securities Exchange which he chaired for four years.

Mr. William Mbaka

Non-Executive Director, Alternate Director to the Principal Secretary, Ministry of Energy

Mr. William Mbaka born in 1962, holds a Bachelor of Education (Business Studies) from Kenyatta University and Master of Business Administration from Birmingham University, UK.

He is a member of the Association of Chartered Certified Accountant (ACCA). He has attended several courses on leadership, public policy management, financial management and leadership at various institutions both locally and abroad.

He is the Alternate Director to the Principal Secretary, Ministry of Energy (MoE). Mr. Mbaka is also the Chairman of the Energy Taskforce on the Implementation of the Energy Act 2019 and is currently the Senior Deputy Director of Budget at the MoE. Mr. Mbaka has over 30 years' experience in financial management in the Government of Kenya.

FCPA Bernard Ndungu, MBS

Independent & Non-Executive Director, Alternate Director to the Cabinet Secretary, National Treasury

FCPA Bernard Ndungu born in 1970, holds a Master's degree in Public Finance Management from the University of London and a Bachelor of Commerce (Finance Option) degree from the University of Nairobi. He is also a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK). Prior to being appointed as Director General at the National Treasury in December 2014, he worked as a Director in PricewaterhouseCooopers (PwC), and previously worked for Ernst & Young.

FCPA Bernard is a Public Financial Management Specialist with experience in accountancy, audit, value-for-money review, procurement, tax, business risk analysis, systems review and re-engineering, development of process manuals, policies and procedures, training and institutional capacity building covering various sectors.

FCPA Bernard is the Director General Accounting Services and Quality Assurance at the National Treasury, Government of Kenya, a position that puts him in charge of Accounting function of Government, National Sub County Treasuries, the Integrated Financial Management Information System (IFMIS), Government Digital Payments Unit and the Internal Audit Function of the National Government. He represents the Cabinet Secretary/National Treasury in various boards.

Mr. Peter Nyutu

Representative, Inspectorate of State Corporations

Mr. Peter Nyutu born in 1962, sits on the KenGen Board representing the Inspectorate of State Corporations. He is currently the Deputy Inspector-General of State Corporations under the Executive Office of the President. Some of his major responsibilities include Conducting value for money audits in the public sector, Investigating misappropriation of public resources, abuse of public office & other improprieties in the public sector, Ensuring compliance of law in State Corporations, Advising the State Corporations to make decisions within the stipulated laws of Kenya and Making recommendations on remedial measures.

Mr. Nyutu has over 32 years' experience in the public sector in various leadership positions. He holds an undergraduate degree of Bachelor of Education in Double Business (Accounting and Economics) from Kenyatta University and an MBA in Strategic Management from Jomo Kenyatta University of Agriculture and Technology.

He has attended several programs including the Strategic Leadership Development Program and the Project Management & Planning Program.

CS. Lawrence Kibet

Company Secretary
For: Image Registrars Limited

The Board at its meeting held on Tuesday, 23rd November 2021, appointed Image Registrars Limited to offer Corporate Company Secretarial Services to KenGen.

The representative of Image Registrars Limited is CS. Lawrence Kibet, Reg, No. 2698. Lawrence is the Chief Executive Officer (CEO) of Image Registrars Limited. He is an experienced Board level leader with a wealth of experience in Management, Commercial and Business Strategy, Legal and Governance.

Lawrence holds a Bachelor of Laws (LLB) Degree from the University of Nairobi, a Diploma in law from the Kenya School of Law and holds a Master of Business Administration degree in Operations Management, (MBA.) from the University of Nairobi. He also holds a Bachelor of Commerce (BCom. Hons.) Finance major, and a Master of Public Policy and Management degree at the Strathmore Business School, Strathmore University. He has also attended various professional management and corporate governance capacity building courses. He is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries (ICPSK) and the Law Society of Kenya (LSK). He currently serves on several Boards in both Private and Public sectors.

WHO LEADS US

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WHO LEADS US

Rebecca Miano, MBS
Managing Director & CEO

Mrs. Rebecca Miano is the Managing Director & CEO of Kenya Electricity Generating Company PLC, a position she has held since October 2017.

She has over 30 years' experience in the energy sector where she has had a distinguished multi-faceted career which has earned her global recognition as a continental business leader. Mrs. Miano is a strong champion of sustainability as is demonstrated in the implementation of KenGen's business transformation agenda. This has seen the Company shift its strategy to focus on diversification to build internal resilience and gain competitive edge in an ever-evolving operating environment. She has built her expertise over the years in a wide range of specialities including renewal energy, structuring global and regional multi-million business projects, modelling of international regulatory framework in sustainable development and climate change, policy development, corporate governance and business law. She is focused on growing KenGen's footprint in geothermal development across Africa and under her leadership, the Company has successfully implemented several large geothermal projects in the continent.

Some of Mrs. Miano's recent recognitions and awards include: appointment to the Board of Global Compact Network, Kenya in November 2019; joined the World Bank Group's Advisory Council on Gender and Development in July 2020; named among the Top 100 Women CEOs by Reset Global People in partnership with Pulse and Avance Media, named as one of the top 25 movers and shakers in Africa in 2021 by the African Energy Chamber, among other notable accolades.

Earlier in 2010, she won the Company Secretary of the Year award in the Champions of Governance Awards series. The same year, she was awarded the Order of the Grand Warrior of Kenya (OGW) and in 2019, the Moran of the Order of the Burning Spear (MBS) in recognition of her outstanding service to the nation. Mrs. Miano has been a member of St. Paul's University Council since 2010 where she chaired the Finance and General Purposes Committee from 2013 to 2016. She has also served in the Finance Committee of the National Council of Churches of Kenya (NCCK). She is also a member of several Boards and also Chairs the giant Stima Sacco Board.

Mrs. Miano strongly believes in diversity mainstreaming and has over the years worked to improve the working environment for all employees to grow to their full potential. Notably, she founded the Pink Energy forum in KenGen to address female and gender parity to close the gap within the company. She has since advanced the Pink Energy agenda to a sectoral platform to enjoin the other state agencies within the Ministry of Energy. She also launched the Y-Gen youth forum to further institutionalise youth empowerment and personal professional development of all employees.

She holds a Bachelor of Laws (LLB) Degree, a Diploma in Law and Post-graduate studies in Comparative Law. In 2010, she completed the Advanced Management Program from Strathmore University. She is a registered Certified Public Secretary of Kenya and is a Member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK). She has attended various leadership and business programs over her career. She was born in 1966.

Dr. FCPA John Mudany,
Finance & ICT Director

Dr. FCPA John Mudany is a zealous financial management expert with over 30 years' experience across Manufacturing, Aviation and Energy Sectors. He holds a Doctor of Philosophy in Management and Leadership from the Management University of Africa, a Master of Business Administration in Marketing and Master of International Business Administration (MIBA) from USIU, and a Bachelor of Commerce degree in Accounting from the University of Nairobi. He is a member of the Kenya Institute of Management (KIM) and a fellow of the Institute of Certified Public Accountants of Kenya FCPA (K).
Prior experience includes: Coca Cola (Finance and Performance Manager), Orbit Distributors (MD & CEO), Kenya Airways, World Vision International and PricewaterhouseCooopers. Dr. Mudany joined KenGen in November 2008 as the Finance and ICT Director.

Key responsibilities include: Capital raising, management of finances and banking relations, financial reporting, budgets process management and control, balance sheet restructuring and cost saving mechanisms. He is also responsible for development of Cutting-Edge Information Technology infrastructure.

Departments:
Corporate Finance, Finance and Information Communication & Technology

Ms. Elizabeth Njenga,
Business Development Director

Elizabeth is building on over 15 years in strategic and project planning in the Energy Sector while working with KenGen in various positions. Elizabeth is a well skilled Energy strategy and power projects planning, appraisal and financing expert with a keen interest in Public Policy.

She holds a master's degree in Business Administration from the University of Nairobi; a Bachelor of Arts (Accounting & Economics) from Moi University and a Post graduate Diploma in Financial Management. She is also a Certified Public Accountant of Kenya CPA (K) and currently pursuing a Master's degree in Public Policy in Strathmore University.

Currently serving as the Business Development Director, she has been working as the Capital Planning and PPP Manager since 2014, and previously as Capital Planning and Strategy Manager between 2009 and 2014.

Her current responsibilities include implementing KenGen's power generation capacity expansion strategy from ideation of suitable power projects and appraisal of the same through feasibility studies, procurement of power plant consultants and contractors, managing construction of power projects as well as driving the implementation of KenGen's first Public Private Partnership (PPP) project while also looking at new non-power generation business opportunities.

Departments:
Capital Planning & PPP; Projects Execution and New Business.

Abraham Serem,
Human Resource & Administration Director

Mr. Abraham Serem is a seasoned human resource practitioner with vast experience both in Kenya and East Africa. He holds a Bachelor of Arts degree from the University of Nairobi. His professional qualifications include: a Higher National Diploma in Human Resource Management and a Diploma in Intermediate Executive Coaching from the Academy of Executive Coaching.

He is a member of the Institute of Human Resource Management, Kenya.

Prior work experience includes Heineken East Africa Ltd where he held the position of HR Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various senior managerial positions.

Mr. Serem joined KenGen management team on 1st March, 2016 as the Human Resource and Administration Director.

He is 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.

Departments:
Administration, Human Resource Services and Human Resource Development

Eng. Solomon Kariuki,
Operations Director

Eng. Solomon Kariuki, holds a Bachelor of Science Degree in Electrical and Electronics Engineering and a Master's degree in Business Administration (Operations) both from the University of Nairobi. He also completed Advanced Management Program (AMP) from Strathmore Business School. He boasts an illustrious career in the energy power sector spanning over 33years.

Prior to the appointment as Operations Director on 1st August 2016, he was the Technical Services Manager. He joined Kenya Power and Lighting Company as a Trainee Engineer 33 years ago and served KenGen in various capacities, ultimately growing through the ranks to the current position of Operations Director.

Mandate: His key responsibilities comprise overseeing Operations and Maintenance of power plants to ensure high plant availability at optimized operational costs.

Principal Accountabilities:
- Overseeing Operations and Maintenance (O&M) of power plants and availability at optimized costs.
- Rehabilitation and upgrade of plants through uptake of latest technology to improve operation and extend effective plant life.
- Continuous improvement and automation of systems to align with best practice.
- Optimum power dispatch and scheduling of major plant outages through effective collaboration with the off-taker.
- Facilitate design and implementation of optimum power evacuation arrangements
- Involvement in power purchase agreement negotiations.
- Coordination of bulk energy billing.
- Collaborating with key sector players to ensure a stable and secure national grid.

Eng. Kariuki believes in transformation leadership, building capacity and unity of purpose

Departments:
Western Region, Upper Tana, Thermal Region, Technical Services, Eastern Region, Central Office Operations, and Electricity Dispatch

Jennifer Oduor
Ag. Company Secretary & Legal Affairs Director

Jennifer Oduor holds the position of Ag. Company Secretary & Legal Affairs Director in an administrative capacity and for the day to day running of the Division.

Jennifer 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 Relator (Estates Agents Registration Board) and Full Member of the Institution of Surveyors of Kenya (MISK).

She holds a Master of Urban Management (Department of Architecture and Building Science (University of Nairobi), PGD, Estate Management and Valuation (Institution of Surveyors of Kenya), PGD, Human Resource Management and bachelor's degree in Land Economics (University of Nairobi).

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 Human Resource, Mediation, Geographical Information Management Systems (LIS) from various institutions within and outside Kenya.

Departments:
Insurance, Legal, Shares & Board Services and Property

Mr. Peketsa Mangi
Ag. Geothermal Development Director

Mr. Mangi is an astute Geothermal energy expert with vast experience spanning over 20 years both locally and regionally. He holds a Master of Science (Information Science) from Moi University and is currently pursuing PhD. in Information Science from the same University. He is a Certified Project Manager (IPMA Level C). Further, he holds various certifications including: Earth Sciences, Reservoir Management, Drilling technology, Master negotiation skills, Public procurement, Geothermal projects management and financing, among others. He is currently the Vice Chairman of the Geothermal Association of Kenya (GAK), a member of the Geological Society of Kenya (GSK) and International Geothermal Association (IGA).

He has risen through the ranks to the position of Ag. Geothermal Development Director in August 2021, having served as the Resource Development and Infrastructure Manager, a position he has held since August 2016.

Key achievements include: successful negotiation of geothermal drilling contracts in Kenya, Djibouti and Ethiopia; project manager for geoscientific studies for consultancy services , capacity expansion at Olkaria through identification of geothermal potential areas; negotiated MoU between KenGen PLC and ITC, Netherlands; the Olkaria Geothermal Spa and Demonstration Centre, successful negotiation for the grant for upgrading of Geothermal Training Centre facilities.

Key responsibilities comprise: human resource management and administration, power plant availability, steam availability, reservoir management, drilling operations and management, resource exploration, projects planning and management, infrastructure development, budget management, and coordinating environmental and social impacts assessment frameworks.

Departments:
Geothermal Resource Development, Geothermal Operations, Drilling & Logistics, Reservoir & Steamfield Management

Mr. David Muthike,
Strategy & Innovation Director

Mr. David Muthike is a distinguished business strategist with tested experience in power sector strategy-formulation and implementation.

He holds a Bachelor of Science degree in Electrical and Electronic Engineering, Master of Business Administration in Strategy, Post-Graduate diploma in Project Appraisal and Management and a certificate in Advanced Management and Leadership Programme. He is a graduate Engineer with Institution of Engineers of Kenya (IEK), a member of Engineers Board of Kenya (EBK), Kenya Institute of Management (KIM), and Geothermal Association of Kenya (GAK).

He joined KenGen in 1998. He was appointed to the Company's Strategy and Business Performance Division in September 2014.

His major role is to support the Company in maintaining "thought leadership" in power generation and related services.

His responsibilities include: development and management of the Company's strategy by identifying and driving execution of strategic initiatives and growth opportunities; driving the innovation process that develops new ways of meeting the Company's goals; leading and managing the Company's result-based performance and accountability system and driving knowledge harvesting and transfer across the business.

He previously worked in various divisions and departments within the Company, including: Managing Director's Office, Corporate Planning, Technical Audit and Institutional Strengthening.

Departments:
Strategy and Innovation

Mr. Philip Yego,
Supply Chain Director

Mr. Philip Yego is a Supply Chain Management expert with a wealth of experience in the Supply Chain industry.

He holds a Bachelor of Arts degree in Economics, Master of Business Administration in Finance, Professional Diploma in Procurement and Supply from the Chartered Institute of Procurement and Supply (CIPS-UK) and a diploma in Purchasing and Supplies Management from Kenya Institute of Management. He is a member of the Kenya Institute of Supplies Management (KISM), Kenya Institute of Management (KIM) and the Chartered Institute of Purchasing and Supplies (MCIPS).
He joined KenGen in October 2014 and is responsible for providing oversight in the efficient and effective operations of the Supply Chain Division, which is a key enabler and driver of the KenGen business spectrum.

He oversees the overall management of Tenders, Contracts administration, management and monitoring, Logistics and Inventory operations within the Company, key stakeholder Relationship management, Supply Chain compliance to the relevant Laws and policies.

Prior to joining KenGen, he worked in senior management positions in various institutions which include the Kenya Agricultural Research Institute (KARI), University of Nairobi Enterprises and Services (UNES), Uchumi, Postbank and Kenya Commercial Bank (KCB).

Beyond the practitioner world, Mr. Yego has added the unique technical skills in the academic sector. He also worked at Kenyatta University as a Lecturer.

Departments:
Tenders, Contracts, Logistics, and Inventory

Mary Maalu,
Corporate & Regulatory Services Director

Mrs. Mary Maalu is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds Master of Business Administration (MBA) and Bachelor of Commerce (B.Com) Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

She also holds a Certificate in Senior Leadership Management Programme (SLMP) from Strathmore University and a Certificate in Utility Regulation and Strategy from University of Florida.

Prior experience includes: Ernst & Young where she held the position of Assistant Manager Audit, Kenya Airways where she held several Management positions including: Manager Credit Control, Manager Outstations and Manager Treasury.

She joined KenGen in January 2011 as the Corporate Finance Manager. Her key responsibilities included raising capital for power generation projects, securing working capital facilities, Project Finance and Accounting, Treasury Management-financial modelling, cash flow forecasting, funds management, investments and foreign currency dealing, Tax planning and compliance, Revenue Billing and Collection, Power Purchase Agreements (PPAs) development and Investor Relations management.

She was appointed as the Corporate & Regulatory Services Director on 1st August 2020 where she is responsible for Regulatory Management, Stakeholder Management, Development and Negotiation of Power Purchase Agreements (PPAs), Quality & Safety Management programs, Communication, Community Engagement, Environment & Sustainable Development and Business Process Improvement.

Departments:
Regulatory Affairs, Quality & Safety, Communication, Community Affairs, Environment & Sustainable Development and Business Process Improvement

CORPORATE GOVERNANCE STATEMENT

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CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the framework that defines how we are governed, providing transparency and accountability for decision making. It provides the basic principles that enable the Board to provide requisite oversight in the running of the Company. This ensures that our business has appropriate ethical decision-making processes and controls to balance the interests of all stakeholders.

The Company has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organization. This is in compliance to the requirements of all applicable laws and regulations including but not limited to the Capital Markets Act and Regulations, rules and guidelines thereunder on Corporate Governance and the Nairobi Securities Exchange (NSE) regulations, rules, policies and procedures.

Statement of Compliance

As a public listed company, KenGen strictly adheres to the continued obligations in compliance with the Capital Markets Authority (CMA) Corporate Governance Guidelines – *Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015* and the ethical standards prescribed in the Company's Code of Conduct. KenGen also subscribes to the tenets of governance as provided in Chapter 6 - Leadership & Integrity in the Constitution of Kenya 2010.

The Board is also guided by the principles of good governance as stipulated in *Mwongozo: The Code of Governance for State Corporations*, which is aligned to the CMA code of corporate governance.

Adoption of ISO management systems is a strategic decision made by an organisation to improve its overall business performance and provide a sound basis for sustainable development.

During the year, KenGen attained recertification in ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. This shows our determination for pursuit of excellence.

The following are some of the Acts and Regulations KenGen complies to:

Principles of Corporate Governance

The Corporate Governance principles are entrenched in KenGen's strategic and operational objectives to accelerate growth and increase stakeholder value.

The Board Charter

The Board Charter is the policy document that clearly defines the respective roles, responsibilities, and authority of the Board of Directors in setting the direction, and control of the Company. Its commitment by the members of the Board to discharge their mandate in KenGen and outlines the rules that shall guide them. Each Director subscribes to the Charter and in doing so acknowledges the Company's values and commits to upholding them.

The Charter also sets out the powers of the Board Committees, the separation of roles between the Board and Management, as well as policies and practices of the Board in respect to corporate governance matters. The Charter compliments and does not change or interpret any statute, law, or regulation.

Definition of an Independent Director

An Independent Director is a member of the Board who does not have a material relationship with the company that could interfere with the exercise of objective or independent judgement. He/she is not part of the company's executive team and is not involved with the day-to-day operations of the company. Their role broadly includes improving corporate credibility and objective oversight. An Independent Director should not own more than five percent of the shares of the company and should not have been a member of the Board for nine continuous years.

A continuing independent director ceases to be one and assumes the position of non-executive director if he/she fails to meet the requirements.

Board Composition

The KenGen Board comprises of eleven (11) members; an independent and non-executive Chairman, one (1) Executive Managing Director & CEO, the Cabinet Secretary-The National Treasury, Principal Secretary-Ministry of Energy, plus seven (7) independent and non-executive directors. The Board composition is outlined in the Articles of Association of the Company.

Succession Management in the Board

In accordance with the Articles of Association of the Company, the CMA Corporate Guidelines and Mwongozo, a third of the Board of Directors retire at every Annual General Meeting. Further any casual vacancy on the Board is immediately filled and the Director appointed in such manner retires at the next AGM for election by shareholders.

These mechanisms ensure continuity in business and a continuous refreshing of skills in the Board.

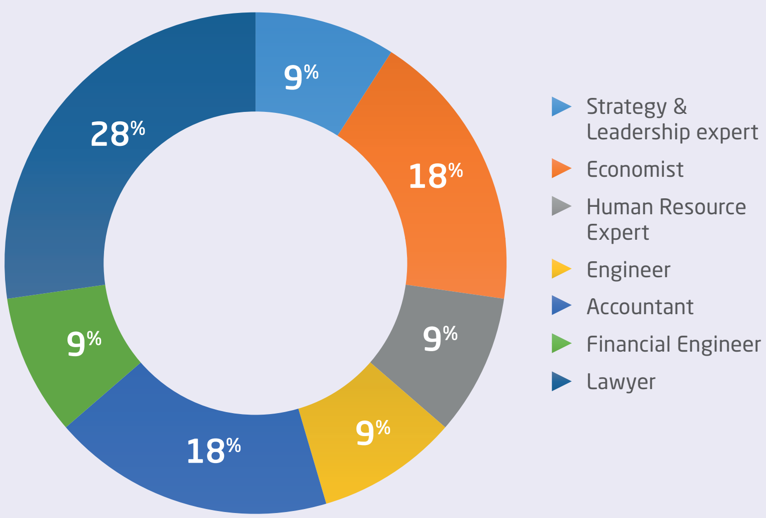
During the last Annual General Meeting and as per the Company's Articles of Association on Rotation of Directors; three (3) Members retired from the Board and were replaced by three (3) new Members of the Board.

The Office of the Inspectorate of State Corporations

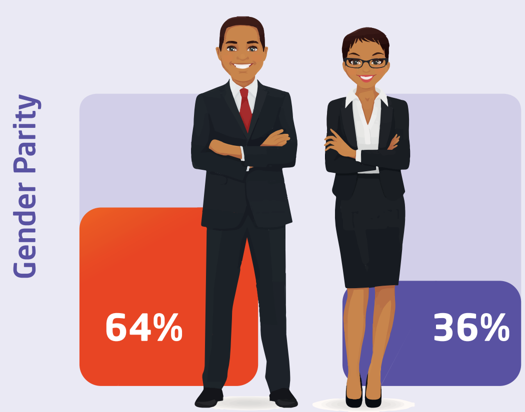
In accordance with Section 18 (2) (c) of the State Corporation Act. The Inspector General (Corporations) has the power to attend meetings of any state corporation including the meetings of the Board and its Committees. During the year, Mr. Peter Nyutu, Deputy Inspector General was appointed to represent the Inspector of State Corporation in all KenGen Board meetings.

Board Diversity

The Board has the following mix of skills:



KenGen continues to comply with the 1/3 gender parity as outlined:



The biographies of the Directors are published on pages 32 to 40

BOARD EFFECTIVENESS

Separation of Powers & Duties

The Chairman and the Managing Director & CEO have distinct and clearly defined duties and responsibilities.

The separation of the functions of the Chairman (a Non-Executive Director) and Managing Director & CEO (Executive Director) support and ensures the independence of the Board and Management. The role of the Chairman is to lead the Board, approve meeting agenda, promote a culture of open debate, ensure effective communication with the shareholders and uphold high standards of corporate governance. The Managing Director & CEO is responsible for the day-to-day management of the Company, lead Senior Management team, provide leadership, and develop and implement Company's objectives.

Induction

New members of the Board are inducted to apprise with an overview of the company, installations, operating environment and any new developments as well as any regulatory changes. As part of the induction program, detailed presentations are made by management so that the Directors gain good sense of the Company operations. They visit KenGen installations to familiarise themselves with the different modes of power generation. During the year, three new members of the Board were inducted.

Board Development Programme

Every year, the KenGen members of the Board undergo regular capacity development programs to enhance their knowledge in areas such as corporate governance, leadership and specialised relevant professional courses. They also attend energy related forums and conferences on best industry practises and continuous professional development program. These measures are geared towards equipping them with knowledge that enables them to fulfil their responsibilities for effective decision making. During the year, the Board attended various courses and conferences and also attained the twelve hours on corporate governance programs. All the KenGen Directors are members of the Institute of Directors of Kenya (IOD).

Board Evaluation

Every year, the Board undergoes a rigorous performance evaluation conducted by the State Corporations Advisory Committee. This involves a 360-degree evaluation of the Chairman by the individual Directors, each Director by the Chairman, MD & CEO by all Directors, and peer evaluation of each Director. The outcome of this evaluation is used to create remedial development and training programs for the Board.

Role of the KenGen Board

- Monitoring business perfomance
- Putting in place appropriate governance structures
- Having the right team in place to execute the company strategy
- Maintaining an effective framework of controls to mitigate risks facing the business
- Control exercise oversight and administer the assets of KenGen in a manner that best promotes the purpose for which the Company was established
- Enter into partnership with other bodies or organizations within or outside Kenya as it may deem appropriate
- Authorise the opening of bank accounts for the Company's funds
- Act responsibly towards the Company's stakeholders
- Approve material transactions
- Approve the company's budget as proposed by management
- Review the effectiveness of risk management and internal control systems
- Review periodic financial and governance statements
- Approve annual Reports, Company Financial Results and all public announcements

Responsibilities of the Directors

For the Board to execute its mandate each Board member should observe the code of conduct and act within the limitations as defined in the Charter.

The Directors commit to:

a) promote the success of the company by acting in its best interest;
b) exercise their powers in good faith in the execution of their duties;
c) act with care, skill, diligence and prudence;
d) be fully aware that they are individually and collectively responsible for deciding the Company's vision, mission and values and its strategic objectives;
e) act within powers as set out in the Companies Act;
f) exercise independent judgement in all decisions;
g) avoid conflict of interest; and
h) not accept benefits from third parties that would influence their independent decision-making.

The Company Secretary

The Companies Act No. 17 of 2015 requires that every Company must have a Company Secretary to provide guidance and advice the Board on matters of corporate governance, regulatory compliance, and procedures of the Board. The Secretary must be a member in good standing of the Institute of Certified Secretaries. The Company Secretary is responsible for facilitating provision of information between the Board and Management.

Individual Directors Shareholding

No member of the Board holds in his or her personal capacity more than 1% of the Company's total shareholding. The breakdown of the Directors personal shareholding in the Company as of 30th June 2021 is as follows:

Name	No. of Shares	% Holding
Gen. (Rtd) Samson Mwathethe	-	-
Mrs. Rebecca Miano	111,048	0.001684
Hon. Amb. Ukur Yatani	-	-
Eng. Joseph Njoroge	100,386	0.001522
Mr. Maurice Nduranu	-	-
Mr. Joseph Sitati	10,000	0.000152
Mrs. Phyllis Wakiaga	336	0.000005
Ms. Peris Mwangi	-	-
Ms. Winnie Pertet	9	0.0000004
Mr. James Opindi	-	-
Mr. Samuel Kimani	-	-
Mr. Bernard Ndungu	-	-
Mr. William Mbaka	-	-
Mr. Peter Nyutu	-	-

Board Remuneration

In accordance with the issued Circulars from the Government of Kenya, the KenGen Non-Executive Directors are paid fees and allowances as remuneration for conducting official Company business. KenGen has a Remuneration Policy for the Board that is based on Mwongozo and applicable government directives which seeks to compensate the Directors fairly and transparently.

The Directors' fees are paid upon shareholder approval at the Annual General Meeting. It is proposed that each Director receives a taxable fee of Kenya Shillings six hundred thousand (KShs. 600,000.00) per annum for the financial year ended 30 June 2021.

Directors' Remuneration Report is on page 135 to 137.

Conflict of Interest and Declaration of Interest

The Board is obligated to fully disclose any real and potential conflict of interest which comes to the Director's attention whether direct or indirect. All business transactions with all parties, directors or their related parties are carried out at arms' length.

At the start of all meetings of the Board, the Directors are required to declare any conflict issues or any interest they may have in the business under discussion. The Director is obligated to exclude himself/herself from the quorum, and the vote in respect of any matters in which they have an interest. No material conflicts were reported by Directors in the year under review.

Business transactions with the Directors or their related parties are disclosed on page 218.

Executive Committee (ExCo)

The Executive Committee is the highest management leadership organ led by the Managing Director & CEO and comprises of all the Divisional Directors.

This Committee serves as a link between the Board and Management. ExCo has a mandate and responsibility to ensure implement the strategic objectives of the Company, compliance with the statutory and regulatory framework, guidelines and adherence to company policies and procedures.

It convenes its meetings on a weekly basis or as the business may dictate to discuss strategy formulation and implementation, policy matters and financial performance.

KenGen drilling team at a new rig after assembling and commissioning in Djibouti.

Corporate Governance Audit

A Corporate Governance Audit is currently being conducted by an accredited external governance auditor in compliance with the applicable rules and regulations set out by the CMA for listed companies.

The audit focused on understanding of KenGen's business and governance issues. It consisted of an assessment of the following elements of corporate governance:-

a. Ethical Leadership and strategic management;
b. Transparency and disclosure;
c. Compliance with laws and regulations;
d. Financial Reporting;
e. Board independence and governance;
f. Board policies, systems, practices and procedures;
g. Consistent shareholder and stakeholder value enhancement;
h. Corporate social responsibility and investment; and
i. Sustainability.

Legal and Compliance Audit

Enforcement of legal compliance is a key component of KenGen's risk management strategy which seeks to mitigate the Company's exposure to potential risks.

The Company carries out a Legal & Compliance Audit every two years to establish with compliance with statutory, regulatory and policy requirements as well as providing updates on how the Company and the Board observe and uphold Good Corporate Governance practices in all its activities.

Non-compliance with the law can be costly to the Company not only in terms of resources but also its right standing as a responsible corporate citizen. KenGen's last legal and compliance audit was carried out in 2020.

Board Meetings

The Board as per the Annual Workplan meets quarterly or additionally when necessary to consider matters relating to the overall control of the business.

The Board work plan and calendar are prepared at the beginning of year and adequate notice, agenda and board papers are circulated within the stipulated timelines.

This financial year was unique due to the fact that the company held the delayed 2019 & 2020 AGMs within a span of four months. The delay was occasioned by the pending appointment of a substantive Auditor-General who is mandated to approve the audited financial results for the years 2019 and 2020. As a result, in addition to the business of the current year, the Board held extra meetings to close the pending business for the two financial years. The Board held twenty three (23) meetings as follows:

	Name	Attendance
1	Gen. (Rtd) Samson Mwathethe	14 (appointed on 3rd Nov 2020)
2	Mrs. Rebecca Miano	23
3	Mr. Joseph Sitati	23
4	Mr. Maurice Nduranu	21
5	Mrs. Phyllis Wakiaga	21
6	Ms. Peris Mwangi	14 (appointed on 3rd Nov 2020)
7	Mr. James Opindi	4 (appointed on 22nd April 2021)
8	Ms. Winnie Pertet	2 (appointed on 22nd April 2021)
9	Mr. Samuel Kimani	3 (appointed on 22nd April 2021)
10	Mr. Humphrey Muhu	17
11	Mr. William Mbaka	22

- Mr. Joshua Choge and Mrs. Zipporah Ndegwa retired during the 2019 Annual General Meeting held on 3rd November 2020.
- Mr. Kairu Bachia, Dr. Reginalda Wanyonyi and Dr. Musa Arusei retired during the 2020 Annual General Meeting held on 22nd April 2021.

Board Committees

To effectively execute its oversight role, the Board has established five (5) standing committees with specific delegated mandates. The Board Committees are run with clearly articulated terms of reference as approved by the Board of Directors.

Following the retirement of incumbent Directors at both the 2019 and 2020 AGMs, the Board Committees were reconstituted in November 2020 and April 2021.

The membership is summarised as follows:

Audit, Risk & Compliance Committee	Strategy Committee	Human Resource & Nomination Committee	Governance Advisory Committe	Finance Committee
Joseph Sitati -Chair	Phyllis Wakiaga - Chair	Winnie Pertet - Chair	Peris Mwangi - Chair	Maurice Nduranu - Chair
Humphrey Muhu	Humphrey Muhu	Maurice Nduranu	Maurice Nduranu	Samuel Kimani
Phyllis Wakiaga	William Mbaka	James Opindi	Winnie Pertet	Peris Mwangi
Peris Mwangi	James Opindi	William Mbaka	Joseph Sitati	Humphrey Muhu
Samuel Kimani	Rebecca Miano	Rebecca Miano	Rebecca Miano	Rebecca Miano

Report from the Chairperson of the Audit, Risk & Compliance Committee

Mr. Joseph Sitati
Chair

Mandate

To assist the Board in areas of financial reporting and compliance with the applicable financial reporting standards, oversight of the internal & external audit function and the operating controls.
Its functions include:

- Review of financial reports and compliance with applicable financial reporting standards;
- Oversight of the Company's internal audit function;
- Review of financial and operational controls;
- Liaising with the External Auditors' receiving and reviewing their reports and letters;
- Monitoring compliance with legal and regulatory requirements and;
- Reviewing risk management issues within the Company.

Activities

During the year, the Committee considered and deliberated on the following main agenda items:

- Quarterly reports of the Internal Audit & Risk Department.
- Quarterly Compliance and Governance report.
- Reviewed and recommended to the Board for approval the audited financial statements for the year ended 30th June 2019.
- Reviewed and recommended to the Board for approval the audited financial statements for the year ended 30th June 2020.
- Introduction of the new External Auditors and presentation of their scope and work plan of the 2020 financial audit.
- In line with the Public Finance Management (PFM) Act 2012, approved the 2019 Integrated Annual Report and Accounts for publication.
- In line with the PFM Act 2012, approved the 2020 Integrated Annual Report and Accounts for publication.
- Reviewed the status report on the external auditor management letter.
- Reviewed the ICT Standards Compliance Audit Report and Implementation Action Plan.

Membership

The Committee is led by an independent & non-executive Director, while the membership comprises of three (3) independent and non-executive Directors and one (1) non-executive Director. Appointment to this Committee is for a period of three years which may be renewable for another term of three years in line with our current practices, provided that the Director remains independent. Currently the Companies Act, 2015 requires that members of this Committee are approved by shareholders every year at the Annual General Meeting.

Attendance

	Name	Attendance
1	Joseph Sitati	12
2	Humphrey Muhu (Alternate Director to CS The National Treasury)	11
3	Phyllis Wakiaga	12
4	Peris Mwangi	7 (Appointed on 3rd Nov 2020)
5	Samuel Kimani	1

- Ziporah N. Ndegwa who was a member of the Committee retired at the 2019 AGM on 3rd November 2020
- Kairu Bachia who was a member of the Committee retired at the 2020 AGM on 22nd April 2021

STRATEGY COMMITTEE

Report from the Chairperson of the Strategy Committee

Mrs. Phyllis Wakiaga
Chair

Mandate

The Committee reviews and recommends to the Board matters pertaining to business strategic plan, investment decisions, annual business and financial plans and budgets.

The functions include:

- Develop and review the Company's strategy and investment policies and make appropriate recommendations
- Develop and review the progress of the Company's strategy execution plans and;
- Evaluate and recommend for approval by the Board, business cases for all categories of investment projects and new ventures including strategic partnerships within its delegated authority.

Activities

During the year, the Committee considered and deliberated on the following main agenda items:

- Quarterly progress update on the G2G Strategy
- Reviewed the proposed 2021/2022 Annual Budget of the Company
- Quarterly status update on KenGen Projects
- Reviewed the quarterly status of the GoK Performance Contract
- Quarterly progress updates on Olkaria V and Olkaria IAU6 Geothermal power projects
- Quarterly progress updates on Innovation, Research & Development
- Reviewed the proposed contract between KenGen and ODDEG for drilling services for geothermal wells in Djibouti
- Reviewed the proposed establishment of a Waste-to-Energy plant in Nairobi City County
- Quarterly reports on the performance of Operations Division, Geothermal Development Division and Corporate & Regulatory Services Division
- Quarterly ICT Strategy report
- Reviewed the Memorandum to the Presidential Taskforce on review of Power Purchase Agreement.

Membership

The Committee comprises of two (2) independent & non-executive Directors , two (2) non-executive Directors and one (1) executive Director.

Attendance

The Committee held ten (10) committee meetings;

	Name	Attendance
1	Phyllis Wakiaga	4
2	Humphrey Muhu (Alternate Director to CS the National Treasury)	10
3	James Opindi	2
4	William Mbaka (Alternate Director to PS Ministry of Energy)	9
5	Rebecca Miano	10

- Kairu Bachia who was a member of the Committee retired at the 2020 AGM on 22nd April 2021

Report from the Chairperson of the Human Resource & Nomination Committee

Ms. Winnie Pertet
Chair

Mandate

The Committee is responsible for appointment and reappointment to the Board and its committees, recruitment, and performance review of senior management. It also reviews human resources policies and company staff welfare and reward system.

Its functions include:

- Continually examine the Company's structure;
- Engagement of senior management staff;
- Nomination and remuneration of Directors;
- Review employee establishment;
- Examine policy and procedures on employment and staff promotion;
- Review the Collective Bargaining Agreement proposals and make recommendations; and
- Propose innovative ideas for transforming the Company into a world-class enterprise and employer.

Human Resources function

The Committee continually reviews the organization structure, core functions and optimum establishment; policies and procedures on staff recruitment and selection, staff training and development policy for operational efficiency, of performance and reward system and capacity enhancement & reviews the terms and conditions of service in line with the organisation's strategy. Further it reviews the Company's Human Resource Policies and recommends any amendments to the Board for approval.

Nominating function

The Committee supports and advice the Board on the appropriate size and composition that will enable it to discharge its responsibilities, transparent procedure for selecting new directors for appointment and re-selection to the Board; evaluation of the performance of the Board, the various committees and individual Directors.

Remuneration function

The Committee reviews the Company's remuneration, recruitment, retention, incentive and termination policies and procedures for Executive Directors and Senior Managers; their basic salary & the criteria for payment of bonuses to all staff and monitor its operation, consider any recommendations of the Chairman or Managing Director/CEO of the Company regarding payment bonuses or performance related remuneration.

Activities

During the year, the Committee considered and deliberated on the following main agenda items:

- Quarterly reports on the performance of the Human Resource & Administration Division
- Quarterly progress reports on Leave Management
- Quarterly progress reports on Overtime and Callouts
- Quarterly progress reports on Variable Allowances
- Conducted Interviews for vacant Level 2 Manager Positions
- Shortlisting of Candidates for vacant Level 1 Positions
- Reviewed and recommended the required optimum skill set in the KenGen Board based on the expected retirement of incumbent members of the Board
- Reviewed some of the Human Resource Policies

Membership

The Committee comprises of three (3) independent & non-executive Directors, one (1) non-executive Director and one (1) executive Director.

Attendance

The Committee held twelve (12) meetings:

	Name	Attendance
1	Winnie Pertet	2
2	Maurice Nduranu	3
3	James Opindi	3
4	William Mbaka (Alternate Director to CS Ministry of Energy)	3
5	Rebecca Miano	12

- Musa Arusei who was a member of the Committee retired at the 2020 AGM on 22nd April 2021
- Reginalda Wanyonyi who was a member of the Committee retired at the 2020 AGM on 22nd April 2021
- Kairu Bachia who was a member of the Committee retired at the 2020 AGM on 22nd April 2021

From right, Board Chairman, General (Rtd) Samson Mwathethe, Former Energy PS, Dr. Eng. Joseph Njoroge, Managing Director & CEO Mrs. Rebecca Miano and Dr. John Mudany, KenGen Finance and ICT Director, during the virtual AGM held on 22nd April 2021.

Report from the Chairperson of the Governance Advisory Committee

Ms. Peris Mwangi
Chair

Mandate

The Committee deals with Governance matters of the Company.

The functions include:
- Develop corporate governance principles in support of elective organizational roles and responsibilities;
- Review the adherence to and amendments of the Articles of Association of the Company;
- Review the procurement systems, procurement procedures, budget alignments and procurement structures to ensure compliance with all laws and regulations.
- Approve and oversee the operationalisation of a procurement plan and institutionalisation of the procurement cycle.

Activities

During the year, the Committee considered and deliberated on the following main agenda items:

- Reviewed the 2020/2021 Procurement Plan of the Company
- Reviewed the Quarterly Procurement Awards reports
- Reviewed the proposed participation in Sourcing2Equal Program facilitated by IFC
- Reviewed of inclusion of the execution of ODDEG drilling project in the 2020/2021 Procurement Plan
- Considered the governance principles used in the material transactions of the Company

Membership

- The Governance Advisory Committee comprises of five (5) members of the Board with four independent & non-executive Directors and one executive Director.

Attendance

The Committee held fifteen (15) meetings

	Name	Attendance
1	Peris Mwangi	11
2	Maurice Nduranu	14
3	Winnie Pertet	4
4	Joseph Sitati	5
5	Rebecca Miano	15

- Ziporah Ndegwa who was a member of the Committee retired at the 2019 AGM on 3rd November 2020
- Musa Arusei who was a member of the Committee retired at the 2020 AGM on 22nd April 2021
- Reginalda Wanyonyi who was a member of the Committee retired at the 2020 AGM on 22nd April 2021

FINANCE COMMITTEE

Report from the Chairperson of the Finance Committee

Mr. Maurice Nduranu
Chair

Mandate

The Committee oversees corporate finance and capital market matters, capital raising & planning activities of the Company and appraises expenses & investments of the Company.

The functions include:

- Oversee the Balance Restructuring activities of the Company;
- Oversee the activities of any Financial Arranger and Advisor in particular, adherence to the terms of reference of the contract;
- Provided ovesight over the implementation of the overall investment plan for the PIBO funds, as per the Information Memorandum, Ministerial approvals and asset allocations for cash and cash equivalents with respect to fixed-income securities, and equities;
- Reviewed semi-annually the repayment of the PIBO funds to ensure fulfilment of repayment obligation, adequacy of cash flow and any other factor that was necessary to monitor;
- Monitor on a quarterly basis the Company's key financial ratios;
- Review Shareholders Issues;
- Review Strategic Finance Matters;
- Review PPPs, Joint Ventures and other capital raising strategies for financing of projects;
- Review Policies to do with finance matters such as treasury policies and forex policies;
- Oversee any financial strategies;
- Oversee any capital restructuring;
- Oversee Recurrent Operational Finance Matters;
- Monitor the Treasury Management strategies of the Company;
- Review Debt Service and Cash flow management of the Company;
- Review the Borrowings of the Company;
- Oversee ongoing capital raising matters of the Company;
- Monitor Taxation & Planning Strategies of the Company;
- Review Financial delegations and recommend amendments;
- Review all Insurance Strategies;
- Review all Pension Reports;
- Track Material Contracts of the Company.

Attendance

The Committee held four (4) meetings

	Name	Attendance
1	Maurice Nduranu	3
2	Samuel Kimani	1
3	Peris Mwangi	2
4	Humphrey Muhu (Alternate Director to CS the National Treasury)	4
5	Rebecca Miano	4

- Musa Arusei who was a member of the Committee retired at the 2020 AGM on 22nd April 2021
- William Mbaka was a member of the Committee until April 2021

Activities

During the year, the Committee considered, reviewed and deliberated on the following main agenda items:

- quarterly Management Accounts & Business Performance Reports
- quarterly Treasury Management Reports
- quarterly reports on Company Secretary & Legal Affairs Division and the Corporate & Regulatory Services Division reports
- quarterly Rights Issue Funds Utilisation Reports
- quarterly Retirement Benefits DB & DC Scheme Reports
- quarterly update on financing of Revamped Horizon 11 projects
- Restructuring of financial arrangements due to Covid-19
- Opening and closing of various Bank Accounts,
- Changes to Bank Mandates and authorized bank signatories to KenGen bank accounts
- Status of the World Bank Guarantee Facility
- Material Contracts of the Company.

Membership

The Finance Committee comprises of three (3) independent & non-executive Directors, one (1) non-executive Director and one (1) executive Director.

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CORPORATE GOVERNANCE STATEMENT

Internal Controls & Risk Management

The internal control and risk management system is the set of procedures, organisational structures and related activities aimed at ensuring, through an adequate process of identification, measurement, management and monitoring of the main risks that a company adequately mitigates any identified risks. The purpose of internal control and risk management is to ensure that the company's operations are effective, that financial and other information is reliable, and that the company complies with the relevant regulations and operating principles

The Board is committed to managing risk and to control the company's business and financial activities in a manner which enables profitable business opportunities, manage and ensure compliance with applicable laws and regulations and enhance resilience to external forces.

The Company carries out an annual legal compliance audit to ensure compliance with all applicable laws and identify any gaps and advice the company on the impact.

KenGen has a risk management policy that helps Management identify, measure and manage threats to achieving of Company objectives and reviews the appropriateness of management's mitigation response to these risks.

The Audit, Risk & Compliance Committee of the Board through its delegated mandate from the Board regularly reviews the effectiveness of the internal control system. The Head of the Internal Audit, Risk & Compliance Department reports directly to the Board's Audit, Risk & Compliance Committee.

Code of Conduct and Ethics

A code of ethics is a guide of principles designed to help professionals conduct business honestly and with integrity. A code of ethics document outlines the mission and values of the business or organization, how the Board & staff are supposed to approach problems, the ethical principles based on the organization's core values, and the standards to which the Company upholds.

KenGen has a code of conduct relating to lawful and ethical conduct of business which is supported by the Company's core values of integrity, professionalism, team spirit and emphasis on safety culture to steer our Company's organizational health and decision-making processes. The code of conduct provides fundamental principles and guidelines that govern the ethical and legal obligations of all employees at all levels.

All employees are bound by the provisions of the Public Officers Ethics Act 2003, the Company Code of Conduct and any other statutory regulations issued from time to time.

The Board, Management and employees are required to observe the code and high standards of integrity. These standards are applied in all dealings with customers, suppliers, and other stakeholders.

Going Concern

Going concern is an accounting term for a company that has the resources needed to continue operating indefinitely until it provides evidence to the contrary

The Board affirms that it is satisfied that the Company even amidst the pandemic has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

Insider Trading

Insider trading is defined as a malpractice wherein trade of a company's securities is undertaken by people who by virtue of their work have access to the otherwise non-public information which can be crucial for making investment decisions.

The Company has adopted an insider trading policy with an objective of promoting transparency and accountability by Directors and Employees with access to material information and can use the same information for their advantage. The policy prohibits insiders from trading in the securities of the company at any time they are in possession of critical information. The CMA Act has prescribed regulations that expressly prohibit the use of unpublished insider information.

Any information that relates to Company and its security which has not been made public and if it were made public it is likely to have materials effect on the price of the security is deemed to be insider information.

Whistle Blowing Policy

Whistle blowing basically is done by an employee who finds that the ethical rules are broken knowingly or unknowingly posing an imminent danger for the company, consumers or the public.

KenGen has a whistle blowing policy that provides for ethics hotline managed by an independent external institution. Through the hotline anonymous reports on unethical behaviour can be made without fear of retaliation of the suspected individuals.

Engagement with Shareholders

The Board is committed to provision of regular and timely information to the shareholders. All shareholders are entitled to receive the annual report and financial statements and any distribution from the company as may be lawfully declared. Annual results are always published in the local daily newspapers and uploaded on the Company's website at least 21 days before the Annual General Meeting (AGM) to ensure that all the shareholders are well informed at the AGM.

All shareholders are entitled to attend speak and vote at the general meetings including appointment of proxies. On a poll shareholder are entitled to vote for each share held.

Shareholding

In line with the Continuing Obligations for listed companies as prescribed by the Capital Markets Authority and Nairobi Securities Exchange, KenGen files Investors' Returns monthly.

Top 10 Shareholders as at 30th June 2021

	Names	Number of Shares	%
1	Cabinet Secretary - The National Treasury	4,615,424,088	69.99
2	Stanbic Nominees Limited	495,348,189	7.51
3	Stanbic Nominees Limited	183,815,400	2.79
4	Standard Chartered Nominees Ltd A/C KE002339	115,000,000	1.74
5	Standard Chartered Nominees RESD A/C KE11450	64,702,437	0.98
6	Stanbic Nominees Limited R6631578	60,000,000	0.91
7	Standard Chartered Nominees RESD A/C KE11443	40,163,194	0.61
8	Standard Chartered Nominees RESD A/C KE11401	37,773,580	0.57
9	Mavji Ramila Harji	31,110,100	0.47
10	Shah, Mansukhlal Khetshi Dharamshi; Shah, Vijayaben Mansukhlal Khetshi Shah	15,184,600	0.23
	Sub-Total	5,658,521,588	85.80
	190,331 Other Shareholders	936,000,751	14.20
	Grand Totals	**6,594,522,339**	**100.00**

Distribution of Shareholders

	Range	No. of Shareholders	No. of Shares	% Shareholding
1	**1 to 500**	82,141	19,661,374	0.298
2	**501 to 1,000**	34,391	27,401,238	0.416
3	**1,001 to 5000**	49,015	109,263,347	1.657
4	**5,001 to 10,000**	16,580	111,699,622	1.694
5	**10,001 to 50,000**	6,732	135,501,063	2.055
6	**50,001 to 100,000**	751	53,439,644	0.810
7	**100,001 to 500,000**	536	110,428,961	1.675
8	**500,001 to 1,000,000**	83	58,268,978	0.884
9	**Above 1,000,000**	112	5,968,858,112	90.512
	Total	**190,341**	**6,594,522,339**	**100.00**

Investor Pools

Investor Pools	No. of Shareholders	Shares	% Shareholding
Local Institutions	7,890	5,061,913,590	76.76
Foreign Investors	952	871,220,517	13.21
Local Individuals	181,499	661,388,232	10.03
Total	**190,341**	**6,594,522,339**	**100.00**

SUSTAINABILITY

The theraputic Olkaria Geothermal Spa

SUSTAINABILITY

Joint Statement of the Chairman and the Managing Director & CEO on Sustainability

Our Sustainability agenda focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. We are committed to meeting the environmental, Social, and Governance standards and expectations.

At KenGen, sustainability means doing business responsibly, empowering future generations, and building a resilient business that weathers turbulent times without impacting the environment negatively. We invest in people living around our operational areas through sustainable social and environmental activities.

As part of our sustainability, we have in place an Enterprise Risk Management System that takes a net risk approach which ensures that our leadership is fully and timely informed about significant risks. This informs our response to manage the risks and seize the opportunities that arise.

Our membership to the UN Global Compact (UNGC) exemplifies our commitment to accelerate our attainment of the *Ten Principles of the UNGC* and the UN Sustainable Development Goals (SDGs). To cement commitment, KenGen has made the first disclosure of sustainability performance through a *Communication on Progress Report* (CoP).

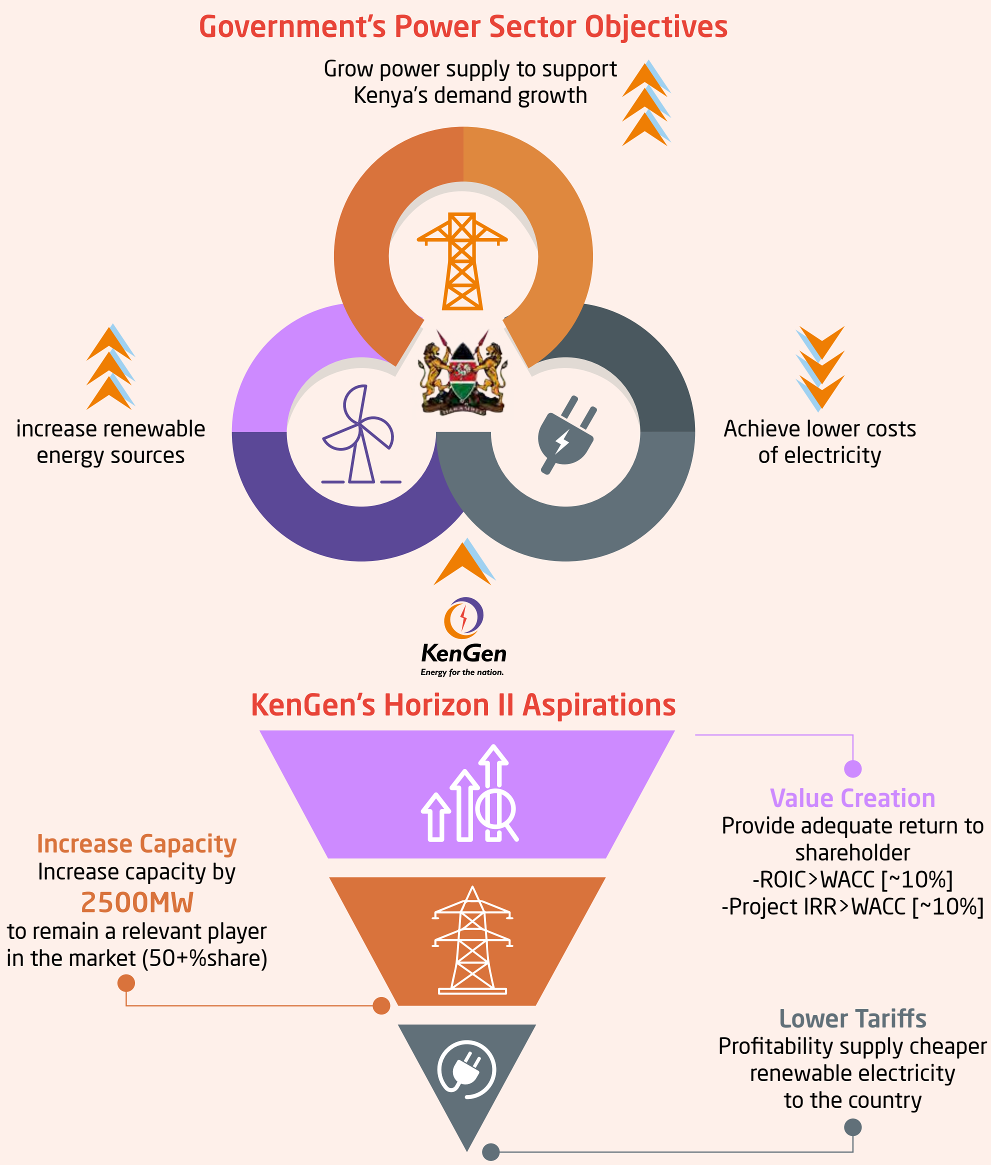
We are proud for this journey which is critical in our contribution towards protecting the planet while meeting the growing energy demand.

Gen (Rtd) Samson Mwathethe, EGH, MBS, DCO
Chairman of the Board

Rebecca Miano MBS
Managing Director & CEO

Our Strategy

Over the years, KenGen has been implementing the Good-2- Great (G2G) Strategy that aligns to the national government's growth aspirations as enshrined in Vision 2030. This strategy is anchored on two themes: Transforming KenGen from a "Good" to a "Great" Company that delivers value to its stakeholders and achieves sustainable value creation from "One Generation" to the "Next Generation" of Kenyans.



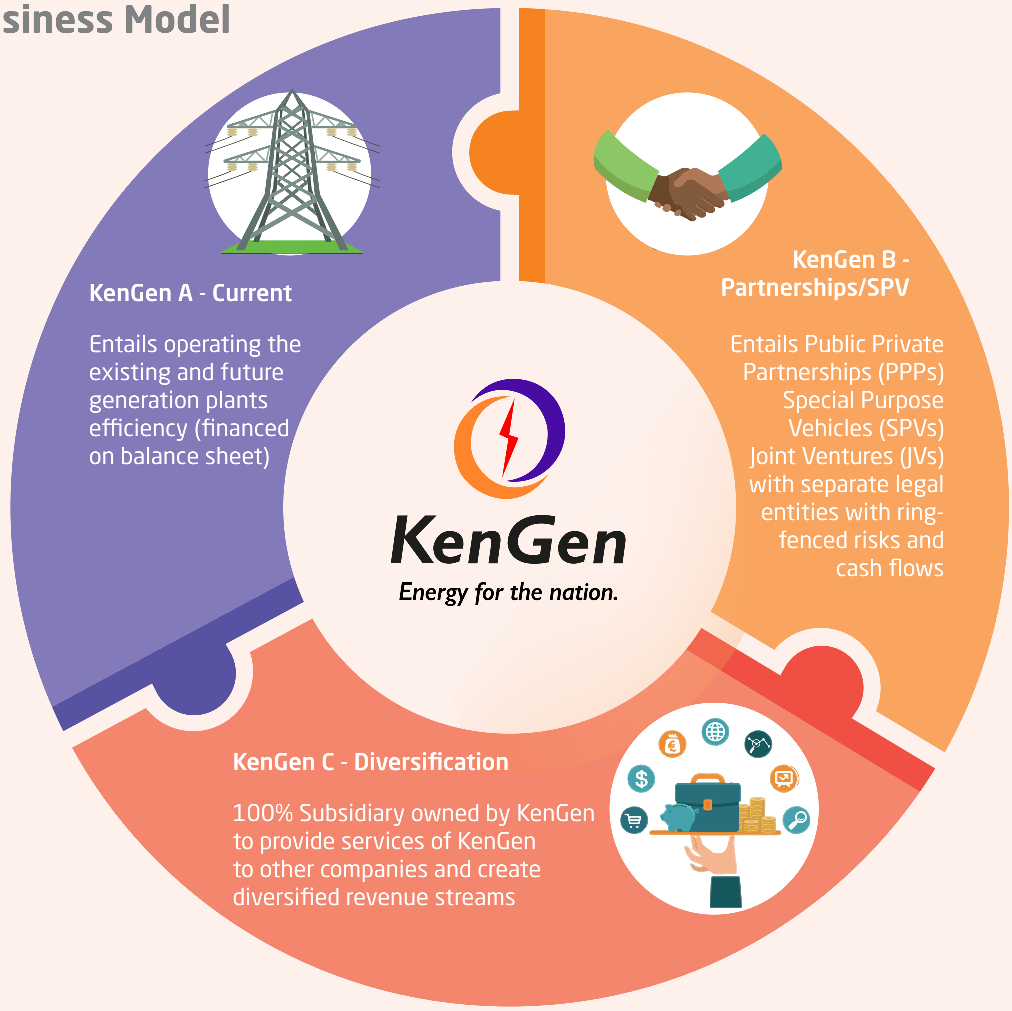
The G2G Transformation Strategy was developed in 2007 for implementation across three horizons:

- Horizon I (2008 - 2012) sought to stabilize the power situation in Kenya. The Company was able to supply over 325 MW to the grid that helped in stabilizing the supply of power in the Country.
- Horizon II - launched in 2013 and revamped in 2015 in response to the changes in the external operating environment, with the aim of creating sustainable power growth in Kenya by 2025. The revamped strategy has a strong focus on using geothermal resource to generate power.
- Horizon III (past 2025), will explore expansion opportunities to drive growth beyond Kenya, establish a strong African footprint, and become a regional leader in technology and innovation.

Our revamped Horizon II strategy focuses on three key strategic pillars built on a foundation of organizational effectiveness from improved structure, culture, and processes.

The three pillars are:

Our Business Model



Our Innovation Journey

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Innovation is our way of life towards building a more sustainable and resilient business. In an evolving world with dynamic customer needs, our innovation culture has enabled us to enhance our products and services giving us a competitive edge to excel in our current market while venturing into new ones.

Through our annual Good to Great seminar, fostered through our Communities of Practice and Innovation (COPI) forums and our Ignite Friday mind boggling sessions, over 500 ideas have been hatched and incubated to various stages of implementation. These ideas address our process improvement, revenue maximization and turn around efficiencies to preserve our revenues and grow our brand.

Distribution of Ideas

	Stage of the idea	Number of Ideas
1	Concepts	2
2	Detailed Proposal	44
3	Project Preparation	142
4	Ongoing Implementation	70
5	Implemented Ideas	110
6	Best Practice	86
7	Parked Ideas	124
	Total	**578**

We are delighted to pioneer in the electric vehicle charging station space which has been successfully rolled out in Stima Plaza and Olkaria. Within the next few months, our detergent products will be available within the market, a significant leap in our exploration of new products and services.

The Olkaria Spa remains one of its kind in Africa attracting both local and international tourism. Located in the Rift Valley in the heart of Hells Gate National Park surrounded by the Olkaria Hills and dominated by Kenyan wildlife heritage. The Spa provides a breath-taking scenery and a perfect sensation in the vastness of the wild. The warm waters provide therapeutic nourishment and a worthwhile experience to the swimmers. In the past five years, the Spa attracted 106,962 tourists which has significantly enhanced our brand.

The Gitaru Water bottling plant has successfully operated and supplied drinking water 1.508 million liters to all our operation areas. Our mega expansion in Olkaria has seen the need to have an inhouse material testing lab to guarantee the quality of our structures which ties into our robust business operations.

The Callibration center at Tana has calibrated most of our testing equipment effectively and efficiently maintaining the high quality of our products and services which was previously not possible for most of our critical test equipment.

To anchor this innovation culture, the Company has rolled out an incentivizing system, WATT Award, to ensure that it is fostered for generations to come.

106,962
the number of tourists that Olkaria Spa attracted in the past 5 years

	Award Category	No.of Staff Winners
1	TeraWATT Award	9
2	GigaWATT Award	27
3	MegaWATT Award	32
4	WATT Award	8
	Total	**76**

Our Diversification Focus

To augment our strategy, with greater focus than ever before, KenGen has continued to implement its diversification agenda.

Leveraging on its expertise and business acumen, the Company has been able to grow its revenue streams while derisking the single buyer model risk. Our footprint has grown significantly to cover two geothermal drilling contracts in Ethiopia and one in Djibouti. KenGen is delighted to have successfully drilled two wells to completion in Ethiopia's Tulu Moye geothermal field. Spudding the first well in the Aluto Geothermal field, marked a significant milestone in our growth plan. Our determination and zeal led us to be successfully contracted to drill 3 wells in Djibouti's Lac Asal Geothermal field. These headways have opened a new frontier in growing our KenGen brand, building competitive edge and maximizing shareholder value.

Our appetite for international contracts has not lost our intention to grow with local companies seeking to develop geothermal power within their licensed concessions. KenGen through its geo-scientific arm has secured several local contracts to conduct detailed studies in ensuring the geothermal resource exploitation is maximized within our borders.

We are deliberate about actualizing the Olkaria Energy Park to enable industries benefit from subsidized reliable power which would translate to reduced cost of production and in turn reduce the cost of living in Kenya.

These initiatives are a catalyst for developing our resilient business model whose diversified long term profit drivers will enable us to continue delivering value for our shareholders.

Building A Greener Tomorrow

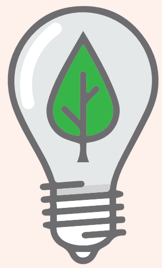
KenGen is committed to tackling energy demand challenge with a clear alignment to sustainability - leading the drive to decarbonization, lowering of energy cost and developing a future of smarter, more efficient & stable power generation mix. The company's project pipeline is diverse with a rich mix of renewable energy sources geared towards growing revenue while maximizing shareholder value. The commissioning of 172.3MW Olkaria V is testament to our dedication in driving the climate positive agenda. The Olkaria PPP project is a novel approach to alternative private sector financing while growing our skills set through partnering with global industry experts in the geothermal space.

Studies have confirmed that the North Eastern Region is blessed with abundant wind resource in which KenGen endeavors to develop over 100MW. Exciting solar energy discoveries have been made in our Eastern Hydro power installations. This has propelled our ingenuity to develop the precious resource to yield a clever generation mix of solar and Hydro. We are also excited to develop 42.5MW solar in the Eastern Region which enhances our portfolio.

In solving today's waste management challenge in our Nairobi metropolitan, KenGen is its advance stages in setting of Waste-to-Energy power plant project that will see conversion of 3000 tons of daily waste to energy. This noble idea will align to SDG 11 on sustainable cities and communities by not only ridding our metropolitan of waste but provide significant security to our national electricity grid stability program.

Our project portfolio is aligned to the Least Cost Power Development Plan (LCPDP) which considers national demand growth and proposes generating plants taking cognisant of generation mix and capacity. The process of considering project for admission in LCPDP entails an evaluation based on criteria of levelised cost, proposed commercial operation dates, demand growth, operational reliability and geographical location.

Our current generation fleet is derived from a composition of 86.5% green energy and by 2025 is expected to rise to over 91% with additional green power poised to be connected from new power plants in the pipeline.



Our current generation fleet is derived from **86.5%** Green Energy

OLKARIA V GEOTHERMAL 172.3MW
Undergoing project closure

OLKARIA I UNIT 6 GEOTHERMAL 83.3MW
Under Construction

RAISING OF MASINGA DAM
Update of Feasibility study

GOGO HYDRO POWER PLANT 8.6MW SMALL HYDRO STUDY
Feasibility study report is under review and approval

45 MW WASTE TO ENERGY FEASIBILITY STUDY
ESIA study is in progress

MARSABIT WING 100MW
Feasibility study

200MW LNG PLANT & CONVERSION OF KDP III
Feasibility study

FLOATING SOLAR 40 MW FEASIBILITY STUDY
Procurement for study

STUDY ON STORAGE/ BATTERY & PUMPED 50MW FEASIBILITY STUDY
Concept Development and approval

140MW OLKARIA VII GEOTHERMAL FEASIBILITY STUDY
Procurement for feasibility study consultant

OLKARIA I REHABILITATION 50.7MW
Under procurement approval

OLKARIA PPP GEOTHERMAL 140MW
dentification of preferred bidder

SEVEN FORKS PV PLANT 42.5MW
Procurement OF THE CONSULTANT

OLKARIA IV AND OLKARIA IAU TURBINE UPRATING PROJECT 40MW
Project under procurement

KenGen Project Pipeline

83.3 MW Olkaria Unit 6 turbine rotor assembly

Masinga Dam - Bathymetric survey/ground controls

Nairobi Waste-to-Energy Plant Feasibility Study being conducted by the KenGen Team and the Consultant at the Dandora site

Olkaria I Unit 6 power plant construction in progress

Marsabi Wind Plant Feasibility Study - KenGen Business Development Director conducting the Stakeholder Forum for the project

Our Geothermal Stewardship

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

"We did not inherit the Earth from our ancestors, we borrowed it from our children".

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

To return a better borrowed World, KenGen has embarked on a paradigm shift to harness our geothermal renewable energy. Findings have revealed that this rare resource, with a national potential of over 10,000 MW, provides the best alternative for baseload running.

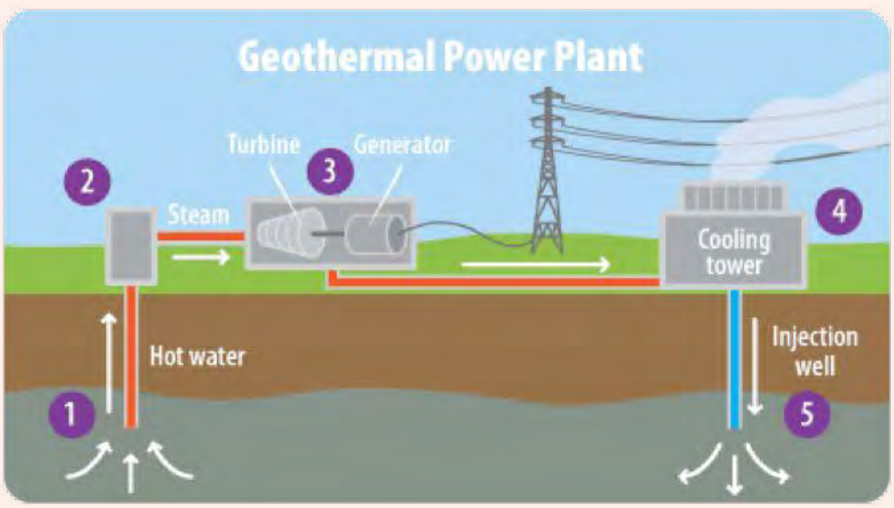
Like all our renewable sources, geothermal provides an unparalleled response to the energy trilemma of green, clean, and sustainable.

17 PARTNERSHIPS FOR THE GOALS

13 CLIMATE ACTION

Geothermal energy is heat derived from the sub-surface of the Earth through water and steam to the Earth's surface.

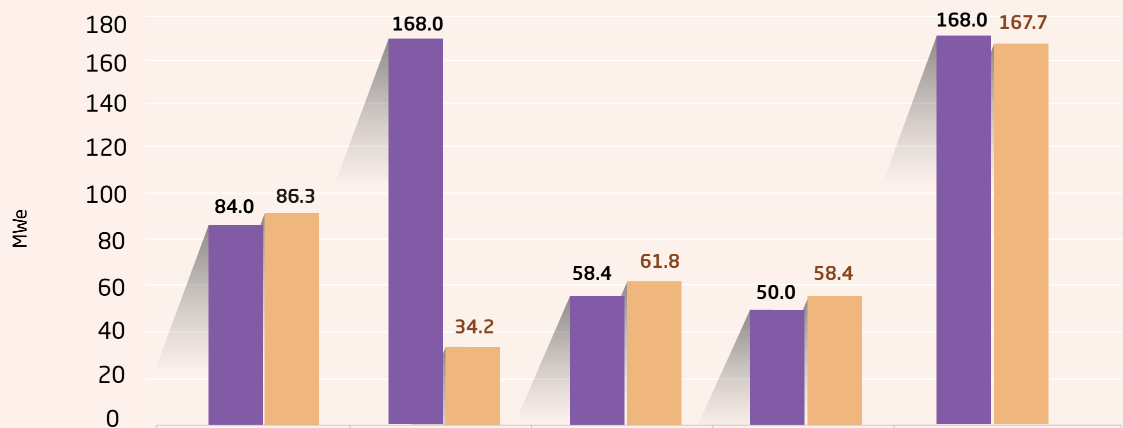
This hot fluid is directed to a turbine coupled to a generator, converting kinetic energy to electric energy. The condensed fluid is then re-injected back to the Earth to complete the recycle.



This rare resource is only available in 83 countries and has the highest priority in Kenya's Least Cost Power Development Plan. In addition to power generation, geothermal steam provides alternative direct uses to heat up greenhouses to spur the growth of cash crops.

The by-product of this generation process is the therapeutic geothermal salts which we utilize in our iconic Spa on their way to being reinjected to the Earth. Our planned Energy Park will derive value and competitive advantage by using the abundant geothermal steam and brine for manufacturing and production processes.

Our Geothermal journey commenced with the spudding of our first exploration well OW-1 at Olkaria East Geothermal Field. Today, we celebrate this journey with an account of 317 successfully drilled wells in both Olkaria and Eburru concessions. Last year, the Company embarked on providing steam to pave way for development of the novel 140MW Olkaria PPP power plant and the 140MW Olkaria VII Project. This grew our steam availability for development to 408.37 MW in the year 2021.



	Olkaria 1 Unit 6	Olkaria VI	Modular Plants	Well Head Leasing	Olkaria - PPP
Required Steam (MWe)	84.0	168.0	58.4	50.0	168.0
Proved Steam (MWe)	86.3	34.2	61.8	58.4	167.7

Former Ministry of Energy Cabinet Secretary, Hon. Charles Keter, KenGen Managing Director & CEO Mrs. Rebecca Miano, Dr. Kayad Moussa Ahmed, General Manager, ODDEG and Hon. Yonis Ali Guedi, Minister for Energy, Djibouti during the contract signing ceremony in Djibouti

DRILLED WELLS

Plans are underway to accelerate development of our Eburru concession with an immediate target of adding 25MW. In line with our sustainability agenda, major initiatives around reinjection, conceptual and numerical model have been employed to ensure that the resource is preserved for generations to come.

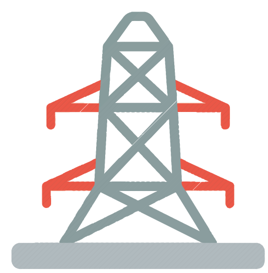
Over the years, our growing expertise has resulted in more geoscientific mapping and targeted drilling which has increased our success rate and well output. We are glad to record that Olkaria V is fuelled by one of the largest geothermal well in Africa, 30MW OW-921A. This ingenuity has translated to more megawatts with less well requirement thus lowering the power production tariffs.

Tremendous strides have been accomplished in lowering our cost of operations and preserving our revenues.

Our in-house make-up well connection projects have continually saved the Organisation a fortune as compared to what we would have paid out to an external contractor.

The upcoming drone surveillance capability will be a key demonstration of operational excellence. This will drastically reduce physical GIS field excursions, incident response time as well as cut down physical security requirements.

Last year, our newest addition Olkaria V registered an injection of 172.3MW into the national grid, raising our total installed capacity to 713.13MW. Our plant availability for the conventional plants and wellheads recorded a steady generation performance, enabling KenGen preserve revenues and maximise shareholder value.

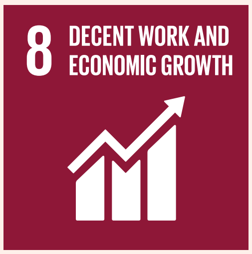


In 2020, Olkaria V registered an injection of

172.13MW

into the national grid

Advancing Operational Excellence



At KenGen, operational excellence is at the core of all business processes to ensure effective and efficient delivery of our mandate. It is a mindset in the leadership and employees to uphold the highest industry standards by employing innovative sustainable maintenance practices which have leveraged greatly on vast staff experience, ICT technologies, and KAIZEN philosophies. This has enabled KenGen and its leadership to improve in all areas of performance including profitability, plant availability & reliability, quality, health & safety, environmental sustainability, decision making, supply chain, stakeholders, human resource capabilities, and ongoing investments.

To achieve our vision of providing safe and reliable electricity to the nation, our equipment and facilities were regularly serviced as per schedules in all generating plants, rehabilitated, and repaired. In the financial year, KenGen contributed a total of 8,443 GWh out of the 12,100 GWh consumed nationally with 97% of this being from green sources.

Prudent Management of our Dam levels

From the inception of KenGen, hydropower which is majorly optimized by prudent management of the dam levels, has always played a critical role in our national grid.

Prudent Dam Management has been relevant to the sustainability of the company and contributes immensely to other critical sectors of our economy through provision of:

- Capacity of affordable hydropower available, a key input in planning and stabilization of the national grid, that generate both base and peak loads.
- Water that supports life for domestic, fishing, and farming.
- Flood control measures that protect lives and property around and beyond our power plants through inflows and dam level monitoring and control.
- facilities and environment that promotes local tourism including water sports, institutional visits, and rally activities.
- During the year, the dam levels were high attributable to the good hydrology in the year contributable to a higher supply of affordable electricity to the nation.

KenGen Contributed

8,443GWh

to the national grid

97%

from Green Sources

Dam	Highest level in the year (mASL)	Minimum Operating Level (mASL)	Maximum Operating Level (mASL)
Masinga	1,056.70	1,035.00	1,056.50
Kiambere	701.2	670.00	700.00
Turkwel	1,148.36	1,105.00	1,150.00

Advancing Operational Excellence

Turkwel Dam

Kiambere Dam

Major Rehabilitations and Plant Improvements

During the year, the company undertook major rehabilitations to improve efficiency and prolong the life of our plants for sustainability. This was undertaken by our younger engineers and technicians under the supervision and tutelage of experienced staff to facilitate skills transfer and succession planning.

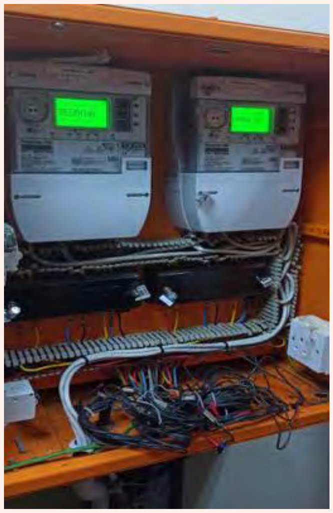
Design and upgrade of the unit control boards for the 168MW Kiambere Power station.

Rehabilitation of Masinga Unit 1 runner correlation works, Generator transformer and Generator protection System works were completed in the year enhancing the capacity available to 20MW.

The new Unit Control Boards at the Kiambere Power Plant

The Masinga Runner that was rehabilitated

To be able to secure our revenues, we are implementing an automatic metering system infrastructure in all generating stations that would enable the collection of the company metering data automatically from one point enabling faster decision making, automatic billing eliminating human errors, and ensuring back up for our energy data at different areas. This will enable easier integration to the central dispatch.

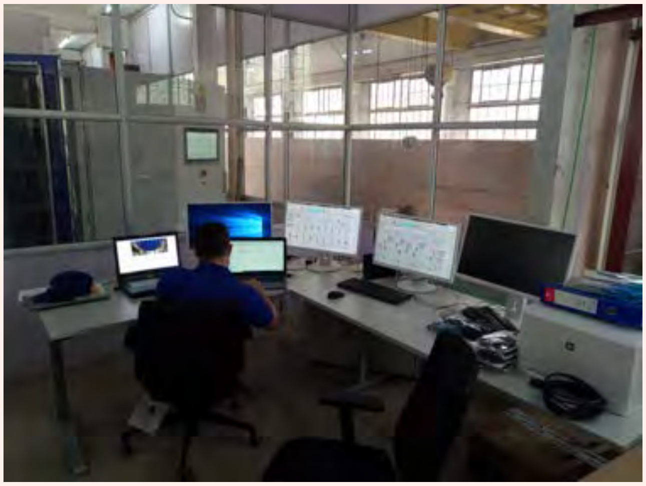


Our engineers callibrate new meters installed at Masinga Power

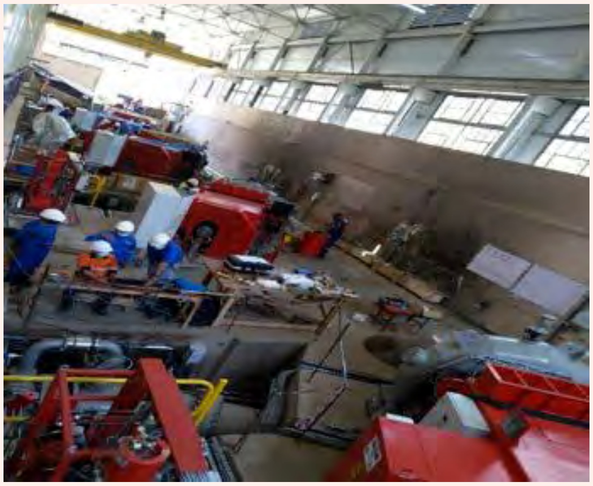
In the Masinga Dam, the Spillway Ogee Structure Repairs were done to prevent the collapse of the dam's spillway structures protecting our business and downstream habitations.

The Masinga spillway repair works being inspected by the Board Chairman, General (Rtd) Samson Mwathethe, other Board Members and Management team

Rehabilitation of Wanjii Power Station



Wanjii Power Station Control Room



Wanjii Powerhouse

Our maintenance strategy is evolved from a time and condition-based approach to a robust reliability centered maintenance (RCM). Tremendous progress has been made in the implementation of the RCM strategy. This strategy will not only enhance our generation fleet availability but will also guarantee our return on investment and increased shareholder value.

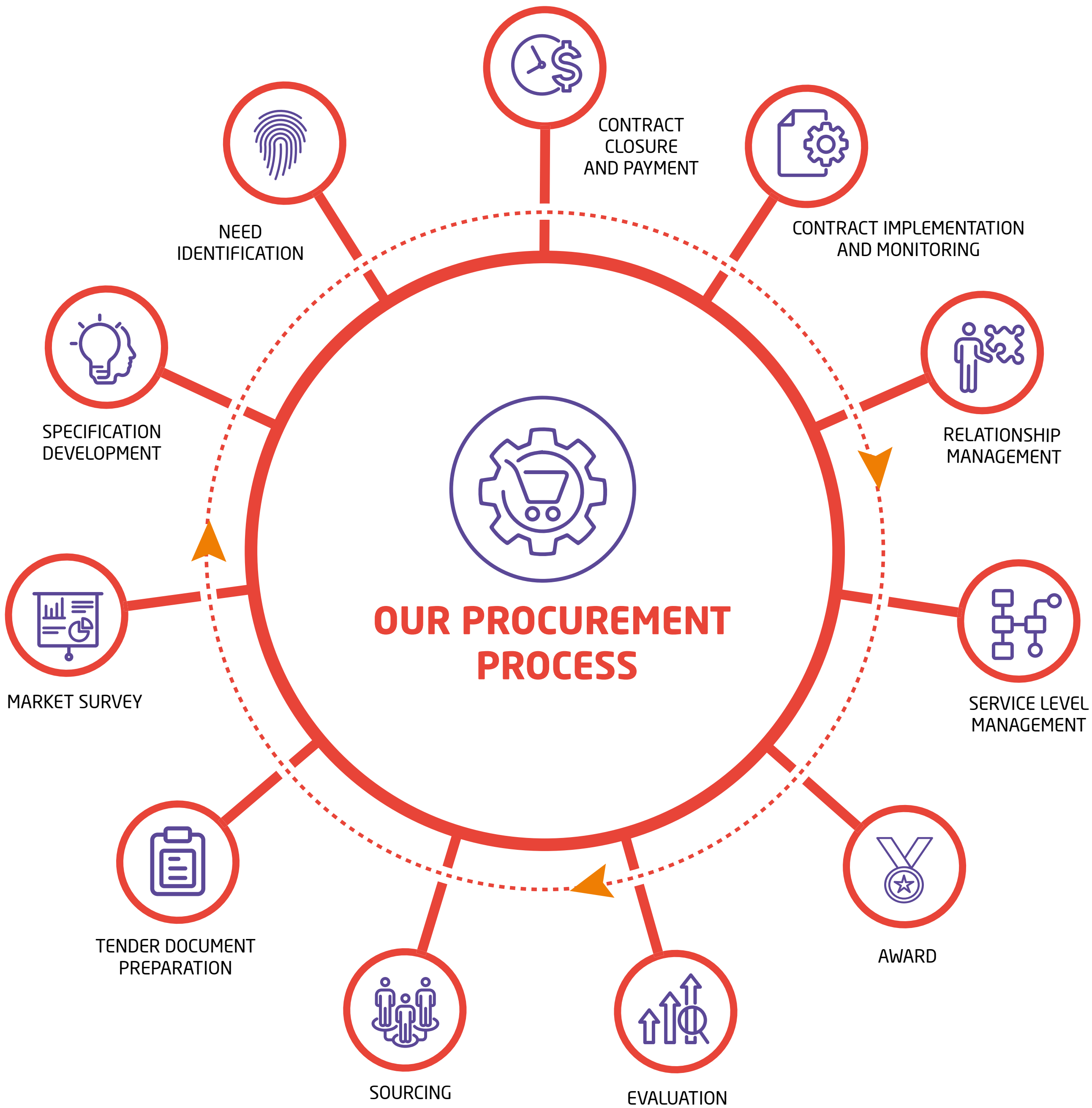
The available fleet will cement our position in supplying reliable and affordable power to address Kenya's growing energy demand. Coupled to this, is our IoT initiative which will provide critical data for further analysis to feed into the RCM strategy.

We are currently providing ancillary services at no compensation, but strategies are underway to incentivise the generators providing these services are duly compensated.

Assuring Best Return For Our Money

The global supply chain has been adversely disrupted due to the raging pandemic. However, our supply through insights and strategic partnering worked solutions to keep our operations alive.

Detailed planning and meticulous execution under framework contracting ensured seamless provision of critical and strategic spares to avail our generation fleet. Elaborate initiatives were employed to improve inventory efficiency and accelerate response to changing demand. Comprehensive contract management guaranteed protection of our money value while building stronger and healthier relationships with our suppliers. Additional revenue was realized through disposal of obsolete assets at residual value.


CONTRACT CLOSURE AND PAYMENT
CONTRACT IMPLEMENTATION AND MONITORING
RELATIONSHIP MANAGEMENT
SERVICE LEVEL MANAGEMENT
AWARD
EVALUATION
SOURCING
TENDER DOCUMENT PREPARATION
MARKET SURVEY
SPECIFICATION DEVELOPMENT
NEED IDENTIFICATION
OUR PROCUREMENT PROCESS

AGPO Opportunities

In compliance with the Public Procurement and Asset Disposal Act, 2015 and Public Procurement and Asset Disposal Regulations 2020, KenGen endeavors to achieving the highest degree of professionalism, transparency, legal compliance and value for money in the procurement processes.

During the year, our e-Procurement system was effectively deployed and through this, most of the tendering processes were conducted on this platform with a target of 100% transition.

To promote empowerment of the special groups through the Access to Government Procurement Opportunities (AGPO), the Company allocated Kshs. 2.74 billion for the program. Owing to the uncertainties brought about by the Pandemic, KenGen adopted priority procurement to preserve our cash flows and only engage in strategic critical procurement. These measures brought cost optimization to the Company impacting negatively on the available opportunities for special groups and thereby drastically lowered the absorption rate.

Category	**2020/2021**	**2019/2020**
	(Awards in KShs. 000)	**(Awards in KShs. 000)**
Youth	373,295	1,196,347
Women	637,012	1,046,479
PWDs	185,381	438,208
Total Awarded	1,195,688	2,681,034
Allocated	2,740,370	2,935,117

Initiatives to improve absorption of allocation to special groups

Buy Kenya Build Kenya

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KenGen continues to support the promotion of local content initiative, through the Buy Kenya Build Kenya program, Kshs. 23.73 billion was absorbed by citizen contractors. This supports growth of the local industry for sustainable development.

Buy Kenya Build Kenya Absorption Rate

FY	Allocation (Kshs. 000)	Awarded (Kshs. 000)	Compliance level YTD
2020/2021	18,842,264	23,732,398	125.95%
2019/2020	14,275,946	12,919,698	90%


Ngong Wind Farm

Value Creation for Sustainability

KenGen harnesses technology to increase efficiency and shorten procurement turnaround time through the Supplier Relationship Management system. By so doing, the company has attained improved visibility & transparency of the procurement processes, improved reporting, and a drastic reduction in paper use thus promoting environmental conservation & sustainability. So far, 100% of all RFQs, direct, restricted and open tenders reserved for AGPO is now done through SRM.

The company successfully completed sensitization and awareness sessions on Access to Government Procurement Opportunities to Special Groups. These sessions were spearheaded by the Supply Chain Division.

The need to improve plant reliability and availabilities and ensure steady power generation from our plant installations has led KenGen to embrace long term contracts and engagements with Original Equipment Manufacturers(OEMs)

Inventory management is a key facet of effective and efficient supply chain management at KenGen, as stocks form a large category of assets in the company's balance sheet. Key Supply Chain achievements during this period include coding of spares for both Olkaria 1 AU and Olkaria 4 stores. Supply Chain Division has now commenced implementation of materials clean-up, which is a 3-year project.

Proactive and constant market research & survey activities to ensure that the company obtains both value for money and profitability by procuring goods, works and services at prices that are fair, competitive, within available budget, and strictly within the prevailing market rates/ indices.

Continuously engage and build collaborative relationships with our key stakeholders including;

Supporting the commercial geothermal drilling project in Tulu Moye, Ethiopia has been achieved through robust, agile and effective strategies on all procurements relating to the project to eliminate all unnecessary bottlenecks.

KenGen through Supply Chain Division, managed to acquire tax exemptions for various projects including Geothermal Exploration and Development for KenGen financed projects. Approvals for master list on tax exemptions for Olkaria 1 Unit 6 was also attained for both Lot 1 and 2.

Delivering Value Creation Initiatives such as cost-effective stock holding initiatives, Engagement of Authorized Economic Operator Clearing Agents (to enhance speedy clearing of imported cargo and reduce clearing expenses); consignment stocking for generation fuels, among others.

Continued to update and publicize complete information on all tenders and procurement contracts awarded as required by Executive Order No.2 of 2018. This is done in order to deepen accountability and transparency in the procurement process, thereby reinforcing compliance to organizational and statutory requirements.

Research & Development (R&D)

A rapidly evolving technological world and an increasingly competitive environment has necessitated KenGen to set up a Research and Development (R&D) Centre at Tana Power Station. The Center is our prime location for carrying out of trials, tests, experiments, and pilots for new business opportunities.

The Calibration Center and the Pilot Solar Photo Voltaic (PV) Assembly were the most recent successful incubated ideas which have now been operationalised.

Intellectual Property Rights

Our annual G2G Innovation seminars are a beehive of innovation ideas generated by our staff. Protection of these ideas is critical to fostering a culture of innovation. KenGen has secured its intellectual property against possible violations by partnering with the Kenya Industrial Property Institute and by administering non-disclosure agreements to external clients.

	Type of Intellectual Property (IP)	Certificates Granted	Undergoing examination by the IP Regulator
1	Patent	4	4
2	Copyrights	74	
3	Trademarks	15	10
4	Utility Models	3	
	Total	**96**	**14**

Knowledge Harvesting & Transfer

Knowledge Harvesting & Transfer (KHT) is a systematic business capability to identify critical knowledge, capture information about insights and know-how, and deliver the information to those who seek to accelerate competency development. KHT is equally valuable for the business as it strengthens operational excellence, creates revenue streams, and diminishes risks of loss of organizational expertise from natural attrition.

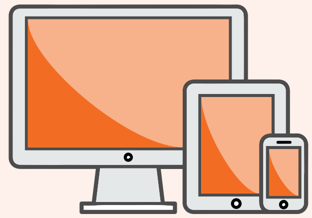
The KenGen History Book is one of our proud products document the Company's 40 years transformational journey from 1980. It is an endearing reference book for Kenya's energy sector and the field of energy research.

Becoming more digital

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2021 continued to present challenges for our business operations due to the impact of Covid-19 and the resulting movement restrictions.

This has presented opportunities for us to accelerate the digital transformation of our business and have in place systems of intelligence aimed at:



- Driving business excellence through innovation.
- Leveraging on ICT for effective service delivery, increased productivity, increased compliance, and data protection.
- Planning and deploying appropriate and cost-effective ICT Solutions in a secure environment for business growth.

We continue to progress towards a simple, secure, stable, and scalable technology by creating digital assets and capabilities such as:

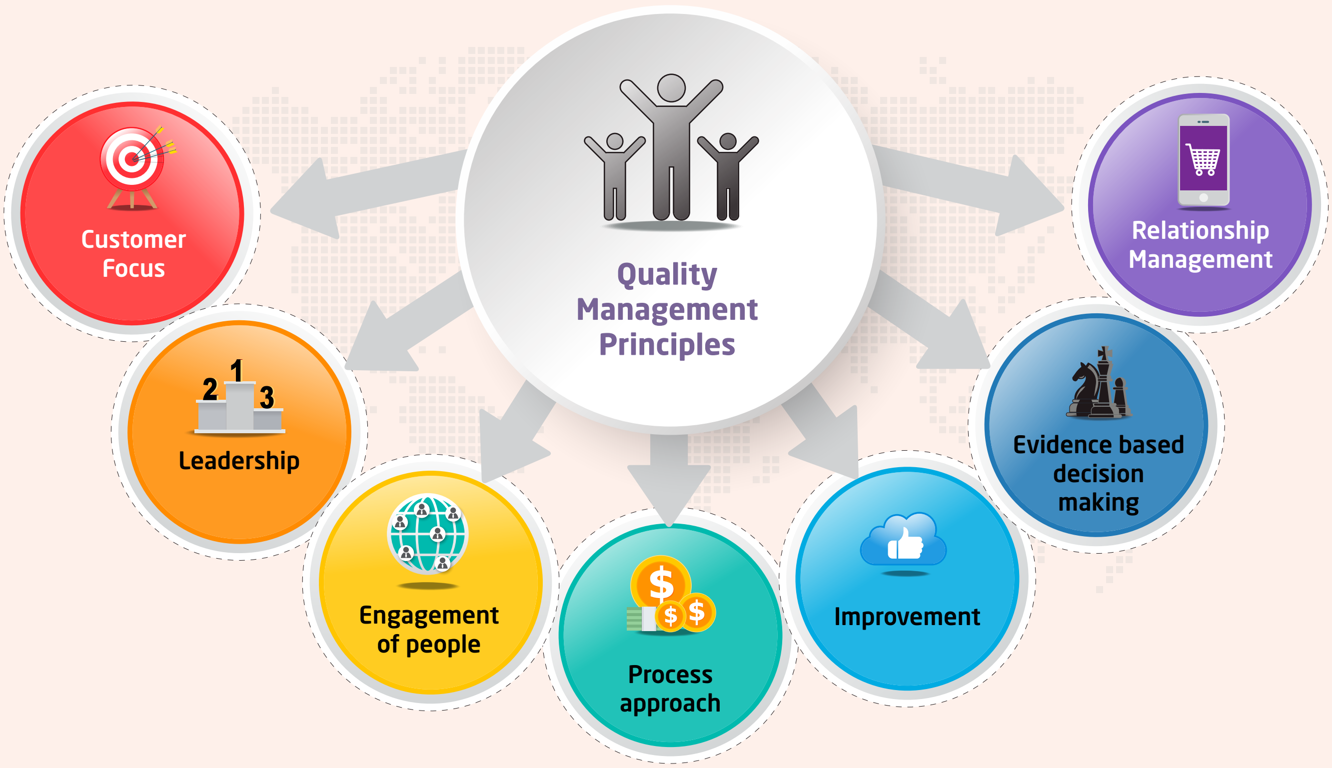
- Cloud infrastructure-as-a-service.
- Cloud software-as-a-service and an alternative to traditional software purchases.
- Artificial intelligence, which improves internal efficiencies and experiences in the maintenance of our generation assets.

Our Quality & Safety Culture

8 DECENT WORK AND ECONOMIC GROWTH

Our Good-To-Great transformation strategy focus on achieving sustainability in value creation. Our quality is anchored in our Mission of offering quality, reliable, safe, environmentally friendly, and competitively priced electric energy and services that meet the customers' needs and expectations.

To enhance business sustainability and continuity our Environment and Quality management systems are mainstreamed in all our activities and services with a focus on the following management principles:



Amid Covid-19 pandemic QMS and EMS audits were carried out to confirm whether the system contribute to continual improvement of the processes; and the effectiveness based on improved structure, culture and processes as envisioned by our corporate sustainability strategy;

KenGen achieved Quality Management System (ISO 9001:2015) and Environmental Management (ISO 14001:2015) Recertification valid until 2024. This recertification achievement underscores KenGen's commitment to continual improvement and ensures clear processes, tasks, and responsibilities within the organization.

Safety and Health

Creating a safety culture is primary to KenGen sustainable business in becoming market leader in provision of reliable, safe, quality and competitively priced electrical energy in the Eastern African region.

KenGen is committed to providing and maintaining work conditions, equipment, and systems of work, which are safe and healthy for all our stakeholders including employees, contractors, visitors, and other persons at or near our operations.

Promoting of safety culture in workplace is anchored in our core values to achieve this continue to undertake reasonable and practical and Health and Safety measures through maintaining policies and procedures to deal with safety and health issues in line with Occupational health & Safety Act 2007.

Providing our employee with appropriate **personal protective equipment** (PPE) provides additional protection to workers exposed to workplace hazards and This is aligned zero accident target within our facilities

Commemoration of World Day of Remembrance for Road Traffic Victims

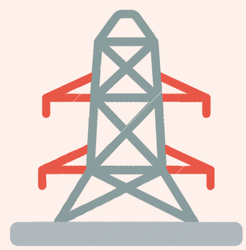
MD & CEO, Mrs. Rebecca Miano, engages the Staff during the virtual KenGen State Address

Energy Management Programs

Our Energy efficiency program is focused on putting in place measures which comprise of energy-saving devices, rational saving methods, and using alternatives energy sources.

The program is operationalised through Energy management teams, constituted of 40 trained Energy Managers, in the operating regions. The energy saving initiatives in Kipevu I, Kipevu III, Masinga and Gitaru power plants realized a total energy savings of 1,622,950 kWh amounting to CO2 reductions of 535,574 Kg for the year.

In addition, other energy saving measures that are under implementation in our power plants include the solar PV project in Kipevu; installation of solar streetlights in Kipevu, Kamburu and Gitaru; replacing lighting fixtures to LED lighting in all KenGen facilities; and minimizing back feed through load control.



1,622,950 kWh

total energy savings realized by Kipevu I, Kipevu III, Masinga & Gitaru plants

Our Covid Response

Our strategy reflects our belief that embracing the ideals of sustainable business, shared value thinking, and the provisions of SDG 3 is essential to cultivating the resilience necessary to combat large-scale crises like the Covid-19 pandemic.

Upon the announcement of the first Covid-19 case in Kenya on 13th March 2020, KenGen activated its Corporate Crisis Management Team (CMT) with the mandate of guiding the Company's response to the pandemic to ensure the safety and wellbeing of employee while maintaining business continuity. We have continued to demonstrate our resilience by putting in place the following robust mitigation measures in response to the pandemic:

Operations and Logistics

- Regular fumigation and deep cleaning of all our offices
- Covid-19 testing in partnership with the ministry of health
- Continuous awareness on th pandemic through weekly updates from the MDs desk, push SMSS' and Kengen Weekly
- Medical talks and psycho-social support from medical professionals

Staff Protection & Communication

- Alternative control rooms in power stations
- Parallel dispatch centre for Kamburu
- Redundant shifts rota were developed
- Working from home
- Provision of personal protective Equipment (PPEs)
- across our business areas
- Covi-19 medical fund - response and treatment

Business Sustainability

- In the interest of business continuity, we conducted online business meetings and trainings

Our Financial Prudence

8 DECENT WORK AND ECONOMIC GROWTH

Business in 2020 was heavily impacted by the pandemic. A slumped economy led to a recession which slowed our energy trade while increasing our business operation costs. Inspite of this our focus remained unresolved in delivering our mandate of lighting our critical health facilities, manufacturing hubs and homes to ensure sustainability was kept alive while remained a profitable business.

In 2021, we continued execution of our strategy by continuing to deploy strategic priorities focused on increased generation capacity to meet the growing demand and our revenue diversification projects. Through demonstrating the ability to implement our strategic priorities and achieve our financial objectives, we are well positioned to achieve our Horizon II Strategic ambitions for the period 2021 - 2025.

We continuously monitor our financial ratios in line with lender thresholds. The financial covenant thresholds of the long-term debt portfolio vary by lender but converge around:

- Keeping total leverage below a ratio of 2.3 (i.e., 30% equity, 70% debt)
- Maintaining a Debt Service Coverage Ratio above 1.3x
- Maintaining a Current Ratio of 1.2x
- Self-Financing Ratio: 0.25 minimum contribution by KenGen to project costs

Financial Covenant	Threshold	Current	Compliance
Current ratio	>1.2	2.1	Yes
Leverage ratio	<2.3	0.9	Yes
DSCR	>1.3	2.6	Yes
Self-Financing Ratio	>25%	107%	Yes

Through managing our financial structure in an effective yet prudent manner we have set the foundations for our track record of sound financial performance. Over the last five years, we have grown our business through investing over KShs 38,583 million of internally generated cash flow. At Corporate level we run a conservative balance sheet with a leverage ratio of 0.9x in 2021.

Value Creation

KenGen engages in open and continuous dialogue with its stakeholders, at every level throughout the company. We are constantly encouraged by our interactions with the environment, ensuring that we share the value created in a balanced manner, linking profitability and accountability.

VALUE ADDED	2019 KShs million	2020 KShs million	2021 KShs million
Electricity revenue	29,797	33,783	35,011
Steam revenue	5,872`	5,550	5,227
Revenue from branch	-	440	1,784
Other income and net gains	3,903	6,905	1,338
Net Financing costs	(3,631	(6,815)	(1,173)
Wealth Created	**35,941**	**39,863**	**42,187**

Distribution of Wealth	KShs million	% Distribution	KShs million	% Distribution	KShs million	% Distribution
Employees -Salaries, Wages and other benefits	6,800	18.9%	7,082	17.8%	7,685	18.2%
Government-Taxes	3,769	10.5%	(4,587)	-11.5%	13,573	32.2%
Shareholders' Dividends	1,649	4.6%	1,978	5.0%	1,978	4.7%
Retention to support future Business Growth:						
Retained Earnings	6,236	17.3%	16,399	41.1%	(790)	-1.9%
Depreciation and Amortization	10,360	28.8%	12,030	30.2%	11,520	27.3%
Suppliers and other expenses	7,029	19.6%	6,756	16.9%	7,933	18.8%
Corporate Social Responsibility	98	0.3%	207	0.5%	287	0.7%
Wealth Distributed	**35,941**	**100%**	**39,863**	**100%**	**42,187**	**100%**

Our Financial Prudence

Through managing our financial structure in an effective yet prudent manner we have set the foundations for our track record of sound financial performance. Over the last five years, we have grown our business through investing over KShs 38,583 million of internally generated cash flow. At Corporate level we run a conservative balance sheet with a leverage ratio of 0.9x in 2021.

Liquidity and Capital Resources

We manage our businesses in a manner to achieve strong cash flows to fund investment for profitable growth. Our purpose is that, across the trade cycle, “cash in” (including cash from operations and divestments) at least equals “cash out” (including capital expenditure, interest, and dividends), while maintaining a strong balance sheet.

We satisfy our funding and working capital requirements from the cash generated from our operations, the issuance of debt and divestments. In 2021, access to the concessionary international debt capital markets remained strong, with our debt principally financed from our development partners. In line with the Paris Club, we received several moratoria for our On-lent loans.

Capitalization

	30 June 2021 KShs million	30 June 2020 KShs million
Equity attributable to shareholders	210,323	211,318
Current debt	10,798	8,481
Non-current debt	134,778	137,350
Total debt	145,575	145,831
Total capitalization	355,899	357,150

As a Company, we are committed to the expansion of renewable energy by acting in line with the principles of sustainability in respect of current and future generations. Our response is to minimize our carbon footprint by prioritizing sale of electricity from renewable sources. In 2021, 97% of our electricity sold was from renewable energy portfolio.

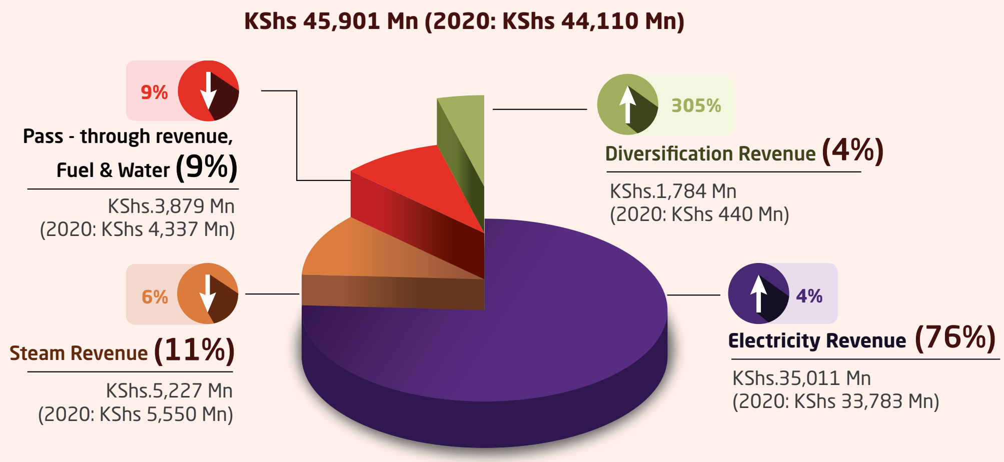
This continues to help our customers reduce their consumption of energy and natural resources and their CO2 emissions – by 30th June 2021, KenGen had 4,617,309 cubic tones of CERs which it seeks to sale in the market. The solutions KenGen brings to the market are directly linked to activities to mitigate, adapt to, and improve resilience to climate

Measuring our Financial Performance

Diversified revenue

Our operations delivered a positive performance in the period ended 30th June 2021. Revenue of KShs 41,741 million was KShs 1,919 million above the prior year figure. The increase reflects full impact of the 158MW Olkaria V geothermal power plant and revenue from our diversification projects in Ethiopia. Our revenue comprised of below sources.

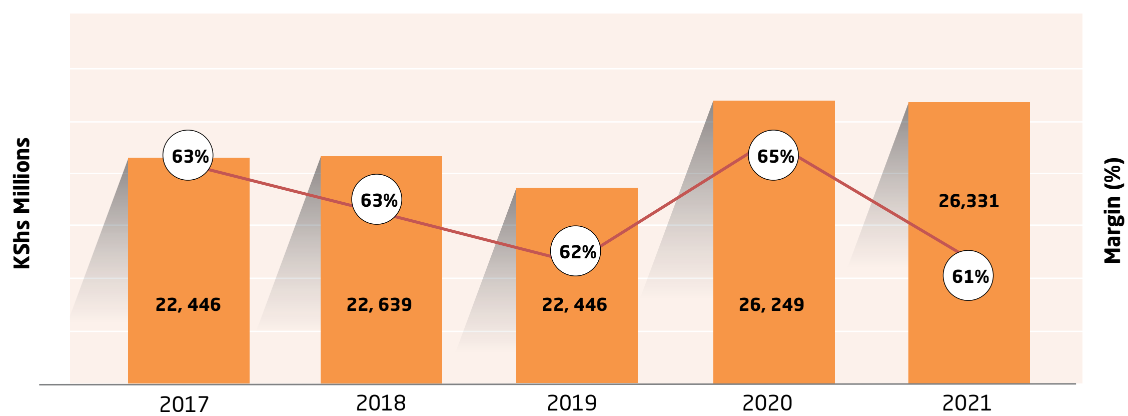
Our Revenue Sources



Earnings Before Interest Tax and Depreciation (EBITDA)

EBITDA of KShs 26,331 million was KShs 81 million above the prior-year level. This is principally attributable to the increased revenue, reflecting the impact of Olkaria V geothermal power plant and additional revenue streams from Ethiopia drilling business. Our EBITDA has continued the growth trend, with margin remaining above 60% target and supported by cost efficiencies.

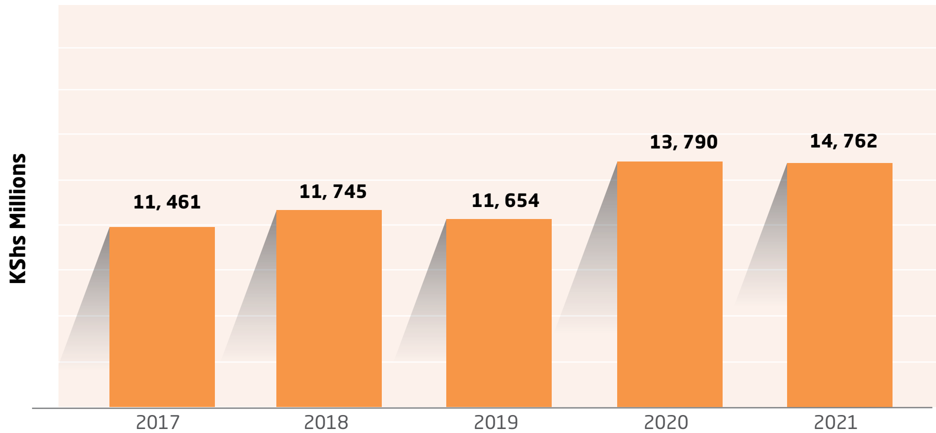
Growing EBITDA and a sustainable EBITDA Margin



Earnings before tax

Profit before tax of KShs 14,762 million was KShs 972 million above the prior-year level, mainly attributable to 4.1% growth in revenue.

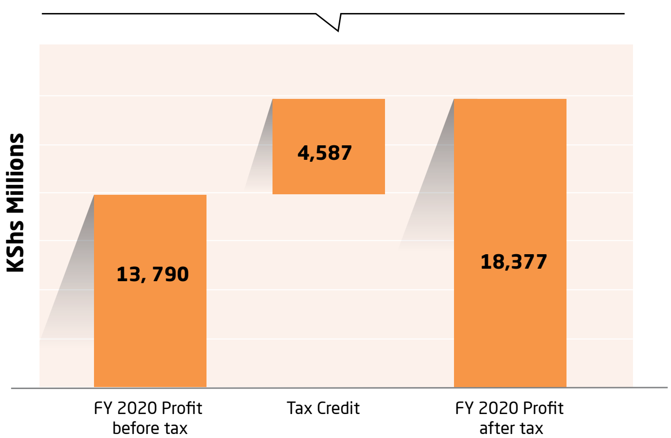
Sustained Profit before tax growth



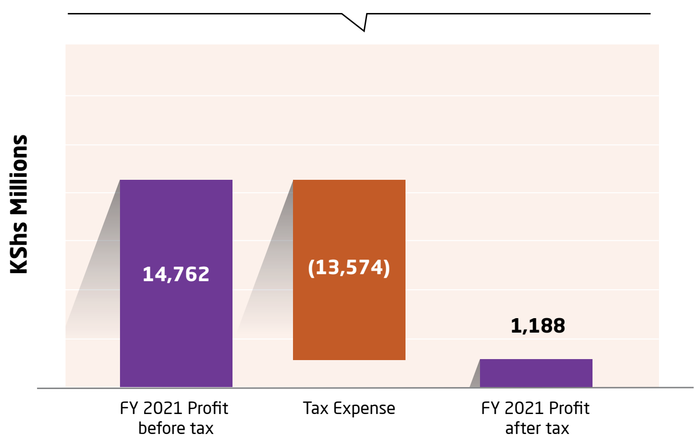
Profit after tax

In the context of the ongoing global COVID-19 (coronavirus) pandemic, many countries have been impacted, with significant human, economic and social costs. In response to this crisis, the government of Kenya on 25th March 2020 outlined various tax relief measures to cushion the country against the economic effects of COVID-19. One such relief was the reduction of corporate tax rate from 30% to 25% that was subsequently reversed with effect from 1st January 2021. The reduced corporate tax rate of 25% reduced the tax expense by KShs 8,145 million resulting into a KShs 4,587 million tax credit for the year ended 30th June 2020. The reversal of the tax relief to a higher corporate tax rate of 30% increased the tax expense by KShs 8,795 million thereby resulting into a higher tax expense of KShs 13,574 million that significantly reduced profit after tax for the year ended 30th June 2021.

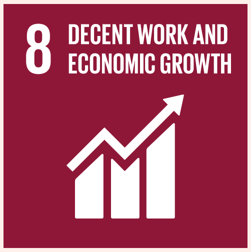
25% corporate tax relief (2020)
Corporate tax rate change from 30% to 25% led to a decrease in the opening Deferred Tax Liability by KShs 8,145 million, thereby contributing to a tax credit of KShs 4,587 milion.



Reversal of corporate tax relief (2021)
The reversal of corporate tax rate from 25% to 30% led to the opening deferred tax liability being carried at 30% and this increased tax charge by KShs 8,794 million thereby significantly contributing to the high tax expense of KShs 13,574 million.



Anchoring Our Revenues



We have secured long-term revenue streams through Sustainable Power Purchase Agreements developed within the framework of the Energy Act to provide competitive tariffs. Our Power Purchase Agreements are critical components of our Good to Great strategy in securing value, warranting our financial steadiness and capacity to energy demand.

Inspite the fast-evolving regulatory environment, we will also continue negotiate affordable Power Purchase Agreements (PPAs) to the economy.

Since we are operating in a liberalized environment, our main objective is to remain competitive while employing best business practices as we secure our revenues.

During the year under review, KenGen along with other energy actor players, participated in formulation of the regulations which once gazetted will operationalize the Energy Act 2019. We are currently exploring new opportunities being presented by the Act. KenGen submitted its Memorandum to the Presidential Taskforce on Review of Power Purchase Agreements.

KenGen Team at Aluto Langano drilling site in Ethiopia

Our Resilient Resource

Building resilience among our Human Capital is key to adapting to the challenges caused by Covid -19.

The resilience of our enviable Human Capital was tested and brought to the fore during this challenging period. Our employees demonstrated courage, energy, professionalism, synergy and ability to cope with unprecedented time to continue to deliver our mandate. From rank to file, they exemplified flexibility and agility to rise above the storm and stood firm to the course. KenGen went out of the way and did its best to ensure seamless continuity and consistently improve productivity even during these extraordinary circumstances.

These are unprecedented times and unchartered territory for all of us. Covid-19 has taken the world by storm and brought forth a new norm as to how organizations manage the business. Organizations are facing unique challenge, which is to ensure the safety & wellbeing of the employees, both physically and psychologically, as they are invaluable asset. Our resource demonstrated grit to push back and stand against a plunging economy to yield extra ordinary results. This saw our business run uninterrupted and guaranteed our commitment to providing energy for our beloved nation.

Emergency Response

The Business Continuity Plan which envisaged the Corporate Crisis Management Team (CMT) to guide our responses to any uncertain crisis such as the pandemic was activated to mitigate the impending disruption. The operations of the CMT were rolled out to all regional operational areas to form regional CMTs to efficiently ensure the safety and wellbeing of staff while maintaining business continuity.

A 24-hour emergency contact centre was immediately activated to rapidly respond to employee needs. An elaborate communication plan was deployed to ensure that the right information was channelled effectively and efficiently. The channels used included push sms messages, webinars, weekly email updates from the MD's desk, intranet & website banner messages, email signature, CMT weekly update and psycho-social support.

KenGen Emergency Response Structure

Workspace Safety

KenGen was very stringent in the observance of the issued World Health Organisation (WHO) Covid-19 health protocols. The requisite support was offered to employees to enable them perform their jobs effectively in the new environment. When the world went remote, we relied on technology as a medium of interaction and engagement.

The Company implemented safe work practices to limit employees' exposure to Covid -19. These measures included remote working, staggered shift rotas, virtual meetings, social distancing in the offices, restriction of physical interactions to only critical and essential services, restricted access of office premises by external parties, provision of hand sanitizers & face masks to employees and frequent deep- cleaning & fumigation of all office premises.

Employee Welfare and Wellness

3 GOOD HEALTH AND WELL-BEING

The wellbeing of our employee and their families has always been part of Human resource programs and now more than ever has been our biggest priority throughout the pandemic. The Company Medicare Scheme was enhanced to cover testing and treatment costs associated with Covid-19. Professional counselling services were amplified to deal with the emerging mental health and psychosocial issues.

During the period we offered weekly voluntary covid testing for employees at all our operational areas through partnering with Nairobi Metropolitan Services, KEMRI and other local MOH hospitals. The fears, concerns and stigmatisation associated with covid were addressed through constant sensitization and awareness campaigns. This has borne fruit with the current impressive company first dose vaccination rate of 75% as compared to the national rate of 7%. The company organised vaccination drives for our employees & family members, service providers and communities around us.

Staff at workout session at Sondu Power Station

Skills & Capacity Enhancement

8 DECENT WORK AND ECONOMIC GROWTH

In preparation for the future of work environment, the company recognizes the importance of fundamental skills such as critical thinking, problem solving and decision making. These are the building blocks that helps employees to identify changes in the environment quickly and adapt response strategies targeted at producing the desired outcome.

To adopt to the new normal, the Company launched the e-competency lab, an online learning platform that offers training content and services with 100% cloud access, anytime, anywhere. This has given employees an opportunity to upskill and ultimately translate to higher productivity since employees are able to execute their tasks with excellence.

KenGen employees at a virtual training session

Performance Management

DECENT WORK AND ECONOMIC GROWTH

In KenGen we have a good performance management system which is key in monitoring employee performance at all levels.

Performance contracts are signed at top leadership with the GOK and cascaded downwards to management to set annual targets. Monitoring of these targets is done weekly through performance board meetings and evaluation is done bi-annually against key performance indicators set. The process is guided by our performance management policy.

Perfomance Evaluation

Incentive framework to recognise and reward performance and manage under performance (team + individual rewards for achieving stretched targets at plan/department level)

Personal development and succession plans to create ownership for development towards enabling performance improvement

Balanced scorecards used up to section head level (eg. Mechanical Supervisors) and then supervisor targets become team targets

Measurements and reporting processes to allow for objective and accurate measurement of key metrics (use performance board)

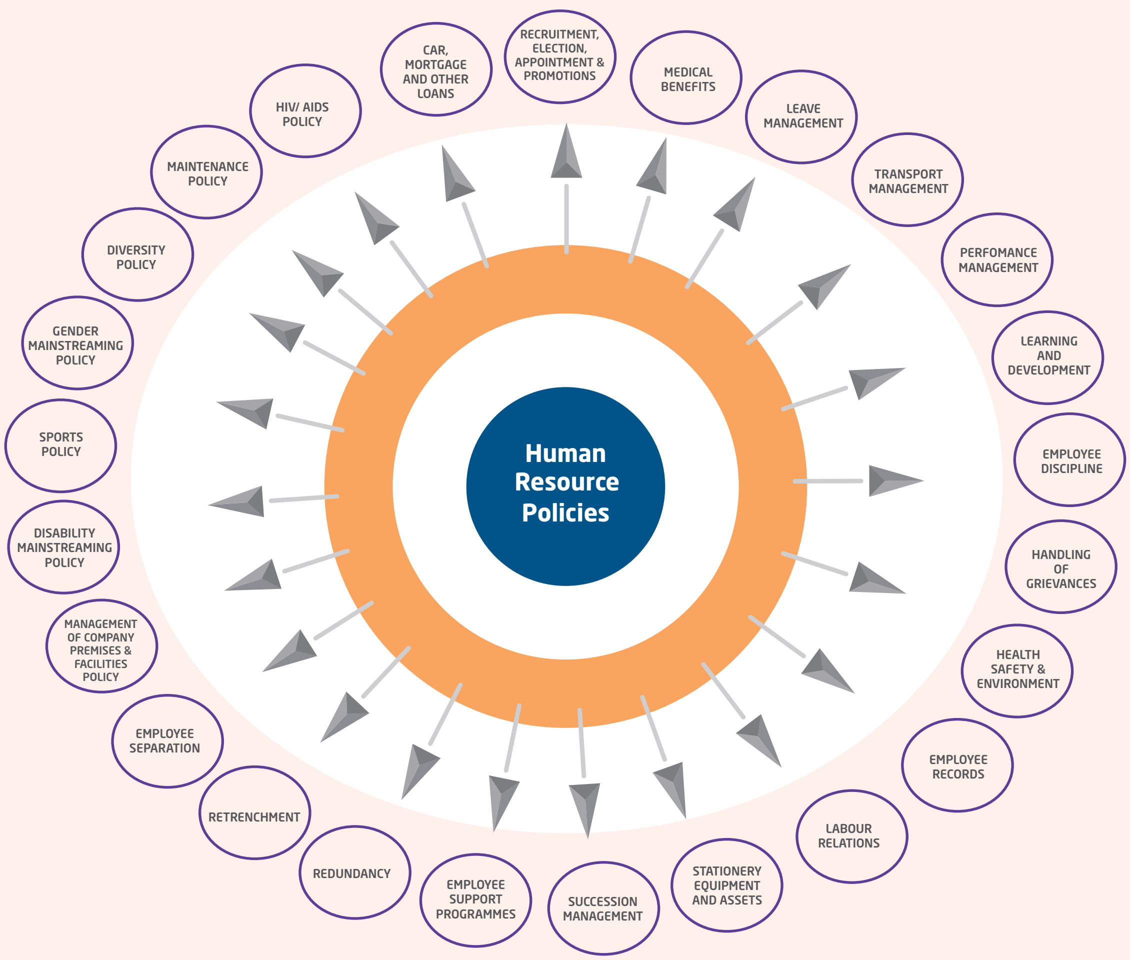
Perfomance evaluation and dialogue to compare actual performance to targets and then use dialogue to communicate

Human Resource Policies

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

In KenGen, Human Resource processes are guided by policies which provide guidelines for all human resource matter. The objective of the policy is to ensure compliance with the Constitution of Kenya, Labour Laws, and other related regulations.

The Human Resource policies, organizational structure and individual roles operate in an integrated manner so that the company objectives are met on a timely and cost-effective manner.



Human Resource Pillars

Pillars of Successful HR Strategy

KenGen employees during a safety training at Sondu Power Station

Human Capital Strength

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The recruitment and retention of employees is anchored on our policy which ensures acquisition of the right talent and skills into the company. To shorten the learning curve and build on existing experience & expertise, KenGen deliberately balances its business units to ensure appropriate representation of working experience, expertise levels and gender. This goes a long way in enhancing capacity at various levels, a key propeller to our sustainable agenda.

During the year we had a complement of 2,572 employees spread across all our business processes in Kenya, Ethiopia, and Djibouti.

The turnover rate was low at 3.7% owing to the comprehensive employee retention programs put in place.

KenGen believes in diversity and inclusivity to ensure access to opportunities for all irrespective of gender, physical ability, ethnicity, or age. Currently, 1.36% of all our employees are persons with disabilities. During the year employees were trained in basic sign language and facilitated accessibility audit by National Council for People with Disability (NCPWD) in our Geothermal facilities.

Gender Equality

The company has made deliberate efforts to meet the 1/3 gender Legal requirement by increasing the ration of women to men from 23.3% to 24.5% and in top leadership it stands at 27%. We are proud for the progress we have made but recognise there is more work to do to attain gender equality by focusing on all genders.

Towards this end, KenGen has a platform aimed and empowering female employees dubbed Pink Energy which is one of its kind. Through pink energy several milestones have been achieved including creation of conducive work environment for women, raising gender awareness, and helping institute gender mainstreaming across the company.

KenGen is partnering with UN Global Compact and USAID in targeted programs aimed to deepen the implementation of the Women's Empowerment Principles (WEPs) and to strengthen our contribution to SDG 5 which calls for women's full participation and equal opportunities for leadership, including in economic life, by 2030.

Career Mobility

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The company has developed a robust Career Framework that addresses skills gap, skills growth, and employee general career development. This framework defines, attracts, motivates, and facilitates retention of critical and support skills required for business operations.

To guide the company in acquisition and management of talent, career progression guidelines were published and disseminated. Further, skills gap analysis of all employees was done and career conversations to help employees manage their careers initiated.

Succession Management

The company identifies potential talent gaps and seek to remedy those gaps through the development and progression of staff. Further, we spearhead staff development initiatives within the departments to create a cohort of qualified staff able to undertake new roles or additional responsibilities.

The company has in place a policy on succession planning to ensure that the company has requisite skills for our operations from generation to Generation. The policy is supported by leadership development and other performance enhancement programs that are aligned with KenGen's human resource development strategies. Mentorship and coaching are important elements of succession planning process and various program were rolled out.

The Board Chairman Gen. (Rtd) Samson Mwathethe and Director Peris Mwangi with Management during induction at Ngong Wind Farm

Organizational Health

3 GOOD HEALTH AND WELL-BEING

During the year, the Company conducted an Organisational Health assessment, and the overall index was 70%. The leadership is keen to ensure it abides by its commitment to address the issues and gaps identified through this survey by implementing the survey recommendations.

KenGen engineers preparing to climb one of the Ngong Wind Masts for a routine maintenance job

Impacting Livelihoods

As KenGen sustained its Corporate Social Investment programs, we are alive to the emerging issues that were affecting ordinary Kenyans and communities during these challenging times.

Our existing CSI structures quickly adapted to the new normal as the basis of our stakeholders engagement agenda was always built for such times. The KenGen Foundation's sustainable pillars of Environment, Education and Water & Sanitation were established for the strongest impacts on the livelihoods of the communities and Kenyans with whom we interact.

Covid-19 Response, Health, and Our Communities

While the rapid development of vaccines against Covid 19 is an extraordinary achievement, successfully vaccinating the national population and especially the vulnerable presents many challenges.

During the onset of the pandemic, the Company's Covid-19 preventive measures in its operational areas included a donation of KShs.32 million for the purchase and distribution of PPEs including hand sanitizers, liquid soap, water tanks, and medicine, and also assorted food items to households affected by the pandemic.

KenGen's efforts also incorporated a sustained awareness campaign, which promoted good hand washing behavior, hygiene, physical distancing, and the use of facemasks for its employees and community with which we interact.

During the financial year, KenGen actively participated in its continued support of vulnerable groups by participating in international day activities such as the World Aids Day and World Malaria Day.

Flagging off KenGen team to a road show for community sensitisation on World Aids Day

Additionally, the repair of Lorogon Dispensary in Turkwel and the completion of the ongoing construction of Naivasha Level-5 Hospital funded by the Company and currently at 86%, will contribute immensely to the country's health sector.

Ecosystems Restoration and Conservation

The continuous negative trends in environmental degradation may be seen as a slower moving crisis than the speed of the global pandemic, but its long-term effects are likely to be far more threatening. Ecosystem restoration remains a key priority for KenGen to manage the unavoidable impacts of climate change and build the resilience of communities which will be most impacted.

Despite the pandemic restrictions, the Company through the KenGen Foundation continued to address climate change by enrolling 28 news schools in Turkana and West Pokot Counties, and 100 new schools in Eastern Region in its flagship afforestation program the School's Green Initiative Challenge.

256 new 'green' teachers were trained on the basics of environmental conservation for dissemination to over 2,000 primary and secondary school students.

KenGen Foundation team leading the KenGen staff givers in tree planting

Currently in Phase VI, the GIC is an ongoing program that has so far seen the greening of over 380 acres in 600 school compounds with approximately 180,000 drought resistant tree species since 2015, especially in the semi-arid counties of Kitui, Machakos and Embu.

Likewise, KenGen employees joined hands with other corporates through the Company's Employee Giver Initiative to address forest and vegetation cover loss at Nairobi National Park, Eburru Forest and Koguta Forest by planting 20,000 trees for climate change mitigation.

The Company's afforestation efforts were backed up by an additional 181,031 trees planted through its power stations community engagement initiatives.

Additionally, KenGen marked key international days on environment such as World International Desert and Desertification Day, and the World Environment Day as a show of solidarity with the global community in climate change mitigation and adaptation.

CS Environment and Forestry, Keriako Tobiko (centre in black cap), CAS Ministry of Health, Mercy Mwangangi (extreme left) and KenGen team members plant a tree during the World Environment Day celebrations in Garissa.

Education Scholarships and Learning Support

The closure of schools and universities affected billions of children and youth worldwide and significantly changed how youth and children live and learn during the pandemic. Lack of physical learning opportunities and economic distress increased the risk of disengagement and dropout from education and training.

Aligning short-term emergency responses with investments into long-term educational gains, KenGen leveraged on existing mechanisms such as the use of digital tools and online learning for continued sponsorship for its beneficiaries under the Education Scholarship Program, especially for those enrolled in universities.

Currently, the Company is sponsoring 173 students through secondary school and university with an additional 14 RAPLAND students under the Olkaria IV re-settlement scheme.

Likewise, the company sponsorship of the AHERI 2020 Conference for tertiary education institutions was a valuable platform for contributions on challenges and opportunities in innovation in the post pandemic education sector.

With our explicit mandate in providing national infrastructure support, the Company continued its investments in improving learning conditions in preparation for post-pandemic recovery through the construction of classrooms and a library at Kajiado, West Pokot and Mandera counties to benefit more than 2,000 students.

Addressing Community Water and Sanitation Needs

6 CLEAN WATER AND SANITATION

Access to water, sanitation and hygiene (WASH) services, which are crucial in curbing the spread of the Covid-19 virus risked disruption through lockdown measures and other related protocol, posing further threats to the livelihoods of communities. Safely managed WASH services are also critical during the recovery phase of a disease outbreak to mitigate secondary impacts on community livelihoods and wellbeing.

KenGen's CSI strategy, which focuses on achieving water security for communities where the company operates, recognizes that WASH projects must be inclusive to achieve the basic human right to water and sanitation and reach the most vulnerable, while setting the tone for inclusion in other community-based projects.

Through the KenGen Foundation, 70,000 m3 worth of water tanks were distributed to 70 vulnerable households at Sondu Miriu with an additional 300,000 m3 earmarked for the Olkaria community.

Sondu Miriu Community members receive water tanks funded by KenGen Foundation

During the financial year, the Company also supplied at-risk communities with 233,110,502m3 of water through its community water points and the supply of water tanks.

Environment Sustainability

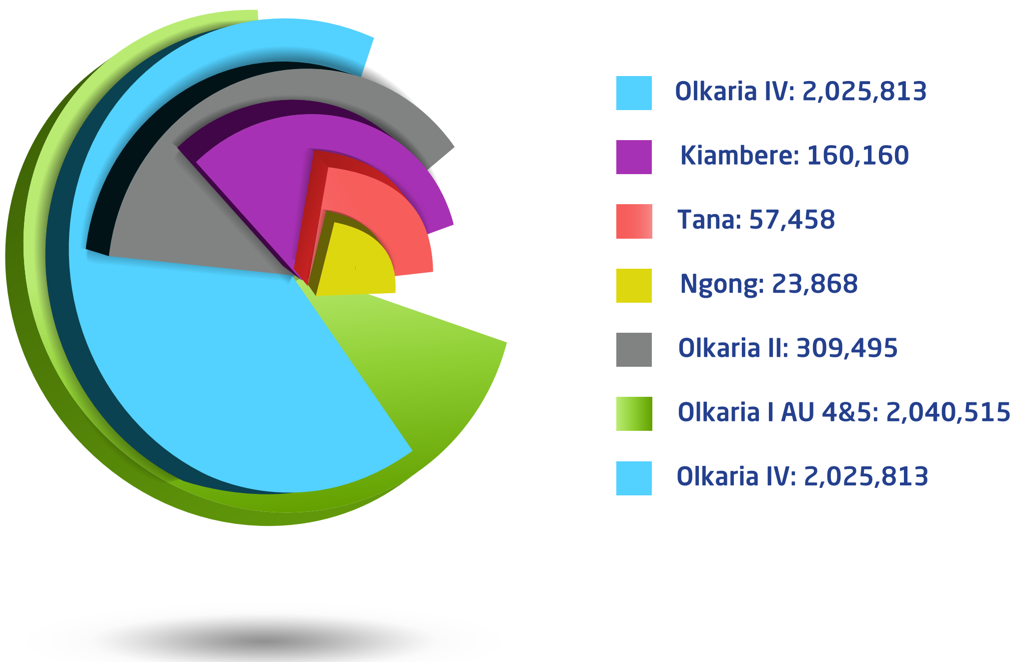
In an emerging economy gravely affected by a ranging pandemic, heavily regulated by stringent climate change polices and conflict adherence programs, KenGen weathered through its environment sustainability agenda which is anchored on Environmental Social Governance (ESG) and interrelated conflict resolution mechanisms.

Our environmental sustainability programs encompass responsible interaction with the natural resources in our business and avoiding to jeopardise the ability for future generations to meet their needs. Responsible environment management, biodiversity conservation, projects monitoring & appraisal and climate change services are at the core of various modes of sustainable energy generation.

Climate Change Mitigation

KenGen has firmed up its path towards carbon neutrality by 2050 by joining the elite list of Global Multinational and becoming the first company in Kenya's public sector to commit to business for 1.50C campaign.

Our climate change policy enhances commitment to reduce our carbon footprint and that of the country by investing in clean and/or low carbon renewable sources of energy.
In line with the United Nations Framework Convention on Climate Change (UNFCCC), we have developed and registered the following six Clean Development Mechanism (CDM) projects which contribute to approximately 1.5 Million tCO2e on annual basis:



Our verified projects have resulted to issuance of 4,617,309 tCO_2e Certified Emissions Reductions (CERs) during the period 2020/2021.

KenGen is a member of the UN Global Compact and is committed to the Ten (10) principles, three of which address climate change agenda as one of the core programs, that contributes to acceleration of the achievement of UN sustainable goals by 2030.

HUMAN RIGHTS
PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOR
PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

PRINCIPLE 5: Businesses should uphold the elffective abolition of child labor.

PRINCIPLE 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

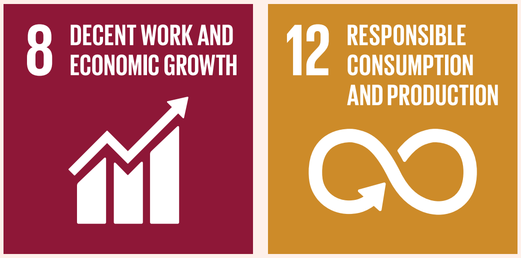
ENVIRONMENT
PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8: Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

HUMAN RIGHTS
PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Environmental Management & Compliance

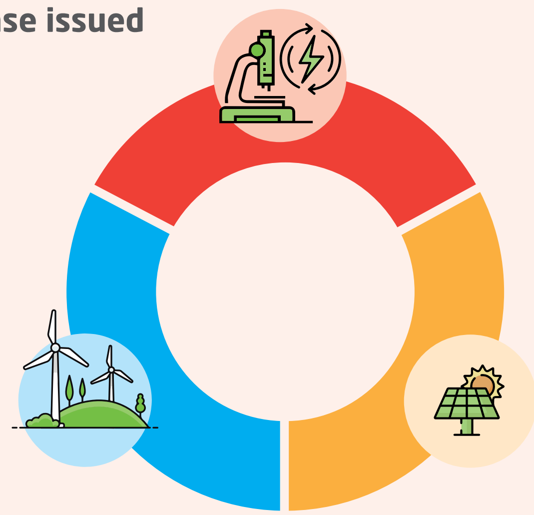


Our environment sustainability policy guides our operations and activities to comply with applicable environmental laws, regulations, standards, and requirements we subscribe to.

During the year under review the following environment management activities were accomplished.

ESIA studies conducted, and EIA license issued

- Proposed Energy Research & Development Centre and Corporate Archive Building in Upper Tana
- Proposed Ngong Wind Farm Borehole Project
- Renewal of EIA license for Seven-Forks PV Solar Project (42.5MWe).



Initial Environment audits

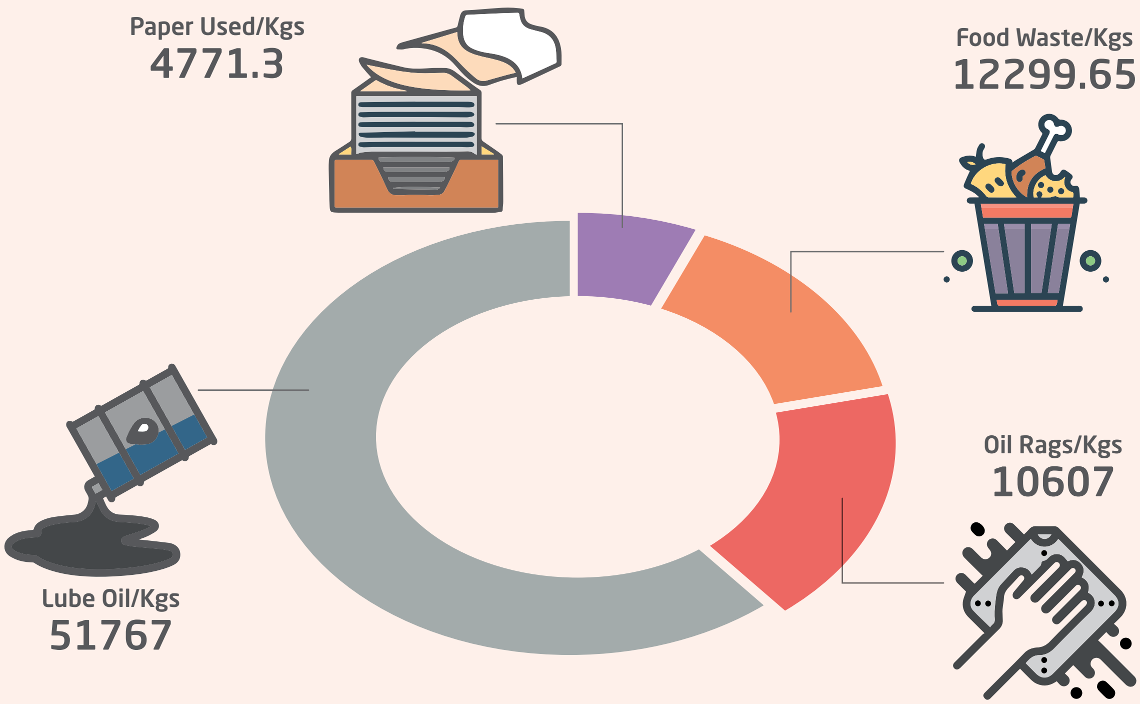
- Olkaria wellheads (OW-37, OW-39, OW-905 & OW-919)
- Turkwel facilities (Incinerator, wastewater treatment lagoon & asbestos bunker

Statutory self-annual audits carried out in 28 KenGen's facilities and installations

Pollution Control & Waste Management

We have put in Pollution control measures and mitigate negative environmental impacts, while at the same time enhancing positive environmental impacts resulting from KenGen's activities, products, and services.

Acquired emission licenses for our incinerators and Thermal Plants (Muhoroni GT 1& 2 and Kipevu I & III).
Acquired effluent discharge licenses for our facilities such as Turkwel lagoon, Muhoroni oil-water interceptor, Kipevu I and III oil-water interceptor among others, as provided in Water Quality Regulations, 2006.



Stack emission monitoring and measurement

- Quarterly monitoring & reporting of air quality emissions for Olkaria I AU6 and Olkaria V Geothermal Power Plant in fulfilment of Financier's requirements
- A total 16 Stack emission measurements done across our facilities

Olkaria IV Resettlement Action Plan (RAP) Closure

KenGen addressed the environmental degradation at the RAPland by rehabilitating the emerging gullies.
Closure Report of Resettlement Action Plan (RAP) and Mediation Action Plan (MAP) were received from the project Financiers and independent Consultant.

Projects appraisals and Monitoring

01 Scoping for the Raising of Masinga Dam project has been done.

02 The Marsabit wind project Environmental & Social Impact Assessment is ongoing.

03 Environmental & Social Impact Assessment studies for upgrading of Gogo Power Station was completed and

04 Preliminary Environmental & Social Impact Assessment under prefeasi-bility for the Floating Solar PV done.

05 Waste to Energy preliminary Environmental & Social Impact Assessment is complete. The ESIA is ongoing.

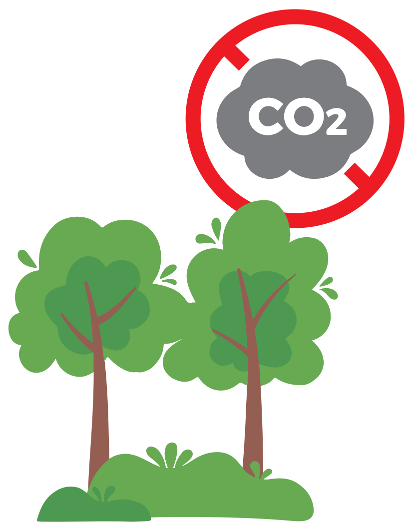
06 Environmental and Social Management Plan (ESMP) for Olkaria IV and IAU 4&5 uprating has been submitted to

07 7 Forks Solar PV Stakeholder consultation and archaeological survey reports were completed.

Biodiversity Conservation and Catchment Restoration

KenGen recognizes the significance of ecological restoration and enhancement in key catchment areas of Mt Kenya, Mau Complex and Eburru Forest.

In the year under review total of **181,031 trees** were planted which have a net potential of absorbing **42,257 tons of CO^2** annually.



Ngong hills catchment conservation project

Tana Buffer conservation project

Partnerships for enhanced conservation

KenGen is a key player in the implementation of Kenya Energy Sector Environment Program (KEEP) project which is steered by the Ministry of Energy This project is supporting the achievement of GOK agenda on attaining of the 10% forest cover by 2022 and conservation of water catchment areas with a view of sustaining hydropower generation. During the year under review 3 project have been initiated and are at different levels of implementation

- 100 ha of catchment rehabilitation in Aberdare catchment,
- Restoration of 20km of riparian land along Mathioya river in Muranga County
- Restoration of 107 ha at Londiani forest within Mau complex.

Further, KenGen has committed to contribute 2 million seedlings to NETFUND 2 billion trees growing campaign between 2021-2025.

Loading of tree seedlings at Sondu tree nursery for delivery at Mau Catchment

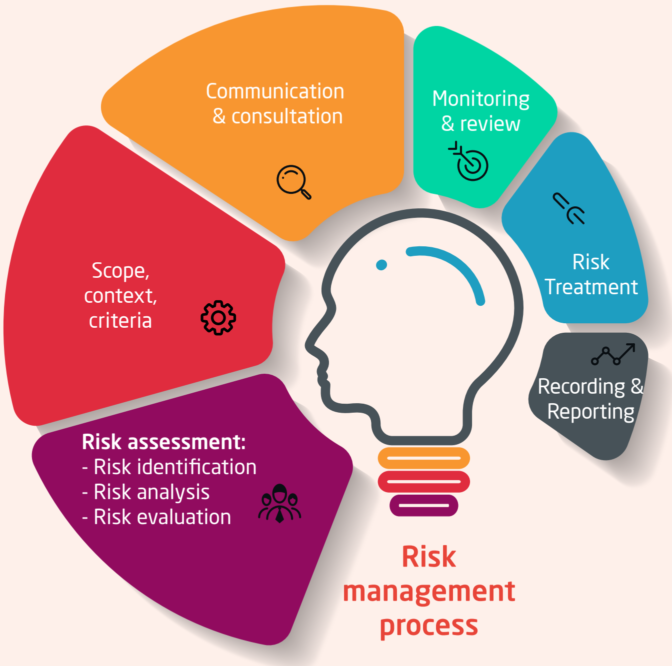
Enterprise Risk Management

It is clear that Covid-19 will persist for a considerable amount of time thus presenting significant challenges for our business as well as our stakeholders. Our resolve to overcome these challenges is stronger than ever. On the back of our robust business continuity plan and set of risk mitigation plans, uncertainty notwithstanding; KenGen is well positioned to deliver solid results in the post-covid pandemic period. We continue to monitor the effects of Covid-19 Pandemic on our operations, projects implementation plans, supply chain processes, and employee health & safety to adjust our risk mitigation strategy for sustainability. The effects of Covid-19 pandemic are reported regularly to the Board of Directors and Management for appropriate action.

KenGen remains committed to a robust risk management as an integral part of strong governance and good management. The Board through its Audit, Risk & Compliance Committee, exercises its oversight role on the implementation of Enterprise Risk Management (ERM) processes by management.

KenGen has adopted a risk management framework and also borrowed from ISO 31000 International Risk Management Standard, including control activities of the Committee of Sponsoring Organizations. This ensures our strategic and operational risks are identified, reported and mitigated in a consistent way.

We review the risk management framework to ensure continuous improvement and enhancement of our risk management processes so as to remain responsive to our business environment.



We are also continuously embedding risk management in our business systems, processes, and projects, so that our responses to risk remain current and dynamic.

We have also adopted the Three Lines Model to continue our support for the effective implementation of our ERM framework. The Three Lines Model helps KenGen to identify structures, processes, roles, and responsibilities that best assist the achievement of objectives and facilitate strong governance and risk management.

Our Principal Risks and Mitigation Strategies

During the year, principal risks related to specific business objectives were assessed, evaluated, and were closely monitored by the Board and Management. We continued to focus on identifying and assessing potential emerging risks.

	Risk	Risk Rating	Mitigation Strategies
1.	Adverse impact on our business operations due to Covid-19 Pandemic In 2020, the risk of a global pandemic became a reality and the immediate human and economic effects of Covid-19 has been severe. Like any other organisation, our operations have been affected resulting to: Reduced demand and consumption of electricity Delay in delivery of key capital projects Increased cost of operations due to Covid-19 response Supply chain disruptions	High	Robust measures have been implemented as per our Business Continuity Plan (BCP) and Disaster Risk Management (DRM) frameworks via the Corporate and Regional Crisis Management Teams to ensure employees are safe and our business operations are not adversely impacted. KenGen is supporting its stakeholders and the community through various initiatives geared towards prevention and awareness of Covid-19 in addition to creating awareness on Ministry of Health protocols and guidelines. KenGen ensures that its internal and external stakeholders are updated during this period through frequent communication using various platforms.
2.	**Counterparty Risks** KenGen currently sells its generated electric energy to a single off-taker, Kenya Power. This comes with the attendant risk of late or delayed payment for electricity sales which could have adverse effects on the KenGen's cash flow & revenues. KenGen also offers Consultancy for Energy projects within and outside Kenya. The counterparties involved in these projects may default in paying KenGen for the consultancy services offered.	High	KenGen continues to engage the Kenya Power and both the Ministry of Energy and The National Treasury to ensure fulfilment of financial obligations and resolution of issues arising from PPAs. As we continue to divest into other revenue generation modes, we are active participants in the Power demand creation so as to strengthen the single buyer by expanding the power market as well as enhance our stakeholders' engagement on operationalization of the Energy Act 2019 which allows for bulk sale of electricity and open access.
3.	**Single Commodity Risk** As a company, we operate a single commodity portfolio which is electricity. In addition, the regulatory environment has a low tariff requirement by the government. This may lead to reduced revenues due to unavailability of the commodity and the tariff capping.	High	KenGen is continuously exploring diversification of its commodity portfolio and are currently providing consultancy services in drilling in Ethiopia & Djibouti with similar other consultancies in the pipeline. We are also continuously reviewing diversification project performance to maximize returns. KenGen is also pushing for absolute tariff which involves Energy & Petroleum Regulatory Authority (EPRA) and the Ministry of Energy (MOE) where a price is agreed upon and then unbundled. We are exploring opportunities that are provided for in the Energy Act 2019.
4.	**Resource Sustainability** Unfavourable hydrological conditions and uncertainty in geothermal resource sustainability could adversely affect the generating capacity of the company thus impacting on the Company's revenues.	High	KenGen is implementing technologies that will ensure the reservoirs are not over-exploited and maximum fluid recovery hence more steam reinjection and conservation of the geothermal resource. We continue to explore The Energy Act 2019 which has a provision for an Energy Fund which provides for the mitigation of hydro and other energy resources. KenGen has enhanced collaboration with stakeholders to sustain water catchment areas through afforestation and other conservation measures.
5.	**Market risk** Demand for electricity consumption may not be growing as per the projected rate. There is a strong nexus between electricity growth consumption and GDP growth where the former drives the later. Other causes also include captive generation. Slow growth in demand translates into slowing of uptake of new generation plants by offtaker.	High	KenGen is pursuing the Open - Access and regional integration which will open the regional energy market, in turn increasing market share. We are also pursuing least cost development to ensure competitive pricing. KenGen is progressing the KenGen B business model through partnerships such as joint ventures, Private Public Partnerships, joint developments through diversification model (focus on mini grids, micro grids, solar manufacturing etc).

	Risk	Risk Rating	Mitigation Strategies
6.	**Legal & Regulatory Risk** KenGen operates in a regulated business environment and is therefore subject to numerous laws and regulations regarding operations, tariffs, expansion activities, environmental compliance as well as regulatory and license conditions. Changes in policies, regulations and laws could expose the company to compliance risk.	**High**	KenGen engages The National and County Governments and other relevant agencies on emerging legislation and regulations. We also ensure any change in law touching on power generation is included in the Power Purchase Agreements. KenGen conducts regular legal compliance audits to determine the extent of adherence with existing laws and regulations.
7.	**Stakeholders Risks** KenGen has diverse internal and external stakeholders. Community agitations may impede project implementation and day-to-day operations. Stakeholder relations is critical in ensuring projects are implemented on a timely basis. In addition, KenGen is a listed company and negative publicity arising from corporate governance, ethics and integrity may lead to a decline in the market share price and failure to attract investors to finance our projects.	**Medium**	KenGen implements a robust stakeholder management framework to ensure continuous monitoring and reporting of key issues relating to Stakeholders. KenGen continues to proactively protect and promote its brand through social media and other brand promotion initiatives such as the established inhouse Brand Ambassadors'.
8.	**Governance Risks** Deviation from ideals of good corporate governance may expose the company to reputation damage, loss of business opportunities, misappropriation of assets and decline in corporate performance/growth.	**Medium**	The Board of Directors of KenGen comply with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and the Mwongozo Code of Governance for State Corporations.
9.	**Fraud & Corruption Risk** The hardship brought by the pandemic provides individuals the incentive, pressure, or opportunity to commit fraud. KenGen as a major procuring entity may face the risk of fraud relating to tendering and contract management processes.	**Medium**	The company supported by a Anti-Fraud Policy undertakes continuous fraud/corruption risk assessment to identify possible red flags of fraud/corruption within our processes and has put in place measures to mitigate the same. We have an Anonymous Whistleblowing Mechanism run by a Third party to allow staff report fraud/irregularities anonymously without fear of retribution. In addition, there is a sound fraud investigation framework supported by the Code of Conduct which spells out actions to be taken on reported cases.
10.	**Cybersecurity Risk** Cybersecurity risk is increasing because of the current business disruptions which have made virtual transactions as the preferred mode of business. External attacks are frequent, and the financial implications can be catastrophic.	**Medium**	The Company has put in place robust ICT security policies and processes to help prevent security incidents and data breaches. Staff awareness sessions are conducted regularly to assist them identify possible cyber-attacks and how to respond to them. The Company installed 2-Factor Authentication to control access sensitive systems and data.

GoK PERFORMANCE CONTRACT

Kiambere Dam

GoK PERFORMANCE CONTRACT

Every year, the Government of Kenya through the Ministry of Gender and Public Service leads the process of target setting and signing of performance agreement with Ministries, Departments and Agencies aimed at ensuring the attainment of social-economic development goals to Kenyans.

The performance contracting ensures that public services are delivered in accordance with the Constitution, promotes modernization of service delivery through introduction of innovative & modern technologies and promoting professionalism, transparency, and accountability. During the financial year ended 30th June 2021, KenGen Board of Directors signed a performance contract with the Government of Kenya through the Ministry of Energy targeting on the following broad areas:

1. Finance Stewardship and Fiscal Discipline

KenGen projects are financed through external borrowing and internally generated funds as per the approved budget by the National Treasury. During the period, the absorption of internally mobilized development funds was KShs. 4.50 billion representing 9.73% against a target of KShs. 46.19 billion while absorption of externally mobilized development funds over the twelve months was KShs. 10.53 billion representing 60.90% against a target of KShs. 17.29 billion. However, due to the impact of Covid-19 pandemic, there was slow down in the absorption of the allocated resources to some of the strategic projects.

The Company realized revenues amounting to KShs. 32.46 million from Appropriation in Aids (A-in-A) against a target of KShs. 64.50 million. The A-in-A targeted revenues from disposal of assets and Geothermal Spa. Revenues from disposal of assets was not fully realized due to movement restrictions while revenues from Geothermal Spa were not realized due to closure of the Spa as part of COVID-19 containment measures.

2. Service Delivery

In a highly competitive market, businesses need to capitalize on any opportunity to set themselves apart from their competitors. KenGen recognizes that the best way to distinguish our business is to foster strong stakeholders' relationships based on the quality of our service as per the corporate service charter. To promote service delivery to our stakeholders, KenGen established another Karibu Centre in Hydro Plaza making the Karibu Centre's established to three. The Company endeavored to resolve all complaints that were directed to us or raised indirectly through the Commission on Administrative Justice.

3. Core Mandate

KenGen's core mandate is to generate electric power for the nation. Energy is a key enabler to the realization of the Country's economic blueprint. The Company continued with the implementation of Vision 2030 flagship power generation projects aimed at ensuring sustainable stable power growth in the Country to promote the Big Four Agenda. Despite the difficulties posed by the Covid-19 pandemic, construction of Olkaria I Unit 6 geothermal project was progressed to 87% and is set to be commissioned during the next financial year. Olkaria V was fully commissioned, and management of defects covered under the defect's liability period continued. Procurement process of other power projects including Olkaria PPP and Olkaria I Rehabilitation continued within the year.

The Covid-19 pandemic containment protocols interrupted the economy due to movement restrictions in and out of the Country. The Company despite the tough operating environment made a profit before tax of KShs. 14.762 billion.

The Company being among the essential service providers during the pandemic continued to play its critical role of ensuring availability of our generating modes which went a long way to support the front-line workers in the health sector. The Company supplied 8,443 GWh out of the 12,100 GWh consumed in the Country representing 69.8% of the sales market share. The Company in its efforts to promote sustainable environmental management and utilization of natural resources to generate socio-economic benefits, issued 181,031 tree seedlings to catchment area communities of Tana, Sondu Miriu and Eburru for planting and reforestation of catchment areas.

4. Access to Government Procurement Opportunities and Promotion of Local Content in Procurement

KenGen in its endeavor to empower, promote inclusivity and protect the special groups, awarded youth, women, and Persons with disability procurement opportunities worth KShs. 1,196 million against a target of KShs. 2,740 million. The absorption was affected by the Covid-19 pandemic as supply chain processes were greatly affected. The Company held sensitization forums for the special groups on procurement opportunities within KenGen and the requirements needed for them to participate in doing business with the Company. Our Company also promoted local content in procurement through embracing the Buy Kenya Build Kenya initiative. The total procurement opportunities awarded to local contractors were worth KShs. 23,732 million against a target of KShs. 18,842 million.

5. Cross Cutting Initiatives

Mainstreaming of cross cutting initiatives is critical to the achievement of sustainable development. In KenGen even as we continue delivering on our mandate, we take cognizant of the positive effect that our power generation agenda will have on the cross-cutting initiatives identified by government through the performance contract.

To promote effectiveness, efficiency and maximize value for the stakeholders the Company maintained an updated company asset register, identified, and disposed idle assets in conformity to existing legal requirements. To promote social justice and equity, KenGen had committed to offer attachment and internship opportunities to 750 youths. However, this was hampered by the containment measures issued by the Ministry of Health that required the decongesting of the workplace. On a positive note, 5 interns who were seconded by the Public Service Commission successfully went through the one-year internship program.

The Company enhanced the competency of the 1,399 employees through virtual training opportunities, competencies e-lab system offered the virtual platform that substituted the need for physical training. In our efforts to promote knowledge management among our staff, the Company held the G2G Annual Innovation Seminar and four Communities of Practice and Innovation (COPI) forums during the year.

In line with the Constitutional requirements of making public facilities accessible, an external audit was undertaken in Olkaria by the Council for Persons with Disabilities. The Company has embarked on the process of closing out the issues raised by the audit to ensure that our workplace is all inclusive and responsive to the needs of persons with disabilities. We further enhanced our mainstreaming by training additional ten employees on sign language communication.

To protect and promote the health, safety and well-being of our employees and sustainability of the workplace, KenGen undertook various HIV/ AIDS prevention measures which included peer education, sensitization on stress management and mental health. The Company partnered with the Ministry of Health and Nairobi Metropolitan Services to carry out employee vaccination.

The enhancement of security of our generation assets continued with deployment of armed officers from the Critical Installation Policing Unit in collaboration with the National Police Service. In an environment of diverse and complex security risks, our Company has installed an Integrated Security Management System (ISMS) at the Head Office and Olkaria to beef up security.

The Constitution of Kenya gives prominence to national values and principles of governance as enshrined in Articles 10 and 232. These values and principles are binding on all State organs, State officers, and public officers whenever they are executing public mandate. As a responsible corporate citizen, KenGen has inculcated the national values and principles of governance in our operations. The Company also participated in the values survey conducted by the Public Service Commission. These values and principles have helped the Company to engrave the spirit of nationalism and promotion of corporate rather than individual interests.

The resolve to fight corruption is an integral part of the nation's socioeconomic development policy. KenGen implemented corruption risk mitigation plans in line with our commitment to combat and prevent corruption, unethical practices and promote best practices in governance as per the Ethics and Anti-Corruption Act No. 22 of 2011, the Leadership and Integrity Act of 2012 and KenGen code of conduct.

The evaluation of 2020-2021 GoK PC was done on 21 st October 2021 by the Public Service Performance Management and Monitoring Unit with KenGen scoring a "Very Good" (composite score of 2.8851) marking the end of the implementation cycle.


Q3
Q4
55,089
51,891
35,531
100,983

OUR FINANCIALS

Statement of Directors' Responsibilities

For the Year Ended 30 June 2021

The Kenyan Companies Act, 2015, requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. The Directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then apply them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

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

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

Approved by the Board of Directors on 30th October 2021 and signed on its behalf by:

....	....	....
General (Rtd) Samson Mwathethe	**Samuel Kimani**	**Rebecca Miano**
Chairman	Director	Managing Director & CEO

INFORMATION NOT SUBJECT TO AUDIT

The Company's Directors Remuneration Policy and Strategy

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members. These policies clearly stipulate remuneration elements such as Directors' fees, honorarium and attendance allowances that are competitive and in line with those of other agencies in the industry and with the State Corporations Act.

In accordance with the guidelines provided in the State Corporations Act and issued by the Salaries & Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; the Directors are paid a taxable sitting allowance of Shs 20,000 for every meeting attended. The Chairman is paid a monthly honorarium of Shs 80,000. The Board members are paid an annual Directors fee of Shs 600,000 subject to approval by the shareholders. It is proposed that each non-executive Director receives a fee of Shs 600,000 excluding sitting allowances and honorarium for the financial year ended 30 June 2021 subject to approval by shareholders during the Annual General Meeting.

The total expenses incurred in the course of enabling the directors discharge their mandate are charged to the statement of profit or loss (Note 8(e)).

Kenya Electricity Generating Company Plc does not grant personal loans, guarantees, share options or incentives to its Directors.

Contract of Service

In accordance with the Capital Markets Authority (CMA) regulations on non-executive Directors, a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

The Managing Director and CEO has a three (3) year renewable contract of service with Kenya Electricity Generating Company Plc starting from 30th October 2017. Her contract was renewed for a further three (3) years on 31 August 2020.

Changes to Directors' Remuneration

During the period, there were no changes in Directors Remuneration which is set as per the guidelines provided in the State Corporations Act and the Salaries & Remuneration Commission.

Statement of Voting on the Directors Remuneration Report at the Previous Annual General Meeting

During the Annual General Meeting held on 22 April 2021, the shareholders approved the payments of Directors fees for the year ended 30 June 2020 through virtual voting.

Approval will be sought at the upcoming Annual Generating Meeting from shareholders to pay Directors fees for the financial year ended 30 June 2021.

Directors’ Remuneration report

For the Year Ended 30 June 2021

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2021 together with the comparative figures for 2020. The aggregate Directors’ emoluments are shown in note 35(e).

For the Year Ended 30 June 2021

Name	Category	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs’000	Shs’000	Shs’000	Shs’000	Shs’000	Shs’000
General (Rtd) Samson Mwathethe	Chairman, Non-Executive	-	393	720	640	56	1,809
Joshua Choge	Former Chairman, Non-Executive	-	207	420	320	28	975
Rebecca Miano	Managing Director & CEO	19,938	-	-	-	-	19,938
Ukur Yattani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	60	-	-	660
Zipporah Ndegwa	Non-Executive	-	207	460	-	-	667
Musa Arusei	Non-Executive	-	488	1,280	-	-	1,768
Kairu Bachia	Non-Executive	-	488	1,220	-	-	1,708
Joseph Sitati	Non-Executive	-	600	1,100	-	-	1,700
Maurice Nduranu	Non-Executive	-	600	1,240	-	-	1,840
Phyllis Wakiaga	Non-Executive	-	600	1,020	-	-	1,620
Reginalda Wanyonyi	Non-Executive	-	488	1,140	-	-	1,628
Peris Mwangi	Non-Executive	-	393	1,020	-	-	1,413
James Opindi	Non-Executive	-	112	320	-	-	432
Samuel Kimani	Non-Executive	-	112	360	-	-	472
Winnie Pertet	Non-Executive	-	112	280	-	-	392
Humphrey Muhu (Alternate to Ukur Yatani)	Non-Executive	-	-	1,180	-	-	1,180
William Mbaka - (Alternate to Joseph Njoroge)	Non-Executive	-	-	1,120	-	-	1,120
Total		**19,938**	**6,000**	**12,940**	**960**	**84**	**39,922**

INFORMATION SUBJECT TO AUDIT (continued)

For the Year Ended 30 June 2020

Name	Category	Salary	Directors Fees	Sitting Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Joshua Choge	Former Chairman, Non-Executive	-	600	1,140	960	84	2,784
Rebecca Miano	Managing Director & CEO	19,801	-	-	-	-	19,801
Ukur Yattani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	-	-		600
Zipporah Ndegwa	Non-Executive	-	600	1,160	-		1,760
Musa Arusei	Non-Executive	-	600	1,260	-		1,860
Kairu Bachia	Non-Executive	-	600	1,180	-		1,780
Joseph Sitati	Non-Executive	-	600	440	-		1,040
Maurice Nduranu	Non-Executive	-	600	1,140	-		1,740
Phyllis Wakiaga	Non-Executive	-	600	500	-		1,100
Reginalda Wanyonyi	Non-Executive	-	600	1,180	-		1,780
Humphrey Muhu (Alternate to Ukur Yatani)	Non-Executive	-	-	840	-		840
William Mbaka - (Alter-nate to Joseph Njoroge)	Non-Executive	-	-	620	-		620
Total		**19,801**	**6,000**	**9,460**	**960**	**84**	**36,305**

On behalf of the Board

COMPANY SECRETARY
CS LAWRENCE KIBET
FOR: IMAGE REGISTRARS LIMITED

24 November2021

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 148 to 235, which comprise of the statement of financial position as at 30 June, 2021, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte & Touché, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Electricity Generating Company PLC as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1. Non-Valuation of Property, Plant and Equipment

The statement of financial position as at 30 June, 2021 reflects property, plant and equipment amounting to Kshs.356,135,476,000 as disclosed under Note 13 to the financial statements. The Company carries its fixed assets on the revaluation model based on its accounting policy. As a result, the assets are carried at revalued amounts less accumulated depreciation and accumulated impairment losses in accordance with International Accounting Standard (IAS 16): property, plant and equipment. The revalued amounts are determined based on market valuations carried out by independent expert valuers on a regular basis. According to the Company's Assets Management Policy, the recommended frequency of revaluation is after every 3-5 years. However, no revaluation has been conducted since the year 2015.

Management indicated that the Company was unable to secure services of an appropriate expert to carry out its assets' valuation during the year since the exercise is highly technical and requiring experts who meets international standards. The delay has been mainly attributed to the implications of Covid-19 pandemic since the qualified experts are domiciled outside the country, and the complex procurement process of such a service. However, a tender has been awarded to a foreign consultant after re-tendering and the valuation exercise is expected to be completed by 31 December, 2021.

Consequently, it has not been possible to determine the accuracy of the values of property, plant and equipment of Kshs.356,135,476,000 included in the financial statement as at 30 June, 2021 and disclosed under Note 13 to the financial statements.

2. Capital Work in Progress

Note 13 to the financial statements reflects capital work in progress balance of Kshs.99,343,863,000. Included in this balance are projects totaling Kshs.94,805,804,977 in respect of capital projects initiated several years back but had no movement over the last 2-10 years and which may have stalled. Management did not provide explanations on why the projects have not been completed and capitalized.

A further review of the work in progress schedules and records revealed the following anomalies:

i. The work in progress balance includes Kshs.4,481,056,467 in respect of transmission lines that were done in financial year 2008/2009 or earlier and which are not used in the furtherance of Company's business but are essentially used by another company for revenue generation. Although the Management indicate that there has been negotiation for transfer of the assets to the other company, Kenya Electricity Generating Company PLC continues to service a loan and accruing interest in respect of these assets, thereby increasing the operations costs of the Company and cash outflows without corresponding revenue being realized.

ii. In addition, the work in progress balance includes an amount of Kshs.79,324,783,562 incurred on drilling of wells for geothermal power, financed by a loan from Export-Import Bank of China (EXIM). The wells were drilled between the year 2011 and 2015 and have never been connected to any plant for generation of power. The Company has in the meantime continued to pay the principal sum and interest while no corresponding revenue has been realized to date. Further, the Management has not given the details of when the wells are likely to be utilized in generation of power. As a result, there is no value for money obtained on the investment of Kshs.79,324,783,562 on drilling wells.

iii. Included in the work in progress balance of Kshs.99,343,958,491 is an amount of Kshs.645,975,453 incurred on feasibility studies for wind power projects. Out of this balance, Kshs.592,918,565 and Kshs.82,023,761 was incurred in respect of Meru Wind power project in financial year 2011/2012 and Karura Hydro Power Plant project in financial year 2013/2014 respectively. Although expenditures are said to relate to the feasibility studies on the two projects no contract documents and feasibility studies reports were provided for audit verification in support of the projects. The Management has not provided reasons for the delay in conclusion of the feasibility studies for over eight years.

iv. The work in progress balance further includes Kshs.78,647,502 in respect of a building referred to as Hydro Plaza whose construction work commenced in 2010. The building was indicated to be under the defects liability period, implying that it had been handed over by the contactor. Management partially capitalised the building with a sum of Kshs.293,529,602. However, certificates of completion for the capitalised were not provided for audit review. Further, a review of procurement records revealed the works were initially awarded at a cost of Kshs.150,005,216 but the contract was terminated on non-performance and subsequently awarded to another contractor at a contract sum of Kshs.261,264,205, an increase of

Kshs.111,258,989 or 74% of the earlier contract sum. The Management did explain the cause of the significant increase in the cost of the building.

In view of the foregoing, the accuracy, completeness and valuation of work in progress balance of Kshs.99,343,863,000 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Electricity Generating Company PLC Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Amounts Due from The Kenya Power and Lighting Company PLC

The financial statements reflect gross amounts due from the Company's main customer, The Kenya Power and Lighting Company PLC amounting to Kshs.25,141,317,000 as disclosed in Note 19 to the financial statements. This outstanding balance is billed as per respective Power Purchase Agreements (PPAs) between the two companies. However, KPLC confirmed Kshs.24,899,964,656 as the amount owing resulting in unreconciled variance of Kshs.241,352,344.

Further, the Management in an attempt to explain the variance above, indicated that there are disputed charges with The Kenya Power and Lighting PLC over the years denominated in Kenya shillings amounting to Kshs.506,183,865 and denominated in United States dollars amounting to USD 178,092. Therefore, reconciliation of the differences with the customer and collection of the disputed amount is in doubt.

My opinion is not qualified with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on them. For the matter below, a description of how the audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risk of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for my qualified opinion on the accompanying financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How My Audit Addressed the Key Audit Matter</th></tr>
<tr><td>

Capitalisation of Costs

The Company undertook different capital projects during the year under audit, mainly Olkaria V power plant project, Olkaria 1 Unit 6 and drilling of wells.

The Company capitalised part of the costs it incurred during the year which it considered to be directly related to the construction of these projects.

Capitalisation of costs (payroll costs, borrowing costs and depreciation) identified as a key audit matter due to the significance of the amount capitalised in the financial statements as well as the significant judgements and assumptions in determining the amounts to be capitalised.

Significant judgment is required by the directors in determining the following:

- Assets that qualify for depreciation capitalisation and the quantum of depreciation to charge. Significant judgement is also required in determining capitalisation rates to be applied on shared service centers.
- Element of staff costs directly attributable to the ongoing projects. Additionally, the key assumption applied in capitalising the employee costs is the time spent by qualifying employees on the capital projects.
- Borrowing costs to capitalise in line with the requirements of IAS 23.

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The following procedures were performed, among others, to address the key audit matter:

Capitalised Payroll Costs

- The accuracy of total payroll amounts was tested and the reasonableness of management's assessment of the payroll costs directly attributable to the ongoing projects assessed.
- An assessment of the capitalised payroll costs was performed including testing the classification, measurement and disclosure requirements of the relevant accounting standards – IAS 16.

Capitalised Borrowing Costs

- Accuracy of the interest charges was tested and the reasonableness of the amount capitalised assessed in line with the requirements of IAS 23.

Capitalised Depreciation

- Existence of the underlying assets was tested and their valuation and accuracy of the cost of the assets assessed including the reasonableness of the assets' useful lives and depreciation rates used. The assets were also verified to confirm they were being used in the manner intended by Management.

It was concluded that the assumptions and judgements made by the Management in capitalisation of costs were appropriate.

</td></tr>
</table>

Other Information

The other information comprises the corporate information, shareholding, report of the Directors, statement of Directors' responsibilities and the Directors' remuneration report, which I obtained prior to the date of this audit report, and the rest of the other information in the annual report which is expected to be availed to me after that date, but does not include the financial statements and my auditor's report thereon. The Directors are responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the rest of the other information in the annual report and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Capital Markets Authority Regulations

A review of the statement of profit or loss and other comprehensive income as at 30 June, 2021 revealed that the profits declined from Kshs.18,377,093,000 in the previous year to Kshs.1,188,407,000 in the year under review, a decline of Kshs.17,188,686,000 representing 93.5%. However, the Management of the Company has not issued a notice to the shareholders in line with paragraph G.05(1)(f) of the fifth schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002.

Further, the First Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (Amended 2016) sets out the minimum requirements for a company at the time of listing, as well as continuing obligations of the listed entity. The First Schedule provides that the listed company must have prepared financial statements for the latest accounting period on a going concern basis and that the related audit report must not contain a qualified opinion or emphasis of matter in this regard. However, the audit opinion on the Company's financial statements for the year under review is qualified and includes an emphasis of matter.

In the circumstances, the Management of the Company was in breach of the regulations.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I report based on the audit that:

(i) In my opinion, the information given in the report of the directors on pages 16 to 17 is consistent with the financial statements.

(ii) In my opinion, the auditable part of the directors' remuneration report on pages 135 to 137 has been properly prepared in accordance with the Companies Act, 2015 and are in agreement with the accounting records.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company'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 Management is aware of the intention to liquidate the Company or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Company monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company 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.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with Management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CPA Nancy Gathungu, CBS
<u>AUDITOR-GENERAL</u>

Nairobi

30 October, 2021

Financial Statements

For the Year Ended 30 June 2021

Statement of profit or loss and other comprehensive income

	Note	2021 Shs'000	2020 Shs'000
Revenues from contracts with customers			
Electricity revenue	4 (a)	35,010,719	33,783,190
Steam revenue	4 (a)	5,227,392	5,549,684
Fuel charge	4 (a)	3,674,626	4,155,499
Water charge	4 (a)	204,408	181,774
Revenue from Branch	4 (a)	1,783,694	440,344
Total revenue	4 (a)	45,900,839	44,110,491
Reimbursable expenses			
Fuel costs	5	(3,955,710)	(4,106,504)
Water costs	5	(204,408)	(181,786)
Total reimbursable expenses	5	(4,160,118)	(4,288,290)
Revenue less reimbursable expenses		41,740,721	39,822,201
Other income	6	494,748	472,526
Other gains – net forex and fair valuation of financial assets	7	1,124,821	6,382,970
Operating income		43,360,290	46,677,697
Expenses			
Depreciation and amortization	8 (a)	(11,520,128)	(12,029,561)
Employee expenses	8 (b)	(7,685,411)	(7,082,496)
Steam costs	8 (c)	(3,028,982)	(3,160,582)
Plant operation and maintenance	8 (d)	(1,880,704)	(1,503,237)
Other expenses	8 (e)	(3,309,859)	(2,298,971)
Operating profit		15,935,206	20,602,850
Finance income	9	1,879,747	1,431,118
Finance costs	10	(3,053,208)	(8,244,181)
Profit before income tax		14,761,745	13,789,787
Income tax (charge)/credit	11(a)	(13,573,338)	4,587,306
Profit for the year		1,188,407	18,377,093

Statement of profit or loss and other comprehensive income (continued)

	Note	2021 Shs'000	2020 Shs'000
Earnings per share:			
Basic (Shs per share)	12	0.18	2.79
Dividends per share - (Shs)	33	0.30	0.30
Profit for the year		1,188,407	18,377,093
Other comprehensive loss, net of income tax:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit asset	27(a(ii)	(288,732)	(496,824)
Deferred income tax thereon	24	86,620	124,206
		(202,112)	(372,618)
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Net loss on revaluation on investments in financial instruments measured at FVOCI	21	(4,224)	(2,656)
Deferred income tax thereon	24	1,267	664
		(2,957)	(1,992)
Other comprehensive loss for the year, net of tax		(205,069)	(374,610)
Total comprehensive income for the year		983,338	18,002,483

Statement of financial position

	Note	2021	2020
ASSETS		**Shs'000**	**Shs'000**
Non-current assets			
Property, plant and equipment	13(a)	356,135,475	352,429,914
Intangible assets	14	1,523,213	1,528,948
Right of Use assets	15	4,733,194	4,936,545
Financial assets at amortized cost	16	3,284,272	3,317,298
Financial assets at fair value through profit or loss	17	16,162,813	16,676,152
		381,838,967	378,888,857
Current assets			
Inventories	18	2,051,828	1,371,280
Trade receivables	19	24,348,846	23,402,447
Corporate tax recoverable	11(c)	385,696	305,068
Financial assets at amortized cost	16	42,184	42,911
Financial assets at fair value through profit or loss	17	1,252,139	1,136,184
Other receivables and prepayments	20	1,755,119	2,099,011
Financial asset at fair value through other comprehensive income	21	360,957	365,181
Cash and bank balances	22	13,622,427	5,315,991
		43,819,196	34,038,073
TOTAL ASSETS		**425,658,163**	**412,926,930**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	23	16,487,710	16,487,710
Share premium	23	22,151,131	22,151,131
Other reserves	24	65,051,484	67,235,860
Retained earnings	25	106,633,044	105,443,687
		210,323,369	211,318,388
Non- current liabilities			
Borrowings	26	134,777,599	137,349,668
Deferred income tax	28	57,183,276	43,974,146
Lease liabilities	29	656,192	744,568
Grants	30	200,000	200,000
Trade and other payables	31	2,122,081	2,284,107
		194,939,148	184,552,489

Statement of financial position (continued)

	Note	2021 Shs'000	2020 Shs'000
Current liabilities			
Borrowings	26	10,797,898	8,481,495
Trade and other payables	31	7,023,266	5,358,822
Provision for compensating tax	32	401,022	1,361,022
Lease liabilities due within one year	29	195,103	206,083
Dividends payable	33	1,978,357	1,648,631
		20,395,646	17,056,053
TOTAL EQUITY AND LIABILITIES		425,658,163	412,926,930

The financial statements on pages 148 to 235 were approved and authorised for issue by the Board of Directors on

30th October 2021 and were signed on its behalf by:

General (Rtd) Samson Mwathethe
Chairman

Samuel Kimani
Director

Rebecca Miano
Managing Director & CEO

Statement of changes in equity

	Share capital	Share premium	Other reserves	Retained earnings	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
As at 1 July 2020	16,487,710	22,151,131	67,235,860	105,443,687	211,318,388
Profit for the year	-	-	-	1,188,407	1,188,407
- Net loss on revaluation on investments in financial instruments measured at FVOCI	-	-	(4,224)	-	(4,224)
- Deferred income tax thereon	-	-	1,267	-	1,267
- Remeasurement of retirement benefit asset	-	-	(288,732)	-	(288,732)
- Deferred income tax relating to remeasurement of defined benefit asset	-	-	86,620	-	86,620
Total comprehensive income for the year	-	-	(205,069)	1,188,407	983,338
Transfer of excess depreciation	-	-	(2,827,581)	2,827,581	-
Deferred tax on excess depreciation	-	-	848,274	(848,274)	-
Dividends declared to equity holders (Note 33)	-	-	-	(1,978,357)	(1,978,357)
As at 30 June 2021	16,487,710	22,151,131	65,051,484	106,633,044	210,323,369
Note	23	23	24	25	

Statement of changes in equity (continued)

	Share capital	Share premium	Other reserves	Retained earnings	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
As at 1 July 2019	16,487,710	22,151,131	69,696,451	86,629,244	194,964,536
Profit for the year	-	-	-	18,377,093	18,377,093
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	-	(2,656)	-	(2,656)
- Deferred income tax thereon	-	-	664	-	664
- Remeasurement of retirement benefit asset	-	-	(496,824)	-	(496,824)
- Deferred income tax relating to remeasurement of defined benefit asset	-	-	124,206	-	124,206
Total comprehensive income for the year	-	-	(374,610)	18,377,093	18,002,483
Transfer of excess depreciation	-	-	(2,781,308)	2,781,308	-
Deferred tax on excess depreciation	-	-	695,327	(695,327)	-
Dividends declared to equity holders (Note 33)	-	-	-	(1,648,631)	(1,648,631)
As at 30 June 2020	16,487,710	22,151,131	67,235,860	105,443,687	211,318,388
Note	23	23	24	25	

Statement of cash flows

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		**Shs'000**	**Shs'000**
Cash generated from operations	34(a)	27,848,914	18,365,388
Income tax paid	11(c)	(356,949)	(336,603)
Finance income received	34(b)	910,963	628,550
Payment of compensating tax	32	(960,000)	(800,000)
Net cash generated from operating activities		27,442,928	17,857,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(11,846,709)	(13,662,408)
Staff costs paid for capital projects	13	(2,259,893)	(2,599,713)
Interest costs paid for capital projects	13	(822,207)	(1,169,930)
Purchase of intangible assets	14	(94,078)	(96,350)
Net cash used in investing activities		**(15,022,887)**	**(17,528,401)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(d)	(10,049,152)	(7,634,806)
Proceeds from borrowings	26(d)	10,525,729	6,945,856
Grants received	30	-	200,000
Finance costs paid	34(c)	(2,686,847)	(1,854,322)
Dividends paid	33	(1,648,631)	(1,846,170)
Payment of lease liabilities	29	(192,997)	(183,564)
Net cash used in financing activities		(4,051,898)	(4,373,006)
Net increase/(decrease)in cash and cash equivalents		8,368,143	(4,044,072)
Cash and cash equivalents at the beginning of the year		5,374,297	9,324,190
Effects of exchange rate changes on cash held	34(d)	116,844	94,179
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	13,859,284	5,374,297

1. General information

The Company is incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The Company was incorporated in 1954 as Kenya Power Company Limited (KPC) and was under management of The Kenya Power & Lighting Company Plc (Kenya Power). In 1997, the management was separated from Kenya Power and Lighting Company and the Company was renamed Kenya Electricity Generating Company Plc (KenGen) following the implementation of the reforms in the energy sector. Its core business is to develop, manage and operate power generation plants to supply electric power to the Kenyan market. The equity shares of the Company are listed on the Nairobi Securities Exchange.

2. Significant accounting policies

(a) Basis of preparation

The financial statements are prepared on a going concern basis and, except as disclosed in Note 13(b), is in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act,2015. They are presented in Kenya Shillings, which is also the functional currency (see (c) below), rounded to the nearest thousand (Shs'000).

The financial statements comprise of the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognized in profit or loss. Other comprehensive income is recognized in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognized in the statement of changes in equity.

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is equivalent to the statement of financial position and the profit and loss account is presented as the statement of profit or loss and other comprehensive income.

(i) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair valued at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are Categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

2. Significant accounting policies (continued)

(a) Basis of preparation and compliance(continued)

(ii) Use of Estimates

The preparation of financial statements in conformity with IFRS allows the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Changes in accounting policies

(i) Adoption of new and revised International Financial Reporting Standards

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Company in the current financial (annual) period given that it did not hold benchmark interest rate exposures with respect to hedges on financial contracts.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9. The new disclosure requirements are not applicable to the Company for the financial year just ended.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c. There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company did not apply the amendment to IFRS 16; Covid-19 related rent concessions as they did not receive any rent concessions from their lessors.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair

2. Significant accounting policies (continued)

(a) Changes in accounting policies (continued)

(i) Adoption of new and revised International Financial Reporting Standards (continued)

value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year.The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.
The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has adopted the amendments included in Amendments to References Conceptual Framework in IFRS to the Conceptual Framework in IFRS Standards for the first time in the current year.Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(ii) New and revised standards that have been issued but are not yet effective

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

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

New and Amendments to standards	*Effective for annual periods beginning on or after*
Amendments to IFRS 10 and IAS *28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture*	1 January 2023, with early application permitted.
IFRS 17: *Insurance Contracts*	1 January 2023
Amendments to IAS 1-C*lassification of liabilities as current or non-current*	1 January 2023, with earlier application permitted
Amendments to IFRS 3: *Reference to the Conceptual Framework*	1 January 2022, with earlier application permitted
Amendments to IAS 16- *Property, plant and equipment-Proceeds before intended use*	1 January 2022, with earlier application permitted
Amendments to IAS 37: *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022, with earlier application permitted
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest rate benchmark reform-Phase 2*	1 January 2021, with earlier application permitted
Amendments to IAS 1 and IFRS practice statement 2: *Disclosure of accounting policies*	1 January 2023, with earlier application permitted

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

New and Amendments to standards	***Effective for annual periods beginning on or after***
Amendments to IAS 8: *Definition of accounting estimates*	1 January 2023, with earlier application permitted
Amendments to IFRS 16: *Covid-19 related rent Concessions beyond 30 June 2021*	1 April 2021, with earlier application permitted
Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2021, with earlier application permitted
Annual improvements to IFRS standards 2018-2020 Cycle: *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*	1 January 2022, with earlier application permitted

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The directors do not expect that the adoption of the Standard will have a material impact on the financial statements of the Company.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments is 1 January 2023 with earlier application permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1-Classification of Liabilities as Current or Non-current

The amendments aim at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position- not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted.

The directors do not expect that the adoption of the amendment will have any material impact on the financial statements of the Company.

Amendments to IAS 16- Property, Plant and Equipment-Proceeds Before intended use

These are amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 16- Property, Plant and Equipment-Proceeds Before intended use (Continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.Early application is permitted.

An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

2. Significant accounting policies (continued)

(b) Changes in accounting policies(continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The changes in Reference to the Conceptual Framework are as follows;

a) Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references at the same time or earlier.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform-Phase 2

The changes in Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.
The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the interbank offered rates (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments are as follows;

Modification of financial assets, financial liabilities and lease liabilities: The IASB introduces a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.

Hedge accounting requirements: Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

Disclosures: In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about how the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition; quantitative information about non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark; to the extent that the IBOR reform has resulted in changes to an entity's risk management strategy, a description of these changes and how is the entity managing those risks.

The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments in accounting for modifications directly required by IBOR reform.

The application of all proposed amendments is mandatory. The nature of the proposed amendments is such that they can only be applied to modifications of financial instruments and changes to hedging relationships that satisfy the relevant criteria and, as such, no specific end of application requirements needed to be specified.

The amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Early application is permitted. Restatement of prior periods is not required, however, an entity may restate prior periods if, and only if, it is possible without the use of hindsight.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IAS 1 and IFRS practice statement 2: Disclosure of accounting policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

a) An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
b) several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
c) the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
d) the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

2. Significant accounting policies (continued)

(b) Changes in accounting policies(continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

Amendments to IAS 8: Definition of accounting estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

a) The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
b) Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
c) The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
d) A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IFRS 16: Covid-19 related rent Concessions beyond 30 June 2021

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The Changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to:

a) permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);
b) require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;
c) require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
d) specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021 with earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) New and revised standards that have been issued but are not yet effective (continued)

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24.

Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Annual improvements to IFRS Standards 2018-2020

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

- **IFRS 1-Subsidiary as a first-time adopter;** The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- **IFRS 9- Fees in the '10 per cent' test for derecognition of financial liabilities;** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- **IFRS 16- Lease incentives;** The amendment removes the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise.

- **IAS 41- Taxation in fair value measurements;** The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 published today are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The amendment to IFRS 16 does not have an effective date stated yet

The directors are in the process of assessing the impact that these improvements will have on these financial statements.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya Shillings in thousands (Shs '000) which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. 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 recognized in the income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognized in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'gains/ losses-net.

2. Significant accounting policies (continued)

(d) Revenue Recognition

The Company recognizes revenue from the sale of electricity. The Company recognizes revenue as and when it satisfies a performance obligation by transferring control of a goods or service to its sole customer, Kenya Power. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties such as Value Added Tax and withholding taxes.

Revenue recognition is in accordance with the new revenue standard. IFRS 15 provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it can direct the use of and obtain the benefits from the good or service.

The principal activity of the Company is to generate and sell electricity to the authorised distributor, Kenya Power and Lighting Company. The performance obligation is the supply of electricity, and the terms of the contracts can be regarded as electricity service contracts.

The Company measures its progress towards complete satisfaction of a performance obligation satisfied over time using the output method based on the availability of the power plants and units of electricity delivered to the customer. The output method is suitable for the Company because at the end of the reporting period, Company's performance has not produced work in progress controlled by the customer that is not included in the measurement of the output. Transfer of control of the output (electricity) occurs simultaneously with consumption of the benefits by the customer. The formula for computing the transaction price is agreed in the power purchase agreements and no further allocation is done, as there is a single performance obligation. Detailed company policies for revenue recognition are as below:

Electricity revenue

Electricity revenue is recognized based on available capacity and energy sold to the authorised distributor's transmission systems. The Power Purchase Agreements (PPAs) between the Kenya Power and Lighting Company (Kenya Power)) provide for the following categories of revenue:

- Capacity revenue - This relates to the amounts earned from Kenya Power in respect of the contracted capacity as provided for in the PPAs. The charge rates comprise of the investment component and a fixed charge. Contracted capacity is expressed in megawatts (MW).
- Energy revenue - This relates to the amounts earned from Kenya Power in respect of the Net Electrical Output (NEO) as provided for in the PPAs. NEO refers to the electrical energy delivered to Kenya Power from the plant measured in Kilowatt hours (kWh).

Steam Revenue

Steam revenue is recognized based on the geothermal power sold to the authorised distributor's transmission system as provided for in the PPAs. Steam revenue is divided into the following categories;

- **Third party steam revenue** – This relates to steam revenue earned from Kenya Power relating to steam purchased from a third party, Geothermal Development Company ('GDC'). The GDC wells from which this steam is obtained are managed by KenGen. Of the total revenue generated, 69.5% is billed by GDC and is recognized as a cost, under steam costs.

- **KenGen steam revenue** - This relates to steam revenue earned from Kenya Power for the use of steam obtained from KenGen's own wells.

Fuel charge

Fuel charge is recognized based on amounts billed to Kenya Power for fuel used in the generation of electricity. The fuel revenue is billed based on a predetermined formula embedded in the PPAs. The corresponding cost incurred by the Company for the fuel used in the power generation is recognized as a cost, under reimbursable expenses.

2. Significant accounting policies (continued)

(d) Revenue Recognition (continued)

Water charge

Water charge is recognized based on amounts billed to Kenya Power for water used in the generation of electricity. The corresponding cost incurred by the Company for the water used in the power generation is recognized as a cost, under reimbursable expenses.

Revenue from branch
Revenue from branch is recognized when consultancy services are provided to customers based on fulfilment of performance obligations as per contract.

(e) Other income

Other income comprises mainly of rental income, club revenues, insurance compensation and consultancy fees. Rental income arise from operating leases and is recognized on a straight-line basis over the period of the lease. Club revenues, insurance compensation and consultancy fees are recognized when earned.

(f) Interest income

Interest income is recognized on a time proportion basis using the effective interest method. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

(g) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

(i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered, or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax liabilities are recognized for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities when there is an intention to settle balances on a net basis.

2. Significant accounting policies (continued)

(h) Post-employment benefit obligations

Defined contribution

The Company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance Company. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Company's contributions are charged to the profit and loss account in the year to which they relate

The Company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the profit and loss account in the year to which they relate.

Defined benefit

The liability/asset recognized in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. The defined obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the functional currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The following components of defined benefit cost are included in profit or loss:

- The service cost of the defined benefit plan (comprising current service costs, past service costs and any gain or loss on settlement)
- The net interest on the net defined benefit liability/asset. Remeasurements of the net defined benefit liability/asset are recognized in other comprehensive income, with no reclassification to profit or loss in a subsequent period. Remeasurements comprise actuarial gains/losses and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.

(i) Employee benefits

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual. In addition, company employees who retire at retirement age or whose services are terminated for reasons other than gross misconduct are entitled to gratuity payments in accordance with the prevailing unionisable staff Collective Bargaining Agreement. Service gratuity is provided in the financial statements as it accrues to each employee.

(j) Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Land and buildings, transmission lines and plant and equipment are subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. Computer software, including the operating system, that is an integral part of the related hardware is capitalized as part of the computer equipment under intangible assets. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

Asset class	Depreciation rates
Buildings	2.85%
Transmission lines	2.5%
Plant and machinery:	
Intake and tunnels	1%
Hydro plants	2%
Geothermal wells	4%
Geothermal plants	4%
Thermal plants and wind plants	5%
Rigs	6.67%
Motor vehicles	25%
Computers	20%
Furniture, equipment and fittings	12.5%

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

All productive wells are capitalized in property, plant and equipment when connected and are depreciated over their useful lives. The useful life is currently estimated to be twenty-five years from the date of commencement of commercial operation. The unproductive wells are utilized for reinjection in the steam fields for reservoir sustainability.

Capitalisation of employee costs

The employee costs directly and indirectly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated time and effort spent on the related project activities.

2. Significant accounting policies (continued)

Capitalisation of depreciation and Amortization

The depreciation and Amortization costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated depreciation rates and time of use by the project.

(k) Intangible assets

Intangible assets comprise of computer software acquired for business process and operations. Intangible assets acquired separately are measured on initial recognition at cost and are subsequently carried at fair value less subsequent Amortization and any accumulated impairment losses. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Amortization period and the Amortization method for an intangible asset with a finite useful life is reviewed at least at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the Amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The Amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset. An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(l) Impairment

At each reporting date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years adjusted for subsequent depreciation. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalized costs include interest charges on borrowings for projects under construction. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2. Significant accounting policies (continued)

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a moving average basis and comprises expenditure incurred in the normal course of business, including direct material costs. Net realisable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully provided for write off. Engineering spares which are used for more than one period are Categorized as plant and equipment. All other spares used on normal operations are Categorized as consumables and classified under inventory.

(o) Financial instruments

Effective 1 July 2018, the Company applies IFRS 9 which replaces the old standard, IAS 39. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

a) Classification and measurement

The Company recognizes financial assets when it first becomes a party to the contractual rights and obligations in the contract. The company's financial assets comprise of trade and other receivables, treasury bonds, cash and cash equivalents and financial assets at fair value through profit or loss.

The classification requirements for debt instruments are described below:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Debt instruments held by the Company are now classified under these categories; Amortized Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVPL).

Subsequent measurement

Based on the business model and the cash flow characteristics, the Company classifies its debt instruments into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying

2. Significant accounting policies (continued)

(o) Financial instruments

Financial assets (continued)

amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A business model where KenGen manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in an FVPL business model.

Impairment

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The Company recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 3.

De-recognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company transfers substantially all the risks and rewards of ownership, or neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss.

De-recognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(p) Accounting for leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments

2. Significant accounting policies (continued)

(p) Accounting for leases

using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of the profit or loss.

(q) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from retained earnings when approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are declared and no longer at the discretion of the Company.

(r) Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

2. Significant accounting policies (continued)

(s) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(t) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalent includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(u) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's key decision maker.

(w) Comparatives

Where necessary, comparative figures and disclosures are adjusted to conform with changes in presentation in the current year.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

The Directors also need to exercise judgment in applying the Company's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.
The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements

Measurement of the expected credit loss allowance (ECL)

IFRS 9 introduced an Expected Credit Loss (ECL) approach that requires entities to use historical, current and forward-looking information to estimate the credit losses on financial instruments. Unlike the Incurred Loss Model where losses were recognized only when a loss event occurred, the Company is now required to recognize losses earlier.

The level of provision held for any financial instrument will mostly rely on the instrument's credit quality.

IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL.

Entities have a policy choice for trade receivables or contract assets that do not contain a significant financing component to either apply the general model or the simplified approach. The Company has elected to use the general approach for bank balances and treasury bonds and the simplified approach to the trade and other receivables.

Impairment of financial assets (measurements of expectations)

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs is based primarily on the product of the financial asset's probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The exposure at default (EAD) is a measure of the total value an entity is exposed to in the event of a default. EAD is set as the amortized cost value of the respective financial asset.

The Loss Given Default (LGD) is a measure of the loss in the event of a default. It is assumed to be 100% for all the financial assets because they do not have collateral and if a default was to happen, the Company would most likely lose the entire balance.

IFRS 9 outlines contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured,

3. Critical accounting estimates and judgements (continued)

Measurement of the expected credit loss allowance (ECL) (continued)

Impairment of financial assets (measurements of expectations) (continued)

at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded.

Assessment of significant increase in credit risk

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition.

Stage 3 - Financial instruments are classified as stage 3 when there is objective evidence of impairment because of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is like the current requirements under IAS 39 for impaired financial instruments.

Financial assets in the scope of the expected credit loss model are allocated to stage 1 on origination date, except if the financial asset is credit impaired at initial recognition or origination. In such instances, the financial assets are allocated to stage 3 and will remain in stage 3 irrespective of the credit risk associated with that asset. When a significant increase in the credit risk of a financial asset since origination has been identified, the financial asset is allocated to stage 2. When the financial asset is in default, the financial asset is moved to stage 3. On transition date, cash and treasury bonds were Stage 1 assets hence 12-month ECL was applied.

Cash held in financial institutions

For cash balances with financial institutions, the following steps were taken in determining the 12-month probability of default:

a) The counterparty's global rating was used if available and the mapping table below was used to look up the S&P Global equivalent. External credit ratings from reputable global credit rating agencies for the financial institutions were obtained. These agencies include Moody's, Standard and Poors (S&P), Global Credit Rating (GCR), Fitch and the respective bank's websites where applicable.

b) If no credible external rating existed as at reporting date, then the rating for a bank of a similar tier was used.

Treasury bonds

The modelling approach for Treasury Bonds (from the Government of Kenya) applies the probability of default from Kenya's sovereign rating.

Trade and other receivables

The Company has applied the simplified approach to impairment for trade and other receivables. Management has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Trade receivables and other commercial receivables have been Categorized into two segments;

a) Kenya Power and other government related entities
b) Other commercial customers outside government/ retail category

KenGen and Kenya Power are majority owned and heavily regulated by the Government of Kenya through the Ministry of Energy and Petroleum and the National Treasury. In assessing Kenya Power's credit quality, management has used the Government of Kenya's sovereign rating probability of default as a proxy to Kenya Power's and other government entities' credit rating. The Standard and Poors (S&P) cumulative average default curves have been used to obtain the probability of default and has been applied to all debts whose counterparty is a government agency.

Such counterparties include Geothermal Development Company (GDC), Energy Regulatory Commission (ERC) and the Ministry of Energy. There are no publicly available credit ratings for external customers and management has elected to use the retail credit rating from S&P to estimate their probability of default.

3. Critical accounting estimates and judgements (continued)

Impairment of inventory

Critical estimates are made by the directors in determining the recoverable amount of impaired inventory. The carrying amount of impaired inventory is set out in Note 18.

Compensating tax provisions

The Company has made provisions against compensating tax on dividends. The estimated provisions were made by the Directors following the payments of dividends in 2016.

Financial assets at fair value through profit or loss

The Directors have determined the value of the financial asset at fair value using valuation techniques which incorporate assumptions that are directly supported by observable market data. We have included under Note 40(d) further details the valuation techniques applied. Changes in assumptions used in the valuation do not significantly impact the reported fair value of the financial assets.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

Calculation of tax allowances

Management has carries out a detailed assessment and concluded that they qualify for the capital allowances which they have claimed. In making this assessment, management makes a number of judgements, the most significant of which are:

1. The nature of the arrangements (PPAs) entered into by KenGen and KPLC are purely sale of electricity arrangements and not concession arrangements. Therefore, the investment deduction is claimed on commissioning of a power plant.

2. The determination of which investment allowance (e.g. investment deduction, extraction allowance, etc) is applicable to its capital investments.

Calculation of its loss allowances is reasonable and in line with the Income Tax Act.

Capitalisation of staff and other costs

Project related costs including employee costs are capitalized. The key assumption applied in capitalising the employee costs is the time spent by qualifying employees on the capital projects. Significant judgement is required in determining capitalisation rates to be applied on shared service centres.

Revaluation of property plant and equipment

Certain categories of property plant and equipment are stated at fair value. Revaluations are performed by professional valuers at sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. At the reporting date, the Directors assess the carrying amount of revalued property, plant and equipment and apply judgement to determine that these do not differ materially from that which would be determined using independent valuers at 30 June 2021.

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

Actuarial valuation of defined benefits plan

The asset or liability due under the defined benefit pension plan is determined using actuarial valuation techniques. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. We have disclosed the assumptions and sensitivity thereof under Note 27.

4. Revenue

	Geothermal Shs'000	Hydro Shs'000	Thermal Shs'000	Wind Shs'000	Total Shs'000
30 June 2021					
Electricity revenue					
• Capacity	15,949,858	8,008,570	3,236,641	-	27,195,069
• Energy	5,957,307	1,240,130	178,071	440,142	7,815,650
	21,907,165	9,248,700	3,414,712	440,142	35,010,719
Steam revenue (note 4(c))	5,227,392	-	-	-	5,227,392
Fuel charge	-	-	3,674,626	-	3,674,626
Water charge	-	204,408	-	-	204,408
Revenue from Branch	1,783,694	-	-	-	1,783,694
Total revenue	28,918,251	9,453,108	7,089,338	440,142	45,900,839
Revenue recognised	28,918,251	9,453,108	7,089,338	440,142	45,900,839
30 June 2020					
Electricity revenue					
• Capacity	13,818,875	7,690,607	3,648,389	-	25,157,871
• Energy	6,664,535	1,387,746	192,027	381,011	8,625,319
	20,483,410	9,078,353	3,840,416	381,011	33,783,190
Steam revenue (note 4(c))	5,549,684	-	-	-	5,549,684
Fuel charge	-	-	4,155,499	-	4,155,499
Water charge	-	181,774	-	-	181,774
Revenue from Branch	440,344	-	-	-	440,344
Total revenue	26,473,438	9,260,127	7,995,915	381,011	44,110,491
Revenue recognised	26,473,438	9,260,127	7,995,915	381,011	44,110,491

(b) Contract assets and liabilities

The Company has been contracted for consultancy services in Ethiopia and Djibouti and has received advance payments. This has resulted in deferred income from contracts of Shs 134,344,000 (2020-Shs. 317,389,000) as part of trade and other payables disclosed under Note 31.

4. Revenue (continued)

c) Steam revenue	2021 Shs'000	2020 Shs'000
Third party revenue	4,295,648	4,502,889
KenGen steam revenue	931,744	1,046,795
	5,227,392	5,549,684

5. Reimbursable expenses

	2021 Shs'000	2020 Shs'000
Fuel costs[1]	3,955,710	4,106,504
Water costs[2]	204,408	181,786
	4,160,118	4,288,290

[1] In line with the provisions of the Power Purchase Agreements, the company is reimbursed by Kenya Power and Lighting Company Plc for fuel costs incurred in the production of thermal electricity based on pre-agreed plant fuel usage.

[2]The Water Resource Management Rules 2007 (Water Regulations) was Gazetted by the Government through legal notice No. 171 of September 2007. The regulation provided for water use charge at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory Commission (Now Energy and Petroleum Regulatory Authority), the company is reimbursed by Kenya Power and Lighting Company Plc for the cost of water charges.

6. Other income

	2021	2020
	Shs'000	Shs'000
Club income	142,033	178,961
Consultancy fees	17,723	116,340
Insurance compensation	169,480	69,782
Rent receivable	70,465	53,245
Geothermal SPA	-	12,813
Miscellaneous income	97,494	7,055
Carbon Credits	-	34,330
Loss on disposal of assets	(2,447)	-
	494,748	472,526

7. Other gains - net forex and fair valuation of financial assets

	2021	2020
	Shs'000	Shs'000
Gain on revaluation of the financial assets held at fair value through profit or loss (Note 17)	556,905	5,430,747
Realized foreign exchange loss billed- others (Note 35(a) (i))	348,457	418,801
Foreign exchange gains from other monetary items	228,811	541,945
Bond premium expensed (Note 16(b))	(9,352)	(8,523)
	1,124,821	6,382,970

Notes to the financial statements

For the Year Ended 30 June 2021

8. Expenses

a) Depreciation and Amortization	2021 Shs'000	2020 Shs'000
Depreciation (Note 13)	11,689,054	12,368,224
Less: WIP amount capitalized**(Note 13)	(469,728)	(628,777)
	11,219,326	11,739,447
- Intangible assets- software (Note 14)	99,813	92,095
- Adjustment	(790)	(311)
	99,023	91,784
Amortization - Prepaid leases on leasehold land (Note 15)	58,967	59,600
Less: amount capitalized to property, plant and equipment	(3,522)	(7,047)
Other Right of Use Assets (Note 15)	146,334	145,777
	201,779	198,330
Total depreciation and amortization charge for the year	11,520,128	12,029,561
b) Employee Expenses		
Salaries, wages and other staff costs	8,604,840	8,348,877
Welfare and benefits	410,114	438,578
Training expenses	66,493	108,465
Retirement benefit cost:		
- Defined contribution scheme	775,589	724,220
- Defined benefit scheme	82,386	56,040
- National Social Security Fund	5,882	6,029
	9,945,304	9,682,209
Less: Capitalized costs**	(2,259,893)	(2,599,713)
	7,685,411	7,082,496

**The employee expenses incurred and attributable to implementation of capital projects are capitalized in line with the Company accounting policy disclosed under Note 2.

8. Expenses (continued)

Number of employees	2021 Numbers	2020 Numbers
The number of persons employed by the Company at the year-end was		
- Operational staff	1,900	1,817
- Geothermal resource assessment and other projects staff	672	702
	2,572	2,519
Management staff	1,621	1,565
Union staff	951	954
Total	2,572	2,519
Permanent employees – management	1,542	1,499
Permanent employees – unionizable	856	863
Contract employees-management and Union	174	157
Total	2,572	2,519
c) Steam costs		
Steam expenses (Note 35 (b)(ii))	3,028,982	3,160,582

On 3 September 2015, the Company entered into a contract with Geothermal Development Company Limited (GDC) for operation and maintenance of geothermal wells owned by GDC. Steam costs represent amounts payable for steam from their wells utilized in generation of power from Olkaria I AU 4& 5, Olkaria IV and some Wellhead plants.

(d) Plant operation and maintenance expenses	1,061,421	883,342
Operation and maintenance costs	819,283	415,606
Machinery spares and consumables (Note 18)	-	204,289
Drilling Rig Move costs	1,880,704	1,503,237

8. Expenses (continued)

e) Other expenses	2021 Shs'000	2020 Shs'000
Insurance	894,047	866,492
Transport and travelling costs	713,093	563,034
Office expenses	139,372	81,075
Catchment preservation and dam maintenance	107,000	107,000
Consultants' fees	139,027	59,808
Legal and statutory expenses	180,792	87,863
Corporate Social Responsibility	286,760	207,251
Director's expenses	26,678	56,453
Advertising	53,630	46,353
Audit fees	9,800	10,750
Club expenses	123,442	94,572
Provision for bad debts	530,737	96,585
Other costs	105,481	21,735
	3,309,859	2,298,971

The costs associated with drilling of wells in Tulu Moye, Ethiopia amounting to Shs 1,336 million have been included under the expenses above.

9. Finance income

	2021 Shs'000	2020 Shs'000
Interest income from Kenya Power and Lighting Company (Note 35(a)(i))	936,277	800,250
Interest from Ethiopia branch	3,168	-
Interest income from treasury bonds	282,795	282,795
Interest income from banks and other financial institutions	653,479	344,003
Interest income from staff advances	4,028	4,070
	1,879,747	1,431,118

Interest income from The Kenya Power and Lighting Company Plc relates to interest penalties charged to Kenya Power due to late payments of invoices. Interest on late payments accrues after 40 days.

10. Finance costs

	2021	2020
	Shs'000	Shs'000
Interest on borrowings	3,082,504	3,345,760
Interest on leases as per IFRS 16 (Note 29)	91,691	102,876
Less: capitalized interest*(Note 13)	(822,207)	(1,169,930)
Interest expensed	2,351,988	2,278,706
Foreign exchange losses on borrowings (Note 26)	701,220	5,965,475
	3,053,208	8,244,181

*The interest relating to implementation of projects are capitalized as part of the cost of the projects in accordance with the Company accounting policy disclosed under Note 2.

11. Income tax expense

	2021	2020
	Shs'000	Shs'000
(a) Taxation charge / (credit)		
Current income tax	276,321	182,477
Deferred tax charge (Note 28)	4,499,117	3,500,955
Change in tax rate-deferred tax (Note 28)	8,794,829	(8,144,800)
Prior year under/(over) provision – deferred tax (Note 28)	3,071	(125,938)
	13,573,338	(4,587,306)

11. Income tax expense (continued)

	2021	2020
(b) Reconciliation of expected tax based on profit before taxation to taxation charge/ (credit)	Shs'000	Shs'000
Profit before taxation	14,761,745	13,789,787
Tax applicable rate of 30% (2020:25%)	4,428,524	3,447,447
Tax effect of expenses not deductible for tax purposes	346,914	235,985
Deferred tax prior year under/(over)-provision	3,071	(125,938)
Increase/(reduction) in tax rate-deferred tax	8,794,829	(8,144,800)
Total income tax charge/ (credit)	13,573,338	(4,587,306)
(c) Corporate tax recoverable		
Balance brought forward	(305,068)	(150,942)
Current income tax payable (Note 11(a))	276,321	182,477
Paid during the year	(356,949)	(336,603)
At end of year	(385,696)	(305,068)

12. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 30 June 2021.

	2021	2020
	Shs'000	Shs'000
Profit attributable to ordinary shareholders (in Shs'000)	1,188,407	18,377,093
Number of ordinary shares in issue at end of year (Note 23)	6,594,522,339	6,594,522,339
Basic and diluted earnings per share (Shs)	0.18	2.79

13(a). Property, plant and equipment

Year ended 30 June 2021	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work- in-progress Shs'000	Total Shs'000
Cost or Valuation								
At 1 July 2020	2,017,133	51,670,919	4,802,433	256,269,409	2,376,793	5,725,467	87,683,788	410,545,942
Additions	-	-	-	-	-	-	11,846,709	11,846,709
Staff cost capitalized (Note 8(b))	-	-	-	-	-	-	2,259,893	2,259,893
Interest cost capitalized (Note 10)	-	-	-	-	-	-	822,207	822,207
Depreciation capitalized	-	-	-	-	-	-	469,728	469,728
Transfers from WIP	-	1,004,213	7,371	2,534,024	7,061	185,794	(3,738,463)	-
Disposal	-	-	-	-	(42,083)	-	-	(42,083)
At 30 June 2021	**2,017,133**	**52,675,132**	**4,809,804**	**258,803,433**	**2,341,771**	**5,911,261**	**99,343,862**	**425,902,396**
Depreciation								
At 1 July 2020	-	7,719,394	1,016,195	43,093,274	1,862,267	4,424,898	-	58,116,028
Charge for year	-	1,445,636	208,293	9,495,588	161,397	378,140	-	11,689,054
Disposal	-	-	-	-	(38,161)	-	-	(38,161)
At 30 June 2021	**-**	**9,165,030**	**1,224,488**	**52,588,862**	**1,985,503**	**4,803,038**	**-**	**69,766,921**
Net book value at 30 June 2021	**2,017,133**	**43,510,102**	**3,585,316**	**206,214,571**	**356,268**	**1,108,223**	**99,343,862**	**356,135,475**
Net book value at 30 June 2021(cost basis)	**600,101**	**33,838,407**	**1,119,276**	**139,403,016**	**356,268**	**1,108,223**	**99,343,862**	**275,769,153**

13. Property, plant and equipment (continued)

	Freehold land	Buildings	Transmission lines	Plant and machinery	Motor vehicles	Furniture, equipment and fittings	Work- in-progress	Total
Year ended 30 June 2020	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
Cost or Valuation								
At 1 July 2019	2,017,133	45,515,326	4,361,664	222,025,109	2,319,130	5,443,330	110,803,422	392,485,114
Additions	-	-	-	-	-	-	13,662,408	13,662,408
Staff cost capitalized (Note 8(b))	-	-	-	-	-	-	2,599,713	2,599,713
Interest cost capitalized (Note 10)	-	-	-	-	-	-	1,169,930	1,169,930
Depreciation capitalized	-	-	-	-	-	-	628,777	628,777
Transfers from WIP	-	6,155,593	440,769	34,244,300	57,663	282,137	(41,180,462)	-
At 30 June 2020	**2,017,133**	**51,670,919**	**4,802,433**	**256,269,409**	**2,376,793**	**5,725,467**	**87,683,788**	**410,545,942**
Depreciation								
At 1 July 2019	-	6,241,765	810,914	33,021,113	1,649,690	4,024,322	-	45,747,804
Charge for year	-	1,477,629	205,281	10,072,161	212,577	400,576	-	12,368,224
At 30 June 2020	**-**	**7,719,394**	**1,016,195**	**43,093,274**	**1,862,267**	**4,424,898**	**-**	**58,116,028**
Net book value at 30 June 2021	**2,017,133**	**43,951,525**	**3,786,238**	**213,176,135**	**514,526**	**1,300,569**	**87,683,788**	**352,429,914**
Net book value at 30 June 2020(cost basis)	**600,101**	**34,222,513**	**1,320,198**	**143,624,014**	**514,526**	**1,300,569**	**87,683,788**	**269,265,709**

13(b). Revaluation of property plant and equipment

Plant, machinery and transmission lines were last revalued by independent valuers Aon Risk Services Australia Limited, as at 30 June 2015, on a depreciated replacement cost basis which represents the plant and machinery's highest and best use. The land and buildings were valued, and report adopted on 30 June 2015 based on prevailing market values.

Another valuation process was meant to be undertaken as at 30 June 2021 and, following the technical procurement process, a contract was awarded to the same firm that carried out the revaluation in 2015, Aon Risk Services Australia Limited. However, the valuers have been unable to carry out the services due to the restrictions imposed by the COVID-19 on international travel since the valuers are domiciled in Australia. The revaluation requires use of international valuers due to the technical and specialist nature of the assets. The delay is mainly attributable to the travel restrictions.

However, the directors believe the revaluation exercise and process will be completed in time to allow for adoption of the revalued amounts by 30 June 2022.

13(c). Property plant and equipment – other disclosures

Plant and machinery and transmission lines were last revalued by independent valuer Aon Global Risk, as at 30 June 2015, on a depreciated replacement cost basis which represents the plant and machinery's highest and best use. The land and buildings were valued, and report adopted on 30 June 2015 based on prevailing market values. Another valuation process is being undertaken.

The Company's freehold and leasehold land is located in the following locations:

- Olkaria
- Gitaru
- Kiambere
- Kamburu
- Kindaruma
- Masinga
- Sangoro
- Turkwel
- Sosiani
- Gogo
- Wanjii
- Tana
- Sagana
- Ndula
- Mesco
- Garissa
- Lamu
- Kipevu
- Sondu Miriu

If the freehold land, buildings, plant and machinery and transmission lines were stated on the historical cost basis, the amounts would be as follows:

	Freehold land	Buildings	Transmission lines	Plant and machinery	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2021					
At cost	600,101	50,652,372	3,576,783	206,459,749	261,289,005
Accumulated depreciation	-	(16,813,965)	(2,457,507)	(67,056,733)	(86,328,205)
	600,101	33,838,407	1,119,276	139,403,016	174,960,800
At 30 June 2020					
At cost	600,101	49,648,160	3,569,412	203,925,726	257,743,399
Accumulated depreciation	-	(15,425,647)	(2,249,214)	(60,301,712)	(77,976,573)
	600,101	34,222,513	1,320,198	143,624,014	179,766,826

13(c). Property plant and equipment – other disclosures (continued)

Impairment

At each reporting date, the Directors review the carrying amount of property, plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, an impairment assessment is performed. Cash generating units (CGUs) are determined as per the power plants based on the power purchase agreements. The recoverable amount of the (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management and power purchase agreements.

For the year ended 30 June 2021 there has been no plants with impairment indicators hence no impairment has been recognized in the period.

14. Intangible Assets

Year ended 30 June 2021	Intangible assets Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost			
At 1 July 2020	1,720,982	346,978	2,067,960
Additions	-	94,078	94,078
Transfer from WIP	16,685	(16,685)	-
At 30 June 2021	1,737,667	424,371	2,162,038
Amortisation			
At 1 July 2020	539,012	-	539,012
Charge for the year	99,813	-	99,813
At 30 June 2021	638,825	-	638,825
Net book value At 30 June 2021	1,098,842	424,371	1,523,213
Net book value At 30 June 2020	1,181,970	346,978	1,528,948

Year ended 30 June 2020	Intangible assets Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost or Valuation			
At 1 July 2019	1,708,511	263,099	1,971,610
Additions	-	96,350	96,350
Transfer from WIP	12,471	(12,471)	-
At 30 June 2020	1,720,982	346,978	2,067,960
Amortisation			
At 1 July 2019	446,917	-	446,917
Charge for the year	92,095	-	92,095
At 30 June 2020	539,012	-	539,012
Net book value At 30 June 2020	1,181,970	346,978	1,528,948
Net book value At 30 June 2019	1,261,594	263,099	1,524,693

15. Right of Use assets

	Leasehold Land	Land	Buildings	Total Shs'000
Year ended 30 June 2021				
Cost				
At start of year	4,338,677	310,757	720,582	5,370,016
Adjustment on adoption of IFRS 16 (note 29)	-	1,950	-	1,950
At 30 June	4,338,677	312,707	720,582	5,371,966
Depreciation				
At start of year	287,694	134,177	11,600	433,471
Charge for the year (Note 8(a))	58,967	134,734	11,600	205,301
At end of year	346,661	268,911	23,200	638,772
Net carrying value At 30 June	3,992,016	43,796	697,382	4,733,194

	Leasehold Land	Land	Buildings	Total Shs'000
Year ended 30 June 2020				
Cost				
At start of year as previously reported	-	-	-	-
Reclassified from leasehold land	4,338,677	-	-	4,338,677
Adjustment on adoption of IFRS 16 (note 29)	-	310,757	720,582	1,031,339
At 30 June	4,338,677	310,757	720,582	5,370,016
Depreciation				
At start of year	-	-	-	-
Reclassified from leasehold land	287,694	-	-	287,694
Charge for the year (Note 8(a))	-	134,177	11,600	145,777
At end of year	287,694	134,177	11,600	433,471
Net carrying value At 30 June	4,050,983	176,580	708,982	4,936,545

16. Financial assets held at amortized cost

	2021 Shs'000	2020 Shs'000
Current portion	42,184	42,911
Non-Current portion	3,284,272	3,317,298
	3,326,456	3,360,209
Broken down as follows:		
Deferred debt – Note (16(a))		
- Current portion	42,184	42,911
- Non-Current portion	906,917	965,511
Treasury bonds at amortized cost – Note (16(b)) (non-current)	2,377,355	2,351,787
	3,326,456	3,360,209

a) Deferred debt due from Kenya Power

Deferred debt relates to the amounts recoverable from The Kenya Power & Lighting Company Plc in respect of a loan taken out by the Company for the construction of the Sondu Miriu transmission and substation project implemented by the Company on behalf of Kenya Power under a management agreement. Japan Bank for International Corporation funded the foreign component of the Sondu Miriu project under the loan agreement between the Japan Bank for International Corporation and the Company. The debt is payable over a period of 30 years commencing 15 August 2014.

The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2020: 0.75%). Through an agreement entered between Kenya Power and Kenya Electricity Transmission Company Limited (KETRACO), KETRACO are servicing the debt.

The deferred debt and corresponding loan from Japan Bank for International Corporation are both denominated in Japanese Yen (JPY). The amount outstanding as at year end was JPY 990,009,972 (2020: JPY 1,034,010,414).

16. Financial assets held at amortized cost (continued)

a) Deferred debt due from Kenya Power (continued)

	2021 Shs'000	2020 Shs'000
At start of year	1,025,131	1,022,661
Repayment during the year	(44,856)	(41,039)
Foreign exchange (loss)/gain	(15,448)	43,509
	964,827	1,025,131
Less: Allowance for impairment	(15,726)	(16,709)
At end of year	949,101	1,008,422

The movement in the allowance for impairment in the year is as follows:

	2021 Shs'000	2020 Shs'000
At start of year	16,709	16,669
Write back to profit or loss	(983)	40
Allowance for impairment	15,726	16,709
Within one year	42,184	42,911
After one year	906,917	965,511
Net book amount	949,101	1,008,422

16. Financial assets held at amortized cost (continued)

b) Treasury Bonds

	2021 Shs'000	2020 Shs'000
At start of year	2,390,756	2,399,279
Bond premium expensed	(9,352)	(8,523)
	2,381,404	2,390,756
Less: allowance for impairment	(4,049)	(38,969)
At end of year	2,377,355	2,351,787

The movement in the provision of expected credit losses in the year is as follows:

	2021 Shs'000	2020 Shs'000
At start of year	38,969	45,104
Write back to profit or loss	(34,920)	(6,135)
Allowance for impairment	4,049	38,969

17. Financial assets held at fair value through profit or loss

The financial assets at fair value through profit or loss relates to unrealized exchange differences on foreign denominated borrowings recoverable from The Kenya Power & Lighting Company Plc under the respective Power Purchase Agreements ("PPAs") with Kenya Power. The derivative financial instrument is entered into to manage foreign exchange borrowings exposures.

The PPA provides that the amounts should be billed to Kenya Power as the related borrowings are repaid. This allows the Company to bill and recover all realized foreign currency fluctuations relative to the base rates allowed by the PPA. The amount in the statement of financial position relates to fair value of this financial asset.

17. Financial assets held at fair value through profit or loss (continued)

	2021 Shs'000	2020 Shs'000
At start of the year	17,812,336	13,074,633
Amounts recovered	(954,289)	(693,044)
profit or loss	556,905	5,430,747
At end of the year	17,414,952	17,812,336
Less: current portion recoverable within one year	(1,252,139)	(1,136,184)
At end of the year (long term portion)	16,162,813	16,676,152

18. Inventories

	2021 Shs'000	2020 Shs'000
Machinery consumable spares	1,190,460	1,206,669
Fuel and lubricants	1,274,591	557,995
General stores	225,394	191,194
	2,690,445	1,955,858
Allowance for impairment	(638,617)	(584,578)
	2,051,828	1,371,280

The cost of inventories recognized as an expense and included in operating costs and reimbursable expenses are machinery consumable spares amounting to Shs 819,283,000 (2020: Shs 415,606,000) and fuel consumed amounting to Shs 3,995,710,000 (2020: Shs 4,106,504,000) respectively. Impairment allowance for inventory is recognized on items that are slow moving and/or obsolete.

19. Trade receivables

The following amounts due from The Kenya Power & Lighting Company Plc relate to outstanding balances at year end billed as per the respective PPA's.

	2021 Shs'000	2020 Shs'000
Due from The Kenya Power & Lighting Company Plc	25,141,317	23,984,394
Less: Allowance for impairment	(792,471)	(581,947)
Balance at end of the year	24,348,846	23,402,447

The Amounts include Shs 3,877,218,000 (2020: Shs 4,092,320,000) in foreign currency.

The movement in the allowance for expected credit losses in the year is as follows:

	2021 Shs'000	2020 Shs'000
At start of year	(581,947)	(501,499)
Net charge to profit or loss	(210,524)	(80,448)
Allowance for impairment	(792,471)	(581,947)

20. Other receivables and prepayments

	2021 Shs'000	2020 Shs'000
Prepayments*	481,988	1,338,694
Sundry debtors	58,272	45,425
Staff receivables	120,765	110,875
Other receivables	1,541,792	1,073,356
	2,202,817	2,568,350
Less: Allowance for impairment	(447,698)	(469,338)
	1,755,119	2,099,012

*Included in prepayments is an amount of Shs 131,747,000 (2020: Shs 555,629,000) relating to advances to Contractors for Olkaria I Unit 6 project and other ongoing projects.

20. Other receivables and prepayments (continued)

	2021 Shs'000	2020 Shs'000
At start of year	(469,338)	(609,472)
Adjustment of credit note-Akiira	-	193,057
Net credit/ (charge) to profit or loss	21,640	(52,923)
Allowance for impairment	(447,698)	(469,338)

21. Financial asset at fair value through other comprehensive income

	2021 Shs'000	2020 Shs'000
At start of year	365,181	367,837
Fair value loss through other comprehensive income	(4,224)	(2,656)
At end of year	360,957	365,181

The FVOCI asset relates to the treasury bonds held by the Company.

22. Cash and bank balances

	2021 Shs'000	2020 Shs'000
Cash at bank	13,855,958	5,370,300
Less: Allowance for impairment	(236,857)	(58,306)
	13,619,101	5,311,994
Cash at hand	3,326	3,997
	13,622,427	5,315,991

The movement in the allowance for impairment in the year is as follows:

At start of year	(58,306)	(148,860)
Net (charge)/ credit to profit or loss	(178,551)	90,554
Allowance for impairment	(236,857)	(58,306)

For purposes of the statement of cashflows, the cash and cash equivalents are presented as;

	2021 Shs'000	2020 Shs'000
Cash at bank*	13,855,958	5,370,300
Cash at hand	3,326	3,997
	13,859,284	5,374,297

*Included in the cash at bank is local currency of Shs 11,386,000,000 (2020: Shs 4,697,645,000) and foreign currency of Shs 2,473,907,000 (2020: Shs 679,748,000).

23. Ordinary share capital and share premium

	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Authorised			
At 30 June 2020 and 30 June 2021	10,000,000	25,000,000	-
Issued and fully paid			
At 30 June 2020 and 30 June 2021	6,594,522	16,487,710	22,151,131

The total authorised number of ordinary shares is 10,000,000,000 with a par value of Shs 2.50 per share. All issued shares are fully paid.

24. Ordinary share capital and share premium

	Capital reserve Shs'000	Investment's revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000 Shs'000
At 1 July 2020	8,579,722	(62,890)	59,081,544	(362,516)	67,235,860
Other comprehensive loss for the year;	-	-	-	-	-
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(4,224)	-	-	(4,224)
-re-measurement of defined benefit	-	-	-	(288,732)	(288,732)
-deferred tax relating to components of other comprehensive income (Note 28)	-	1,267	-	86,620	87,887
Total other comprehensive loss for the year	-	(2,957)	-	(202,112)	(205,069)
Transfer of excess depreciation	-	-	(2,827,581)	-	(2,827,581)
Deferred tax on excess depreciation	-	-	848,274	-	848,274
At 30 June 2021	8,579,722	(65,847)	57,102,240	(564,629)	65,051,484

24. Other reserves

	Capital reserve Shs'000	Investment's revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (losses) Shs'000	Total Shs'000 Shs'000
At 1 July 2019	8,579,722	(60,898)	61,167,525	10,102	69,696,451
Other comprehensive loss for the year;					
-Net loss on revaluation on investments in financial instruments measured at FVOCI	-	(2,656)	-	-	(2,656)
-re-measurement of defined benefit	-	-	-	(496,824)	(496,824)
-deferred tax relating to components of other comprehensive income (Note 28)	-	664	-	124,206	124,870
Total comprehensive income for the year	-	(1,992)	-	(372,618)	(374,610)
Transfer of excess depreciation	-	-	(2,781,308)	-	(2,781,308)
Deferred tax on excess depreciation	-	-	695,327	-	695,327
At 30 June 2020	8,579,722	(62,890)	59,081,544	(362,516)	67,235,860

(a) The capital reserve relates to development surcharge received from Kenya Power for financing the development of certain power projects for the period on or before 1997. The reserve is not distributable to shareholders.

(b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of. The reserve is not distributable to shareholders.

(c) The property revaluation reserve arise on the revaluation of property,plant and machinery. When revalued property, plant and equipment are disposed, the portion of the plant and machinery revaluation reserve that relates to that asset is transferred directly to retained earnings. The reserve is not distributable to shareholders.

(d) Actuarial reserves represent the accumulated remeasurements arising from the retirement benefit scheme recognized through other comprehensive income as disclosed under Note 27. The reserve is not distributable to shareholders.

25. Retained earnings

The retained earnings represent amounts available for distribution to the company's shareholders. Undistributed retained earnings are retained to finance the company's business activities.

26. Borrowings

The movement in borrowings is as follows:

	2021 Shs'000	2020 Shs'000
At start of year	144,450,048	140,278,170
External borrowings received in the year	10,525,729	6,945,856
External borrowings repayments in the year	(9,079,888)	(4,565,004)
Domestic borrowings repayments in the year	(2,067,868)	(4,174,449)
Exchange loss on revaluation of borrowings	701,220	5,965,475
Balance at the end of the year	144,529,241	144,450,048
Add: Accrued interest	1,046,256	1,381,115
Balance at the end of the year	145,575,497	145,831,163
Less: Amounts due within one year (Current portion)	(10,797,898)	(8,481,495)
Amounts due after one year (Non-current portion)	134,777,599	137,349,668

26. Borrowings

(a) Analysis of interest-bearing borrowings:

	Maturity Year	2021 Shs'000	2020 Shs'000
Government of Kenya Guaranteed loans			
2.6% Japan Bank for International Cooperation KE P20-Kipevu 1 (JPY 1,913,922,000)	2025	1,865,238	2,108,319
2.3% Japan Bank for International Cooperation KE P21 –Sondu Miriu (JPY 2,198,261,000)	2027	2,142,344	2,347,029
0.75% Japan Bank for International Cooperation KE P23-Sondu Miriu (JPY 8,131,705,001)	2044	7,924,859	8,233,407
0.75% Japan Bank for International Cooperation KE P24-Sangoro (JPY 3,751,658,000)	2047	3,662,173	3,789,621
0.20% Japan International Cooperation Agency KE P26-Olkaria I & IV (JPY 22,377,713,895)	2040	21,833,432	20,806,098
2.09% Kreditanstalt Fur Wiederaufbau (KfW)-Kindaruma (Euro 11,729,999.9)	2024	1,504,097	1,878,990
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (Euro 26,090,000)	2026	3,345,429	3,761,343
		42,277,572	42,924,807
Government of Kenya on lent loans			
3.5% International Development Association IDA 4743 KE-Olkaria I & IV (USD 26,012,791.58)	2035	2,805,480	2,968,870
2.003% Agence Francaise de Development (AFD) - Olkaria I & IV (EURO 60,881,334.52)	2031	7,806,600	8,010,882
2.645% European Investment Bank-Olkaria I & IV (Euro 4,503,218.28)	2037	577,432	575,921
2.50% Export-Import Bank of China (EXIM) – 89 wells (USD 338,365,384.6)	2033	36,492,706	40,744,818
1.50% Spanish loan-Ngong Phase II - 13.6MW (Euro 15,828,280.12)	2030	2,029,605	2,101,779
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8 MW (Euro 6,078,000)	2043	779,361	730,211
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 52,703,852.24)	2041	5,684,110	5,614,141
0.20% Japan International Cooperation Agency Loan (KE-P31) Olkaria V (JPY 28,294,188,975)	2046	27,574,470	27,157,374
3.5% European Investment Bank Olkaria 1 Unit 6 (Euro 57,193,595.12)	2042	7,333,735	-
		91,083,499	87,903,996

26. Borrowings

(a) Analysis of interest-bearing borrowings: (Continued)

	Maturity Year	2021 Shs'000	2020 Shs'000
Direct borrowings			
Cooperative Bank Term Loan (Shs)	2022	1,166,667	2,333,333
2.68% Agence Francaise de Developpement (AFD)- Olkaria II Unit 3 (Euro 4,999,999.88)	2024	641,132	800,933
5.1% HSBC Bank Loan-Rigs (USD 10,137,259.85)	2024	1,093,304	1,439,794
Standard Chartered Bank loan-Olkaria II Unit 3 (USD Nil)	2021	-	690,956
CBA Term loan - Wellheads 75MW (USD 76,653,381.12)	2027	8,267,067	8,356,229
		11,168,170	13,621,245
		144,529,241	144,450,048
Accrued interest		1,046,256	1,381,115
		145,575,497	145,831,163

	2021 Shs'000	2020 Shs'000
(b) Borrowings maturity analysis:		
Due within 1 year	10,797,898	8,481,495
Due between 1 and 2 years	10,566,054	16,504,161
Due between 2 and 5 years	30,339,981	28,644,540
Due after 5 years	93,871,564	92,200,967
	145,575,497	145,831,163
(c) Analysis of loans by currency:		
Borrowings in US$	54,342,667	59,814,807
Borrowings in JPY	65,002,516	64,441,849
Borrowings in EUR	24,017,391	17,860,059
Borrowings in Shs	2,212,923	3,714,448
Total	145,575,497	145,831,163

On lent loan facilities are entered into by the Government of Kenya with Development Finance Institutions (DFIs) and subsequently cascaded down to the Company through subsidiary loan agreements.

Securities:

The Government of Kenya has issued guarantees to the lenders in relation to the guaranteed borrowings.

The securities held for the Agence Francaise de Developpement borrowings are a fixed charge over all rights, title and interest of the Company in and to (a) all the land, (b) all the real property including power plant buildings and structure at the Olkaria II geothermal power plant, a fixed charge over the plant, machinery and other infrastructure at the Olkaria II geothermal power plant and an assignment of the benefits of proceeds of insurance in connection with the project.

(d) The movement in borrowings is as follows:

	2021 Shs'000	2020 Shs'000
At start of year	144,450,048	140,278,170
Received in the year	10,525,729	6,945,856
Repayments in the year	(10,049,152)	(7,634,806)
Realized exchange loss on repayment of borrowings	(1,098,604)	(1,104,647)
Unrealized exchange loss on revaluation of borrowings	701,220	5,965,475
Balance at the end of the year	144,529,241	144,450,048
Add: Accrued interest	1,046,256	1,381,115
Balance at the end of the year	145,575,497	145,831,163
Less: Amounts due within one year (Current portion)	(10,797,898)	(8,481,495)
Amounts due after one year (Non-current portion)	134,777,599	137,349,668

27. Retirement benefits asset

The Company operated a joint defined benefit scheme with Kenya Power, which was funded by contributions from both the Company and employees up to 31 December 1999.

The Company registered its own defined benefits scheme in 2000 and commenced making contributions to the scheme, alongside employees' contributions, with effect from 1 January 2000. The scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while British-American Asset Managers and Coop trust Investment Services act as investment managers for the scheme. NIC bank Kenya plc are the custodians of the Scheme.

27. Retirement benefits asset (Continued)

Under the plan, the employees are entitled to retirement benefits of 3% of final pensionable emoluments for pensionable service up to 1 January 2000 and 2% of final pensionable emoluments for pensionable service after 1 January 2000 on attainment of a retirement age of 60 years. No other post-retirement benefits are provided to these employees.

The KenGen Staff Retirement Benefits Scheme (DB Scheme) is established under trust and was closed to new entrants and to future accrual of benefits with effect from 31 December 2011 in respect of members aged below 45 years. A new Defined Contribution Scheme, the KenGen Defined Contribution (DC Scheme) 2012 was established effective 1 January 2012, for all new eligible employees. All active in-service members aged 45 years and over as at 31 December 2011 had an option to either remain in the DB scheme for future benefit accrual or join the new DC scheme. Some members opted to join the new DC scheme for future benefit accrual while others opted to remain in the DB scheme. The DC scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while African Alliance Investment Bank Kenya Limited and Old Mutual Investment Group Limited act as Investment Managers for the Scheme. The Company therefore only makes contributions to the DB scheme in respect of those members who opted to remain in the DB scheme. DB scheme member contributions are a fixed percentage of their basic pay with the Company responsible for the balance of the contributions.

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS19 was carried out as at 30 June 2021 by Zamara Actuaries, Administrators and Consultants Limited. On this basis, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021	2020
Discount rate(s) [1]	13.30%	13.15%
Future salary increases	8%	8%
Future pension increases	0%	0%
Mortality (pre-retirement)	A(55) males/Female Ultimate	A(55) males/Female Ultimate
Mortality (post-retirement)	N/A	N/A
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	60 years	60 years

1IAS19 requires the discount rate to be determined by reference to market yields on the balance sheet date on high quality corporate bonds, or in countries where there is no deep market in such bonds, the market yields on Government bonds. The currency and term of the corporate or Government bonds should be consistent with the currency and estimated term of the postemployment benefit obligation. In the absence of a deep corporate bond market in Kenya, we have determined our discount rate assumption with reference to Government of Kenya long bond yields as published by the Central Bank of Kenya.

Recognition

The amount recognized in the statement of profit or loss and other comprehensive income and statement of financial position in respect of these defined benefit plan are as shown below:

(a) Amount recognized in the statement of profit or loss and other comprehensive Income

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

Recognition (Continued)

(a) Amount recognized in the statement of profit or loss and other comprehensive Income (Continued)

	2021	2020
(i) Statement of profit or loss	Shs'000	Shs'000
Service cost:		
Current service cost (employer)	(94,376)	(89,393)
Past service costs	-	-
	(94,376)	(89,393)
Interest income/(cost):		
Interest cost on defined benefit obligation	(935,515)	(897,309)
Interest income on plan assets	994,967	949,112
Interest income on the effect of the asset ceiling	(47,462)	(18,450)
	11,990	33,353
Net expense included in profit or loss in respect of scheme (Note 8(b))	(82,386)	(56,040)
(ii) Other comprehensive income (OCI)		
Actuarial loss due to change in financial assumptions	172,120	117,416
Return on plan assets	(260,978)	(414,789)
Change in effect of asset ceiling (excluding amount in interest cost)	(199,874)	(199,451)
Amount recognized in OCI	(288,732)	(496,824)
(iii) Movement in retirement benefit asset		
Net asset at start of the period	-	143,025
Net expense recognized in the income statement	(82,386)	(56,040)
Employer contributions	371,118	409,839
Amount recognized in OCI	(288,732)	(496,824)
Net asset at end of the period	-	-

27. Retirement benefits asset (Continued)

Recognition (Continued)

(b) Amount recognized in the statement of financial position

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2021	2020
	Shs'000	Shs'000
Present value of funded defined benefit obligation	(7,533,173)	(7,364,213)
Fair value of plan assets	8,141,433	7,725,137
	608,260	360,924
Effect of asset ceiling	(608,260)	(360,924)
	-	-
Reconciliation of the effect of asset ceiling is as follows:		
Effect of asset ceiling	(360,924)	(143,023)
Interest effect of the asset ceiling	(47,462)	(18,450)
Change in the effect of the asset ceiling excluding interest	(199,874)	(199,451)
Effect of asset ceiling at end of the period	(608,260)	(360,924)

The reconciliation of the amount included in the statement of financial position is as follows:
Movements in the present value of the defined benefit obligation in the current year were as follows:

	2021	2020
	Shs'000	Shs'000
Opening benefit obligation	(7,364,213)	(7,238,053)
Current service cost	(94,376)	(89,393)
Interest cost	(935,515)	(897,309)
Employee contributions	(16,209)	(18,469)
Actuarial loss due to change in financial assumptions	72,313	100,245
Actuarial loss on Experience	99,807	17,171
Past service costs	-	-
Benefits paid	705,020	761,595
Closing defined benefit obligation	(7,533,173)	(7,364,213)

27. Retirement benefits asset (Continued)

Recognition (Continued)

(b) Amount recognized in the statement of financial position (continued)

Movements in the present value of the plan assets in the current year were as follows:

	2021 Shs'000	2020 Shs'000
Opening market value of assets	7,725,137	7,524,101
Interest income on plan assets	994,967	949,112
Employer contributions	371,118	409,839
Employee contributions	16,209	18,469
Return on plan assets	(260,978)	(414,789)
Benefits paid	(705,020)	(761,595)
Closing fair value of plan assets	8,141,433	7,725,137

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2021 Shs'000	2020 Shs'000
Property investments	4,796,600	5,020,501
Quoted equity instruments	866,182	591,073
Offshore investments	111,077	-
Government securities	2,168,994	1,832,552
Commercial paper and corporate bonds	-	43,078
Cash & short-term deposits	198,580	237,933
Closing fair value of plan assets	8,141,433	7,725,137

(c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Sensitivity	**2021**	**Change in assumption**	**Impact on defined obligation**
Discount rate	12.30%	13.30%	Decrease 1%	Increase in the present value of obligation by Shs 531,100,000
Salary	7%	8%	Decrease 1%	Decrease in the present value of obligation by Shs 111,700,000
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs 750,800,000

27. Retirement benefits asset (Continued)

Recognition (Continued)

(c) Sensitivity analysis (Continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

28. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The makeup of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

	2021	2020
	Shs'000	Shs'000
Movement on the deferred tax account is as follows:		
At start of the year	43,974,146	48,868,799
Tax impact through increase/(reduction) of corporate tax rate	8,794,829	(8,144,800)
	52,768,975	40,723,999
Charge to profit or loss (Note 11)	4,499,117	3,500,955
Credit to other comprehensive income (Note 24)	(87,887)	(124,870)
Under/(over) provision of deferred income tax in prior years	3,071	(125,938)
At the end of the year	57,183,276	43,974,146

The increase in deferred tax liability arises from change in the corporate income tax rate from the previous 25% to 30% with effect from 2021. The Tax Laws (Amendment) (No.2) Bill, 2020 proposed change in corporate tax rate to 30% from 25% effectively 1st January 2021. The amendment was enacted effective 1st January 2021.

28. Deferred income tax (Continued)

	At start of year Shs'000	Transition adjustment on initial application of IFRS 9 Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000 Shs'000
Year ended 30 June 2021					
Deferred tax assets:					
Tax losses	(8,535,815)	-	2,703,080	-	(5,832,735)
Provisions and other temporary differences	(771,981)	-	181,519	(87,887)	(678,349)
	(9,307,796)	-	2,884,599	(87,887)	(6,511,084)
Deferred tax liabilities:					
Unrealized exchange gains	1,491,000	-	166,412	-	1,657,412
Defined benefits and financial assets at FVOCI	-	-	-	-	-
Revaluation surplus	21,149,757	-	3,364,758	-	24,514,515
Accelerated capital allowances	30,641,185	-	6,881,248	-	37,522,433
	53,281,942	-	10,412,418	-	63,694,360
Net deferred tax liability	43,974,146	-	13,297,017	(87,887)	57,183,276

28. Deferred income tax (Continued)

	At start of year Shs'000	Transition adjustment on initial application of IFRS 9 Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
Year ended 30 June 2020					
Deferred tax assets:					
Tax losses	(11,248,414)	-	2,712,599	-	(8,535,815)
Provisions and other temporary differences	(735,625)	-	88,514	(124,870)	(771,981)
	(11,984,039)	-	2,801,113	(124,870)	(9,307,796)
Deferred tax liabilities:					
Unrealized exchange gains	754,476	-	736,524	-	1,491,000
Defined benefits and financial assets at FVOCI	47,801	-	(47,801)	-	-
Revaluation surplus	26,214,653	-	(5,064,896)	-	21,149,757
Accelerated capital allowances	33,835,908	-	(3,194,723)	-	30,641,185
	60,852,838	-	(7,570,896)	-	53,281,942
Net deferred tax liability	48,868,799	-	(4,769,783)	(124,870)	43,974,146

29. Lease Liabilities

	2021	2020
	Shs'000	Shs'000
Undiscounted future minimum lease payment under		
operating lease at start of year	-	952,351
Impact of discounting	-	78,988
As at start of year	950,651	1,031,339
Additional amount (note 15)	1,950	-
Discount Interest on lease liability	91,691	102,876
Paid during the year	(192,997)	(183,564)
At the end of the year	851,295	950,651
Comprising:		
Current Portion	195,103	206,083
Non- current portion	656,192	744,568
	851,295	950,651
Maturity Analysis of undiscounted cash flows		
Year 1	195,103	184,062
Year 2	160,612	206,083
Year 3	168,279	195,103
Year 4	134,484	160,612
Year 5 and beyond	1,129,362	1,506,849
	1,787,840	2,252,709

30. Grants

	2021	2020
	Shs'000	Shs'000
As at start of year	200,000	-
Received during the year	-	200,000
At end of year	200,000	200,000

This relates to funds received from the World Bank as a grant towards the construction of Geothermal Centre of Excellence.

31. Trade and other payables

	2021	2020
	Shs'000	Shs'000
Contractors and Retention money	2,122,081	2,284,107
Trade payables	4,494,459	3,264,956
Due to Kenya Power (note 35(a)(ii))	35,522	51,048
Sundry Creditors accruals	2,358,941	1,725,429
Deferred income from contracts (Note 4(b))	134,344	317,389
Total trade and other payables	9,145,347	7,642,929
Non-current trade and other payables	(2,122,081)	(2,284,107)
Current trade and other payables	7,023,266	5,358,822

* Contractors and retention money relate to payments due to contractors for the ongoing construction of long-term assets which are financed by the Development Finance Institutions (DFIs). The invoices that were under verification at the reporting dates have been reclassified to non-current portion.

32. Provision for compensating tax

	2021	2020
	Shs'000	Shs'000
As at start of the year	1,361,022	2,161,022
Paid during the year	(960,000)	(800,000)
At end of year	401,022	1,361,022

The amount relates to Compensating tax arising on dividends paid in 2016. The Company has significant tax losses arising from investment deductions granted on its projects and therefore insufficient current tax credits to cover for the dividend tax account. The law has since changed to exempt power generation companies from paying compensating tax on dividends.

33. Dividends payable

Proposed dividends are accounted for as part of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM, a final dividend in respect of the year ended 30 June 2021 of Shs. 0.30 (2020: Shs. 0.30) for every ordinary share of par value of Shs.2.50 is to be proposed. No interim dividend was declared during the year. The dividend account is as follows:

	2021	2020
	Shs'000	Shs'000
As at start of the year	1,648,631	1,846,170
Approved Dividends -2019	-	1,648,631
Approved Dividends -2020	1,978,357	-
Amount paid during the year	(1,648,631)	(1,846,170)
At end of the year	1,978,357	1,648,631

34. Notes to the statement of cash flows

(a) Reconciliation of profit before taxation to cash generated from operations

	2021	2020
	Shs'000	Shs'000
Profit before taxation	14,761,745	13,789,787
Adjustments for:	-	1,648,631
Depreciation (Note 8(a))	11,219,326	11,739,447
Amortization of intangible assets (Note 8(a))	99,023	91,784
Depreciation of Right of use assets (Note 8(a))	201,779	198,330
Finance income (Note 9)	(1,879,747)	(1,431,118)
Finance cost (Note 10)	3,053,208	8,244,181
Net exchange differences on borrowings and cash (Note 34(d))	(584,376)	(5,871,296)
Loss on disposal of non-current assets held for sale (Note 6)	2,447	-
Net gain/(loss) on deferred debt	23,422	(23,138)
Net gain on Amortization of treasury bonds (Note 21)	(4,224)	(2,656)
Amortization of held-to-maturity treasury bonds (Note 16(b))	9,352	8,523
(Gain)/loss in impairment of deferred debt (Note 16(a))	(983)	40
(Gain)/loss on impairment of held-to-maturity treasury bonds (Note 16(b))	(34,920)	(6,135)
Changes in the retirement benefit asset (Note 27)	(288,732)	(353,799)
Operating profit before working capital changes	26,577,320	26,383,950

34. Notes to the statement of cash flows (continued)

(a) Reconciliation of profit before taxation to cash generated from operations (continued)

	2021 Shs'000	2020 Shs'000
Changes in working capital:		
Increase in inventories (Note 18)	(680,548)	(46,986)
Decrease/(Increase) in trade receivables net accrued interest (Note 19 and 34(b))	(10,122)	(3,746,702)
Increase in financial asset through profit or loss (Note 17)	115,955	(19,910)
Decrease in other receivables (Note 20)	343,891	498,929
Decrease/(Increase) in trade and other payables (Note 31)	1,502,418	(4,703,893)
Cash generated from operations	27,848,914	18,365,388

	2021 Shs'000	2020 Shs'000
(b) Movement in finance income		
At start of year	12,363	10,045
Interest income (Note 9)	1,879,747	1,431,118
Finance income received	(910,963)	(628,550)
Accrued interest from Kenya Power (Note 9)	(936,277)	(800,250)
At end of year	44,870	12,363
(c) Movement in interest payable		
At start of year	1,381,115	956,731
Interest expense (Note 10)	2,351,988	2,278,706
Interest paid	(2,686,847)	(1,854,322)
At end of year (Note 26)	1,046,256	1,381,115

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2021 Shs'000	2020 Shs'000
Cash and bank balances	13,622,427	5,315,991
Borrowings repayable within one year	(10,797,898)	(8,481,495)
Borrowings repayable after one year	(134,777,599)	(137,349,668)
Net Debt	(131,953,070)	(140,515,172)

34. Notes to the statement of cash flows (continued)

(d) Net debt reconciliation (Continued)

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2020	5,374,297	(144,450,048)	(139,075,751)
Cashflows	8,368,143	-	8,368,143
Received in the year	-	(10,525,729)	(10,525,729)
Repaid in the year (including realised forex)	-	11,147,756	11,147,756
Unrealised exchange loss in the year	116,844	(701,220)	(584,376)
Accrued interest	-	(1,046,256)	(1,046,256)
Expected credit loss on cash and bank balances	(236,857)	-	(236,857)
Net debt as at 30 June 2021	13,622,427	(145,575,497)	(131,953,070)

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2019	9,324,190	(140,278,170)	(130,953,980)
Cashflows	(4,044,072)	-	(4,044,072)
Received in the year	-	(6,945,856)	(6,945,856)
Repaid in the year (including realised forex)	-	8,739,453	8,739,453
Unrealised exchange loss in the year	94,179	(5,965,475)	(5,871,296)
Accrued interest	-	(1,381,115)	(1,381,115)
Expected credit loss on cash and bank balances	(58,306)	-	(58,306)
Net debt as at 30 June 2020	5,315,991	(145,831,163)	(140,515,172)

35. Related party transactions

The Company is 70% owned by the Government of Kenya. The remaining 30% of the shares are widely held by the public. In line with the exemptions in IAS 24, and by virtue that the government is the major shareholder of the company, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity. The Government of Kenya has provided some guarantees to long-term external lenders of the entity and on-lent loans to the Company (Note 26).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, The Kenya Power and Lighting Company Plc (Kenya Power), Geothermal Development Company Limited (GDC). Rural Electrification & Renewable Energy Corporation, Water Resource Authority (WRA), Board of Directors and Key Management.

(a) The Kenya Power and Lighting Company Plc

Kenya Power is the authorised electricity distributor in Kenya with its majority shareholder being the Government of Kenya.

(i) During the year the following transactions were carried out with Kenya Power

	2021	2020
	Shs'000	Shs'000
Electricity sales (note 4(a))	35,010,719	33,783,190
Steam revenue (note 4 (a))	5,227,392	5,549,684
Fuel charges billed (note 4(a))	3,674,626	4,155,499
Water charges billed note 4(a))	204,408	181,774
Interest income on amounts due (note 9)	936,277	800,250
Realized foreign exchange loss billed to Kenya Power-borrowings (Note 17)	954,289	693,044
Realized foreign exchange loss billed to Kenya Power-other transactions (Note 7)	348,457	418,801
	46,356,168	45,582,242
Electricity purchases from Kenya Power	435,989	380,393

(ii) The following amounts are due to Kenya Power relate to outstanding balances at year end for purchase of electricity.

	2021	2020
	Shs'000	Shs'000
Trade payables (Note 31)	35,522	51,048

The sales to Kenya Power are made in accordance with the signed Power Purchase Agreements whereas the purchases from Kenya Power are made at normal market prices. Outstanding balances at end of year are unsecured and have credit period of 40 days.

35. Related party transactions (continued)

	2021	2020
	Shs'000	Shs'000
Current portion	42,184	42,911
Non-current portion	906,917	965,511
	949,101	1,008,422

Through an agreement entered between Kenya Power and KETRACO, KETRACO is servicing the debt.

(iii) Amounts due from Kenya Power

	2021	2020
	Shs'000	Shs'000
Amount due for electricity sales (Note 19)	25,141,317	23,984,394
Amount due for sale of assets	91,811	200,000
	25,233,128	24,184,394
(v) Recoverable foreign exchange differences (Note 17)	17,414,952	17,812,336

(b) Geothermal Development Company Limited (GDC)

Geothermal Development Company Limited is wholly owned by the Government of Kenya and its principal activities are the development of geothermal resources in Kenya through surface exploration and drilling for steam and to avail steam power to developers for electricity generation.

	2021	2020
	Shs'000	Shs'000
(i) Amount due to GDC (included in trade payables)	1,059,884	1,846,663
(ii) Steam purchases (Note 8(c))	3,028,982	3,160,582

35. Related party transactions (continued)

(c) Rural Electrification and Renewable Energy Corporation

	2021	2020
	Shs'000	Shs'000
As at start of the year	62,324	34,832
Changes during the year	24,317	68,885
Payments during the year	(74,020)	(41,393)
Amounts due from REREC at end of the year	12,621	62,324

The amount due relates to operation and maintenance fee for the 50MW Garissa solar plant.

(d) Water Resources Authority (WRA)

WRA charges for water use at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy and Petroleum Regulatory Authority (EPRA)

	2021	2020
	Shs'000	Shs'000
Amount due to WRA (included in trade payables)	79,445	97,997

(e) Directors' Remuneration and key management compensation

	2021	2020
Directors' remuneration	Shs'000	Shs'000
Fees for services as a Director	6,000	6,000
Other allowances	13,984	10,304
	19,984	16,304
Key Management Compensation		
Salaries and other short-term employment benefits		
Key Management (Divisional Directors)	96,476	121,642
Managing Director and CEO	19,938	19,801
Leave accrual – Managing Director and CEO	1,930	2,806
	118,344	144,249
Total fees, salaries and other emoluments	138,328	160,553

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the entity.

35. Related party transactions (continued)

(f) Loans to directors of the Company

There were no loans from directors outstanding at 30 June 2021 (2020: Nil).

(g) Loans from Shareholders

There were no loans from shareholders outstanding at 30 June 2021 (2020: Nil).

(h) Donations to KenGen Foundation

Donations made during the year amounted to Shs 46 million (2020: Shs 143 million).

(i) Kerio Valley Development Authority (KVDA)

Payments made during the year amounted to Shs 45 million (2020: Shs 45 million) for Dam and environmental management.

(j) Tana and Athi River Development Authority (TARDA)

Payments made during the year amounted to Shs 62 million (2020: Shs 62 million) for Dam and environmental management.

(k) Subsidiaries

The following relationships exists within KenGen PLC:

Key management	Held by	Percentage of interest held as at 30 June	
		2021	**2020**
KenGen Ethiopia Branch[1]	KenGen	100	100
KenGen Energy Services Limited (KESEL)[2]	KenGen	100	100
KenGen Foundation[3]	KenGen	-	-

1. KenGen Ethiopia Branch was established by KenGen PLC as a branch to facilitate the execution of a drilling contract which was signed with TM Geothermal Operations PLC (TMGO) of Ethiopia in 2019 and is domiciled in Ethiopia.
2. KenGen Energy Services Limited (KESEL) was was formally incorporated on 13 October 2016 and is domiciled in Kenya. The objective of the Company is to pursue diversified business opportunities by leveraging on the resources and capacity of KenGen.
3. KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

36. Emergency Power Project

The Company managed an Emergency Power Supply project known as Aggreko International Projects as an implementing commissioning agent on behalf of the Ministry of Energy. These funds are held in an escrow bank account at the NCBA. Movements in the escrow account which is not included in the Company's cash and cash equivalents, are Summarized below;

	2021	2020
	Shs'000	Shs'000
At start of year	451,088	427,605
Interest income	7,205	6,828
(Refund)/expenditure during the year*	(9,955)	16,655
At end of year	448,338	451,088

*The expenditure relates to refund of taxes paid by the Company and foreign exchange fluctuations.
An amount of Kshs 224 million is due from Kenya Power.

37. Contingent liabilities

I. Letters of credit

Letters of credit signify commitment by the Company to make payments to third parties for contracts entered into, generally relating to foreign payments. Outstanding letters of credit as at 30 June 2021 amounted to Shs 1,511,161,000 (30 June 2020 Shs: 562,059,000).

II. Disputed withholding tax

In 2014, Kenya Revenue Authority (KRA) performed a tax audit for the financial years 2009-2013. Subsequently, KRA issued an assessment of Shs 975,848,686. The Company objected to the assessment and KRA issued a stand over notice pending resolution of matter in dispute. The Company appealed for the abandonment of collection of the withholding tax from The National Treasury and Planning. The National Treasury referred the matter back to KRA and directed that the matter be resolved between KRA and KenGen. Various meetings and technical sessions have taken place between KenGen and KRA where a final agreement was reached. The Withholding Tax assessment was reduced from KShs 975,848,686 to KShs 143,662,033 (Principal Tax of KShs 69,478,227.45 with penalties and interest of KShs 74,183,806.45). KenGen paid the Principal Tax and penalty of KShs 74,183,806.45 and are currently undertaking the application for waiver of the interest. Directors believe KenGen's application of waiver of interest of KShs 69,478,033 is likely to be successful and therefore, no provision made for the interest.

III. Compensating tax

In 2016, the Company paid dividends of Shs 5,735,428,884 to the major shareholder, The National Treasury and Planning, giving rise to a compensating principal tax obligation of Shs 2,431,000,000. As at 30th June 2021, the company had paid a total of KShs 2,030 Million with a balance of Shs 401 Million (2020-Shs 1,361 million).

37. Contingent liabilities (continued)

The company is on schedule to clear the principal tax by September 2021 as per the agreed payment plan. Thereafter, the Company will apply for waiver of penalties and interest. KRA have committed to support KenGen in this application process. No provision has been made with regards to penalty and interest estimated to be Shs 1,281,376,385.60 as at 30 June 2021 (30 June 2020: Shs 1,089,290,348).

The Company applied for abandonment of principal, penalty and interest from the National Treasury and Planning. The application for abandonment of collection of tax was declined by the National Treasury & Planning who directed Kenya Revenue Authority and KenGen to enter into a payment plan to settle the principal tax with the waiver of penalty and interest to be considered after full settlement of principal tax. The Directors are confident of a favorable outcome and therefore are of the opinion no provision is required with regards to interest and penalty.

IV. Bank guarantee

A bank guarantee was given to a third-party and amount outstanding as at 30 June 2021 was Shs 2,000,000 (30 June 2020: Shs: 2,000,000).

38. Capital commitments

The capital commitments relate to the ongoing capital projects and new projects which have been approved and are at various stages of implementation. They are financed by Development Financial Institutions (DFIs) and internal resources. The projects include 83MW Olkaria I Unit 6, Rehabilitation of Olkaria I, drilling of wells, Ngong Wind phase III and 140MW Olkaria VI to be implemented under Public Private Partnership arrangement among other projects.

Capital commitments at the year-end for which no provision has been made in these financial statements are:

	2021	2020
	Shs'000	Shs'000
Authorised but not contracted for	68,946,526	66,921,266
Authorised and contracted for	114,191,902	108,899,875
Less: Amounts included in Work in progress	(99,343,863)	(87,701,597)
	83,794,565	88,119,544

39. Operating segments

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's Chief Operating Decision Maker (CODM).

In accordance with IFRS 8 - Operating segments, information reported to the CODM for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the company.

The company has one reportable segment, which is the electricity generation. In making this consideration, the CODM considers the following:

a) Reported revenue/ Products and Services

All the primary activities of the company resulted in the generation of revenue from electricity which is the sole product and revenue stream.

b) Geographical areas

All the plants are based in Kenya and operate effectively within one geographical location (Kenya).

c) Major customers

The company operates in a regulated industry. All its revenue as outlined is derived from one single external customer, Kenya Power.

40. Financial risk management

Introduction and overview

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

The Company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's Finance & ICT Division identifies, evaluates and hedges financial risks in close cooperation with operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk.

40. Financial risk management (continued)

The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risks

The Board has assigned the Internal Audit & Risk function to assist in monitoring the risks faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit, Risk & Compliance Committee.

The Company's Internal Audit & Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Audit, Risk & Compliance Committee) and for the day-to-day implementation of those policies.
There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

Foreign currency exposures on borrowings and also through purchases of goods and services that are done in currencies other than the local currency. The Company has loans from multilateral donors, which are denominated in currencies other than the functional local currency. Loan payments are made by using the prevailing exchange rate as there is no forward currency contracts to eliminate the currency exposures. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Exposure to foreign currency risk is mitigated by the terms of the Power Purchase Agreement that allow the Company to recover certain foreign currency losses/gains from Kenya Power.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities is;

	2021	2020
	Shs'000	Shs'000
Financial assets		
Amount due from Kenya Power – Deferred debt (Note 16(a))	964,827	1,025,131
Trade receivables (Note 19)	3,877,218	4,092,320
Cash and cash equivalents (Note 22)	2,473,907	679,748
	7,315,952	5,797,199

40. Financial risk management (continued)

	2021 Shs'000	2020 Shs'000
Liabilities		
Trade and other payables (Note 31)	(2,122,081)	(2,284,107)
Borrowings (Note 26(c))	(143,362,574)	(142,116,715)
	(145,484,655)	(144,400,822)
Net currency liability	(138,168,703)	(138,603,623)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Company's profit or loss on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse is also true.

	Change in currency rate	Effect on Profit before tax Shs'000
2021		
US$	1.25%	192,683
Yen	-1.70%	(326,987)
Euro	6.73%	482,749
Total		348,445
2020		
US$	4.03%	712,094
Yen	4.39%	846,917
Euro	3.19%	169,702
Total		1,728,713

40. Financial risk management (continued)

(a) Market risks

Interest rate risk

The Company exposure to interest rate risk is with regards to fluctuation in banks' interest rates in the market which affects the borrowings by the Company. The Company's non-current borrowings are at fixed rates thus minimising the exposure to the interest rate risk. The effect of fluctuation of overdraft floating interest rate would not be significant. The interest earning financial assets that the Company holds include investments in government securities and short-term deposits whose rates of return are predetermined.

Other price risk

This is the risk that the rate of the tariff will decline in the future. It is the risk of losing energy revenues due to a fall in the tariff. The Company's exposure to this kind of risk is highly regulated by the Power Purchase Agreement, which is a product of discussion by Kenya Power and the Company, with Energy Regulatory Authority (EPRA) as a moderator. The Company's main input for thermal energy generation is fuel which is a significant cost component. The Company is in an arrangement to pass this cost to the customer, Kenya Power.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on a company-wide basis. The Company has adopted a policy of only dealing with credit worthy counterparties.

The Company only sells generated electricity to Kenya Power and this minimizes the credit risk exposure on amount due from Kenya Power. Both companies have a contract that stipulates a 40-day credit period. Receivable balances from Company staff are recovered on payment of salaries.

Credit risk from balances with banks and financial institutions is managed by Company's treasury department in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Directors on an annual basis and may be updated throughout the year subject to approval of the Company's audit and risk management committee. The Company has one main customer Kenya Power; however, limits are set to minimise the concentration of risk around Kenya Power and therefore mitigate financial loss through potential counterparty failure.

Credit risk from other receivables are managed by the Company's credit management policy.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the Company group's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

40. Financial risk management (continued)

(b) Credit risk (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	Gross carrying value	Stage 1 12 month -ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Net amount
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
30 June 2021					
Trade receivables-Kenya Power	25,141,317	(351,680)	(89,562)	(351,229)	24,348,846
Treasury bonds at amortized cost	2,381,404	(4,049)	-	-	2,377,355
Treasury bonds at FVOCI	360,956	-	-	-	360,956
Deferred debt receivable	964,827	(15,726)	-	-	949,101
Other receivables (excluding prepayments)	1,720,830	(68,736)	-	(378,962)	1,273,132
Cash and cash equivalents held at bank	13,855,958	(236,857)	-	-	13,619,101
Exposure to credit risk	44,425,292	(677,048)	(89,562)	(730,191)	42,928,491
Basis for measurement of loss allowance					
30 June 2020					
Trade receivables-Kenya Power	23,984,394	(345,275)	(71,996)	(164,676)	23,402,447
Treasury bonds at amortized cost	2,390,756	(38,969)	-	-	2,351,787
Treasury bonds at FVOCI	365,181	-	-	-	365,181
Deferred debt receivable	1,025,131	(16,709)	-	-	1,008,422
Other receivables (excluding prepayments)	1,229,656	(60,562)	-	(408,777)	760,317
Cash and cash equivalents held at bank	5,370,300	(58,306)	-	-	5,311,994
Exposure to credit risk	34,365,418	(519,821)	(71,996)	(573,453)	33,200,148

40. Financial risk management (continued)

(b) Credit risk (continued)

Financial assets for which the loss allowances have been measured at an amount equal to lifetime expected credit losses have been analysed based on their credit risk as follows:

a) Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired
b) Financial assets that are credit impaired at the balance sheet date
c) Trade receivables for which loss allowance is always measured at an equal amount to lifetime expected credit losses.

		Past due but not impaired			
	Neither past Due nor impaired	**Over 60 days**	**Over 365 days**	**Expected credit loss**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**	**Shs'000**
30 June 2021					
Trade receivables-Kenya Power	15,789,910	6,585,403	1,973,533	792,471	25,141,317
Financial asset at amortized cost-Treasury bonds	2,377,355	-	-	4,049	2,381,404
Financial asset at FVOCI-Treasury bonds	360,956	-	-	-	360,956
Financial asset at amortized cost-Deferred debt	949,101	-	-	15,726	964,827
Other receivables (excluding prepayments)	1,273,132	-	-	447,697	1,720,829
Cash and cash equivalents	13,619,101	-	-	236,858	13,855,959
At 30 June 2021	34,369,555	6,585,403	1,973,533	1,496,801	44,425,292
At 30 June 2020					
Trade receivables-Kenya Power	15,107,066	6,863,935	1,431,446	581,947	23,984,394
Financial asset at amortized cost-Treasury bonds	2,351,787	-	-	38,969	2,390,756
Financial asset at FVOCI-Treasury bonds	365,181	-	-	-	365,181
Financial asset at amortized cost-Deferred debt	1,008,422	-	-	16,709	1,025,131
Other receivables (excluding prepayments)	499,642	-	323,929	469,339	1,292,910
Cash and cash equivalents	5,311,994	-	-	58,306	5,370,300
At 30 June 2020	24,644,092	6,863,935	1,755,375	1,165,270	34,428,672

40. Financial risk management (continued)

(b) Credit risk (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit	Total
	Shs'000	Shs'000	Shs'000
Year ended 30 June 2021			
At start of year	(363,393)	(801,877)	(1,165,270)
Changes relating to assets	(313,655)	(17,876)	(331,531)
At end of year	(677,048)	(819,753)	(1,496,801)
Year ended 30 June 2020			
At start of year	(519,727)	(801,877)	(1,321,604)
Changes relating to assets	156,334	-	156,334
At end of year	(363,393)	(801,877)	(1,165,270)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool considers the account receivables from Kenya Power and maturity of financial instruments, together with projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other borrowings.

40. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses maturity profiles of the financial liabilities of the Company based on the remaining period using 30 June 2021 as a base period to the contractual maturity date:

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2021					
Trade and other payables	4,494,459	-	2,122,081	-	6,616,540
Amount due to Kenya Power	35,522	-	-	-	35,522
Lease liabilities	-	195,103	656,192	-	851,295
Borrowings	-	10,797,898	40,906,035	93,871,564	145,575,497
Off balance sheet items					
Letters of credit	-	-	1,511,161	-	1,511,161
Capital commitments	-	-	83,794,564	-	83,794,564
	4,529,981	10,993,001	128,990,033	93,871,564	238,384,579
At 30 June 2020					
Trade and other payables	3,264,956	-	2,284,107	-	5,549,063
Amount due to Kenya Power	51,048	-	-	-	51,048
Lease liabilities	-	206,083	744,568	-	950,651
Borrowings	-	8,481,495	45,148,701	92,200,967	145,831,163
Off balance sheet items					
Letters of credit	-	-	562,059	-	562,059
Capital commitments	-	-	88,972,003	-	88,972,003
	3,316,004	8,687,578	137,711,438	92,200,967	241,915,987

(d) Fair value measurement

Financial instruments

Fair Value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

40. Financial risk management (continued)

(d) Fair value measurement

i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes corporate bonds traded on the Nairobi Securities Exchange ("NSE").

ii. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).

iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Year ended 30 June 2021				
Financial asset at amortized cost through OCI (Note 21)	-	360,957	-	360,957
Financial asset at fair value through P&L (Note17)	-	17,414,952	-	17,414,952
Total assets	-	17,775,909	-	17,775,909
Assets				
Year ended 30 June 2020				
Financial asset at amortized cost through OCI (Note 21)	-	365,181	-	365,181
Financial asset at fair value through P&L (Note 17)	-	17,812,336	-	17,812,336
	-	18,177,517	-	18,177,517

There are no financial liabilities measured at fair value for the year ended 30 June 2021 (2020: Nil)

There were no transfers between levels 1, 2 and 3 in the period (2020: Nil).

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

(i) the use of quoted market prices – This was used to value the treasury bonds

(ii) the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date- This was used to value the financial asset at fair value

40. Financial risk management (continued)

(d) Fair value measurement (continued)

Sensitivity of fair value of level 2 financial instruments

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

Financial instruments not measured at fair value

The fair value hierarchy for financial assets not measured at fair value is as shown in the table below:

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2021					
Assets					
Cash and balances with banks	13,622,427	-	-	13,622,427	13,622,427
Financial assets at amortized cost	-	-	949,101	949,101	949,101
Trade receivables	-	-	24,348,846	24,348,846	24,348,846
Financial assets at amortized cost - Treasury bond	-	2,377,355	-	2,377,355	2,377,355
Other receivables	-	-	1,214,860	1,214,860	1,214,860
Total	13,622,427	2,377,355	26,512,807	42,512,589	42,512,589
Liabilities					
Trade and other payables	-	-	9,145,347	9,145,347	9,145,347
Borrowings	-	-	145,575,497	145,575,497	145,575,497
Total	-	-	154,720,844	154,720,844	154,720,844

40. Financial risk management (continued)

(d) Fair value measurement (continued)

Sensitivity of fair value of level 2 financial instruments (continued)

Financial instruments not measured at fair value (continued)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 30 June 2020					
Assets					
Cash and balances with banks	5,315,991	-	-	5,315,991	5,315,991
Financial assets at amortized cost	-	-	1,008,422	1,008,422	1,008,422
Trade receivables	-	-	23,402,447	23,402,447	23,402,447
Financial assets at amortized cost - Treasury bond	-	2,351,787	-	2,351,787	2,351,787
Other receivables	-	-	714,893	714,893	714,893
Total	5,315,991	2,351,787	25,125,762	32,793,540	32,793,540
Liabilities					
Trade and other payables	-	-	7,642,929	7,642,929	7,642,929
Borrowings	-	-	145,831,163	145,831,163	145,831,163
Total	-	-	153,474,092	153,474,092	153,474,092

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed:

2021	Valuation basis/technique	Main assumptions
Deferred Debt – Kenya Power	Discounted cash flow model	Discount rate
Trade receivables	Discounted cash flow model	Discount rate
Financial assets – held-to-maturity	Discounted cash flow model	Market yield of the bond
Other receivables	Discounted cash flow model	Discount rate
Trade and other payables	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

40. Financial risk management (continued)

(d) Fair value measurement (continued)

Non-financial assets held at fair value

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the three levels prescribed under the accounting standards.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
Year ended 30 June 2021				
Property plant and equipment	-	-	256,791,614	256,791,614
Property plant and equipment	**-**	**-**	**256,791,614**	**256,791,614**
Total assets				
Assets				
Year ended 30 June 2020				
Property plant and equipment	-	-	264,746,126	264,746,126
Total assets	-	-	264,746,126	264,746,126

There were no transfers between levels 1, 2 and 3 in the period (2020: Nil).

Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its property plant and equipment at least every five years. The valuation method used is the depreciated replacement cost approach. The property plant and equipment classes subject to fair valuation are land and buildings, transmission lines and plant and equipment.

40. Financial risk management (continued)

(d) Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

We have disclosed under Note 13, the changes in level 3 items for the periods ended 31 June 2020 and 31 June 2021 for recurring fair value measurements

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value as at 30 June 2021	Fair value as at 30 June 2020	Unobservable inputs	Relationship of un-observable inputs to fair value
	Shs'000	Shs'000		
Property plant and equipment	256,791,614	264,746,126	Estimated useful life	The higher the esti-mated useful life, the higher the fair value

41. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains some strong and healthy capital ratios in order to support its business and maximize shareholder value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Company's approach to capital management as regards the objectives, policies or processes during the year.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's target is to keep the gearing ratios below 70%.

41. Capital risk management (continued)

	2021	2020
	Shs'000	Shs'000
Ordinary shares and distributable reserves	145,271,885	144,082,528
Borrowings	145,575,497	145,831,163
Less: cash and bank balances (Note 22)	(13,622,427)	(5,315,991)
Net debt	131,953,070	140,515,172
Gearing ratio	48%	49%

42. Events after the reporting date

The Directors are not aware of any matters or circumstances arising since the end of the financial period which significantly affect the financial position of the Company or the results of its operations.

Ngong Wind Farm

STATISTICS

Olkaria IV Power Plant

Historical Performance

Company's Ten Years Financial Review

Plant Performance	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Units Sold(GWh)	8,443	8,237	8,277	7,989	7,556	7,819	7,027	6,084	6,022	5,404
Average weighted tariff (Shs/ KWh)	4.14	4.10	3.60	3.67	3.84	3.70	3.60	2.78	2.73	2.76

Statement of Comprehensive Income										
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Electricity revenue	35,010,719	33,783,190	29,796,983	29,285,691	29,006,622	28,933,568	25,307,784	16,896,771	16,451,195	14,900,488
Steam revenue	5,227,392	5,549,684	5,871,921	6,222,056	5,189,072	6,856,018	3,689,361	192,693	58,365	-
Fuel charges	3,674,626	4,155,499	10,111,516	9,622,740	9,069,403	3,182,623	7,238,204	13,142,391	8,689,767	12,592,346
Water charges	204,408	181,774	185,226	159,172	166,822	329,079	375,341	459,722	215,141	91,470
Ethiopia Branch	1,783,694	440,344	-	-	-	-	-	-	-	-
	45,900,839	**44,110,491**	**45,965,646**	**45,289,660**	**43,431,920**	**39,301,288**	**36,610,690**	**30,691,577**	**25,414,468**	**27,584,304**
Reimbursable expenses										
Fuel costs	(3,955,710)	(4,106,504)	(10,006,336)	(9,246,855)	(8,812,614)	(3,261,460)	(7,129,037)	(12,870,395)	(8,403,602)	(12,232,498)
Water costs	(204,408)	(181,786)	(185,226)	(159,172)	(166,822)	(329,079)	(375,341)	(459,722)	(215,141)	(91,470)
Revenue less reimbursable expenses	**41,740,721**	**39,822,201**	**35,774,084**	**35,883,633**	**34,452,483**	**35,710,749**	**29,106,312**	**17,361,460**	**16,795,725**	**15,260,336**
Other income	494,748	472,526	618,822	274,771	553,148	1,945,524	515,418	378,914	308,723	124,784
Other(losses)/gains	1,124,821	6,382,970	3,179,185	(1,049,948)	343,268	(7,384,454)	(333,151)	2,019,367	(4,314,571)	(1,779,133)
Operating income	**43,360,290**	**46,677,697**	**39,572,091**	**35,108,456**	**35,348,899**	**30,271,819**	**29,288,579**	**19,759,741**	**12,789,877**	**13,605,987**
Expenses										
Depreciation	(11,520,128)	(12,029,561)	(10,360,329)	(10,147,886)	(9,244,422)	(10,223,370)	(6,478,945)	(4,727,937)	(4,578,728)	(4,883,237)
Employee expenses	(7,685,411)	(7,082,496)	(6,800,376)	(6,132,305)	(5,754,748)	(4,951,535)	(4,508,522)	(4,040,489)	(3,657,079)	(2,505,678)
Steam costs	(3,028,982)	(3,160,582)	(3,357,126)	(3,549,428)	(2,795,798)	(3,167,173)	(3,689,361)	(192,707)	(58,365)	-
Plant operation and maintenance expenses	(1,880,704)	(1,503,237)	(1,512,278)	(1,669,068)	(1,554,480)	(1,624,005)	(1,386,081)	(1,393,792)	(1,129,466)	(1,570,693)
Other expenses	(3,309,859)	(2,298,972)	(2,257,402)	(2,168,131)	(2,454,146)	(2,465,306)	(2,552,803)	(1,650,255)	(1,276,086)	(1,306,414)
Operating Profit	**15,935,206**	**20,602,850**	**15,284,580**	**11,441,638**	**13,545,304**	**7,840,430**	**10,672,867**	**7,754,561**	**2,090,153**	**3,339,965**
Compensating tax	-	-	-	-	-	(2,431,022)	-	-	-	-
Finance income	1,879,747	1,431,118	1,423,062	3,341,383	1,333,325	8,893,845	1,027,804	(1,009,094)	4,937,573	3,677,533
Finance costs	(3,053,208)	(8,244,181)	(5,053,924)	(3,037,554)	(3,417,442)	(3,132,187)	(3,010,659)	(2,587,519)	(3,000,802)	(2,972,308)
Profit Before Tax	**14,761,745**	**13,789,787**	**11,653,717**	**11,745,467**	**11,461,187**	**11,171,066**	**8,690,012**	**4,157,948**	**4,026,924**	**4,045,190**
Taxation (charge)/credit	(13,573,338)	4,587,306	(3,769,382)	(3,854,834)	(2,454,972)	(4,492,659)	2,827,315	(1,331,625)	1,197,780	(1,222,590)

Profit After Tax	**1,188,407**	**18,377,093**	**7,884,335**	**7,890,633**	**9,006,216**	**6,678,407**	**11,517,327**	**2,826,323**	**5,224,704**	**2,822,600**
Other Comprehensive Income/(Loss)	(205,069)	(374,610)	(62,060)	(622,921)		(351,569)	54,246,436	1,243,851	(16,722)	(962,452)
Total Comprehensive Income	**983,338**	**18,002,483**	**7,822,275**	**7,267,712**	**8,477,716**	**6,326,839**	**65,763,763**	**4,070,174**	**5,207,982**	**1,860,148**
Number of Shares Issued	**6,594,522,33**	**6,594,522,339**	**6,594,522,339**	**6,594,522,339**	**6,594,522,339**	**6,243,098,469**	**2,198,361,456**	**2,198,361,456**	**2,198,361,456**	**2,198,361,456**
Earnings per share -										
Basic and diluted (Shs)	**0.18**	**2.79**	**1.20**	**1.20**	**1.37**	**1.07**	**5.24**	**1.29**	**2.38**	**1.28**
Dividends per share(Shs)	**0.30**	**0.30**	**0.25**	**0.40**	**-**	**-**	**0.65**	**0.40**	**0.60**	**0.60**
	======	======	======	======	======	======	======	======	======	======
Number of Employees	**2,572**	**2,519**	**2,526**	**2,508**	**2,476**	**2,406**	**2,407**	**2,209**	**2,063**	**1,829**
	======	======	======	======	======	======	======	======	======	======

Statement of financial position

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
ASSETS	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Non-current assets										
Property, plant and equipment	356,135,475	352,429,914	346,737,310	328,082,460	323,843,363	320,932,980	305,378,764	209,235,821	153,201,471	120,664,699
Prepaid leases on land	0	-	4,110,583	4,170,183	4,229,783	4,150,673	3,223,658	1,048,372	439,957	35,426
Intangible assets	1,523,213	1,528,948	1,524,693	1,477,691	1,317,066	1,181,241	1,122,452	1,066,049	1,079,686	896,335
Right of Use Asset	4,733,194	4,936,545								
Non-current receivables	-	-	-	987,875	1,032,014	1,147,368	965,266	1,084,900	1,148,965	1,401,133
Treasury bonds	-	-	-	2,407,047	2,414,108	2,420,560	2,426,440	2,431,799	2,436,683	8,050,919
Financial asset at amorised costs	3,284,272	3,317,298	3,319,106							
Fair value asset through profit & loss	16,162,813	16,676,152	11,958,359	10,490,414	13,117,376	13,890,353	6,242,228	6,300,529	5,238,710	9,808,295
Retirement benefit asset	0	-	143,025	325,268	1,136,503	1,098,771	1,792,214	1,407,411	-	-
	381,838,967	**378,888,857**	**367,793,076**	**347,940,938**	**347,090,213**	**344,821,946**	**321,151,022**	**222,574,881**	**163,545,472**	**140,856,807**
Current assets										
Inventories	2,051,828	1,371,280	1,324,294	1,149,180	1,082,044	866,698	899,076	788,333	836,259	1,955,564
Trade receivables	24,348,846	23,402,447	18,855,494	21,842,957	15,751,937	9,347,411	8,082,805	7,913,895	6,186,749	7,221,777
Financial asset at amortised cost	42,184	42,911	41,061	40,321	-	-	-	-	-	-
Fair value through profit & loss	1,252,139	1,136,184	1,116,274	815,682	888,457	698,229	633,872	357,395	338,286	405,477
Other receivables and pre-payments	1,755,119	2,099,011	2,597,941	3,359,793	3,741,225	3,925,727	8,119,110	8,546,893	11,219,743	11,395,172
Asset held for sale	-	-	-	344,053	-	-	-	-	-	-
Coporate tax recievable	385,696	305,068	150,942	126,988	-	-	-	-	-	231,154
Treasury bonds	360,957	365,181	367,837	349,690	344,603	322,031	341,803	594,769	2,550,345	643,203
Cash and cash balances	13,622,427	5,315,991	9,175,330	3,383,402	7,831,103	6,756,324	3,292,307	9,429,358	3,996,427	435,719
	43,819,196	**34,038,073**	**33,629,173**	**31,412,067**	**29,639,369**	**21,916,420**	**21,368,973**	**27,630,643**	**25,127,810**	**22,288,066**
TOTAL ASSETS	**425,658,163**	**412,926,930**	**401,422,249**	**379,353,006**	**376,729,582**	**366,738,366**	**342,519,995**	**250,205,524**	**188,673,282**	**163,144,873**
EQUITY AND LIABILITIES										
Capital and reserves										
Share capital	16,487,710	16,487,710	16,487,710	16,487,710	16,487,710	15,609,684	5,495,904	5,495,904	5,495,904	5,495,904
Share premium	22,151,131	22,151,131	22,151,131	22,151,131	22,151,131	21,056,341	5,039,818	5,039,818	5,039,819	5,039,818

Other reserves	65,051,484	67,235,860	69,696,451	71,805,994	74,588,305	77,248,388	79,912,755	26,289,211	25,694,067	26,324,186
Retained earnings	106,633,044	105,443,687	86,629,244	79,658,790	69,608,767	58,470,964	51,145,614	39,884,740	37,728,726	33,209,643
	-	-	-							
	210,323,369	**211,318,388**	**194,964,536**	**190,103,625**	**182,835,914**	**172,385,376**	**141,594,091**	**76,709,673**	**73,958,516**	**70,069,551**
Non-current liabilities										
Borrowings	134,777,599	137,349,668	128,771,882	121,287,608	127,884,286	126,149,009	137,191,309	122,324,111	73,934,313	61,850,220
Non-current liabilities	-	-	-	-	-	-	-	1,000	293,876	255,647
Deferred income tax	57,183,276	43,974,146	48,868,799	45,496,036	42,056,582	40,073,728	35,924,900	15,604,657	14,222,916	15,968,498
Lease Liability	656,192	744,568	-	-	-	-	-	-	-	-
Grants	200,000	200,000	-	-	-	-	-	-	-	-
Long term Contract payables	2,122,081	2,284,107	3,219,566	1,586,258	3,859,604	9,940,189	5,329,722	10,369,854	8,591,032	-
	194,939,148	**184,552,489**	**180,860,247**	**168,369,902**	**173,800,472**	**176,162,926**	**178,445,931**	**148,299,622**	**97,042,137**	**78,074,365**
Current liabilities										
Borrowings due within one year	10,797,898	8,481,495	12,463,018	10,620,761	10,829,802	10,757,003	9,427,225	13,790,779	7,000,387	7,265,504
Trade and other payables	7,023,266	5,358,822	9,127,257	7,927,695	6,771,915	4,943,371	8,176,731	6,616,958	7,197,467	4,539,132
Compensating Tax	401,022	1,361,022	2,161,022	2,331,022	2,431,022	2,431,022	-	-	-	-
Tax Payable	-	-	-	-	60,458	58,663	140,843	668,859	278,453	-
Lease liability due within ne year	195,103	206,083	-	-	-	-	-	-	-	-
Dividends payable	1,978,357	1,648,631	1,846,170	-	-	-	4,735,174	4,119,633	3,196,321	3,196,321
	20,395,646	**17,056,052**	**25,597,466**	**20,879,478**	**20,093,197**	**18,190,059**	**22,479,973**	**25,196,229**	**17,672,629**	**15,000,957**
TOTAL EQUITY AND LIABILITIES	**425,658,163**	**412,926,930**	**401,422,249**	**379,353,005**	**376,729,583**	**366,738,362**	**342,519,995**	**250,205,524**	**188,673,282**	**163,144,873**
Capex	**15,398,536**	**18,060,828**	**29,566,784**	**15,311,876**	**13,509,704**	**27,545,275**	**27,686,471**	**61,084,354**	**37,396,364**	**9,020,497**

Financial ratios

	2021	2020	2019	2018	2017	2016	2015
Net Profit Margin	2.85%	46.15%	22.04%	21.99%	26.14%	18.70%	39.57%
Return on total assets	4.83%	4.47%	4.40%	4.28%	4.38%	4.41%	3.45%
Current Ratio	2.15	2.00	1.31	1.50	1.48	1.20	0.95
Debt Service Coverage Ratio	2.24	2.15	1.96	2.08	2.57	2.59	1.16
Self Financing Ratio	76%	128%	81%	125%	70%	61%	41%
Debt/(Debt+Equity)	39%	40%	40%	40%	42%	43%	47%
Return on Equity	1%	9%	4%	4%	5%	4%	8%

Installed vs Effective Capacity (MW)

Installed Capacity in MW as at 30th June ...

	2021		2020		2019		2018		2017	
Power Plant	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**
HYDRO										
Tana	25.70	20.00	25.70	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Masinga	41.20	40.00	41.20	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Kamburu	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00
Gitaru	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00
Kindaruma	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50
Kiambere	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00
Turkwel	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00
Sondu Miriu	60.66	60.00	60.66	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Sang'oro	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00
Small Hydros	11.73	11.22	11.73	11.22	11.75	11.33	11.75	11.30	11.75	11.30
Hydro Total	**825.69**	**796.72**	**825.69**	**796.72**	**818.15**	**796.83**	**818.15**	**796.80**	**818.15**	**796.80**

GEOTHERMAL										
Olkaria I	45.00	44.00	45.00	44.00	45.00	44.00	45.00	44.00	45.00	30.00
Olkaria I AU	150.52	140.00	150.52	140.00	150.50	140.00	150.50	140.00	150.50	140.00
Olkaria II	104.49	101.00	104.49	101.00	105.00	101.00	105.00	101.00	105.00	101.00
Olkaria IV	149.85	140.00	149.85	140.00	149.80	140.00	149.80	140.00	149.80	140.00
Olkaria V	172.33	158.00	172.33	158.00						
Eburru	2.44	2.10	2.44	2.10	2.50	2.10	2.50	2.10	2.50	-
Wellhead 37	16.50	15.00	16.50	15.00	15.50	15.00	15.50	15.00	15.50	15.00
Wellhead 43	14.00	10.00	14.00	10.00	12.80	11.40	12.80	11.40	12.80	11.45
Wellhead 914	30.50	25.00	30.50	25.00	27.80	25.00	27.80	25.00	27.80	25.80
Wellhead 915	11.00	10.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Wellhead 919	5.50	5.00	5.50	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Wellhead 905	5.50	2.50	5.50	2.50	5.00	5.00	5.00	5.00	5.00	3.60

Wellhead 39	5.50	2.50	5.50	2.50	5.00	5.00	5.00	5.00	5.00	2.00
Geothermal Total	**713.13**	**655.10**	**713.13**	**655.10**	**533.90**	**503.50**	**533.90**	**503.50**	**533.90**	**482.85**

THERMAL										
Kipevu 1	73.50	60.00	73.50	60.00	73.50	60.00	73.50	52.83	73.50	60.00
Kipevu III	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00
Muhoroni GT1*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00	30.00	28.00
Muhoroni GT2*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	-	30.00	28.00
Thermal Total	**253.50**	**231.00**	**253.50**	**231.00**	**253.50**	**231.00**	**253.50**	**195.83**	**253.50**	**231.00**

WIND										
Ngong I phase I & II	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90
Ngong II	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60
Wind Total	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**	**25.50**
KenGen TOTAL	**1,817.82**	**1,708.32**	**1,817.82**	**1,708.32**	**1,631.05**	**1,556.83**	**1,631.05**	**1,521.63**	**1,631.05**	**1,536.15**

Notes:

1) *Active/Reactive power
2) Installed capacity corrected to reflect the actual machine rating

Generation Statistics

Units Sent out (GWh)

Units Generated and sold as at 30th June ...

	2021		2020		2019		2018		2017	
Power Plant	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**	**Generated**	**Sales**
HYDRO										
Tana	126.09	123.32	135.66	132.76	97.84	95.61	97.81	95.56	72.81	70.97
Masinga	176.41	176.20	47.96	47.65	199.34	198.97	107.52	107.49	169.63	169.44
Kamburu	443.86	442.61	351.31	349.66	399.42	398.59	322.03	321.31	384.54	383.79
Gitaru	910.43	883.68	879.77	878.66	870.33	869.08	725.24	724.12	776.80	775.27
Kindaruma	184.26	183.53	203.20	202.75	193.91	193.17	179.95	179.23	184.05	183.20
Kiambere	978.31	976.61	906.57	905.34	1,027.49	1,025.54	752.46	750.98	939.38	938.47
Turkwel	717.72	715.14	428.00	425.70	547.15	544.83	461.56	457.90	404.29	402.10
Sondu Miriu	428.78	430.59	510.70	509.15	258.28	257.52	388.99	388.03	282.08	281.55
Sang'oro	144.22	143.98	166.10	165.80	82.35	82.18	129.32	128.98	90.46	90.31
Sagana	8.45	8.45	9.91	9.91	6.63	6.63	5.69	5.69	4.18	4.18
Mesco	3.06	3.06	2.04	2.03	2.51	2.51	2.26	2.26	1.98	1.96
Wanjii	-	-	-	-	24.84	24.62	17.11	16.96	32.10	31.97
Gogo	4.08	4.03	6.70	6.65	7.91	7.78	7.29	7.20	5.27	5.21
Sosiani	-	-	-	-	0.14	0.14	0.72	0.71	0.63	0.63
Total Hydro	**4,125.68**	**4,091.20**	**3,647.92**	**3,636.06**	**3,718.14**	**3,707.16**	**3,197.95**	**3,186.40**	**3,348.20**	**3,339.03**
GEOTHERMAL										
Olkaria I	74.21	70.12	303.40	291.09	298.17	285.14	256.00	247.35	200.59	194.69
Olkaria I AU	901.59	860.96	1,028.72	984.78	1,115.66	1,068.86	1,138.40	1,133.13	1,008.65	968.35
Olkaria II	528.87	499.55	615.13	583.33	838.05	796.39	852.70	831.50	833.92	790.69
Olkaria IV	1,007.03	960.20	1,053.37	1,005.88	1,143.22	1,095.00	1,131.70	1,131.71	895.61	852.33
Olkaria V	1,314.98	1,267.71	977.37	945.34						
Eburru	8.68	7.74	8.09	7.25	11.29	10.22	6.77	6.17	-	-

Wellhead 37 & 39	108.23	100.71	125.82	118.12	138.67	129.04	136.21	127.12	99.49	91.09
Wellhead 43	52.01	54.80	59.74	55.61	70.24	65.68	68.52	66.14	78.93	74.39
Wellhead 914, 919, 905 & 915	242.32	231.09	304.20	284.62	316.57	297.17	344.70	324.84	331.12	311.81
Wellheads Total	411.24	394.33	489.76	458.34	525.48	491.90	549.43	518.10	509.54	477.28
Total Geothermal	**4,246.61**	**4,052.87**	**4,475.84**	**4,276.01**	**3,931.87**	**3,747.50**	**3,935.00**	**3,867.96**	**3,448.30**	**3,283.35**
THERMAL										
Kipevu I	56.45	55.28	81.49	79.74	202.40	196.81	243.81	238.26	217.96	211.28
Kipevu III	149.61	147.08	164.70	162.07	498.06	489.66	593.71	583.81	521.04	512.13
Embakasi/Muhoroni Gas Turbine (Active)	42.98	42.98	36.90	36.76	67.76	67.44		65.50	111.17	108.21
Embakasi/Muhoroni Gas Turbine (Re - Active)	0.02	0.02	1.24	1.24	0.68	0.68		-	37.86	39.91
Total Thermal	**249.04**	**245.33**	**283.08**	**278.58**	**768.90**	**754.58**	**837.52**	**887.56**	**888.03**	**871.53**
WIND										
Ngong I Phase I & II	**26.82**	26.09	24.06	23.44	31.12	30.40	22.23	21.57	28.92	28.50
Ngong II	**28.26**	27.47	23.28	23.20	37.11	37.04	25.89	25.89	34.75	34.68
Total Wind	**55.08**	**53.57**	**47.34**	**46.64**	**68.23**	**67.44**	**48.12**	**47.46**	**63.67**	**63.18**
TOTAL KenGen	**8,676.42**	**8,442.97**	**8,454.18**	**8,237.28**	**8,487.14**	**8,276.69**	**8,018.59**	**7,989.39**	**7,748.20**	**7,557.09**

Notes:

1) *Active/Reactive power
2) Installed capacity corrected to reflect the actual machine rating

Weighted Factors (%)

Weighted Factors in % as at 30th June ...

	2021		2020		2019		2018		2017		
Power Plant	**Effective Capacity**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**	**Availability**	**Load factor**
HYDRO											
Sagana	1.50	80.36	64.00	97.05	75.43	99.50	50.46	59.44	43.30	58.20	31.82
Mesco	0.36	96.65	86.98	69.89	64.53	94.74	66.61	98.02	60.00	97.68	52.04
Wanjii	7.40	-	-	-	-	57.68	38.32	81.51	26.39	79.24	49.32
Tana	20.00	91.07	70.24	94.64	77.43	96.58	55.84	96.74	55.83	97.53	40.51
Masinga	40.00	71.56	50.23	68.38	13.69	79.47	56.89	77.62	30.68	83.14	48.36
Kamburu	90.00	94.71	55.87	77.65	44.56	81.05	50.66	86.90	40.85	93.91	48.68
Gitaru	216.00	94.65	46.49	95.40	46.50	94.63	46.00	96.84	38.33	94.84	40.97
Kindaruma	70.50	95.01	29.58	97.33	32.90	97.09	31.40	87.09	29.14	90.29	29.66
Kiambere	164.00	92.70	67.69	95.22	63.10	94.53	71.52	96.97	52.38	97.29	65.32
Turkwel	105.00	98.74	77.57	95.96	46.53	94.52	59.49	98.09	50.18	96.29	43.72
Sondu Miriu	60.00	98.03	81.54	99.61	97.17	97.38	49.14	98.34	74.01	97.05	53.57
Sang'oro	20.00	97.28	79.38	96.14	94.81	96.01	47.00	96.87	73.81	81.72	51.54
Gogo	1.60	41.07	23.14	65.68	47.80	73.40	53.12	75.96	48.93	68.08	34.96
Sosiani	0.36	-	-	-	-	6.08	5.33	41.66	27.40	49.97	23.81
Total Effective Capacity	**796.72**										
Weighted Factors - Hydro		**92.84**	**58.32**	**91.56**	**52.27**	**92.40**	**53.27**	**93.92**	**45.81**	**94.06**	**47.84**
GEOTHERMAL											
Olkaria I	44.00	31.16	15.64	88.97	78.72	70.69	77.36	70.71	64.94	55.75	74.08
Olkaria I AU	140.00	82.47	64.73	95.10	83.88	93.03	90.97	96.27	92.82	93.37	78.96
Olkaria II	101.00	56.85	52.98	69.75	69.53	90.50	94.72	94.44	96.38	94.33	89.37
Olkaria IV	140.00	91.78	64.68	95.97	85.89	94.51	93.22	98.03	91.29	95.38	68.75
Olkaria V	158.00	95.42	83.92	98.43	94.15						
Eburru	2.10	84.78	36.67	66.33	43.98	92.43	61.37	58.34	-	-	-

Wellhead KWG12, KWG13, 37 & 39	17.50	84.47	64.41	83.88	82.07	87.95	79.15	95.33	48.45	84.62	48.45
Wellhead 43	10.00	83.10	48.15	87.67	68.20	89.69	70.34	85.76	70.39	90.63	70.39
Wellhead 914, 919, 905 & 915	**42.50**	**83.96**	**57.98**	**93.49**	**81.71**	**89.61**	**80.31**	**94.85**	**77.63**	**84.16**	**77.63**
Total Effective Capacity	**655.10**										
Weighted Factors - Geothermal		**80.36**	**63.45**	**91.16**	**83.67**	**90.01**	**89.14**	**91.46**	**92.92**	**87.18**	**81.29**
THERMAL											
Kipevu I	60.00	66.22	10.62	69.67	15.50	68.51	38.51	61.28	46.39	69.43	40.20
Kipevu III	115.00	97.46	14.56	97.12	16.35	86.86	49.44	89.60	58.93	93.05	50.84
Total Effective Capacity	**175.00**										
Weighted Factors - Thermal		**86.75**	**13.21**	**87.71**	**16.06**	**80.57**	**45.69**	**79.89**	**54.63**	**84.95**	**47.19**
GAS TURBINES											
Gas Turbines	56.00	54.35	8.78	72.63	7.52	69.72	13.81	86.04	22.66	87.04	22.66
Total Effective Capacity	**56.00**										
Weighted Factors - GT		**54.35**	**8.78**	**72.63**	**7.52**	**69.72**	**13.81**	**86.04**	**22.66**	**87.04**	**22.66**
WIND											
Ngong I phase I	5.10	85.10	31.78	90.08	28.45	78.12	32.84	55.19	29.01	71.83	29.01
Ngong I phase II	6.80	78.87	19.94	84.42	18.01	88.00	26.41	95.16	26.80	89.16	26.80
Ngong II	13.60	76.04	23.03	78.95	19.54	80.58	31.15	73.82	21.73	76.11	29.11
Total Effective Capacity	**25.50**										
Weighted Factors - Wind		**78.61**	**23.96**	**82.63**	**20.92**	**82.07**	**30.22**	**74.72**	**24.54**	**79.03**	**28.47**

Notes:

1) Availability and Load Factor is a Percentage (%)
2) Effective Capacity is in Megawatts (MW)

Masinga Power Plant

SHAREHOLDERS CALENDAR

Kamburu Dam

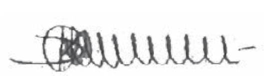
Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN to Shareholders that, in accordance with the provisions of section 280 of the Companies Act, 2015 and Articles of Association of the Company Article 54A, the Sixty Ninth Annual General Meeting of Kenya Electricity Generating Company Plc will be held via electronic communication on Thursday, 16 December 2021 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out below:

Ordinary Business

1. To table the proxies and note the presence of a quorum.
2. To read the Notice convening the meeting.
3. To consider and if approved, adopt the Company's Audited Financial Statements for the year ended 30th June 2021, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve the payment of a final dividend of Kshs. 0.30 per ordinary share of Kshs. 2.50, subject to withholding tax where applicable, in respect of the financial year ended 30th June 2021.
5. To approve payment of Directors' fees for the year ended 30th June 2021.
6. Auditors:
   To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by her in accordance with Section 23 of the Public Audit Act 2015.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. In accordance with the provisions of Section 769 of the Companies Act, 2015 the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:
   (i) Mr. Samuel Kimani
   (ii) Mr. Bernard Ndungu, Alternate Director to Cabinet Secretary - The National Treasury
   (iii) Mrs. Phyllis Wakiaga
   (iv) Ms. Peris Mwangi
9. To Elect Directors:
   (i) Hon. Amb. Ukur Yatani, Cabinet Secretary - The National Treasury, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director of the Company.
   (ii) Mr. Maurice Nduranu who retires in accordance with Article 104 of the Articles of Association of the Company does not offer himself for re-election as a Director of the Company.
   (iii) Mr. Joseph Sitati who retires in accordance with Article 104 of the Articles of Association of the Company does not offer himself for re-election as a Director of the Company.
   (iv) Special Notice pursuant to Section 287 and 131 of the Companies Act 2015 having been received by the Company of the intention to move a resolution that Mr. James Opindi who has attained the age of 70 years continues in office as a Director of the Company notwithstanding his having attained such age, to consider, and if thought fit, pass the following resolution as an Ordinary Resolution:
   "That Mr. James Opindi who has attained the age of 70 years continues in office as a Director of the Company for one term until he comes up for retirement by rotation under the Memorandum and Articles of Association of the Company."
10. To consider any other business for which due notice has been given.

By Order of the Board



CS Lawrence Kibet
FOR: IMAGE REGISTRARS LIMITED

24 November 2021

NOTES:

Shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in advance before the date of the Annual General meeting in the manner detailed as follows:

(i) Kenya Electricity Generating Company Plc has convened and will conduct its Sixty Ninth Annual General Meeting via virtual/electronic means in accordance with Article 54A of the Articles of Association of the Company which provides that "The Members may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such Conference." KenGen intends to hold a Virtual Annual General Meeting for the financial year ended 30th June 2021.

(ii) Shareholders wishing to participate in the meeting should register for the AGM using either of the following means:
   a) Dialling ***483*901#** on their mobile telephone and follow the various prompts on the registration process. or;
   b) Send an email request to be registered to kengenagm@image.co.ke
   c) Shareholders with email addresses will receive a registration link via email through which they can use to register

(iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: +254 709170 000/709170 015 from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number for assistance during registration.

(iv) Registration for the AGM opens on Thursday, 25th November 2021 at 9.00 a.m. and will close on Monday, 13 December 2021 at 5.00p.m. Shareholders will not be able to register after this time.

(v) In accordance with Article 174 of the Company's Articles of Association, the following documents may be viewed on the Company's website www.kengen.co.ke.
   (a) a copy of this Notice and the Proxy Form
   (b) the Company's Annual Report & Audited Financial Statements for the year ended 30th June 2021

   The reports may also be accessed upon request by dialing the USSD code above and selecting the Reports option. The reports and agenda can also be accessed on the livestream link.

(vi) Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.

(vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form can also be obtained from the Company's website www.kengen.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 -00100, Nairobi, Kenya. Shareholders who do not wish to attend the Annual General Meeting have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 11.00 a.m. on 14th December 2021.

(viii) Duly signed proxy forms may also be emailed to kengenagm@image.co.ke in PDF format. A proxy form must be signed by the appointor, or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.

(ix) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so on or before 14th December 2021 at 11:00 a.m. by:
   a) Sending their written questions by email to agmquestions@kengen.co.ke; or
   b) Shareholders who will have registered to participate in the meeting shall be able to ask questions via SMS by dialling the USSD code above and selecting the option (Ask Question) on the prompts;
   c) to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 47936 – 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287 -00100, Nairobi, Kenya.

Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications.

The Company's Directors will provide written responses to the questions received to the return physical, postal or email address provided by the Shareholder no later than 12 hours before the start of the AGM. A full list of all questions received, and the answers There to will be published on the Company's website not later than 12 hours before the start of the AGM.

(x) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in one hour and providing a link to the live stream.

(xi) Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote when prompted by the Chairman via the USSD prompts.

(xii) Results of the resolutions voted on will be published on the Company's website that is, www.kengen.co.ke within 24 hours following conclusion of the AGM. Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM owing to the changing situation arising from the COVID-19 pandemic. We appreciate the understanding of our shareholders as we navigate the evolving business conditions posed by COVID-19.

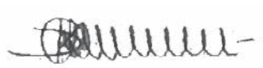
Ilani Kuhusu Mkutano Mkuu

TAARIFA INATOLEWA HAPA kwa Wenye hisa kwamba, kwa mujibu wa Ibara za 54A za Makala ya Ushirika ya KenGen, Mkutano wa Sitini na Tisa wa Kila Mwaka wa Kampuni ya Kenya Electricity Generating Company Plc utafanywa kupitia kwa njia ya mawasiliano ya Kielektroniki mnamo siku ya Alhamisi tarehe 16 Desemba 2021 saa tano asubuhi. kwa madhumuni ya kuzingatia na, ikiwa itakuwa vyema, kupitisha maamuzi yaliyobainishwa hapa chini:

Shughuli Ya Kawaida

1. Kuweka mezani majina ya washirika na kutambua uwepo wa idadi ya kutosha ya wanachama kuendesha mkutano.
2. Kusoma Taarifa inayoitisha mkutano.
3. Kuzingatia na ikiidhinishwa, kukubali Taarifa za Kifedha za Kampuni zilizofanyiwa ukaguzi kwa mwaka uliokamilikia tarehe 30 Juni 2021, pamoja na Ripoti za mwenyekiti, Wakurugenzi na Wakaguzi zilizo humo.
4. Kuidhinisha malipo ya mgao wa mwisho wa mapato ya hisa wa Kshs.0.30 kwa kila hisa ya kawaida ya Kshs.2.50, kutegemea ushuru unaoshikiliwa panapotumika, kuhusiana na mwaka wa kifedha uliokamilika tarehe 30 Juni 2021.
5. Kuidhinisha malipo ya ada za Wakurugenzi Watendaji kwa mwaka uliokamilika tarehe 30 Juni 2021.
6. Wakaguzi:
   Kubaini kuwa ukaguzi wa vitabu vya akaunti za Kampuni utaendelea kufanywa ka Mkaguzi Mkuu au shirika la ukaguzi atakaloliteua kwa mujibu wa Sehemu ya 23 ya Sheria ya Ukaguzi wa Umma ya 2015.
7. Kuidhinisha Wakaguzi Watendaji ili kusuluhisha malipo kwa Wakaguzi.
8. Kwa mujibu wa kanuni za Sehemu ya 769 ya Sheria ya Kampuni ya 2015, wakurugenzi watendaji wafuatao kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi, Hatari na Utiifu wachaguliwe ili kuendelea kuhudumu kama wanachama wa Kamati zilizotajwa:
   (i) Bw. Samuel Kimani
   (ii) Bw. Bernard Ndungu, Mwakilishi Mbdala wa Waziri – Wizara ya Fedha
   (iii) Bi. Phyllis Wakiaga
   (iv) Bi. Peris Mwangi
9. Kuchagua Wakurugenzi:
   (i) Mheshimiwa. Balozi,Ukur Yatani Katibu wa Fedha, Hazina ya Taifa, ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (ii) Bw. Maurice Nduranu ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na hajajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (iii) Bw. Joseph Sitati ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na hajajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (iv) Notisi maalum imepokelewa na Kampuni kwa mujibu wa kifungu cha 287 na 131 cha Sheria ya Makampuni ya 2015 kwamba Bw. James Opindi ambaye amefikisha umri wa miaka 70 aendelee kama Mkurugenzi wa Kampuni na kama inafaa, azimio lifuatalo lipitishwe: "Kwamba Bw. James Opindi ambaye ametimiza umri wa miaka 70, aendelee kama Mkurugenzi wa Kampuni kwa muhula moja hadi atakapostaafu kwa zamu chini ya Mkataba na Kanuni za Muungano wa Kampuni".
10. Kuzingatia shughuli nyingine yoyote ambayo taarifa yake imetolewa.

Kwa Agizo la Bodi



CS Lawrence Kibet
FOR: IMAGE REGISTRARS LIMITED
24 Novemba 2021

VIDOKEZO:

Wenyehisa wataweza kujisajili ili kufuatilia mkutano, kupiga kura kwa njia ya kielektroniki au kupitia washirika na wanaweza kuuliza maswali mapema kabla ya tarehe ya Mkutano Mkuu wa Kila Mwaka kwa namna iliyobainishwa ifuatavyo:

i. Kenya Electricity Generating Company Plc imeitisha na itaendesha Mkutano Mkuu wa Kila Mwaka wa Sitini na Tisa kupitia mtandao/kielektroniki kwa mujibu wa Kifungu cha 54A cha Ibara ya Ushirika cha Kampuni ambacho kimasema kwamba "Wanachama wanaweza, ikiwa watazingatia kuwa ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni mkutano wa video au vyombo vingine vya kielektroniki, au, njia nyingine ya mawasiliano ya sauti au sauti/video, au mseto wa njia hizi ("Mkutano"). Licha ya kwamba Wanachama hawapo pamoja katika sehemu moja wakati wa Mkutano, uamuzi uliopitishwa na Wanachama waliofikisha idadi inayohitajika katika Mkutanao kama huo utazingatiwa kuwa umepitishwa katika Mkutano Mkuu uliofanywa siku na saa ambayo Mkutano ulifanywa. Kanuni za Kifungu hiki zinazohusiana na vikao vya Wanachama zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo." KenGen inanuia kufanya Mkutano Mkuu wa Kila Mwaka Mtandaoni kwa mwaka wa kifedha unaoisha Juni 30 2021.

ii. Wenyehisa ambao wangependa kushiriki katika mkutano huu wanapaswa kwa ajili ya mtukano wa AGM kwa kutumia mojawapo ya njia hizi:
   a) Kubonyeza *483*901# kwenye simu zao za mkononi na na kufuata maelekezo kuhusu mchakato wakujisajili. au;
   b) Kutuma ombi la barua pepe litakalosajiliwa kwa: kengenagm@image.co.ke
   c) Wenye hisa walio na anwani za barua pepe watapokea kiungo cha usajili kupitia barua pepe ambachwanaweza kutumia kujisajili

iii. Ili kukamilisha mchakato wa usajili, wenyehisa watahitaji kutoa Nambari za Kitambulisho cha Kitaifa/Pasipoti ambayo walitumia kununua hisa zao na/au Nambari Yao ya Akaunti ya CDSC. Nambari ya Akaunti. Kwa usaidizi, wenye hisa wanapaswa kupiga nambari ifuatayo ya usaidizi: +254 709170 000/709170 015 kuanzia saa 3.00 asubuhi hadi 9.00 alasiri kuanzia Jumatatu hadi Ijumaa. Wenyehisa walio nje ya Kenya wanapaswa kupiga nambari ya usaidiziili kupata usaidizi wakati wa usajili.

iv. Usajili kwa ajili ya AGM unafunguliwa Alhamisi, tarehe 25 Novemba 2021 saa 3.00 asubuhi na kufungwa Jumatatu, tarehe 13 Desemba 2021 saa 11.00 jioni Wenye hisa hawataweza kujisajili baada ya muda huo.

v. Kwa mujibu wa Kifungu cha 174 cha Ibara ya Ushirika wa Kampuni, nyaraka zifuatazo zinaweza kusomwa kwenye wavuti wa Kampuni: www.kengen.co.ke.
   (a) nakala ya Taarifa hii na Fomu ya Mshirika
   (b) Ripoti ya Kila Mwaka na Taarifa za Kifedha Zilizokaguliwa za Kampuni Katika mwaka uliokamilika tarehe 30 Juni 2021 Ripoti hizi pia zinaweza kufikiwa baada ya kuombwa kwa kupiga msimbo wa USSD ulio hapo juu na kuteua chaguo la Ripoti. Ripoti na ajenda pia inaweza kufikiwa kwenye kiungo cha kutiririsha moja kwa moja.

vi. Mwenye hisa yeyote ambaye ana haki ya kuhudhuria na kupiga kura katika Mkutano Mkuu wa Kila Mwaka ana haki ya kuteua mshirika kuhuduhuria na kupiga kura kwa niaba yake. Si lazima mshirika kama huyo awe mwanachama wa Kampuni.

vii. Fomu ya Mshirika imetolewa pamoja na Ripoti ya Kila mwaka na Akaunti. Fomu ya Mshirika inaweza kupatikana kwenye Wavuti wa Kampuni: www.kengen.co.ke au kutoka Image Registrars Limited, Jumba la Absa (Ililolokuwa Jumba la Barclays), Orofa ya 5, Barabara ya Loita, S.L.P 9287 -00100, Nairobi, Kenya. Wenyehisa ambao hawangependa kuhudhuria Mkutano Mkuu wa Kila mwaka wana chaguo la kukamilisha na kurejesha Fomu ya Mshirika kwa Image Registrars Limited, au vinginevyo kwa Ofisi Iliyosajiliwa ya Kampuni ili ifike mwisho saa 5.00 asubuhi tarehe 14 Desemba 2021.

viii. Fomu za mshirika zilizotiwa sahihi ifaavyo pia zinaweza kupitia barua pepe kwa: kengenagm@image.co.ke kwa muundo wa PDF. Fomu ya mshirika lazima itiwe sahihi na mteuzi au wakili wake ambaye amehalalishwa kwa maandishi. Ikiwa mtuezi ni shirika la biashara, chombo kinachomteua mshirika huyo kitatolewa chini ya Mhuri ya kawaida ya Kampuni au kutiwa sahihi na afisa au wakili aliyeidhinishwa wa shirika kama hilo la biashara.

ix. Wenyehisa ambao wangependa kuuliza maswali yoyote au ufafanuzi kuhusiana na AGM wanaweza kufanya hivyo tarehe au kabla ya 14 Desemba 2021 saa 5.00 asubuhi kwa:
   (a) Kutuma maswali yaliyoandikwa kupitia barua pepe kwa: agmquestions@kengen.co.ke; au
   b) Wenyehisa ambao watakuwa wamejisajili kushiriki kwenye mkutano wataweza kuuliza maswali kupitia SMS kwa kupiga msimbo wa USSD ulio hapo juu na kuteua chaguo la (Uliza Swali) kwenye vidokezo;

c) kadri iwezekanavyo, kuwasilisha wenyewe au kutuma maswali yao yaliyoandikwa na anwani ya mahali, posta au anwani ya barua pepe katika ofisi iliyosajiliwa ya Kampuni au S.L.P 47936 – 00100, Nairobi, au ofisi za Image Registrars kwa S.L.P Box 9287 –00100, Nairobi, Kenya.

Ni lazima Wenyehisa watoe maelezo yao kamili (majina kamili, Kitambulisho cha Kitaifa/Nambari ya Paspoti/Nambari ya Akaunti ya CDSC) wanapotuma maswali au ufafanuzi wao. Wakurugenzi wa Kampuni watatoa majibu yaliyoandikwa kwa maswali yaliyopokewa kwa anwani ya mahali pa kurejesha, posta au anwani ya barua pepe iliyotolewa na Wenye hisa sio baada ya saa 12 kabla ya kuanza kwa mkutano wa AGM. Orodha kamili ya maswali yote yaliyopokewa, na majibu yalitolewa yatachapishwa kwenye wavuti wa Kampuni sio baada ya saa 12 kabla ya kuanza kwa mkutano wa AGM.

(x) Mkutano wa AGM utatiririshwa moja kwa moja kupitia kiungo ambacho kitapatiwa kwa wenye hisa ambao watakuwa wamejisajili

(ii) kushirika katika AGM. Wenyehisa waliosajiliwa na washirika wao watapokea kidokezo cha ujumbe mfupi (SMS/USSD) kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya mkutano wa AGM kuanza hii ikiwa ni kikumbusho kuhusu AGM. Ujumbe wa pili wa SMS/USSD utatumwa saa moja kabla ya AGM, kama kikumbusho kwamba AGM itaanza baada ya saa moja na kutoa kiungo cha kutiririsha moja kwa moja.

(xi) Wenyehisa na washirika ambao wamejisajili kuhudhuria AGM wanaweza kufuatilia vipindi vya mkutano kwa kutumia jukwaa la utiririshaji moja kwa moja, kufikia ajenda na kupiga kura wakiombwa Mwenyekiti akiwaomba kufanya hivyo kupitia ujumbe wa USSD.

(xii) Matokeo ya maamuzi yaliyopigiwa kura yatachapishwa

(xii) wavuti wa Kampuni ambao ni, www.kengen.co.ke ndani ya saa 24 baada ya kutamatika kwa AGM. Wenye hisa wanahimiza kuendelea kufuatilia wavuti wa Kampuni kwa taarifa zozote zinazohusiana na mkutano wa AGM kwa sababu ya hali inayobadilika kutokana na tandavu ya COVID-19. Tunathamini uelewa wa wenye hisa wetu wenye hisa wetu huku tukipitia hali zinazobadilika za biashara hali zilizosababishwa na COVID-19.

Proxy Form

THE COMPANY SECRETARY,
Kenya Electricity Generating Company PLC
P. O. BOX 47936-00100
NAIROBI, KENYA

I/WE ____

of ______________________________ being a shareholder of the above Company hereby

appoint ____

of ____

or failing him/her the Chairman of the Meeting in respect of my ______________ (Number of shares) as my/our

proxy to attend, represent and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held

virtually on Thursday, 16 December 2021 at 11.00 a.m.

Signed this ______________ day of ______________ 2021

NOTES:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned not later than Tuesday, 14th December 2021 at 11.00 a.m, to the Company Secretary P.O. Box 47936 -00100 GPO Nairobi or physically to the registered office of the Company at Pension Plaza, Kolobot Road, Parklands, Nairobi, or to the Company's shares registrar firm, Image Registrars on P. O. Box 9287 - 00100, Nairobi, Kenya. Alternatively, duly signed proxies can be scanned and emailed to kengenagm@image.co.ke in PDF format

2. In case of a member being a corporate body, the proxy form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.

3. As a shareholder you are entitled to appoint one proxy to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.

4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.

5. To be valid, a proxy form, which is available from the Company's head office or the Share Registrar's offices, must be completed and signed by the shareholder or the duly authorised attorney of the shareholder and must be either emailed to kengenagm@image.co.ke or lodged at the offices of the Company's Share Registrar's Image Registrars, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, so at to arrive not later than Tuesday, 14th December 2021 at 11.00 a.m.

6. A "vote withheld" option has been included on the proxy form. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution.

The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

Fomu ya Uwakilishi

KATIBU WA KAMPUNI,
Kenya Electricity Generating PLC
S.L.P 47936-00100
NAIROBI, KENYA

Mimi/Sisi ____

wa ______________________________ kwa kuwa mwenye hisa wa Kampuni iliyotajwa

hapo juu, ninamteua wa ____________________ au yeye akikosa, Mwenyekiti wa Mkutano kuhusiana

na ____________ (Idadi ya hisa) yangu kama mshirika wangu/wetu kuhudhuria, kuwakilisha na kupiga kura kwa

niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka utakaofanyika kwa njia ya kielektroniki siku ya Alhamisi, tarehe

16 Desemba 2021 saa 5.00 asubuhi.

Imetiwa sahihi ________________________ hii ya ____________________ 2021.

VIDOKEZO:

1. Ikiwa mwanachama hatoweza kuhudhuria yeye mwenyewe Fomu hii inapaswa kujazwa na kurejeshwa kabla ya Jumanne, 14 Desemba 2021 saa 5.00 asubuhi, kwa Katibu wa Kampuni S.L.P 47936 -00100 GPO Nairobi au moja kwa moja katika ofisi iliyosajiliwa ya Kampuni katika Jumba la Pension, Barabara ya Kolobot, Parklands, Nairobi, au kwa Shirika la msajili wa hisa za Kampuni, Image Registrars kwa S. L. P 9287 - 00100, Nairobi, Kenya. Vinginevyo, fomu za mshirika zilizotiwa sahihi ifaavyo zinaweza kuchanganuliwa na kutumwa kwa barua pepe kwa info@image.co.ke kwa muundo wa PDF

2. Ikiwa mwanachama ni shirika, fomu hiyo ya mshirika lazima ipigwe muhuri ya kawaida ya shirika hilo au kutiwa sahihi na afisa au wakili aliyeidhinishwa wa shirika kama hilo.

3. Kama mwenye hisa, una haki ya kuteua shirika moja kutekeleza haki zako zote au haki yoyote ile ya kuhudhuria na kuzungumza na kupiga kura kwa niaba yako katika mkutano. Uteuzi wa Mwenyekiti wa mkutano kama mshirika umejumuishwa kwa ajili ya kurahisisha mambo. Ili kuteua mtu yeyote kuwa mshirika, futa maneno “Mwenyekiti wa Mkutano au” na uweke jina kamili la mshirika wako katika nafasi iliyoachwa wazi. Si lazima mshirika awe mwenye hisa katika Kampuni hiyo.

4. Kukamilisha na kuwasilisha fomu ya mshirika hakutakuzuia kudhuhuria mkutano na kupiga kura katika mkutano wewe mwenyewe, hii ikitokea kura zozote zilizopigwa na mshirika wako hazitajumuishwa.

5. Ili iwe halali, fomu ya mshirika, ambayo inaweza kupatikana katika Ofisi kuu ya Kampuni au Ofisi ya Msajili wa Hisa, lazima ijazwe na kutiwa sahihi na mwenyehisa au wakili aliyeidhinishwa wa mwenyehisa na lazima ama itumwe kupitia barua pepe kwa: info@image.co.ke au kupelekwa katika ofisi za Msajili wa Hisa za Kampuni, Image Registrars, Orofa ya 5, Jumba la Absa (lililokuwa Jumba la Barclays), Barabara ya Loita, Nairobi, na makataa yake kufika ni Jumanne, tarehe 14 Desemba 2021 saa 5.00 asubuhi.

6. Chaguo la“kura iliyoondolewa” limejumuishwa kwenye fomu ya mshirika. Athari ya kisheria ya kuchagua hili kwa uamuzi wowote ni kwamba utazingatiwa kuwa hujapigia kura uamuzi muhimu.

Idadi ya kura kuhusiana na ni kura zipi zimeondolewa, hata hivyo, zitahesabiwa na kurekodiwa lakini hazitazingatiwa katika kupiga hesabu ya kura za kuunga mkono au kupinga uamuzi.

Final Dividend for the financial year ended 30th June 2021

Closure of Register and Date of Payment

The Register of Members will be closed from Friday, 17th December 2021 to Monday, 20th December 2021, both dates inclusive. If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 10th February 2022 to the shareholders whose names appear in the Register of Members at the close of business on Thursday, 16th December 2021.

Mgao wa Mwisho kwa Kipindi cha Matumizi ya Fedha kilichomalizika Juni 30, 2021

Kufungwa kwa Rejista na Tarehe ya Malipo

Rejista ya wanachama itafungwa kuanzia Ijumaa, 17 Desemba hadi Jumatatu, 20 Desemba, 2021 siku zote zikiwemo. Ikiwa itaidhinishwa, mgao wa faida utalipwa baada ya kuondoa ushuru wa kushikilia mnamo au karibu Alhamisi, 10 Februari, 2022, kwa wenyehisa ambao majina yao yamo orodha ya wenyehisa mnamo Alhamisi, 16 Desemba, 2021.

Update of Particulars

- For all CDS account holders, please update your postal address, email address and bank account details at the CDSC through your Stockbroker or Custodian Bank.

- For all Share Certificate holders, please update your postal address, email address and bank account details at the offices of Image Registrars Ltd, Absa Plaza 5th Floor, Loita Street, P.O. BOX 9287-00100 GPO Nairobi.

Kuteng'eneza Upya/Kurekebisha Maelezo

- Kwa wote walio na akaunti za CDS, tafadhali toa maelezo mapya kuhusu anwani yako, barua pepe na akaunti ya benki katika CDSC kupitia wakala wako wa hisa au Benki Angalizi.

- Kwa wote walio na vyeti vya kumili hisa, tafadhali toa malezo upya kuhusu anwani yako ya posta, barua pepe na maelezo kuhusu akaunti yako ya benki katika afisi za Image Registrars, Absa Plaza ghorofa ya tano barabara ya Mama Ngina, SLP 47936-00100 GPO Nairobi.

Dematerialization

The Central Depository and Settlement Corporation (CDSC) commenced operations in 2004 with the intention of facilitating the holding of shares in electronic accounts instead of paper/ physical share certificates to enable electronic trading & settlement of shares. This migration would shorten the settlement period, and enhance the safety & security of dealing with shares listed on the securities.

The first step towards achieving electronic trading of shares was immobilization of share certificates which commenced in 2004. The number of Central Depository System (CDS) accounts has grown significantly and CDSC is now targeting to have all the shares owned by Kenyans to be transferred into electronic accounts by 1st November 2013 through a process called Dematerialization.

We trust that the following FAQ's will explain the dematerialization process:

1. What is Dematerialization?
Dematerialization is the next step after immobilization. On the dematerialization date, the underlying physical certificates will cease to be evidence of ownership under the Company listed at the Nairobi Securities Exchange (NSE). Evidence of ownership will be in the electronic holdings maintained in the Central Depository System (CDS) operated by CDSC.

2. What is a Dematerialized Security?
It is a book entry security which has been prescribed by CDSC under section 24 of the Central Depositories Act, whereby the underlying physical certificate is no longer recognized as evidence of ownership under the Companies Act Cap 486 on or after the dematerialization date.

3. What is the impact of dematerialization?
Currently, shares can be withdrawn from a CDS account and held in a certificated form. With effect from the dematerialization date, shares will not be withdrawn from the CDS account because the law does not permit the issuing of share certificates with respect to a dematerialized security. Share Certificates will no longer be recognized as prima facie evidence of ownership and will be replaced with and electronic record at CDSC.

4. What do I need to do as a shareholder if I have already deposited all my shares in the CDS account?
You shall not be required to take any further action as a result of dematerialization.

5. What happens if I do not immobilize my share certificates by the dematerialization date?
After the Dematerialization date, all shares that have not been immobilized will be reflected as a record in the CDS in the shareholder's name.

6. What if I want to access my shares which are held in CDS?
If you wish to access your shares for purposes of trading, you will be required to open a CDS account and follow a verification process through KenGen's shares registrar firm, Image Registrars Limited, after which your shares will be transferred to your personal CDS account.

7. When is the dematerialization date?
CDSC dematerialized securities of listed companies in three groups/tranches on 1st September 2013, 1st October 2013 and 1st November 2013 respectively.
KenGen's dematerialization date is 1st November 2013. Additionally, KenGen will place a notice in the newspapers informing the public about the dematerialization date for KenGen shares.

In the meantime, we urge shareholders who still hold physical certificates to immediately contact any Stockbroker for assistance to immobilize their shares.

8. How do I keep track of my shares?
CDSC shall send you monthly statements if your account is active otherwise; you will receive your statement only once a year. However, if you would like to view/download/print your statements, you can visit the CDSC website at **www.cdsckenya.com**. You can also subscribe to the CDSC mobile services where you will receive an alert every time there is an activity in your accounts such as sale or purchase of shares for a minimum fee of Kshs.10.00 per alert. To subscribe, send the word 'register' to 22372 and follow the instructions.

Kubadilishwa kwa Mfumo wa Kuhifadhi Hisa kutoka Karatasi ya Cheti hadi Rekodi ya Kielektroniki

Shirika la Central Depository and Settlement Corporation (CDSC) lilianza kutoa huduma zake 2004 kwa lengo la kufanikisha utoaji wa akaunti za elektroniki badala ya hati kamili za umiliki wa hisa kuwezesha uuzaji wa hisa kwa njia ya kieletroniki. Mpango huu utapunguza muda wa kununua na kuuza hisa zilizoorodheshwa kwenye soko la hisa la Nairobi. Hatua ya kwanza kufanikisha uuzaji wa hisa kwa njia ya kielektroniki ilikuwa kusalimisha hati zenyewe za hisa, hatua ambayo ilianza 2004. Idadi ya akaunti za . Central Depository System (CDS) imepanda maradufu na CDSC sasa inalenga kuhakikisha hisa zote zinazomilikuwa na Wakenya zinahamishwa kwa akaunti za kielektroniki kufikia Novemba 1, 2013 kupitia utaratibu unaohusisha kusalimisha vyeti vyenyewe vya hisa.

Tunaamini kuwa maswali na majibu yafuatayo yatafafanua ipasavyo utaratibu huo.

1. **Kuhamisha hisa kutoka karatasi hadi mfumo wa kielektroniki ni nini?**
   Hii ndio hatua inayofuata baada ya kusitisha kutumia hati za umiliki wa hisa. Katika siku ya kuanza kutumia mfumo wa elektroniki, hati halisi zitakoma kuwa ithibati ya umiliki wa kampuni iliyoorodheshwa chini ya Soko la Hisa la Nairobi. Ithibati ya umiliki itakuwa kupitia kwa akaunti ya kielektroniki (CDS) ambayo inasimamiwa na CDSC.

2. **Thibitisho la usalimishaji wa hati za umiliki wa hisa ni lipi?**
   Ni kujazwa kwa maelezo yaliyo kwenye hati ya umiliki ambayo yamependekezwa na CDSC chini ya sehemu 24 ya Sheria ya Central Depositories, ambapo cheti chenyewe cha karatasi hakitatambuliwa tena kama ushahidi wa umiliki chini ya Sheria ya Kampuni Sura 486 katika siku yenyewe ya mwisho au baada ya kuhamia mfumo wa kielektroniki.

3. **Athari ya kuhamisha hisa kutoka karatasi hadi mfumo wa kielektroniki ni ipi?**
   Kwa sasa, hisa zinaweza kuondolewa kutoka kwa akaunti ya CDS na kuhifadhiwa kwa njia ya cheti. Lakini kwanzia tarehe ya kuhamishwa kwa hisa kutoka karatasi hadi mfumo wa kielekroniki, hisa haziwezi kuondolewa kwenye akaunti ya CDS kwa kuwa sheria hairuhusu kutolewa kwa vyeti vya hisa kama ushahidi. Vyeti vya hisa havitatambuliwa tena kama ushahidi wa umiliki na badala yake kutakuwa na rekodi katika akaunti ya kielektroniki katika CDSC.

4. **Ninahitajika kufanya nini kama mwenyehisa ikiwa tayari nimeweka hisa zangu zote kwenye akaunti ya CDS?**
   Hautahitajika kufanya chochote zaidi kutokana na utaratibu huu mpya wa kusitisha matumizi ya vyeti kama ushahidi wa umiliki.

5. **Nini itafanyika iwapo sitasalimisha hati zangu za umiliki kufikia tarehe ya kuhamishwa kwa hisa kutoka karatasi hadi mfumo wa kielekroniki?**
   Baada ya tarehe hiyo, hisa zote ambazo hati zake za umiliki hazitakuwa zimesalimishwa zitaonekana kama rekodi katika akaunti ya CDS katika jina la mwenyehisa.

6. **Na iwapo ningependa kuchukua hisa zangu zilizoko katika akaunti ya CDS?**
   Ikiwa utahitaji kufikia hisa zako kwa lengo la kuziuza, utahitajika kufungua akaunti ya CDS na kufuata utaratibu wa uthibitishaji kupitia kwa kampuni ya hisa za KenGen, Image Registrars Limited, na baada ya hapo hisa zako zitahamishwa hadi akaunti yako ya CDS.

7. **Ni lini hisa zitahamishwa kutoka karatasi hadi mfumo wa kielekroniki?**
   CDSC ilihamisha hisa za kampuni zilizoorodheshwa kwenye soko la hisa katika makundi/awamu tatu mnamo Septemba 1, 2013, Oktoba 1, 2013 na Novemba 1, 2013 zikifuatana.

   Tarehe ya kuhamishwa kwa hisa za KenGen ni Novemba 1, 2013. Isitoshe, KenGen iliweka tangazo kwenye magazeti kufahamisha umma kuhusu tarehe ya kuhamishwa kwa hisa za KenGen.

   Lakini kwa sasa, tunahimiza wenyehisa ambao bado wana vyeti vya umiliki kuwasiliana mara moja na mawakala wa hisa kwa usaidizi kuhamisha hisa zao.

8. **Nitafuatiliaje hisa zangu?**
   CDSC itakuwa inakutumia taarifa za kila mwezi ikiwa akaunti yako ina shughuli nyingi; la sivyo utakuwa unapokea taarifa yako mara moja kwa mwaka. Hata hivyo, ikiwa ungependa kuchapisha taarifa zako, unaweza kutembelea tovuti ya CDSC katika www.cdsckenya.com. Pia unaweza kujiandikisha kupokea huduma za CDSC mobile ambapo utakuwa unapokea ujumbe kila kunapokuwa na shughuli kwenye akaunti zako kama vile uuzaji na ununuzi wa hisa kwa ada ndogo ya Sh10.00 kwa kila ujumbe. Ili kujiandikisha, tuma neon "Register" kwa 22372 na kufuata maagizo.

Bank Details

We encourage all shareholders who hold certificates and whose dividends are paid via cheques to provide their bank details to our Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287,00100 GPO, Nairobi Tel: 020-2212065/2230330, 0770052116, 0735565666,0724699667, email: **info@image.co.ke** to enable us post the future dividends directly to their bank accounts.

Also, we encourage all shareholders who hold CDSC accounts and whose dividends are paid via cheques to provide their bank details through their stockbrokers to enable us pay future dividends directly to their bank accounts.

Unclaimed Dividends

Further to the Unclaimed Financial Assets Act 2011, we are appealing to Shareholders who have unclaimed dividends to do so with immediate effect to avoid the dividends being surrendered to the Unclaimed Assets Authority. Dividend enquiries can be made at the Shares & Securities Office, KenGen Pension Plaza 2, Kolobot Road, Parklands, Nairobi P.O. Box 47936-00100 Nairobi, Tel: 020-3666961/5, 0711036961/5, email: **shares@kengen.co.ke** or offices of the Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287, 00100 GPO, NairobiTel: 020-2212065/2230330, 0770052116, 0735565666, 0724699667, email: **info@image.co.ke**

Declaration of Dormancy on Inactive CDS Accounts

The Central Depository and Settlement Corporation Limited (CDSC) has formulated, and the Capital Markets Authority has approved the CDS Accounts Dormancy Rules and Procedures. The declaration of dormancy is intended to safeguard investors' holding in CDS accounts. An investor will not be able to carry out any transactions in a CDS Account that has been declared dormant.

CDSC has granted a grace period of seven (7) months beginning June 1st 2020 before the declaration of dormancy is effected. Pursuant to the Dormancy Rules, CDS Accounts (Individual or Corporate, Local or Foreign) with no activity for a continuous period of twenty four (24) months will be declared dormant.

CDS account holders are advised that one may re-active a dormant account by submitting a duly completed re-activation request and identification documents to their CDA or stockbroker. Account holders are further advised to visit their CDAs or stockbrokers to update their account details and ensure the names, ID or passport number, postal address, email address mobile phone number(s) and other information is accurately recorded.

NOTES

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OUR LOCATIONS

HEAD OFFICE
KenGen Pension Plaza 2
P.O. Box 47936 - 00100, Nairobi GPO
Tel: +254-20-3666000
Mobile: +254-711-036000 | +254-732-116000
Fax: +254-20-2248848
E-mail: pr@kengen.co.ke

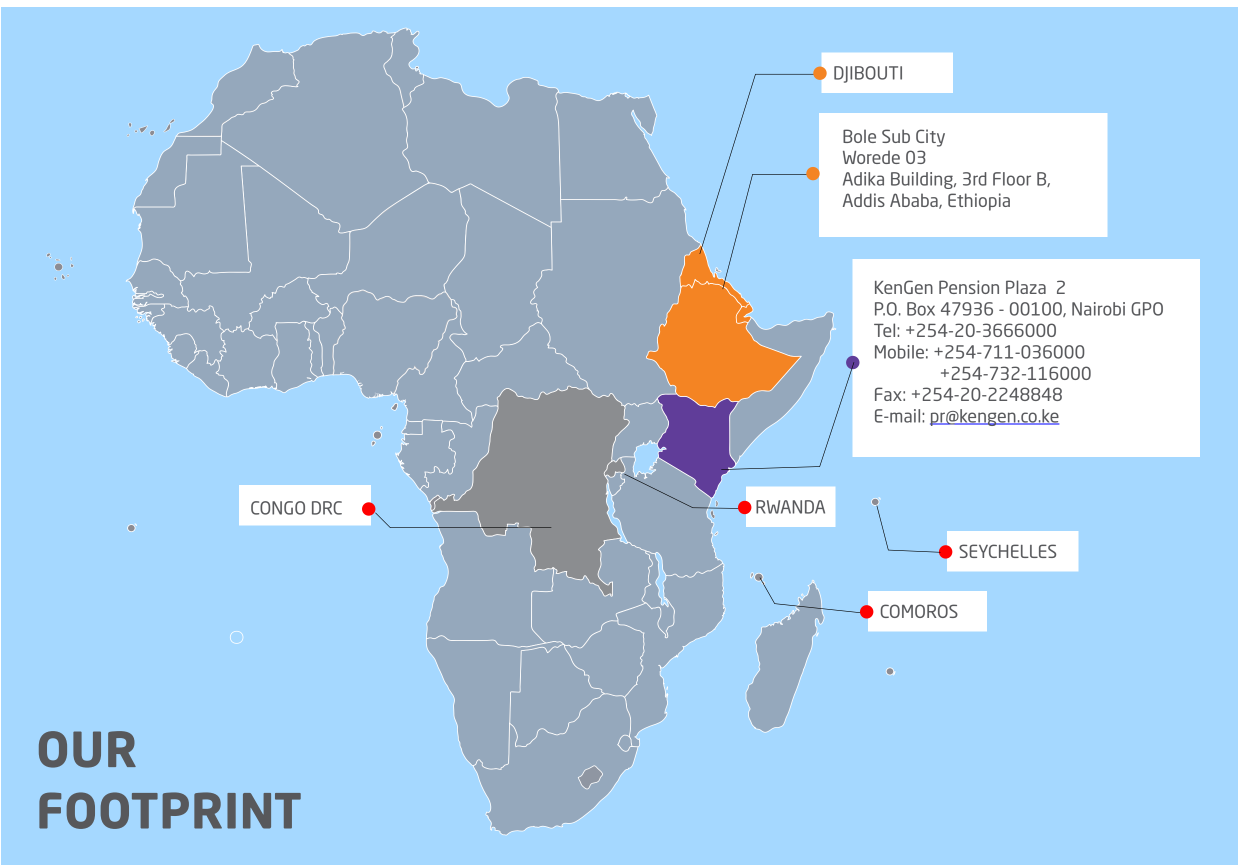
OLKARIA GEOTHERMAL REGION
P.O. Box 785 - 20117, Naivasha
Tel: 050 - 20233/4 | 050 - 2021223
Fax: 050 - 2021223
Mobile: 0722 202894, 0722 202895

WESTERN REGION
P.O. Box 874 - 40100, Kisumu
Tel: 057 - 2023800
Fax: 057 - 2023855
Mobile: 0728 608203, 0738 600078

EASTERN REGION
P.O. Box 205 - 60100, Embu
Tel: 020 - 2310323
Fax: 020 - 2310324
Mobile: 0722 509500, 0735 826 344

THERMAL REGION
P.O. Box 80801 - 80100, Mombasa
Tel: 041 - 3435000/1, 041 - 3434876
Fax: 041 - 3435431
Mobile: 0722 2653900, 0734 600377

ETHIOPIA BRANCH OFFICE
Bole Sub City
Worede 03
Adika Building, 3rd Floor B,
Addis Ababa, Ethiopia



HEAD OFFICE BRANCH ONGOING PROSPECTS

KenGen
Energy for the nation.

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