



MINUTES OF THE 18TH ANNUAL GENERAL MEETING OF THE KENYA PORTS AUTHORITY PENSION SCHEME HELD ON THE 7TH DAY OF NOVEMBER 2025 AT THE KISUMU PIER, KISUMU COUNTY AS FROM 09.00 AM

PRESENT

1. Francis Tsuma - Trustee [Sessional Chair]
2. Susan K. Leli - Trustee
3. Violet Mugambi - Trustee
4. Catherine Wangari - Trustee
5. Ahmed Muktar - Trustee
6. Ferdinand Malumbo - Trustee
7. David Bonyi - Trustee

ABSENT WITH APOLOGIES

1. Omae Nyarandi - Trustee/Chairperson
2. Emmanuel Kibet - Trustee

MEMBERS

1. As per the attendance list

SECRETARIAT

1. Bernard Kibet - Scheme Administrator
2. Vincent Oweya - Secretary

IN ATTENDANCE

1. J. Kiriama - MD Representative
2. G. Obiria - Obiria & Company (Auditors)
3. P. Ngomba - KCB Bank Kenya Limited
4. G. Mubiri - African Alliance
5. K. Okello - Coop Trust
6. F. Gekonde - Retirement Benefits Authority
7. J. Muli - Retirement Benefits Authority
8. C. Mwendwa - Genafrika Asset Managers
9. J. Nyokangi - Actserve East Africa

The meeting was called to order at approximately 10.00 a.m. It commenced with a word of prayer offered by one of the members.

1. MINUTE 01/2025: PRELIMINARIES

1. The sessional Chairperson confirmed that the requisite quorum was present and declared the meeting duly constituted for the transaction of business.
2. The Scheme Administrator read the Notice convening the meeting. Thereafter, the agenda was presented for consideration and was duly adopted without any alterations.
3. The Minutes of the 17th Annual General Meeting held on 4th October 2024 were presented to the members and, having been considered, were confirmed as a true record of the proceedings. The confirmation of the minutes was proposed by Jared Onyango and seconded by Joel O. Muok.

2. MINUTE 02/2025: THE CHAIRPERSON'S REPORT

Presentation of the Chairperson's Report

1. The Chairperson, Mr. Omae Nyarandi, was unable to attend the meeting and conveyed his formal apologies. In his absence, the Chairperson's Report was presented by Trustee Francis Tsuma, who also served as the Sessional Chairperson for the meeting.
2. Trustee Francis Tsuma conveyed the apologies of the Chairperson, Mr. Omae Nyarandi, and Trustee Emmanuel Kibet, both of whom were unable to attend the meeting due to unavoidable commitments. He thereafter proceeded to present the Chairperson's Report on behalf of the Chairperson.

Welcome and Overview

3. The Sessional Chairperson welcomed members to the 18th Annual General Meeting of the Kenya Ports Authority Pension Scheme and presented the Annual Report and Financial Statements for the year ended 31st December 2024.
4. The members were informed that the Scheme's fund value stood at KShs. 17.182 billion as at 31 December 2024 against liabilities of KShs. 26.201 billion, resulting in a funding level of 65.58% and an actuarial deficit of KShs. 9.02 billion.
5. Members noted that although the deficit increased during the year, the rate of decline had slowed significantly, reflecting the positive impact of measures implemented by the Board and Sponsor.
6. The meeting further noted that property investments continued to constitute the largest portion of the Scheme's asset portfolio.
7. The Board reiterated its commitment to diversifying investments, improving liquidity, and enhancing returns through strategic asset allocation and disposal of underperforming assets once ongoing legal matters are concluded.
8. In the report, the Chairperson acknowledged the issues raised in the three pay slip cases. He indicated that the scheme was working to bring the matter to finality.
9. The report closed by thanking the members for their continued support to the scheme and the Board of Trustees.

3. MINUTE 04/2024: THE REPORT ON BEHALF OF THE SPONSOR

1. The Managing Director's Report was presented by Mr. J. Kiriama on behalf of the Sponsor. He began by conveying apologies from Capt. William K. Ruto (AFNI), the Sponsor's Managing Director, who was unable to attend the meeting due to unavoidable circumstances. He thereafter proceeded to present the Managing Director's Report on behalf of the Sponsor. The highlights of the report is as follows:
2. The Sponsor, the Kenya Ports Authority, expressed its appreciation to the Board of Trustees, Scheme management, and members for their continued dedication to safeguarding the Scheme. Special recognition was given to pensioners for their foundational role in building the institution and their lasting legacy of service.
3. The Sponsor's report reaffirmed its strong partnership with the Scheme, anchored on trust, shared values, and a commitment to employee welfare and retirement security. It further highlighted ongoing financial support, including timely remittance of contributions and the approval of a special monthly contribution of Kshs. 103 million to address the Scheme's funding deficit.
4. The Sponsor also noted the implementation of pension increments during the year under review to cushion members against inflation and acknowledged the Scheme's positive future outlook, supported by prudent management and improved investment prospects.
5. On governance, the Sponsor emphasized its commitment to appointing competent and diverse Trustees, including independent members, to strengthen oversight and ensure effective administration.
6. Operational support was reaffirmed through continued provision of payroll integration, timely member data, and collaboration in benefit processing, alongside strict compliance with the Retirement Benefits Act and the Data Protection Act, including ongoing support for data protection and enterprise risk management initiatives.
7. The Sponsor further underscored its commitment to member education and financial awareness to promote informed participation and retirement preparedness.
8. In conclusion, the Sponsor reiterated its commitment to working closely with the Trustees and Administrator to enhance the Scheme's resilience, sustainability, and long-term value, while honouring the service and contribution of members and pensioners. The sponsor thanked the members and the Board of Trustees for their continued patronage.

4. MINUTE 04/2025: SCHEME AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2024

1. Mr. Gideon Obiria of Obiria & Company Auditors presented the Scheme's Audited Accounts.
2. The meeting was informed of the key financial highlights of the Scheme for the year under review as follows:
 - i. Contributions received during the year amounted to KShs. 1.26 billion.
 - ii. Benefits paid out during the year totalled KShs. 2.75 billion.
 - iii. Net assets available for benefits as at 31 December 2024 stood at KShs. 17.18 billion.
 - iv. Investment properties were valued at KShs. 9.46 billion.
 - v. Plan investments amounted to KShs. 4.96 billion.
 - vi. The Scheme recorded a decrease in net assets of KShs. 236.77 million during the year under review.
3. The meeting further noted the Independent Auditor's report, which confirmed that the financial statements presented a true and fair view of the financial position of the Scheme as at 31 December 2024 and were prepared in accordance with International Financial Reporting Standards, the Retirement Benefits Act, and the Scheme Trust Deed and Rules.
4. The Audited Financial Statements for the year ended 31 December 2024 were received, considered, and duly adopted.

5. MINUTE 06/2024: SCHEME'S FUND MANAGEMENT REPORT

Presentation by the Investment Manager

1. The meeting received a presentation from Kennedy Okello of Co-optrust Investment Services Limited, the Scheme's appointed investment manager for the year 2023. He conveyed his appreciation to the Board of Trustees, the Secretariat, and the members for the confidence placed in Co-optrust in managing the Scheme's pension assets.

Functions of the Investment Manager

2. For the benefit of newly admitted members, Kennedy Okello explained the key duties of an investment manager, which include:
 - a) Providing investment advisory services to the Trustees;
 - b) Managing investments in line with the Investment Policy Statement (IPS) and the regulatory frameworks set by the Capital Markets Authority (CMA) and the Retirement Benefits Authority (RBA);
 - c) Submitting quarterly performance reports to the Trustees; and
 - d) Preparing and presenting annual investment performance reports to members.

Market Outlook

3. Members were informed as follows:
 - i. The Kenya Shilling appreciated by approximately 17% during the year 2024;
 - ii. Bond investments recorded strong performance, yielding approximately 29% returns;
 - iii. The MSCI Kenya Index registered returns of approximately 65%;
 - iv. Market conditions improved significantly following the successful refinancing of the Eurobond and the easing of monetary policy; and
 - v. The Investment Manager reaffirmed its commitment to implementing strategies aimed at safeguarding and growing members' retirement benefits.
4. In conclusion, Kennedy Okello reiterated the commitment of the Trustees, Secretariat, and investment managers to the prudent stewardship, preservation, and growth of members' pension funds. He extended his gratitude to all stakeholders for their continued trust and cooperation.

6. MINUTE 06/2025: SCHEME'S CUSTODIAL REPORT FOR THE YEAR 2024

1. The meeting received a presentation from Paul Ngomba of KCB Bank Kenya Limited, who delivered the Custodian's Report for the year ended 31st December 2024.

Role and Responsibilities of the Custodian

2. Mr. Ngomba highlighted the key functions of the custodian, noting that KCB Bank Kenya Limited was responsible for maintaining the Scheme's cash and securities accounts. He explained that the custodian oversees trade processing, including the monitoring, settlement, and reconciliation of transactions undertaken by the Fund Manager on behalf of the Scheme.
3. He further informed the members that the custodian was also responsible for the safekeeping of the Scheme's assets through proper record-keeping, asset valuation, and reporting. In addition, the custodian undertook asset servicing functions such as the collection of investment income, management of corporate actions, and handling of proxy-related matters.
4. Mr. Ngomba further reported that the custodian regularly submitted reports to the Board of Trustees and relevant regulatory authorities regarding the assets held on behalf of the Scheme. He emphasized that the custodian's primary role was to safeguard the Scheme's financial assets and facilitate the efficient servicing of investment portfolios.
5. It was noted that KCB Bank Kenya Limited executed investment instructions received from the Fund Manager, including the purchase and disposal of investments, and maintained all title documents and investment records in safe custody.

6. It was clarified that whereas the Fund Manager’s principal responsibility was to maximize investment returns, the custodian’s role centred on investment administration and asset servicing. He added that this separation of roles promoted transparency, mitigated risk, enhanced regulatory compliance, and supported the effective management of the Scheme’s investment transactions.

Statutory Obligations of the Custodian

7. Mr. Ngomba stated that custodians are required to be licensed by the Central Bank of Kenya (CBK), the Retirement Benefits Authority (RBA), and the Capital Markets Authority (CMA). He further noted that custodians must maintain a segregated bank account for the Scheme, ensure that all contributions and investment income are credited to the account, keep accurate records of the Scheme’s portfolio and investment activities, and maintain the requisite technical and operational capacity to effectively discharge their duties.

Presentation of Scheme Assets

8. A summary of the Scheme’s assets was presented as follows:

Asset Category	Fund Values In Kshs.	% of Portfolio	RBA Maximum Limits
Cash & Cash Equivalents	113,876,811	0.82%	5%
Government Securities	2,458,373,379	17.78%	90%
Quoted Equities	1,370,773,126	9.91%	70%
Unquoted Equities	256,692,800	1.86%	5%
Investment Property	9,459,830,000	68.40%	30%
Private Equity	169,808,821.00	1.23%	10%
Fund Value	13,929,354,937	100%	

Custodian’s Confirmation

9. Mr. Ngomba confirmed that all assets of the Kenya Ports Authority Pension Scheme were maintained in segregated custody accounts, in accordance with regulatory requirements and industry best practice.
10. He further confirmed that all investment instructions received from the Fund Manager during the year under review had been executed as directed.
11. In addition, he reported that the custodian had received and accounted for all monthly pension contributions remitted by the Sponsor. He noted that asset reporting had been undertaken in compliance with the Retirement Benefits Authority (RBA) guidelines and confirmed that details of all assets held in custody were fully disclosed in the Scheme’s audited financial statements for the year ended 31st December 2024.

7. MINUTE 07/2025: REPORT ON THE STRUCTURE OF BENEFITS BY THE ACTUARY

1. The meeting received a presentation from Mr. Nyokangi of Actuarial Services East Africa, who delivered the Actuary's Report and provided an overview of the Scheme's actuarial framework, funding requirements, and benefit structure.

Role of the Actuary

2. Mr. Nyokangi explained that the actuary is responsible for undertaking statutory actuarial valuations, supporting the calculation of member benefits, advising on the Scheme's Investment Policy, and providing professional guidance on actuarial and funding matters affecting the Scheme.

Scheme Structure and Design

3. He informed members that the Kenya Ports Authority Pension Scheme was established on 1st April 1998 and is duly registered with the Retirement Benefits Authority (RBA). He noted that the Scheme operates as a Defined Benefit (DB) Scheme under the oversight of the Board of Trustees. The Scheme's pension benefit is calculated using the formula:

$$1/480 \times \text{Final Pensionable Salary} \times \text{Pensionable Service}$$

4. He explained that the accrual rate has remained unchanged at 1/480, while final pensionable salary is based on the average salary earned during the final three years of service. Pensionable service comprises all completed years and months of membership in the Scheme.
5. He emphasized that the Defined Benefit structure provides members with a predetermined retirement benefit, while the responsibility for meeting investment and funding risks rests with the Sponsor. He further noted that actuarial valuations are conducted every three years to assess the financial position of the Scheme and determine appropriate employer contribution levels.

Funding Requirements and Compliance

6. Mr. Nyokangi informed members that Defined Benefit Schemes are required to maintain full funding status. Where a funding deficit arises, the Sponsor is obligated to make additional contributions to eliminate the shortfall within a prescribed six-year period, in accordance with actuarial recommendations and regulatory requirements.

Merits and Demerits of the Defined Benefit Scheme

7. He outlined the key advantages and challenges associated with Defined Benefit Schemes. From the employer's perspective, strong investment performance can reduce long-term funding costs and enhance employee retention. For members, the principal benefit lies in the certainty and predictability of retirement benefits.
8. He, however, noted that funding obligations for employers can be difficult to predict and that Defined Benefit Schemes generally involve higher administration costs. He added that younger employees may perceive such schemes as less attractive, particularly where early withdrawal or Scheme closure may result in reduced benefits.

Closure of the Defined Benefit Scheme

9. The meeting was informed that the Defined Benefit Scheme was closed to new entrants with effect from 31st December 2012. Members who were aged 45 years and above at the time remained as Continuing Members within the DB Scheme, while members below that age migrated to the Defined Contribution (DC) Scheme effective 1st January 2013.
10. He reported that Continuing Members contribute 7.5% of their basic salary, while the Sponsor contributes 14.7%. He further noted that members may commute up to one-quarter of their pension at retirement using a fixed commutation factor of 20, and that administrative expenses are funded from the Scheme's assets.

Benefit Access Events

11. Mr. Nyokangi outlined the benefit options available to members upon normal retirement, early retirement, or retirement on grounds of ill health. He noted that members may elect to receive their pension in full, commute up to 25% of the benefit into a lump sum, or receive the entire benefit as a cash payment where the amount qualifies as a trivial pension. He added that early retirement benefits are subject to actuarial reduction.
12. He further explained that members leaving the Scheme before attaining the age of 50 may transfer the actuarial value of their accrued benefits to another registered retirement benefits scheme or preserve the benefits until retirement. Any deferred benefits accessed before retirement age are also subject to actuarial adjustment.

Death Benefits

13. Mr. Nyokangi reported that where a member dies while in service, a life assurance benefit equivalent to five times the member's annual basic salary becomes payable. In addition, a spouse's or child's pension is payable for a maximum period of ten years, comprising 100% of the member's pension for the first five years and 33% for the subsequent five years.
14. He further informed the meeting that upon the death of a pensioner, a last expense benefit of KES 100,000 is payable. A spouse's or child's pension is also provided in accordance with the Scheme Rules.

8. MINUTE 08/2025: REGULATORY UPDATE BY THE RETIREMENT BENEFITS AUTHORITY (RBA)

1. The presentation was delivered by Mr. John Muli, Assistant Director – Supervision at the Retirement Benefits Authority.

Industry Overview

2. Mr. Muli provided an overview of the pension sector in Kenya, noting that total pension assets stand at Kshs. 2.53 trillion as at June 2025, with a pension-to-GDP ratio of 15.2%. The sector covers approximately 7.53 million members, representing 26.5% coverage, and comprises 1,032 registered schemes and 91 licensed service providers.

Key Sector Milestones

3. He highlighted key developments in the pensions industry, including pension reforms initiated in 1997, the establishment of the Retirement Benefits Authority in 2000, introduction of post-retirement medical funds in 2010, implementation of the NSSF Act 2013, and subsequent pension tax and policy reforms, including those effected in 2024.

Tax Reforms and Incentives

4. Mr. Muli noted enhanced tax incentives effective 27th December 2024, which include an increase in tax-exempt contribution limits from KES 20,000 to KES 30,000, tax exemptions on qualifying retirement benefits upon reaching retirement age or after 20 years of service, and allowable deductions for contributions to post-retirement medical funds up to KES 15,000.
5. He stated that these reforms are aimed at increasing retirement savings, improving replacement ratios, strengthening retirement healthcare, and discouraging early access to benefits. He also noted ongoing discussions on the possible application of corporation tax to retirement schemes.

Governance: Trustee Term Limits

6. He further discussed proposed revisions to trustee term limits, emphasizing that longer tenure enhances strategic execution and promotes operational stability in scheme governance.

Regulatory Assessment of the Kenya Ports Authority Pension Scheme

7. In relation to the Kenya Ports Authority Pension Scheme, Mr. Muli noted several positive governance and compliance indicators, including a properly constituted Board of Trustees, engagement of licensed service providers, robust governance and risk management frameworks, an updated investment policy statement, and sponsor support through remedial contributions.

Areas of Concern

8. However, he also identified key areas requiring improvement, including inadequate remedial contributions to fully address the Kshs. 8.7 billion funding deficit within the prescribed timeline, high exposure to property investments at 65.2%, and scheme expenses exceeding industry benchmarks.
9. The meeting took note of the report.

9. MINUTE 09/2025: MEMBER COMMENTS, QUESTION AND ANSWER SESSION

- The Members of the Scheme were subsequently invited to a question-and-answer session. A summary of the questions and concerns raised have been grouped and summarized under the following thematic areas:

No.	Thematic Area	Question	Response
1	Regulatory & Governance	RBA is supposed to protect members but is often perceived to jeopardise member interests and savings.	It was clarified that the RBA is the regulator of pension schemes in Kenya. Its mandate is to supervise and regulate schemes to ensure members' interests are protected.
2	Regulatory & Governance	Why are the Chair of the RBA Tribunal, the RBA legal representative, and the Scheme Chair all from the same ethnic community?	It was explained that the appointments are made by different independent bodies. The Sponsor appoints the Scheme Chair, the RBA appoints its legal representative independently, and the JSC appoints the Tribunal Chair.
3	Regulatory & Governance	Why did Trustees hold 20 meetings and what is the basis for payment of allowances?	The 20 meetings comprised Board and Committee meetings. Allowances are paid in accordance with a Remuneration Policy approved by members and the RBA.
4	Regulatory & Governance	At what point will member participation be considered in the review of the Trust Deed and Rules (TDR)?	Member participation is already provided through elected representatives on the Board of Trustees.
5	Regulatory & Governance	Was there public participation in the extension of Trustee terms?	It was confirmed that public participation was undertaken as required by law.
6	Trustee Composition	Members want to elect four Trustees instead of three. How can this be achieved?	The law allows the Sponsor to appoint six Trustees and members to elect three. Increasing member seats would require Sponsor agreement.
7	Trustee Composition	Why is Trustee D. Bonyi still serving despite objections from pensioners?	Trustee appointments are the prerogative of the Sponsor and cannot be overridden by members.

No.	Thematic Area	Question	Response
8	Benefits & Allowances	Concerns that County Representatives had not received allowances.	It was confirmed that all County Representatives had been paid their allowances.
9	Benefits & Allowances	Will members receive transport and lunch allowances?	The law does not permit payment of lunch allowances from Scheme funds.
10	Benefits & Allowances	Can refreshments be converted into lunch?	This is not permissible under the applicable legal and financial framework.
11	Benefits & Allowances	Why was the Kshs. 13,000 transport allowance discontinued?	It was a one-off sponsor-funded payment and not a recurring Scheme obligation.
12	Legal Matters	When will the “three payslip” case be concluded?	The matter is currently before the courts and ongoing.
13	Legal Matters	Update on the case filed by James Oluoch?	The Scheme has filed an appeal against the decision restricting disposal of properties.
14	Scheme Operations	Does the Scheme consider members’ views and comments?	The Scheme values and considers members’ views in decision-making processes.
15	Scheme Operations	Why were MD and Chairperson absent?	Both had intended to attend but were engaged in unavoidable official duties.
16	Scheme Operations	How can members in Kisumu access information more effectively?	The Scheme is enhancing communication channels to improve information access for all members.
17	Investments & Property	What is the status of sale of Scheme properties?	The update is contained in the Annual Report.
18	Investments & Property	Why did the Scheme acquire many properties and do they still exist?	Properties were transferred from Kenya Cargo and the Sponsor to offset pension obligations.
19	Beneficiaries	Can benefits be paid to grandchildren if all children are adults?	The Trust Deed and Rules do not provide for payment to grandchildren.

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2. The Trustees expressed their sincere appreciation to all members and stakeholders for their continued cooperation and support over the years, and encouraged sustained collaboration towards the growth and success of the Scheme.
 3. There being no other business, Mr. Joshua Kiriama, the Sponsor Representative, delivered the vote of thanks.
 4. The meeting was thereafter adjourned at 1:30 p.m., with members being advised that the date and venue of the next meeting would be communicated in due course.

Chairperson

Secretary

**Confirmed and Signed as a True
and Correct Record of the Proceedings**

This day of..... 2026