



**KENYA PORTS AUTHORITY
PENSION SCHEME (DB)**





The Fund is governed by a Trust Deed and Rules which has been approved by the Retirement Benefits Authority (RBA). The main purpose of the Fund is the provision of benefits to the members upon attainment of the retirement age of sixty years, and where applicable, benefits for the dependants of deceased members as provided by the Trust deed and rules of the Scheme.



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NOTICE FOR THE ANNUAL GENERAL MEETING 2025 (DB SCHEME)

NOTICE IS HEREBY GIVEN that the **19th Annual General Meeting** of Kenya Ports Authority Pension Scheme will be held on **Thursday 25th June 2026 at 9.00am at Mbaraki Sports Club Mombasa**. All contributing/deferred members and pensioners of KPA Pension Scheme (DB Scheme) are requested to attend the Annual General Meeting to transact the following business.

1. Reading of the notice and Agenda
2. Opening of Meeting and Introductions
3. Consideration and Adoption of the Minutes of the Last AGM
4. Report by the Chair of the Board of Trustees
5. Report by the Managing Director (Sponsor)
6. Presentation of the Audited Accounts for the year ended 31st December 2025,
by the Scheme Auditor
7. Presentation of the Investment Report by the Scheme's Fund Managers
8. Presentation of the Custodial Report by the Scheme's Fund Custodian.
9. Presentation of the Structure of Benefits by the Scheme Actuary.
10. Presentation of the Retirement Benefits Industry Changes by a representative from the Retirement Benefits Authority.
11. Questions and Answers
12. Vote of Thanks

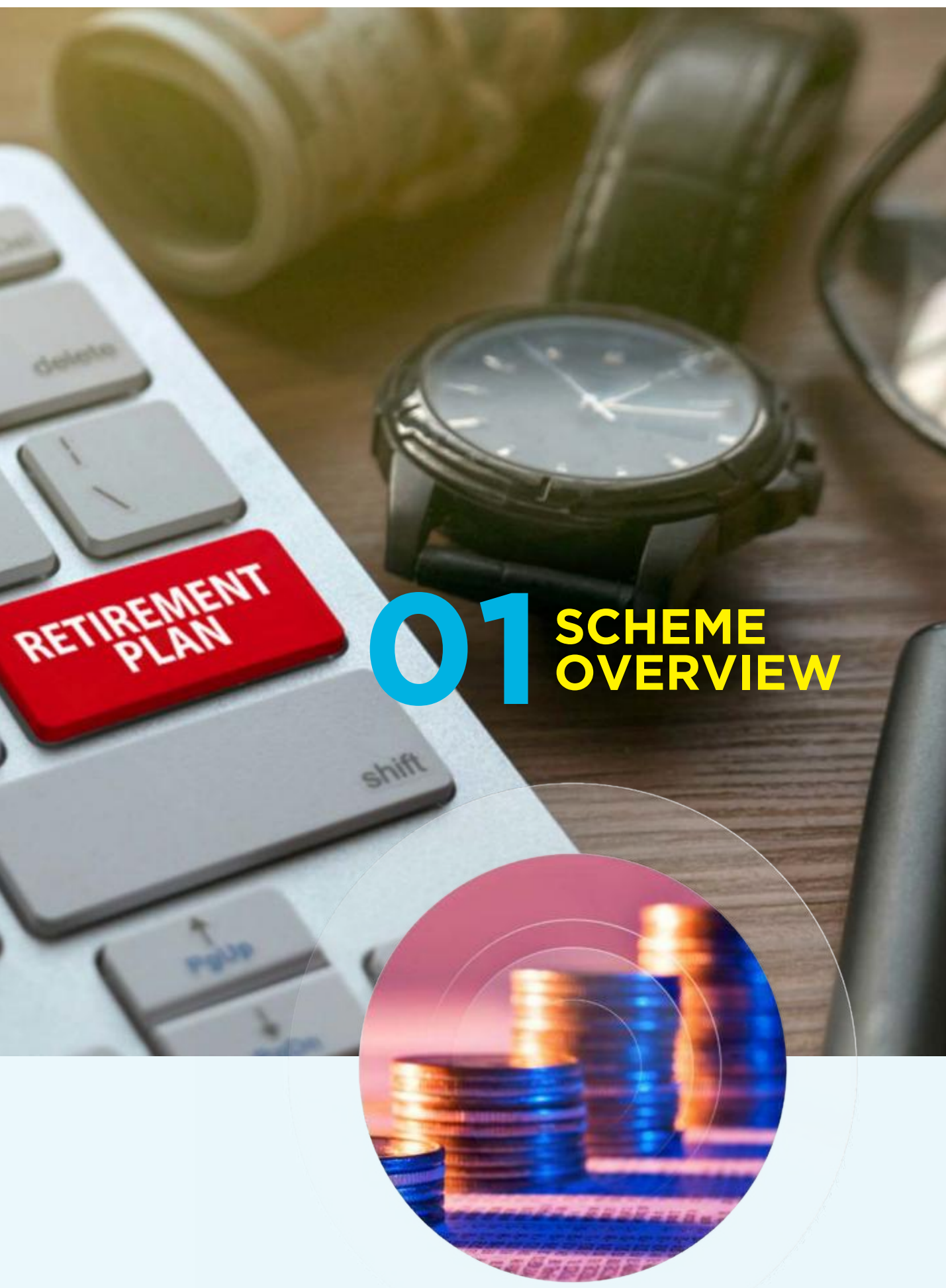
IMPORTANT NOTES FOR MEMBERS

- **Identification:** Members are requested to bring appropriate identification documents and be seated by **8:45AM**.
- **Access to documents:** Copies of the Scheme's Audited Accounts will be available for perusal at the scheme's registered offices or can be downloaded from the scheme's website at www.kpapension.co.ke
- **Travel costs:** Please note that the cost of travel and attendance is NON-REFUNDABLE.

By Order of the Board

Bernard Kibet

TRUST SECRETARY



01 SCHEME OVERVIEW

SCHEME OVERVIEW

SCHEME REGISTERED OFFICE, TRUSTEES AND PROFESSIONAL ADVISORS

TRUSTEES

- : Mr. Justus Omae Nyarandi (Appointed 12 May 2023)
- : Mr. David Bonyi (Appointed 1 January 2021)
- : Ms. Catherine Wangari (Appointed 12 May 2023)
- : Mr. Emmanuel Kibet Kirui (Appointed 31 July 2025)
- : Mr. Francis Tsuma (Appointed 12 May 2023)
- : Mr. Ferdinand K. Malumbo (Elected 30 November 2023)
- : Ms. Violet M.O. Mugambi (Elected 30 November 2023)
- : Ms. Susan W.K. Leli (Elected 30 November 2023)
- : Mr. Ahmed Ali Muktar (Appointed 1 April 2025)
- : Ms. Caroline Maina Njoki (retired on 1 April 2025)

CUSTODIAN

- : **KCB Bank Limited**
- : C/O Kenya Commercial Bank Limited
- : P. O. Box 30664 - 00100
- : Nairobi

EMPLOYER/SPONSOR

- : **Kenya Ports Authority**
- : P. O. Box 95009 - 80104
- : Mombasa

TRUST SECRETARY/CEO

- : **Bernard Kibet**
- : Kenya Ports Authority Pension Scheme
- : Old Cannon Towers, 7th floor
- : Moi Avenue
- : P. O. Box 1019 - 80100
- : Mombasa

SECRETARY

- : **Vincent Makaya Oweya**
- : Kenya Ports Authority Pension Scheme
- : P. O. Box 1019 - 80100
- : Mombasa

ACTUARY

- : **Ruperalia Consultant Limited (RCL)**
- : P.O Box 10472 - 00100
- : Nairobi.

FUND MANAGERS

1. **GenAfrica Asset Managers Limited**
14 Riverside Business Park
P.O Box 79217 - 00200
Nairobi.
2. **African Alliance Kenya Asset Management Ltd**
4th Floor, Kenya RE Towers, Upperhill
P.O Box 27639 - 00606
Nairobi.

INDEPENDENT AUDITOR

- : **Obiria & Co.**
- : Certified Public Accountants
- : P. O. Box 282 - 80100
- : Mombasa

SCHEME OVERVIEW

REGISTERED OFFICE

: **Kenya Ports Authority Pension Scheme**
: Old Cannon Towers, 7th Floor
: Moi Avenue
: P. O. Box 1019 - 80100
: Mombasa

BANKERS

- | | |
|--|--|
| 1. Citibank N.A.
P. O. Box 83615 - 80100
Nairobi. | 2. KCB Bank Kenya Limited
P. O. Box 90254 - 80100
Mombasa |
| 3. Stanbic Bank Kenya Limited
P. O. Box 90131 - 80100
Mombasa | |
-

LAWYERS

1. M/s Lumatete Muchai & Company
2. M/s Miller and Company Advocates
3. M/s MMC Africa Law
4. M/s Munyithya Mutugi Umara & Muzna Advocates
5. M/s Nyiha Mukoma & Company
6. M/s Robson Harris & Company
7. M/s Kaplan & Stratton Advocates
8. M/s M/s J P Ngoya & Associates Advocates
9. M/s Cootow & Company Advocates

MISSION, VISION & CORE VALUES



The main purpose of the Scheme is the **provision of cash benefits** and **pensions to the members** upon attainment of the retirement age, and where applicable, **benefits for dependents** of deceased members.



VISION

To prudently invest scheme assets and optimize on returns to enhance member benefits.



MISSION

A stable and sustainable scheme for generations



CORE VALUES

Teamwork

We collaborate and focus on a common team goal in order to maximize effectiveness. Every team member is a keeper of the other, valuing the common good more than individual interest and supporting one another's efforts with respect.

Excellence

We are committed to being the best in order to deliver the finest and ever improving service to our customers.

Simplicity

We strive for simplicity and clarity in inspiring change and delivering sustainable value.

Integrity

We demonstrate honesty, fairness, truthfulness and openness in all our interactions, behavior and practices within the organization and with our each other, our customers and all our stakeholders.



34

Stakeholder Engagement

2000

Member Benefits

8000

Systems, Processes
& Structure

SCHEME OVERVIEW

HISTORY OF THE SCHEME



Prior to 1998, the history of the Scheme dates to 1932 – 1933 where transport logistics were provided through the Kenya and Uganda Railways and Harbours Corporation.



The Scheme was by then regulated by the Kenya and Uganda Railways and Harbours European Officers Pension Regulations of 1932 which continued to govern the scheme along with subsequent amendments up until the dissolution of the East African Community in 1977.

Over the period 1969 to 1977, the East African Cargo Handlers Corporation handled all cargo related business while Kenya Ports Authority handled the real estate issues. The employees of the EACHC contributed to the scheme while the KPA Scheme was non-contributory.

Kenya Ports Authority was established through an Act of parliament on 20th January 1978 under Act chapter 371 laws of Kenya after the East African Harbours Corporation ceased following the breakup of the East African Community in 1975. In 1983, the Kenya Ports Authority (Pensions) regulations were gazetted and deemed to have come into force in 1st January 1978. In this period, the Kenya Cargo Handling Services Ltd Staff Pension Scheme was established on 16th March 1981 and commenced on 1st September 1982 as per the published TDR.

In 1986, following the merger of the Kenya Ports Authority and the Kenya Cargo Handling Service Ltd, the employees of KPA were transferred to the Kenya Cargo Handling Services Ltd Staff Pension Scheme and the sponsor, KPA, was deemed to have absorbed all liabilities of the scheme. The later, Kenya Cargo Handling Services Ltd, had a contributory scheme whereas KPA had a non-contributory pension scheme for staff.



The Scheme was established with effect from 1st April 1998 and is governed by a Trust Deed and Rules dated 1st April 1998.



It is a defined benefit scheme and provides, under the rules of the Scheme, retirement benefits for the Employees of Kenya Ports Authority (KPA). It is a tax-exempt approved scheme under the Income Tax Act and is registered with the Retirement Benefits Authority.

Employees contribute to the Scheme at the rate of 7.5% of their respective basic salaries. The employer contributes at rates based on periodic advice of the actuary. The current rate is 14.7% of employees' basic salaries.

The main purpose of the Scheme is to provide cash benefits and pensions to members upon attaining the retirement age, and, where applicable, to provide benefits to the dependants of deceased members.

In compliance with the Treasury Circular No. 18/2010 dated 24th November 2010, KPA undertook a redesign of the retirement benefits arrangement whereby a new defined contributory (DC) scheme 2012 was established with effect from 1st January 2013. As stipulated in the circular, the

members who were below 45 years were required to transfer and join the new DC scheme.

The members who were 45 years and above were given the option to either remain in this scheme or move to the DC Scheme.



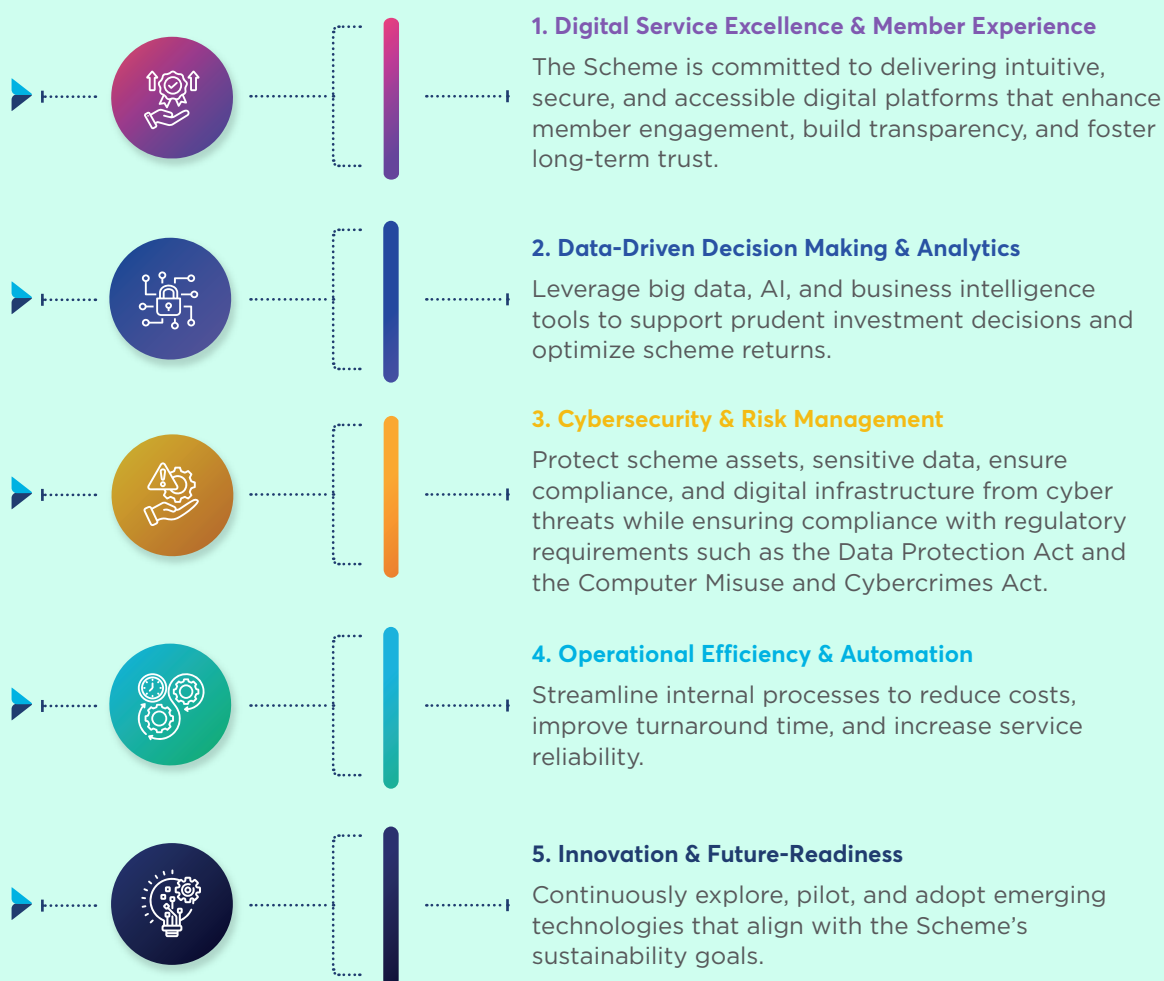
SCHEME OVERVIEW

MEMBER-CENTRIC DIGITAL TRANSFORMATION

The scheme's digital transformation strategy is not merely a technology upgrade - it is a strategic enabler that strengthens operational resilience, protects assets, and delivers better value to delivering best-in-class retirement benefits to our members.

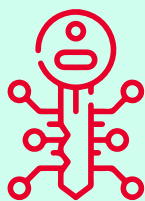
By modernizing systems, automating processes, enhancing cybersecurity, and improving digital service channels, the Scheme is safeguarding its financial sustainability while delivering faster, more reliable, and member-focused services.

Our digital transformation journey remains central to our strategy for operational excellence and member satisfaction.



SCHEME OVERVIEW

MEMBER-CENTRIC DIGITAL TRANSFORMATION (CONT'D)



Key Digital initiatives:

- Deployment of member apps and portals with real-time account visibility.
- Cross-functional collaboration through ERP Implementation with workflow digitization for claims, contributions, and benefits processing and integration across Finance, HR, and investment functions.
- Leveraging digital multi-channel communication platforms (email and SMS) to provide timely updates, enhance transparency, educate members, and promote transparency.
- Personalized benefit statements and interactive projection tools.
- Roll out E-Board for digital governance and board documentation management.
- Integrate systems for real-time data sharing between ERP, EDMS, and Member Portal.
- Continuous vulnerability scanning and penetration testing.
- Disaster recovery and business continuity readiness.
- Foster a security-conscious culture through continuous cyber security awareness and training.
- Cloud infrastructure for scalability and agility.



Our Success Stories this year.

Integration between member app and member portal with a post-retirement medical fund modeler for the continuation of medical coverage upon retirement.

Actively embracing digital transformation, revamping our website to provide timely updates, educate members, and promote transparency.

SCHEME OVERVIEW

MEMBER-CENTRIC DIGITAL TRANSFORMATION (CONT'D)

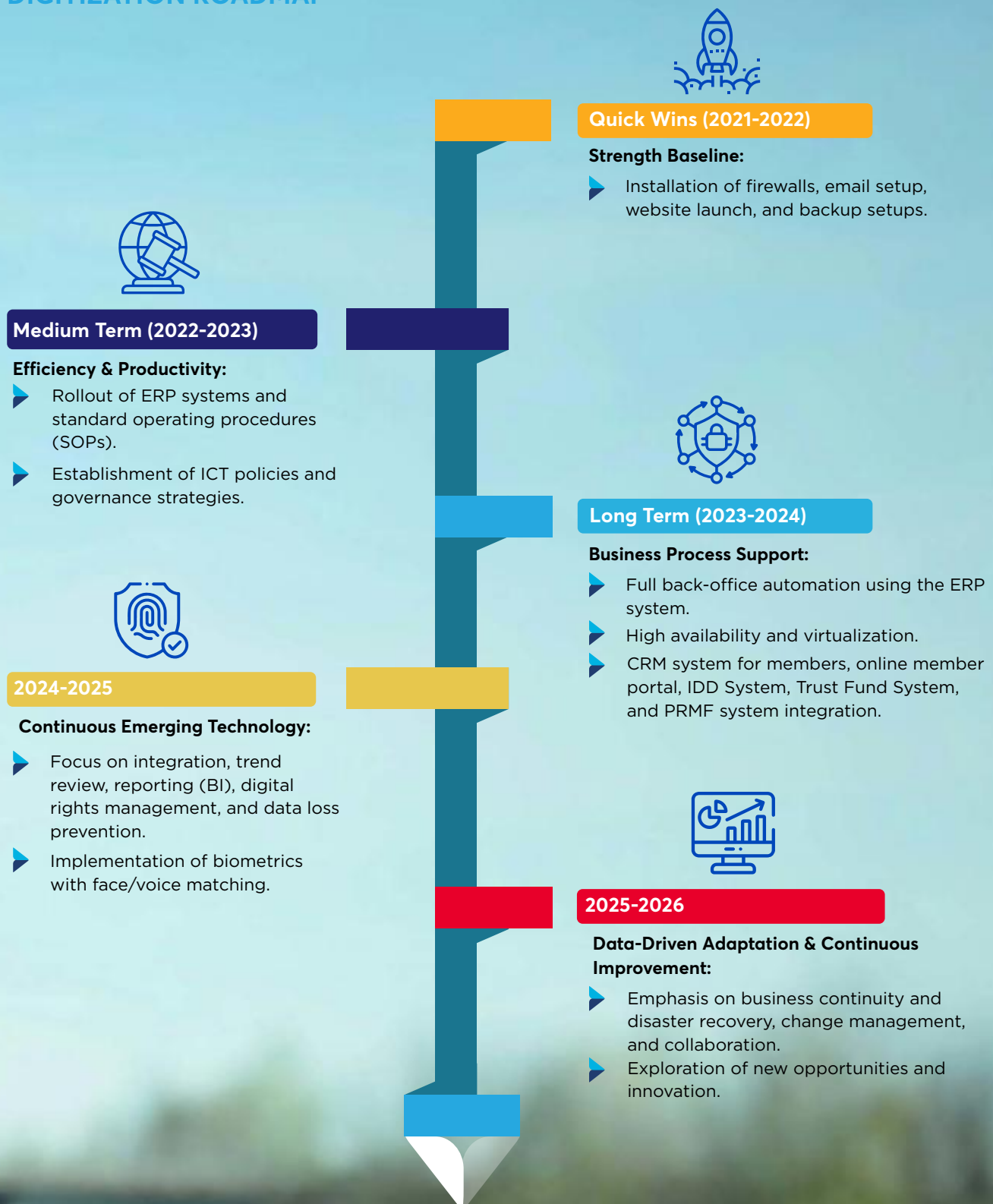


THE FUTURE IS DIGITAL

- Data governance and privacy, centralized data management with built-in data loss prevention mechanisms.
- Integrate Business Intelligence & Reporting for data-driven decision-making.
- Biometric Authentication with facial/voice matching during census periods.
- AI-powered members service support assistants and chatbots.

SCHEME OVERVIEW

DIGITIZATION ROADMAP



The Scheme is committed to driving further digital transformation initiatives that will enhance operational efficiency, improve customer satisfaction, and ensure robust risk management practices. Our future roadmap outlines a strategic approach to achieving these goals, positioning us for continued success.

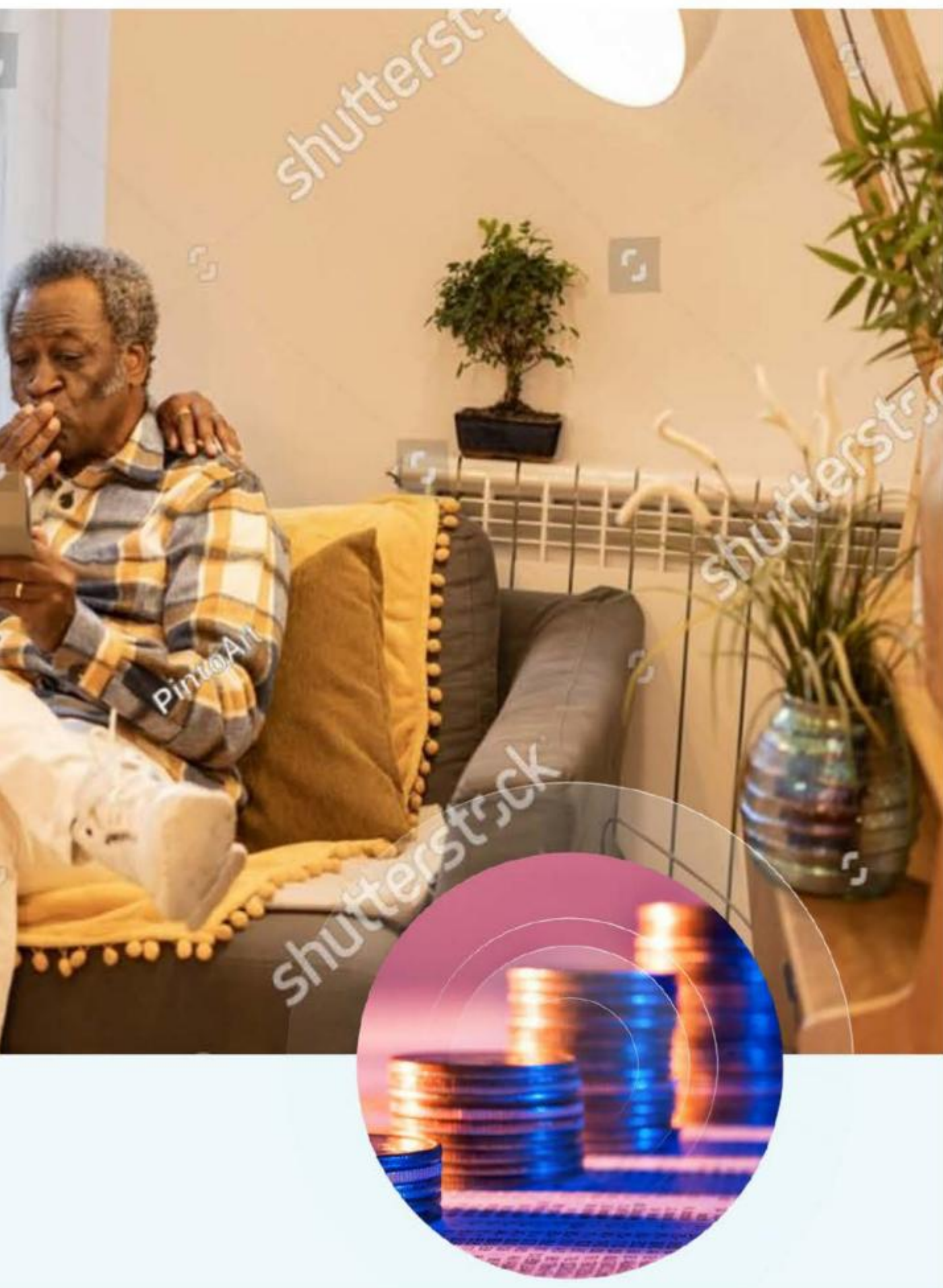


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SCHEME HIGHLIGHTS

THE PEACE OF MIND

IN YOUR SUNSET YEARS

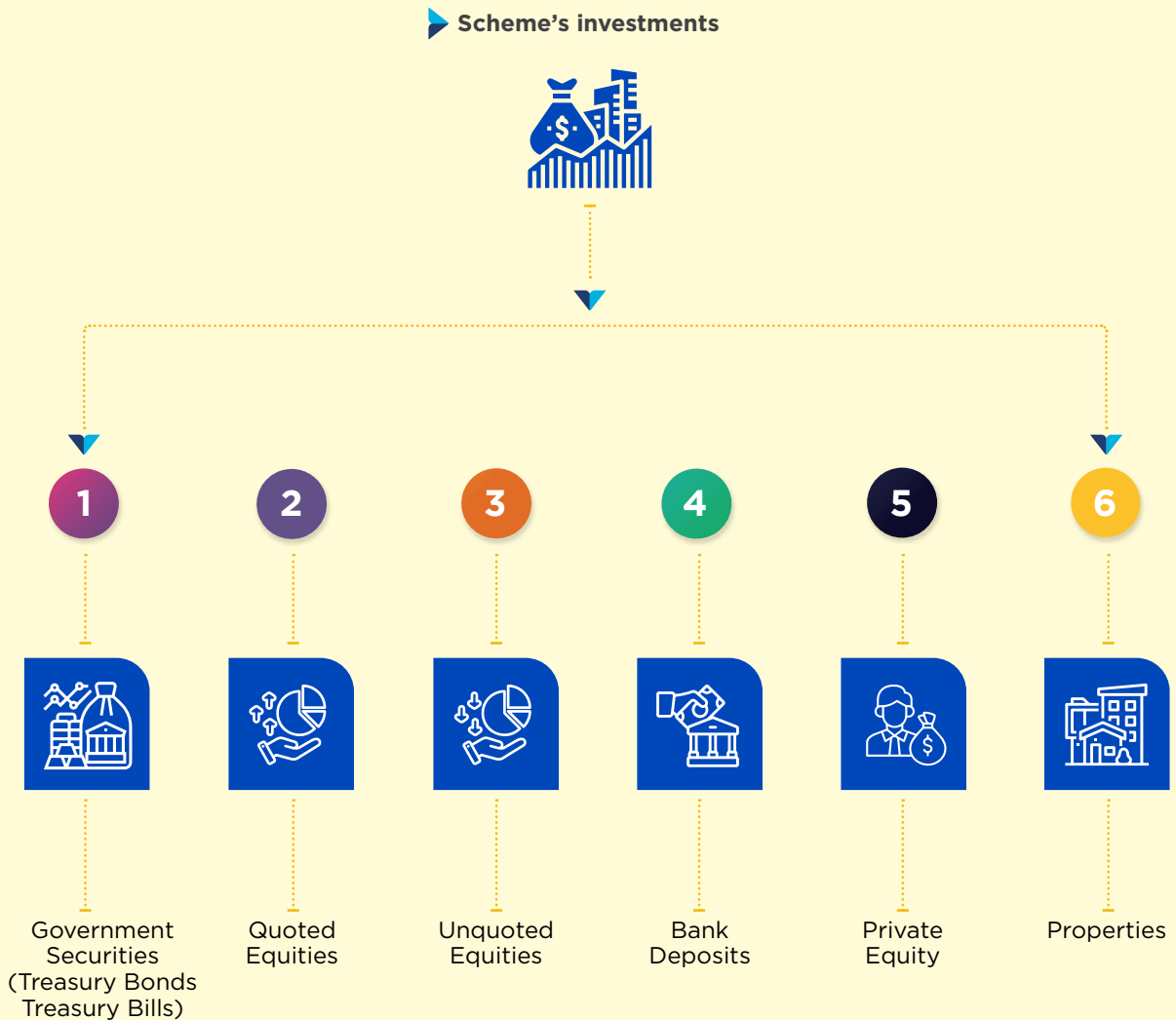


SCHEME HIGHLIGHTS

FUNDS INVESTMENTS

Our primary objective is to achieve returns that will meet the Fund's long-term financial obligations. These obligations include providing pension benefits to employees upon retirement or withdrawal, as well as supporting the beneficiaries of deceased members.

The Scheme's investments include:



All investments are made in accordance with the guidelines set by the Retirement Benefits Authority (RBA), the Scheme's Investment Policy Statement, and the Strategic Plan.

SCHEME HIGHLIGHTS

FUNDS INVESTMENTS (CONT'D)

Our primary objective is to achieve a sustainable long-term real rate of return on the Scheme's assets, sufficient to meet the Scheme's obligations. These obligations include providing pension benefits to members upon retirement or withdrawal, and supporting the beneficiaries of deceased members

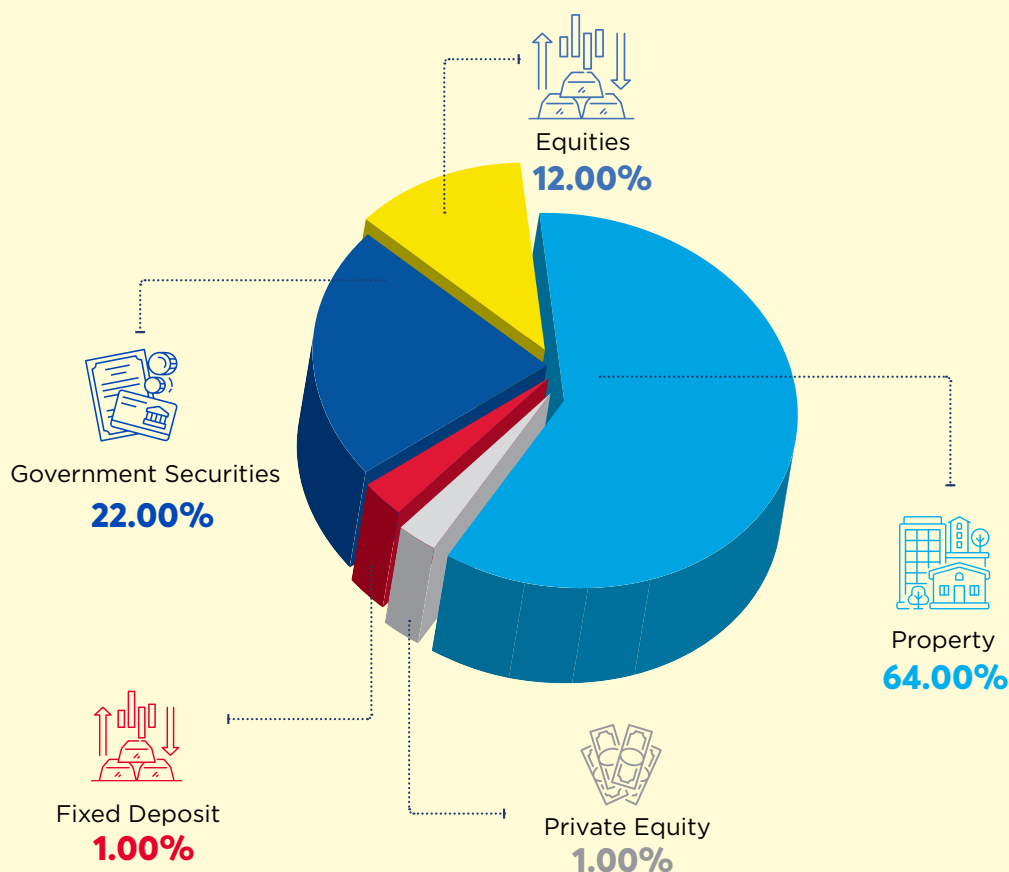
The Scheme's investments include:

1. Government Securities (Treasury Bonds and Treasury Bills)
2. Quoted Equities
3. Unquoted Equities
4. Bank Deposits
5. Private Equity
6. Properties

All investments are made in accordance with the guidelines set by the Retirement Benefits Authority (RBA), the Investment Policy Statement, and the Strategic Plan.

Property forms the largest asset class of the scheme. The board of Trustees has put in place measures to reduce the allocation to enhance portfolio returns as well as Comply with the Retirement Benefits Authority regulations.

Asset Allocation



ASSET CLASS

■ Equities	■ Private Equity**	■ Property
■ Government Securities	■ Fixed Deposit	

SCHEME HIGHLIGHTS

FUNDS INVESTMENTS (CONT'D)

Our primary objective is to achieve returns that will meet the Fund's long-term financial obligations. These obligations include providing pension benefits to employees upon retirement or withdrawal, as well as supporting the beneficiaries of deceased members.

The Scheme's investments include:

ASSET CLASS	MARKET VALUE	% HOLDING
Equities	1,829,585,652	11.88%
Government Securities	3,293,864,579	21.38%
Private Equity	181,552,515	1.18%
Fixed and Bank Deposits	157,353,271	1.02%
Property	9,893,330,000	64.23%
TOTAL	15,403,815,844	100%

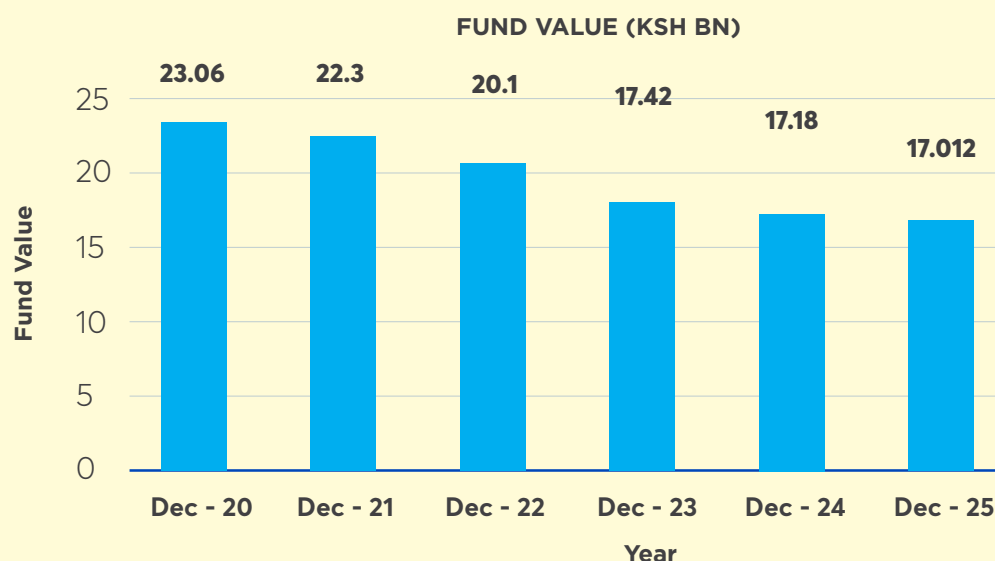
FUND HIGHLIGHTS

For the 12-month period ended 31 December 2025, the Scheme financial assets recorded a return of 30.98%, broadly in line with the benchmark return of 30.48%, resulting in a modest active return of 0.50%. The Scheme's annualised one-year return as at year-end 2025 was 8.0%.

Over the year, performance was supported mainly by equity (19.66%), with meaningful contribution from fixed income (11.15%).

FUND VALUE

The Scheme is closed to new active members, and the number of contributors continues to decline while the number of pensioners and beneficiaries increases. As a result, contribution income is decreasing year on year. The fund value has gradually decreased as a result. The fund closed at Kes.17.012Bn as of 31st December 2025.

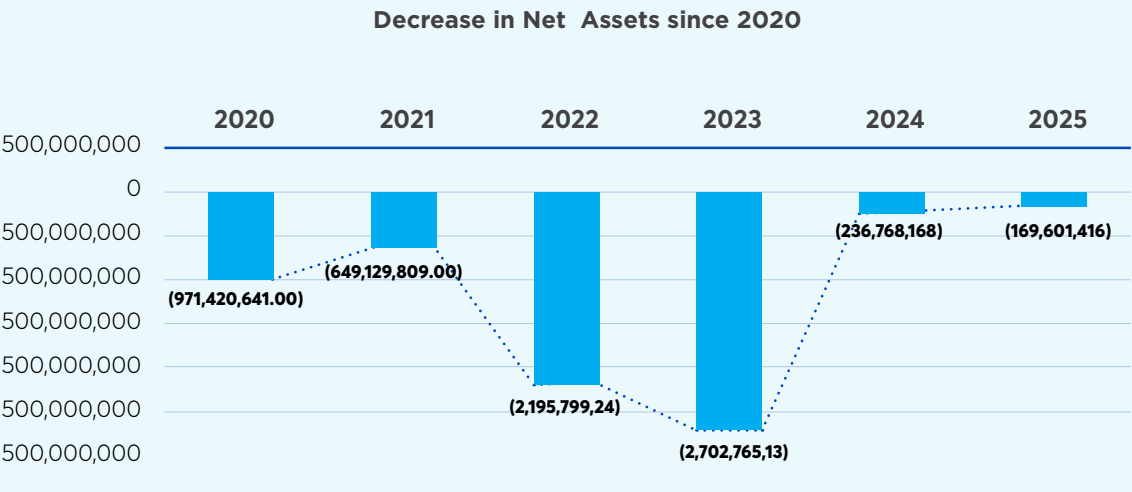


The scheme fund value as of 31st December 2025 is **Kshs.17.012Bn.**

SCHEME HIGHLIGHTS

DECREASE IN NET ASSETS

In 2025, the assets recorded a modest decline of Kshs. 0.16Bn — the smallest in six years — reflecting a strong improvement in performance and a positive outlook going forward.



03 SCHEME INVESTMENTS & HIGHLIGHTS



THE PEACE OF MIND

IN YOUR SUNSET YEARS



SCHEME HIGHLIGHTS

KPA PENSION SCHEME (DB) INVESTMENTS



► Bandari Apartments South C, Nairobi

SHOW HOUSE



► Bandari Apartments Show House

SCHEME HIGHLIGHTS

KPA PENSION SCHEME (DB) INVESTMENTS



► Bellevue Estate, Nairobi



► Cannon Towers

SCHEME HIGHLIGHTS

KPA PENSION SCHEME (DB) INVESTMENTS



▶ Hurlingham Court



▶ Bandari Plaza



▲ Nyaku House

SCHEME HIGHLIGHTS

MEMBERS PRE-RETIREMENT TRAINING EVENT



SCHEME HIGHLIGHTS

ANNUAL GENERAL MEETING





04 SCHEME GOVERNANCE



THE PEACE OF MIND
.....
IN YOUR SUNSET YEARS



CHAIRMAN'S STATEMENT



1. Introduction

It is my pleasure and privilege, on behalf of the Board of Trustees, to present the Chairman's Report for the Kenya Ports Authority Pension Scheme (Defined Benefit Scheme) for the financial year ended 31 December 2025. This Report provides a summary of the Scheme's activities, performance, governance initiatives, and key developments during the year under review, as well as the measures undertaken by the Trustees to safeguard and enhance the retirement benefits of our members and beneficiaries.

The year 2025 presented both opportunities and challenges within the economic and investment landscape. Guided by its fiduciary duty, the Board of Trustees remained focused on ensuring prudent management of the Scheme's assets, maintaining sound governance standards, and implementing strategies aimed at securing the long-term sustainability of the Scheme. This approach is aimed at ensuring that the scheme attains its strategic vision which is to secure a stable and sustainable scheme for generations.



The global economy demonstrated resilience in 2025, expanding by 3.3% despite prevailing geopolitical and macroeconomic uncertainties.

2. Economic and Industry Trends

2.1. Global Economic Trends

The global economy demonstrated resilience in 2025, expanding by 3.3% despite prevailing geopolitical and macroeconomic uncertainties. Advanced economies recorded moderate growth of 1.7%, while Emerging Market and Developing Economies (EMDEs) grew at a stronger rate of 4.4%, supported by robust domestic demand, improving trade activity, and sustained investment flows.

Within the East African region, economic performance remained particularly strong, with the East African Community (EAC) registering growth of 5.6%, driven by expansion in the services sector, continued infrastructure development, and deepening regional integration.

Inflationary pressures eased globally to 4.1% from 5.8% in 2024, reflecting improved supply chain conditions and the impact of tight monetary policies, although regional inflation edged upwards to 4.4% due to currency depreciation and elevated debt servicing costs in some economies. Overall, the global and regional economic environment remained broadly supportive of investment activity and long-term financial market stability.

2.2. Domestic Economic Trends

According to the Kenya National Bureau of Statistics, in 2025, Kenya's real Gross Domestic Product (GDP) grew by 4.6%, compared to a revised growth of 4.7% in 2024, reflecting a slight moderation in economic expansion. Nevertheless, the economy remained broadly resilient, with growth supported by positive performance across all major sectors, including agriculture, services, and industry.



East African
Community (EAC)
registered growth

5.6 %



Kenya's real Gross
Domestic Product
(GDP) grew by

4.6%



1,941
The number of
beneficiaries increased
from 1,860 to 1,941

Overall, the medium-term growth trajectory (2021–2025) indicates sustained but fluctuating economic performance, with GDP growth recorded at 7.6% (2021), 4.9% (2022), 5.7% (2023), 4.7% (2024), and 4.6% (2025). This trend reflects the economy's recovery from earlier shocks and a gradual stabilisation towards more moderate growth levels.

2.3. Kenya Pension Industry Performance

The Kenyan retirement benefits sector continued its strong growth trajectory in 2025, reflecting increased retirement savings mobilization and favourable investment conditions. According to the Retirement Benefits Authority (RBA), total Assets Under Management (AUM) in the industry grew by 11.06% in the second half of the year, rising from Kshs. 2.531 trillion in June 2025 to Kshs. 2.810 trillion as at 31 December 2025.

On a year-on-year basis, the industry recorded a robust expansion of 24.57%, equivalent to approximately Kshs. 554 billion, underscoring sustained confidence in retirement savings schemes and their growing importance within the national financial system.

This growth was largely attributed to enhanced statutory contributions following the implementation

of the National Social Security Fund (NSSF) Act, as well as improved investment returns supported by stable macroeconomic conditions and favourable market performance across key asset classes.

3. REFLECTIONS ON THE YEAR UNDER REVIEW

3.1. Scheme Membership

As of 31 December 2025, the Scheme's membership stood at 8,824 compared to 8,814 recorded as of 31 December 2024, reflecting a marginal net increase over the period. During the year, active membership declined from 209 to 123, largely attributable to the fact that the Scheme is closed to new entrants, with no fresh admissions of active members.

Conversely, the number of beneficiaries increased from 1,860 to 1,941. The number of beneficiaries increased as a result of passing on of members of the scheme both pensioners and in-service members.

This trend is consistent with the Scheme's closed nature, where the active membership base continues to reduce over time while pensioners increase as members retire. The Trustees continue to monitor these demographic shifts closely, particularly in relation to long-term cash flow requirements and the sustainability of benefit payments.

3.2. Fund Value and Performance

The Scheme's total value stood at Kshs. 17,012,255,525 in 2025 compared to Kshs. 17,181,856,936 in 2024, reflecting a marginal decline over the period.

This reduction is primarily attributable to the Scheme being closed, with no new active contributions from ongoing service members. However, it is noteworthy that although a decline was recorded, the rate of decline has reduced significantly, indicating a stabilising trend in the Scheme's financial trajectory.

These outcomes reflect the Board's ongoing commitment to safeguarding the Scheme's assets and enhancing its long-term financial stability in line with its Vision of maintaining a stable and sustainable Scheme for generations.

3.3. Fund Allocation and Performance

All the Scheme's investments are within the limits prescribed under the applicable legal and regulatory framework, except for the property portfolio, which remains above the statutory limit of 30%. A summary of the composition of the Scheme's investment portfolio is set out below:

CHAIRMAN'S STATEMENT

Asset Class	Asset Allocation %	RBA Limit %
EQUITIES		
Quoted Equities	9.84%	70.00%
Unquoted Equities	0.00%	5.00%
Treasury Bills	11.83%	90.00%
Treasury Bonds	8.77%	90.00%
Term/Fixed Deposits	0.29%	5%
Cash at Bank	0.05%	5%
Property	68.48%	30.00%
Offshore Investments	0.73%	10.00%
Total Portfolio	100%	

The Scheme is undertaking deliberate measures to regularize its property portfolio through the disposal of non-performing properties. The proceeds arising from these disposals will be strategically reinvested in higher-yielding investment opportunities with the objective of enhancing overall portfolio performance, improving liquidity, and contributing to the strengthening of the Scheme's funding position in line with its long-term sustainability objectives.

3.4. Scheme's Funding Position

The Scheme recorded an actuarial deficit of Kshs. 9.020 billion as at 31 December 2024. The deficit is expected to be impacted further by increasing benefit obligations arising from ongoing pension payments, as well as the potential financial implications associated with the payment obligations under the "Three Payslip Case."

In this regard, the Trustees remain committed to the implementation of prudent investment and funding strategies aimed at progressively addressing the deficit while safeguarding the Scheme's long-term ability to meet its liabilities.

4. SCHEME GOVERNANCE AND ADMINISTRATION

4.1. Board Composition

The Scheme is governed by a Board of Trustees comprising nine (9) members, of whom six (6) are sponsor-nominated and three (3) are member-elected. The Board is duly constituted and reflects an appropriate balance of skills and competencies necessary for effective oversight and governance of the Scheme. In terms of gender representation, the Board has complied with the constitutional requirement of at least one-third gender representation. The Scheme is supported by an internal Scheme Administrator, who is in turn assisted by a fully functional Secretariat, which ensures the effective execution of the Scheme's day-to-day administrative operations.

4.2. Board Committee

In accordance with Guideline 29 of the Retirement Benefits (Good Governance) Guidelines, the Board has established standing committees to enhance efficiency, oversight, and accountability in its operations. These include the Project Implementation Committee, the Strategy, Finance & Investment Committee, the Administration & Communication Committee, and the Audit & Risk Committee.

The leadership of the Board Committees is as follows:	
Project Implementation Committee	Chaired by Trustee Emmanuel Kibet
Strategy, Finance & Investment Committee	Chaired by Trustee Francis Tsuma
Administration & Communication Committee	Trustee Violet Mugambi
Audit & Risk Committee	Chaired by Trustee Ferdinand Malumbo

These Committees continue to play a critical role in supporting the Board in the discharge of its mandate through detailed review and recommendation of matters within their respective terms of reference.

4.3. Board Evaluation

In line with Guideline 24 of the Retirement Benefits (Good Governance) Guidelines, the Board undertook periodic evaluations to assess its effectiveness, performance, and compliance with established governance standards.

The evaluation process provided valuable insights into the Board's strengths as well as areas requiring improvement, particularly in relation to decision-making processes, oversight functions, leadership effectiveness, and overall governance practices. The Board recorded an overall performance score of 96%, reflecting a strong commitment by the Trustees to the effective stewardship of the Scheme. The results further indicated consistently high performance across all assessed areas, with the Board of Trustees, the Chairperson, and the Scheme Administrator each attaining a score of 96%.

The findings of the evaluation have informed targeted interventions aimed at further strengthening Board effectiveness and promoting continuous improvement in governance practices.

4.4. Governance Enhancements

The current Trustees serve a term of three (3) years. However, in accordance with the revised Retirement Benefits Authority regulations, incoming Trustees will serve a term of five (5) years.

The Scheme is currently in the process of reviewing and amending its Trust Deed and Rules, as well as other appointing instruments, to ensure alignment with the new regulatory framework.

The Scheme will hold Trustee elections in the last quarter of 2026. Members are encouraged to actively participate in this important process and to elect representatives who will uphold and build upon the strong governance foundations already established by the current Board.

4.5. Regulatory Compliance

The Board remains committed to ensuring full compliance with the Retirement Benefits Act, applicable regulations, and guidelines issued by the

Retirement Benefits Authority, as well as all other relevant statutory and regulatory requirements. All the statutory and regulatory returns and filings were done on time.

I am pleased to report that the Scheme remained materially compliant with all regulatory requirements during the year under review. The Board will continue to uphold the highest standards of governance and compliance in safeguarding members' retirement benefits and sustaining stakeholder confidence.

5. THE BENEFITS CASE INVOLVING THE SCHEME

5.1. The Commitment by the Board of Trustees

The Board of Trustees remains fully seized of the benefits dispute currently pending before the Retirement Benefits Appeals Tribunal. The Trustees acknowledge the Tribunal's orders directing the payment of arrears to affected pensioners, as well as the recovery of any alleged overpayments. While the judgment applies strictly to the pensioners who were parties before the Tribunal, the Board, in the spirit of fairness, equity, and administrative consistency, has gone further to compute the benefits and arrears for all affected pensioners, including those not directly before the Tribunal.

5.2. Way Forward

The implementation of the Tribunal's determination involves substantial financial outlays which, if not carefully managed, may exert significant pressure on the Scheme's liquidity position and overall long-term sustainability.

Notwithstanding the magnitude of these obligations, the Scheme has engaged the Sponsor, who has commenced efforts aimed at availing the necessary funds to facilitate the orderly settlement of the arrears. The Trustees therefore respectfully seek the patience and understanding of all affected members as they continue to pursue a resolution that balances compliance with legal obligations, fairness to members, and the enduring financial stability of the Scheme.

6. ACHIEVEMENTS OVER THE YEAR

6.1. Reduced Deterioration in Funded Status

Although the Scheme remains a closed defined benefit arrangement, the year under review

CHAIRMAN'S STATEMENT

recorded a marginal improvement in the Scheme's financial position, reflected in a reduced rate of deterioration of the fund value and a relative stabilisation of the funded status.

This outcome is indicative of improved actuarial experience, including the combined effect of investment performance, contribution inflows, and controlled benefit outflows. The development represents a positive deviation from prior adverse funding trends and signals gradual progress towards funding stabilisation.

6.2. Member Education and Retirement Preparedness

The Scheme continued to implement structured member education programmes focused on retirement preparedness, benefit comprehension, and post-employment financial planning. These initiatives are aimed at improving member awareness of retirement income adequacy and facilitating an orderly transition from active service to retirement.

Since the inception of the programme, a cumulative total of 2000 members have been trained. The Board remains committed to strengthening these interventions as part of broader measures to enhance member outcomes and reduce behavioural and informational risks at retirement.

6.3. Additional Sponsor Contributions and Actuarial Deficit Funding

During the year under review, the Sponsor continued to remit additional monthly contributions amounting to Ksh 103 Million, classified as remedial contributions towards deficit recovery funding.

These supplementary contributions have contributed to the gradual amortisation of the Scheme's actuarial deficit, thereby improving the Scheme's funding ratio and enhancing long-term actuarial sustainability. The Board acknowledges this continued support, which remains a critical component of the Scheme's funding improvement strategy.

6.4. Legal Developments and Investment Diversification Impact

During the year 2025, the Court of Appeal lifted injunctive orders that had previously constrained the Trustees' implementation of the Scheme's strategic asset allocation and diversification programme.

This development removes a material legal impediment to the execution of the Scheme's investment strategy and allows for progressive realignment of the investment portfolio in accordance with the Scheme's investment policy statement and actuarial asset-liability considerations.

The anticipated diversification is expected to improve risk-adjusted returns, reduce concentration risk, and enhance the alignment between the Scheme's asset profile and its long-term actuarial liabilities.

7. LESSONS LEARNT DURING THE YEAR

7.1. The Benefits Case

It remains the Scheme's continued priority and desire to ensure that all arrears arising from the benefits case are fully settled. The Scheme draws important lessons from this matter, particularly on how amendments to the Trust Deed may expose both members and the Scheme to unintended legal and financial consequences. In this regard, the Scheme commits to strengthening its governance and approval processes to ensure that any future amendments are properly regularised and aligned with the interests of all stakeholders.

7.2. Property Portfolio Performance

The Scheme's property portfolio constitutes the largest portion of its investments, yet it continues to generate comparatively low returns. This imbalance remains a significant challenge, as it constrains overall portfolio performance and impacts the Scheme's ability to achieve optimal financial outcomes. Addressing this structural inefficiency remains a key priority going forward.

7.3. Scheme Funding Position

The Scheme continues to experience a deteriorating funding trend, which remains a matter of concern to the Trustees. This trend has the potential to worsen, particularly in light of emerging obligations arising from various commitments and contingencies, including those referenced elsewhere in this report. The Trustees are closely monitoring the position and will continue to implement measures aimed at safeguarding the Scheme's long-term financial sustainability.

7.4. Litigation and Disputes

The Scheme remains engaged in ongoing disputes, particularly those relating to development projects. These disputes continue to present legal and financial risks, and in some instances expose the Scheme to uncertainty regarding the profitability and viability of such projects. The Trustees are actively pursuing resolution strategies while seeking to mitigate potential adverse impacts on the Scheme's overall position.

8. FUTURE OUTLOOK

8.1. Strategic Plan Review

The current Strategic Plan covering the period 2022–2026 is nearing its conclusion, and the Scheme is actively engaged in the process of reviewing and developing the next strategic plan. The forthcoming strategy will place renewed emphasis on the long-term sustainability of the Scheme, while also strengthening initiatives aimed at enhancing member welfare, engagement, and overall satisfaction.

8.2. Investment Restructuring and Property Disposals

A substantial portion of the Scheme's investment portfolio is currently held in immovable property. In line with the objective of improving overall portfolio efficiency and returns, the Scheme intends to progressively dispose of selected property assets and reinvest the proceeds into higher-yielding investment classes. This strategic reallocation is expected to enhance liquidity, optimise returns, and better align the portfolio with long-term actuarial and funding objectives.

8.3. Resolution of Benefits Arrears

The Trustees continue to engage with the Scheme sponsor with a view to finalising the payment of arrears arising from the benefits dispute. In undertaking this process, the Trustees remain firmly committed to ensuring that any agreed settlement structure safeguards the long-term financial stability and sustainability of the Scheme, while also upholding fairness and compliance with applicable determinations.

9. APPRECIATION

On behalf of the Board of Trustees, allow me to extend gratitude to the Scheme sponsor, service providers, and all members for their continued confidence, collaboration, and support in the management and governance of the Scheme.

The Trustees remain steadfast in their fiduciary duty to protect and preserve members' accrued benefits, while simultaneously pursuing prudent reforms aimed at enhancing performance, strengthening resilience, and addressing existing structural and operational challenges.

As the Scheme progresses into its next phase of strategic focus, the guiding commitment remains: "Securing Members' Benefits Today, While Safeguarding the Scheme's Sustainability for the Future."

Thank you.

CPA. Omae NYARANDI

Chairperson, Board of Trustees

KENYA PORTS AUTHORITY PENSION SCHEME

TAARIFA YA MWENYEKITI



1. Utangulizi

Ni furaha na heshima kwangu, kwa niaba ya Bodi ya Wadhamini, kuwasilisha Ripoti ya Mwenyekiti ya Hazina ya Pensheni ya Mamlaka ya Bandari ya Kenya (Mpango wa Mafao Bainifu) kwa mwaka wa kifedha ulioisha tarehe 31 Desemba 2025. Ripoti hii inatoa muhtasari wa shughuli za Hazina, utendaji wake, mipango ya uongozi bora na maendeleo muhimu yaliyofikiwa katika mwaka huu, pamoja na hatua zilizochukuliwa na Wadhamini ili kulinda na kuimarisha mafao ya uzeeni ya wanachama na wanufaika wetu.

Mwaka wa 2025 uliwasilisha fursa pamoja na changamoto katika mazingira ya uchumi na uwekezaji. Kwa kuongozwa na wajibu wake wa udhamini, Bodi ya Wadhamini iliendelea kuzingatia usimamizi wa busara wa mali za Hazina, kudumisha viwango bora vya uongozi na kutekeleza mikakati inayolenga kuhakikisha uendelevu wa Hazina kwa muda mrefu. Mbinu hii inalenga kuhakikisha kwamba Hazina inafanikisha dira yake ya kimkakati ya kuwa Hazina thabiti na endelevu kwa vizazi vijavyo.



Uchumi wa dunia ulionyesha ustahimilivu katika mwaka wa 2025, ukikua kwa asilimia 3.3 licha ya kuwepo kwa changamoto za kijiografia kisiasa na kutokuwa na uhakika katika uchumi mpana.

2. Mwelekeo wa Kiuchumi na Viwanda

2.1. Mwelekeo wa Uchumi wa Dunia

Uchumi wa dunia ulionyesha ustahimilivu katika mwaka wa 2025, ukikua kwa asilimia 3.3 licha ya kuwepo kwa changamoto za kijiografia kisiasa na kutokuwa na uhakika katika uchumi mpana. Nchi zilizoendelea zilirekodi ukuaji wa wastani wa asilimia 1.7, huku Uchumi wa Masoko Yanayoibukia na Nchi Zinazoendelea (EMDEs) ukikua kwa kiwango kikubwa zaidi cha asilimia 4.4, ukisaidiwa na mahitaji imara ya ndani, kuimarika kwa shughuli za biashara na mtiririko endelevu wa uwekezaji.

Ndani ya ukanda wa Afrika Mashariki, utendaji wa uchumi uliendelea kuwa imara, ambapo Jumuiya ya Afrika Mashariki (EAC) ilisajili ukuaji wa asilimia 5.6, uliotokana na kupanuka kwa sekta ya huduma, maendeleo endelevu ya miundombinu na kuimarika kwa ushirikiano wa kikanda.

Shinikizo la mfumuko wa bei lilipungua duniani hadi asilimia 4.1 kutoka asilimia 5.8 mwaka 2024, likionyesha kuboreka kwa minyororo ya ugavi na athari za sera kali za fedha. Hata hivyo, mfumuko wa bei katika ukanda uliongezeka kidogo hadi asilimia 4.4 kutokana na kushuka kwa thamani ya sarafu na gharama kubwa za kuhudumia madeni katika baadhi ya nchi. Kwa ujumla, mazingira ya uchumi wa dunia na wa kikanda yaliendelea kuwa ya kuunga mkono shughuli za uwekezaji na uthabiti wa muda mrefu wa masoko ya kifedha.

2.2. Mwelekeo wa Uchumi wa Ndani

Kulingana na Ofisi ya Taifa ya Takwimu ya Kenya (KNBS), katika mwaka wa 2025, Pato Halisi la Taifa (GDP) la Kenya lilikua kwa asilimia 4.6 ikilinganishwa na ukuaji uliorekebishwa wa asilimia 4.7 katika mwaka wa 2024, hali iliyoonyesha kupungua kidogo kwa kasi ya ukuaji wa uchumi. Hata hivyo, uchumi uliendelea kuwa thabiti kwa ujumla, huku ukuaji ukichochea na utendaji mzuri katika sekta zote kuu, zikiwemo kilimo, huduma na viwanda.



Jumuiya ya Afrika
Mashariki (EAC) ilisajili
ukuaji wa

5.6 %



Pato Halisi la Taifa
(GDP) la Kenya
lilikua kwa

4.6%



1,941

Kwa upande mwingine,
idadi ya wanufaika
iliongezeka kutoka 1,860
hadi 1,941

Kwa ujumla, mwelekeo wa ukuaji wa uchumi wa muda wa kati (2021–2025) unaonyesha utendaji endelevu lakini unaobadilika, ambapo ukuaji wa GDP ulirekodiwa kuwa asilimia 7.6 (2021), asilimia 4.9 (2022), asilimia 5.7 (2023), asilimia 4.7 (2024), na asilimia 4.6 (2025). Mwelekeo huu unaonyesha kuimarika kwa uchumi baada ya mishtuko ya awali na utulivu wa taratibu kuelekea viwango vya ukuaji vya wastani zaidi.

2.3. Utendaji wa Sekta ya Pensheni nchini Kenya

Sekta ya mafao ya uzeeni nchini Kenya iliendelea na mwelekeo wake wa ukuaji imara katika mwaka wa 2025, ikionyesha kuongezeka kwa uhamasishaji wa akiba za kustaafu pamoja na mazingira mazuri ya uwekezaji. Kulingana na Mamlaka ya Kusimamia Mafao ya Uzeeni (RBA), jumla ya Mali Zinazosimamiwa (AUM) katika sekta hiyo ziliongezeka kwa asilimia 11.06 katika nusu ya pili ya mwaka, kutoka Shilingi trilioni 2.531 mwezi Juni 2025 hadi Shilingi trilioni 2.810 kufikia tarehe 31 Desemba 2025.

Kwa msingi wa mwaka hadi mwaka, sekta hiyo ilirekodi ukuaji mkubwa wa asilimia 24.57, sawa na takriban Shilingi bilioni 554, jambo linaloonyesha kuendelea kuimarika kwa imani katika mipango ya akiba za kustaafu na umuhimu wake unaoongezeka katika mfumo wa kifedha wa taifa.

Ukuaji huu ulitokana kwa kiasi kikubwa na kuongezeka kwa michango ya kisheria kufuatia

utekelezaji wa Sheria ya Hazina ya Taifa ya Hifadhi ya Jamii (NSSF), pamoja na kuimarika kwa mapato ya uwekezaji yaliyosaidiwa na mazingira thabiti ya uchumi mkuu na utendaji mzuri wa masoko katika madaraja muhimu ya mali.

3. TATHMINI YA MWAKA HUU

3.1. Uanachama wa Hazina

Kufikia tarehe 31 Desemba 2025, idadi ya wanachama wa Hazina ilikuwa 8,824 ikilinganishwa na wanachama 8,814 kufikia tarehe 31 Desemba 2024, ikionyesha ongezeko ndogo la wanachama katika kipindi hicho. Katika mwaka huo, idadi ya wanachama wanaoshiriki kikamilifu ilipungua kutoka 209 hadi 123, jambo lililotokana kwa kiasi kikubwa na ukweli kwamba Hazina imefungwa kwa wanachama wapya na hivyo hakuna wanachama wapya waliojiunga.

Kwa upande mwingine, idadi ya wanufaika iliongezeka kutoka 1,860 hadi 1,941, ikionyesha mpito wa kawaida wa wanachama kutoka ajira hadi katika hali ya kustaafu. Mwelekeo huu unaendana na hali ya Hazina kuwa imefungwa, ambapo msingi wa wanachama wanaoshiriki kikamilifu unaendelea kupungua kadri muda unavyopita huku idadi ya wastaafu ikiongezeka wanachama wanapostaafu. Wadhamini wanaendelea kufuatilia kwa karibu mabadiliko haya ya kidemografia, haswa kuhusiana na mahitaji ya mtiririko wa fedha wa muda

mrefu na uendelevu wa malipo ya mafao.

3.2. Thamani na Utendaji wa Hazina

Jumla ya thamani ya Hazina ilikuwa Shilingi 17,012,255,525 katika mwaka wa 2025 ikilinganishwa na Shilingi 17,181,856,936 katika mwaka wa 2024, ikionyesha kupungua kwa kiasi kidogo katika kipindi hicho. Kupungua huku kunatokana hasa na Hazina kuwa imefungwa kwa wanachama wapya, hivyo hakuna michango mipya kutoka kwa wanachama walio katika ajira. Hata hivyo, ni muhimu kutambua kwamba ingawa thamani ilipungua, kasi ya kupungua huko imepungua kwa kiwango kikubwa, jambo linaloonyesha mwelekeo wa kuimarika kwa hali ya kifedha ya Hazina.

Matokeo haya yanaonyesha dhamira endelevu ya Bodi ya Wadhamini ya kulinda mali za Hazina na kuimarisha uthabiti wake wa kifedha wa muda mrefu kwa kuzingatia Dira yake ya kudumisha Hazina thabiti na endelevu kwa vizazi vijavyo.

3.3. Ugawaji wa Mali za Uwekezaji na Utendaji Wake

Uwekezaji wote wa Hazina uko ndani ya viwango vilivyowekwa chini ya mfumo husika wa kisheria na udhibiti, isipokuwa uwekezaji katika mali isiyohamishika, ambao bado uko juu ya kikomo cha kisheria cha asilimia 30. Muhtasari wa muundo wa jalada la uwekezaji la Hazina umeainishwa hapa chini:

TAARIFA YA MWENYEKITI

Asset Class	Asset Allocation %	RBA Limit %
EQUITIES		
Hisa Zilizonukuliwa Sokoni(Quoted Equities)	9.84%	70.00%
Hisa Zisizonukuliwa Sokoni(Unquoted Equities)	0.00%	5.00%
Hatifungani za Muda Mfupi za Serikali	11.83%	90.00%
Hatifungani za Serikali	8.77%	90.00%
Amana za Muda Maalum/Amana za Kudumu (Term/Fixed Deposits)	0.29%	5%
Pesa zilizo katika Benki	0.05%	5%
Mali Isiyohamishika	68.48%	30.00%
Uwekezaji wa Nje ya Nchi	0.73%	10.00%
Jumla ya Jalada la Uwekezaji	100%	

Hazina inaendelea kutekeleza hatua mahsusi za kurekebisha muundo wa uwekezaji wake katika mali isiyohamishika kupitia uuzaji wa mali zisizoleta matokeo yanayotarajiwa. Mapato yatakayopatikana kutokana na mauzo hayo yatawekezwa kimkakati katika fursa za uwekezaji zenye mapato makubwa zaidi kwa lengo la kuboresha utendaji wa jumla wa jalada la uwekezaji, kuimarisha ukwasi, na kuchangia katika kuimarika kwa hali ya ufadhili wa Hazina kulingana na malengo yake ya uendeleu wa muda mrefu.

3.4. Hali ya Ufadhili wa Hazina

Hazina ilirekodi nakisi ya Shilingi bilioni 9.020 kufikia tarehe 31 Desemba 2024. Nakisi hiyo inatarajiwa kuongezeka zaidi kutokana na ongezeko la majukumu ya malipo ya mafao yanayotokana na malipo ya pensheni yanayoendelea, pamoja na athari zinazoweza kutokea za kifedha zinazohusiana na wajibu wa malipo chini ya “Three Payslip Case.”

Katika muktadha huu, Wadhamini wanaendelea kujitolea katika utekelezaji wa mikakati bora ya uwekezaji na ufadhili inayolenga kushughulikia nakisi hiyo kwa utaratibu huku wakilinda uwezo wa muda mrefu wa Hazina wa kutimiza majukumu yake ya kifedha.

4. UTARATIBU WA UONGOZI NA USIMAMIZI WA HAZINA

4.1. Muundo wa Bodi

Hazina husimamiwa na Bodi ya Wadhamini inayoundwa na wanachama tisa (9), ambapo sita (6) huteuliwa na mdhamini na watatu (3) huchaguliwa na wanachama. Bodi imeundwa ipasavyo na ina uwiano unaofaa wa ujuzi na umahiri unaohitajika kwa usimamizi na uongozi madhubuti wa Hazina.

Kuhusu uwakilishi wa kijinsia, Bodi imezingatia masharti ya kikatiba ya kuhakikisha kuwa angalau theluthi moja ya wanachama ni wa jinsia tofauti. Hazina huungwa mkono na Msimamizi wa ndani wa Hazina, ambaye husaidiwa na Sekretarieti iliyo kamili, inayohakikisha utekelezaji madhubuti wa shughuli za kila siku za uongozi wa Hazina.

4.2. Kamati ya Bodi

Kwa mujibu wa Mwongozo wa 29 wa Miongozo ya Uongozi Bora ya Mafao ya Uzeeni, Bodi imeanzisha kamati za kudumu ili kuimarisha ufanisi, usimamizi na uwajibikaji katika utekelezaji wa majukumu yake. Kamati hizo ni pamoja na Kamati ya Utekelezaji wa Miradi, Kamati ya Mkakati, Fedha na Uwekezaji,

Uongozi wa Kamati za Bodi ni kama ifuatavyo:	
Kamati ya Utekelezaji wa Miradi	Inaongozwa na Mdhamini Emmanuel Kibet
Kamati ya Mkakati, Fedha na Uwekezaji	Inaongozwa na Mdhamini Francis Tsuma
Kamati ya Uongozi na Mawasiliano	Inaongozwa na Mdhamini Violet Mugambo
Kamati ya Ukaguzi na Usimamizi wa Hatari	Inaongozwa na Mdhamini Ferdinand Malumbo

Kamati ya Uongozi na Mawasiliano, pamoja na Kamati ya Ukaguzi na Usimamizi wa Hatari.

Kamati hizi zinaendelea kuwa na jukumu muhimu katika kuisaidia Bodi kutekeleza wajibu wake kupitia uchanganuzi wa kina na kutoa mapendekezo kuhusu masuala yaliyo ndani ya mipaka ya majukumu yao husika.

4.3. Tathmini ya Bodi

Kwa kuzingatia Mwongozo wa 24 wa Miongozo ya Uongozi Bora ya Mafao ya Uzeeni, Bodi ilifanya tathmini za mara kwa mara ili kupima ufanisi wake, utendaji wake na kiwango cha uzingatiaji wa viwango vilivyowekwa vya uongozi bora.

Mchakato wa tathmini ulitoa taarifa muhimu kuhusu maeneo ya nguvu ya Bodi pamoja na maeneo yaliyohitaji maboresho, haswa katika mchakato ya kufanya maamuzi, majukumu ya usimamizi, ufanisi wa uongozi na kwa ujumla mifumo ya uongozi bora. Bodi ilipata alama ya jumla ya utendaji ya asilimia 96, jambo linaloonyesha dhamira thabiti ya Wadhamini katika usimamizi bora wa Hazina. Matokeo hayo pia yalionyesha kiwango cha juu cha utendaji katika maeneo yote yaliyotathminiwa, ambapo Bodi ya Wadhamini, Mwenyekiti wa Bodi na Msimamizi wa Hazina kila mmoja alipata alama ya asilimia 96.

Matokeo ya tathmini hiyo yametumika kuongoza hatua mahsusi zinazolenga kuendelea kuimarisha ufanisi wa Bodi na kukuza maboresho endelevu katika mifumo ya uongozi bora.

4.4. Maboresho ya Uongozi

Wadhamini wa sasa wanahudumu kwa kipindi cha miaka mitatu (3). Hata hivyo, kwa mujibu wa kanuni zilizofanyiwa marekebisha na Mamlaka ya Kusimamia Mafao ya Uzeeni, Wadhamini watakaolingia madarakani watatumika kwa kipindi cha miaka mitano (5).

Kwa sasa Hazina iko katika mchakato wa kukagua na kurekebisha Hati ya Udhamini na Kanuni zake, pamoja na hati nyingine za uteuzi, ili kuhakikisha kuwa zinaendana na mfumo mpya wa udhibiti.

Hazina itafanya uchaguzi wa Wadhamini katika robo ya mwisho ya mwaka 2026. Wanachama wanahimizwa kushiriki kikamilifu katika mchakato huu muhimu na kuwachagua wawakilishi watakaoundeleza na kuimarisha misingi imara ya

uongozi bora iliyowekwa na Bodi ya sasa.

4.5. Uzingatiaji wa Masharti

Bodi inaendelea kujitolea kuhakikisha uzingatiaji kamili wa Sheria ya Mafao ya Uzeeni, kanuni husika, miongozo iliyotolewa na Mamlaka ya Kusimamia Mafao ya Uzeeni, pamoja na masharti mengine yote ya kisheria na kiudhibiti yanayohusika. Marejesho yote ya kisheria na kiudhibiti yaliwasilishwa kwa wakati unaotakiwa.

Ninafurahi kuripoti kuwa Hazina iliendelea kuzingatia kwa kiwango kikubwa masharti yote ya kiudhibiti katika mwaka huu. Bodi itaendelea kudumisha viwango vya juu zaidi vya uongozi bora na uzingatiaji wa sheria katika kulinda mafao ya uzeeni ya wanachama na kuendeleza imani ya washikadau.

5. KESI YA MAFAO INAYOHUSISHA HAZINA

5.1. Dhamira ya Bodi ya Wadhamini

Bodi ya Wadhamini inaendelea kushughulikia kikamilifu mgogoro wa mafao ambao kwa sasa unasubiri uamuzi mbele ya Mahakama ya Rufaa ya Mafao ya Uzeeni Wadhamini wanatambua maagizo ya Mahakama yanayoelekeza kulipwa kwa madeni ya mafao kwa wastaafu walioathirika, pamoja na kurejeshwa kwa malipo yoyote ya ziada yanayodaiwa kuwa yalilipwa. Ingawa hukumu hiyo inawahusu moja kwa moja wastaafu waliokuwa kwenye Mahakama hiyo, Bodi, kwa kuzingatia misingi ya haki, usawa na uthabiti wa uongozi, imechukua hatua zaidi ya kukokotoa mafao na madeni kwa wastaafu wote walioathirika, ikiwemo wale ambao hawakuwa wahusika wa moja kwa moja katika kesi hiyo.

5.2. Hatua za Baadaye

Utekelezaji wa uamuzi wa Mahakama ya Rufaa ya Mafao ya Uzeeni unahusisha matumizi makubwa ya fedha ambayo, yasiposimamiwa kwa umakini, yanaweza kuweka shinikizo kubwa kwa hali ya ukwasi wa Hazina na uendeleo wake wa muda mrefu.

Licha ya ukubwa wa wajibu huu wa kifedha, Hazina imehusisha Mdhamini, ambaye ameanza juhudi za kuhakikisha kuwa fedha zinazohitajika zinapatikana ili kuwezesha ulipaji wa madeni hayo kwa utaratibu unaofaa. Kwa hivyo, Wadhamini wanaomba kwa

TAARIFA YA MWENYEKITI

heshima uvumilivu na uelewa wa wanachama wote walioathirika wanapoendelea kutafuta suluhisho linalozingatia utekelezaji wa wajibu wa kisheria, haki kwa wanachama, na uthabiti wa kifedha wa Hazina kwa muda mrefu.

6. MAFANIKIO KATIKA MWAKA HUU

6.1. Kupungua kwa Kasi ya Kuzorota kwa Hali ya Ufadhili

Ingawa Hazina inaendelea kuwa mpango wa mafao bainifu uliofungwa kwa wanachama wapya, mwaka huu ulionyesha maboresho madogo katika hali yake ya kifedha, yaliyoonekana kupitia kupungua kwa kasi ya kushuka kwa thamani ya Hazina na kuimarika kwa kiasi kwa hali yake ya ufadhili.

unaoendelea, ambao unabaki kuwa sehemu muhimu ya mkakati wa kuboresha hali ya ufadhili wa Hazina.

6.4. Maendeleo ya Kisheria na Athari za Uwekezaji katika Sekta Mbalimbali

Katika mwaka wa 2025, Mahakama ya Rufaa iliondoa amri za zuio ambazo hapo awali zilikuwa zimezuia Wadhamini kutekeleza mpango wa kimkakati wa mgawanyo wa mali na mseto wa uwekezaji wa Hazina.

Maendeleo haya yameondoa kikwazo muhimu cha kisheria katika utekelezaji wa mkakati wa uwekezaji wa Hazina na kuruhusu urekebishaji wa taratibu wa jalada la uwekezaji kwa mujibu wa sera ya uwekezaji ya Hazina na mahitaji halisi ya uwiano kati ya mali na madeni.

Uwekezaji huu katika sekta mbalimbali unaotarajiwa unakusudiwa kuboresha mapato yanayozingatia kiwango cha hatari, kupunguza hatari ya kujikita katika aina moja ya uwekezaji, na kuimarisha uwiano kati ya muundo wa mali za Hazina na majukumu yake halisi ya muda mrefu.

7. MAMBO TULIOJIFUNZA KATIKA MWAKA HUU

7.1. Kesi ya Mafao

Inaendelea kuwa kipaumbele na dhamira ya Hazina kuhakikisha kwamba madeni yote yanayotokana na kesi ya mafao yanalipwa kikamilifu. Hazina imejifunza mafunzo muhimu kutokana na suala hili, hasa kuhusu namna marekebisho ya Hati ya Udhamini yanavyoweza kuwaweka wanachama na Hazina katika hatari ya matokeo yasiyokusudiwa ya kisheria na kifedha. Kwa kuzingatia hilo, Hazina imejizatiti kuimarisha mifumo yake ya uongozi bora na michakato ya uidhinishaji ili kuhakikisha kwamba marekebisho yoyote yatakayofanyika katika siku zijazo yanazingatia taratibu zote zinazohitajika na yanalingana na maslahi ya wadau wote.

7.2. Utendaji wa Jalada la Mali Isiyohamishika

Jalada la mali isiyohamishika ndilo sehemu kubwa zaidi ya uwekezaji wa Hazina, lakini linaendelea kuzalisha mapato ya chini ikilinganishwa na aina nyingine za uwekezaji. Kutokuwepo kwa uwiano huu kunaendelea kuwa changamoto kubwa kwa Hazina kwa kuwa kunadhoofisha utendaji wa jumla wa jalada la uwekezaji na kuathiri uwezo wa Hazina wa kufikia matokeo bora ya kifedha. Kushughulikia changamoto hii ya kimuundo kunasalia kuwa mojawapo ya vipaumbele vikuu vya Hazina.

7.3. Hali ya Ufadhili wa Hazina

Hazina inaendelea kukabiliwa na mwenendo wa kuzorota kwa hali yake ya ufadhili, jambo ambalo linaendelea kuwa chanzo cha wasiwasi kwa Wadhamini. Mwelekeo huu una uwezo wa kuzidi kuwa mbaya zaidi, hasa kutokana na majukumu mapya yanayoibuka kutokana na ahadi mbalimbali na madeni yanayoweza kujitokeza, yakiwemo yale yaliyorejelewa katika sehemu nyingine za ripoti hii. Wadhamini wanaendelea kufuatilia hali hii kwa karibu na wataendelea kutekeleza hatua zinazolenga kulinda uendeleu wa kifedha wa Hazina kwa muda mrefu.

7.4. Mashauri na Migogoro ya Kisheria

Hazina inaendelea kuhusika katika migogoro mbalimbali ya kisheria, haswa ile inayohusiana na miradi ya maendeleo. Migogoro hii inaendelea kuwasilisha hatari za kisheria na kifedha, na katika baadhi ya matukio huweka hali ya kutokuwa na uhakika kuhusu faida na uendeleu wa miradi husika. Wadhamini wanaendelea kutafuta njia za kutatua migogoro hiyo huku wakijitahidi kupunguza athari zozote zinazoweza kuathiri hali ya jumla ya Hazina.

8. MWELEKEO WA SIKU ZIJAZO

8.1. Ukaguzi wa Mpango Mkakati

Mpango Mkakati wa sasa unaotekelezwa katika kipindi cha 2022–2026 unakaribia kukamilika, na Hazina kwa sasa inashiriki kikamilifu katika mchakato wa kukagua na kuandaa mpango mkakati unaofuata. Mkakati huo mpya utaweka msisitizo zaidi katika kuhakikisha uendeleu wa Hazina kwa muda mrefu, huku pia ukiimarisha mipango inayolenga kuboresha ustawi wa wanachama, ushiriki wao na kiwango cha kuridhika kwao.

8.2. Urekebishaji wa Uwekezaji na Uuzaji wa Mali Isiyohamishika

Sehemu kubwa ya jalada la uwekezaji la Hazina kwa sasa imewekezwa katika mali isiyohamishika. Kwa kuzingatia lengo la kuboresha ufanisi wa jalada la uwekezaji na kuongeza mapato, Hazina inakusudia kuuza baadhi ya mali zake za isiyohamishika kwa utaratibu na kuwekeza mapato yatakayopatikana katika madaraja ya uwekezaji yenye mapato makubwa zaidi. Ugawaji huu mpya wa uwekezaji unatarajiwa kuimarisha ukwasi, kuongeza mapato ya uwekezaji na kuoanisha vyema jalada la uwekezaji na malengo halisi ya muda mrefu na ufadhili.

8.3. Utatuzi wa Madeni ya Mafao

Wadhamini wanaendelea kushirikiana na Mdhamini wa Hazina kwa lengo la kukamilisha ulipaji wa madeni yanayotokana na mgogoro wa mafao. Katika mchakato huu, Wadhamini wanaendelea kujizatiti kuhakikisha kwamba muundo wowote wa makubaliano ya ulipaji utakaofikiwa unalinda uthabiti na uendeleu wa kifedha wa Hazina kwa muda mrefu, huku pia ukizingatia haki kwa wanachama na uzingatiaji wa maamuzi husika yaliyotolewa.

9. SHUKRANI

Kwa niaba ya Bodi ya Wadhamini, ningependa kutoa shukrani zangu za dhati kwa Mdhamini wa Hazina, watoa huduma na wanachama wote kwa kuendelea kuonyesha imani, ushirikiano na usaidizi wao katika usimamizi na uongozi wa Hazina.

Wadhamini wanaendelea kutekeleza kwa uthabiti wajibu wao wa kiudhamini wa kulinda na kuhifadhi mafao yaliyokusanywa na wanachama, huku wakati huo huo wakitekeleza mabadiliko yanayolenga kuboresha utendaji, kuimarisha ustahimilivu na kushughulikia changamoto zilizopo za kimuundo na kiutendaji.

Hazina inapoingia katika awamu yake inayofuata ya mwelekeo wa kimkakati, dhamira yake kuu inaendelea kuwa: “Kulinda Mafao ya Wanachama Leo, Huku Tukihakikisha Uendeleu wa Hazina kwa Ajili ya Kesho.”

Asanteni.

CPA. Omae NYARANDI

Mwenyekiti, Bodi ya Wadhamini

HAZINA YA PENSHE NI YA MAMLAKA YA BANDARI YA KENYA

BOARD OF TRUSTEES

1. CPA OMAE NYARANDI

Trustee - Chairman

CPA Nyarandi joined the Scheme on 12 May 2023 as a Sponsor nominated Trustee - KPA Pension Scheme (DB). With over 30 years of experience, he has an MBA (Strategic Management) from the University of Nairobi and a Bachelor of Commerce (Business Administration - UoN). Among his professional qualifications include as a Certified Public Accountant and Certified Secretary and a qualified Procurement Professional.

Nyarandi was the former Chief Executive Officer/ Executive Secretary, Northern Corridor Transit & Transport Coordination Authority and Board Chairman, Mombasa Water & Sanitation Company.

2. DAVID BONYI

Trustee

David joined the Scheme in January 2021 as sponsor nominated Trustee - KPA Pension Scheme (DB) serving his second term. He has a Bachelor of Laws degree from the University of Nairobi and Master of Laws (LLM) in International Trade and Investments Law. He also holds a post-graduate diploma in Law from the Kenya School of Law.

David is an established advocate well experienced in employment law, financial sector regulation, statutory compliance, legal audit and corporate law. He is an advocate of the High Court of Kenya with over 33 years of experience, a Certified Public Secretary (CS) and a qualified trainer in Corporate Governance. He has served in various capacities at the Retirement Benefits Authority and engaged by the IMF and World Bank to countries within the East African region as an Independent Consultant. David has also been contracted by the Government of Gambia to draft a new Pensions Act to replace the Pensions Act of 1950. He is a Certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

Committee Membership - Finance and Investment Committee/Administration and Communication Committee

3. FERDINAND MALUMBO

Trustee

Ferdinand joined the Scheme in December 2020 as member, elected Trustee - KPA Pension Scheme (DB) serving his second term. He has a diploma in Clinical Medicine & Surgery, Sports Medicine and Higher National Diploma, Clinical Medicine and Surgery (Orthopaedics and trauma) from KMTC. He is a member of the Kenya Clinical Officer Association and Kenya Clinical Officer Council with 29 years of experience.

Ferdinand has served as Bandari FC medical practitioner and is currently a medical practitioner at Bandari Clinic at the Kenya Ports Authority (KPA). Ferdinand is a Certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

Committee Membership - Audit & Risk/ Project Implementation Committee (SPV)



BOARD OF TRUSTEES

4. KIBET KIRUI EMMANUEL Trustee

Mr. Kibet is a qualified Lawyer and an Advocate of the High Court of Kenya with notable experience and expertise in Business, Commercial and Dispute Resolution. Mr. Kibet is currently a Partner at the H&K Law Advocates, Nairobi. He is a professional member of the Law Society of Kenya and East Africa Law Society. In recognition of his skillful craft, Kibet was appointed by H.E, President of the Republic of Kenya as a Joint Secretary to an independent Tribunal established under Article 251 of the Constitution of Kenya to investigate the Conduct of four (4) Independent Electoral and Boundaries Commission (IEBC) Commissioners. Kibet presently holds the position of Director, Kenya Ports Authority, appointed by the Cabinet Secretary, Ministry of Roads, and Transport in January 2023. At the Board of Directors, Mr. Kibet Chairs the Finance & Asset Committee. He is also a Sponsor Nominated Trustee to the Kenya Ports Authority Pension Scheme. Mr. Kibet has been recognized by a merit award for pioneering a legal journal for Moi University, School of Law in 2013, as the Editor-in-Chief. He won the National First Place Award in the Youth for Democracy Innovation Award 2012/2013, by the UNDP. He has also published in esteemed law journals and periodicals.

Committee Membership - Finance and Investment Committee / Project Implementation Committee (SPV)

5. VIOLET MUGAMBI Trustee

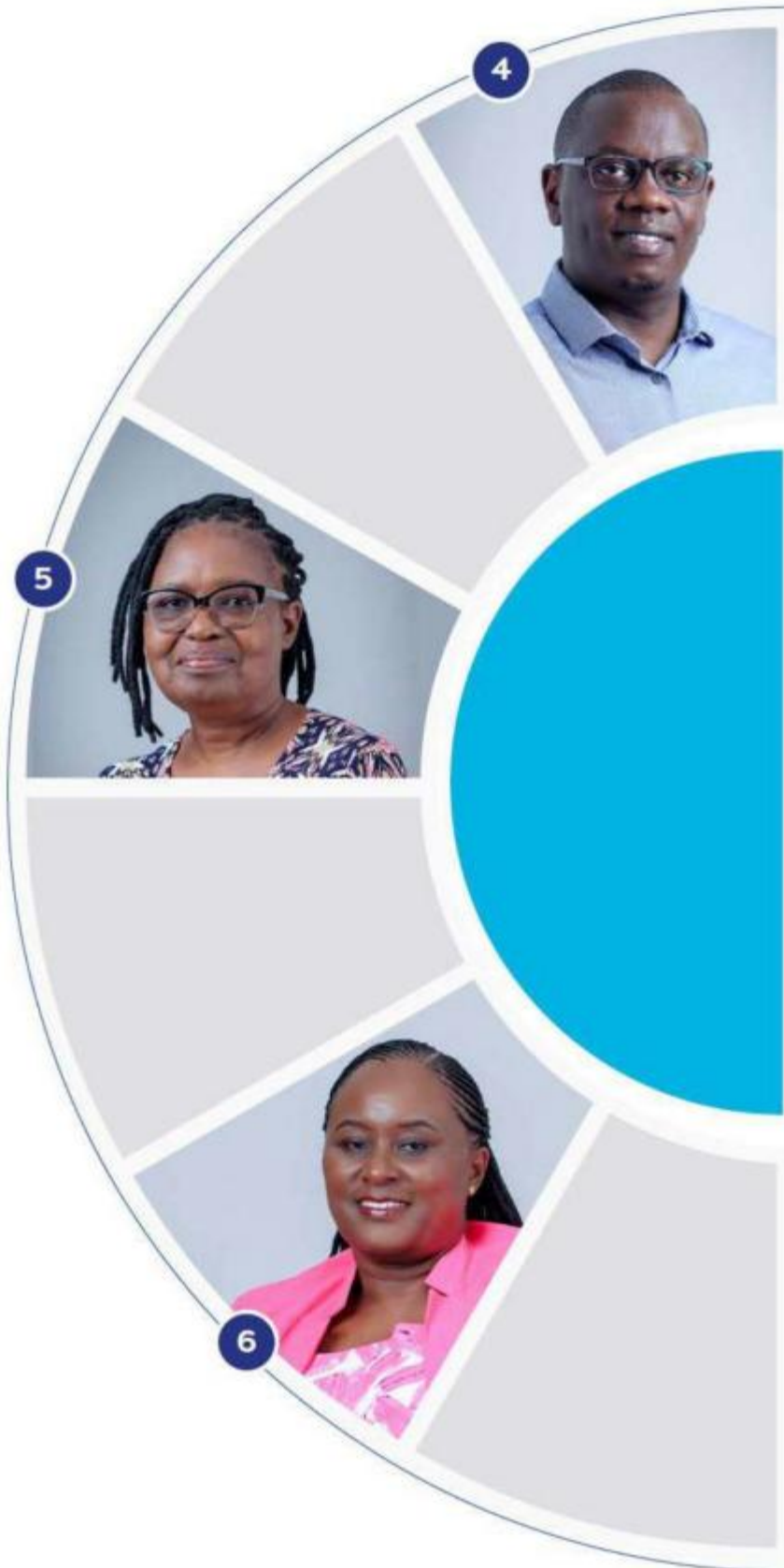
Violet joined the Scheme in December 2020 as member, elected Trustee - KPA Pension Scheme (DB) serving her second term. She has a Bachelor's degree in Business Administration (Human Resource) from KEMU, and Higher National Diploma in Human Resource Management from Technical University of Mombasa, Masters in Entrepreneurship from KEMU, Master's in Counselling from Manchester University and a PHD in Arts and Counselling from Washington International University. She is currently pursuing a PhD in Human Resource Management in JKUAT. With 30 years of experience, she is a Certified Professional Mediator and a Certified Human Resource Professional Trainer. She is a member of IHRM and Kenya Association of Psychological Counsellors. Violet was formally employed as an Administrator (Container Operations) at Kenya Ports Authority (KPA) and is a Certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

Committee Membership - Finance and Investment Committee / Administration and Communication Committee

6. CATHERINE WANGARI Trustee

Catherine joined the Scheme on 12 May 2023 as a Sponsor Nominated Trustee - KPA Pension Scheme (DB). She holds a Bachelor of Commerce (Hons) from the University of Nairobi and a Higher Diploma in HR Management (KNEC). She is currently pursuing a Masters in Human Resource Management (JKUAT). With 25 years of experience, she is a Certified Agile Associate IPMA Level D and holds a Professional Workplace Mediation & Conflict Resolution Certificate from the Mediation Training International, Kenya. Catherine is a member of the Institute of Human Resource Management (IHRM), has a certificate in Foundations of Industrial Relations and Effective BA Negotiation Skills from the Federation of Kenya Employers (FKE). Catherine is currently employed at the Kenya Ports Authority (KPA).

Committee Membership - Administration & Communication Committee / Project Implementation Committee (SPV)



BOARD OF TRUSTEES

7. SUSAN LELI Trustee

Susan joined the Scheme in November 2023 as member and elected Trustee - KPA Pension Scheme (DB). She holds a Diploma in Leadership Management - African Centre for Professional Development, Advanced Program in Human Resources Management. Eastern & Southern African Management Institute, Certificate in ISO implementation Course and currently undertaking a Degree in Office Management and Administration at Mount Kenya University. With 42 years of experience, Susan was formally employed at KPA as Human Resource Officer (Overseas Training) and is a certified Trustee having undertaken the Trustee Development Program of Kenya (TDPK).

Committee Membership - Audit & Risk Committee
Finance & Investment Committee.

8. FRANCIS TSUMA LELI Trustee

Francis joined the Scheme in May 2023 as a Sponsor Nominated Trustee - KPA Pension Scheme (DB). He is a dynamic and accomplished Sales and Marketing professional with over 24 years of experience in the manufacturing industry, he holds an Executive MBA in Strategic Management - Maastricht School of Management (MSM), a Bachelor of Science, International Business Administration in Marketing (USIU) and a certification in Program for Management Development PM (Strathmore Business School).

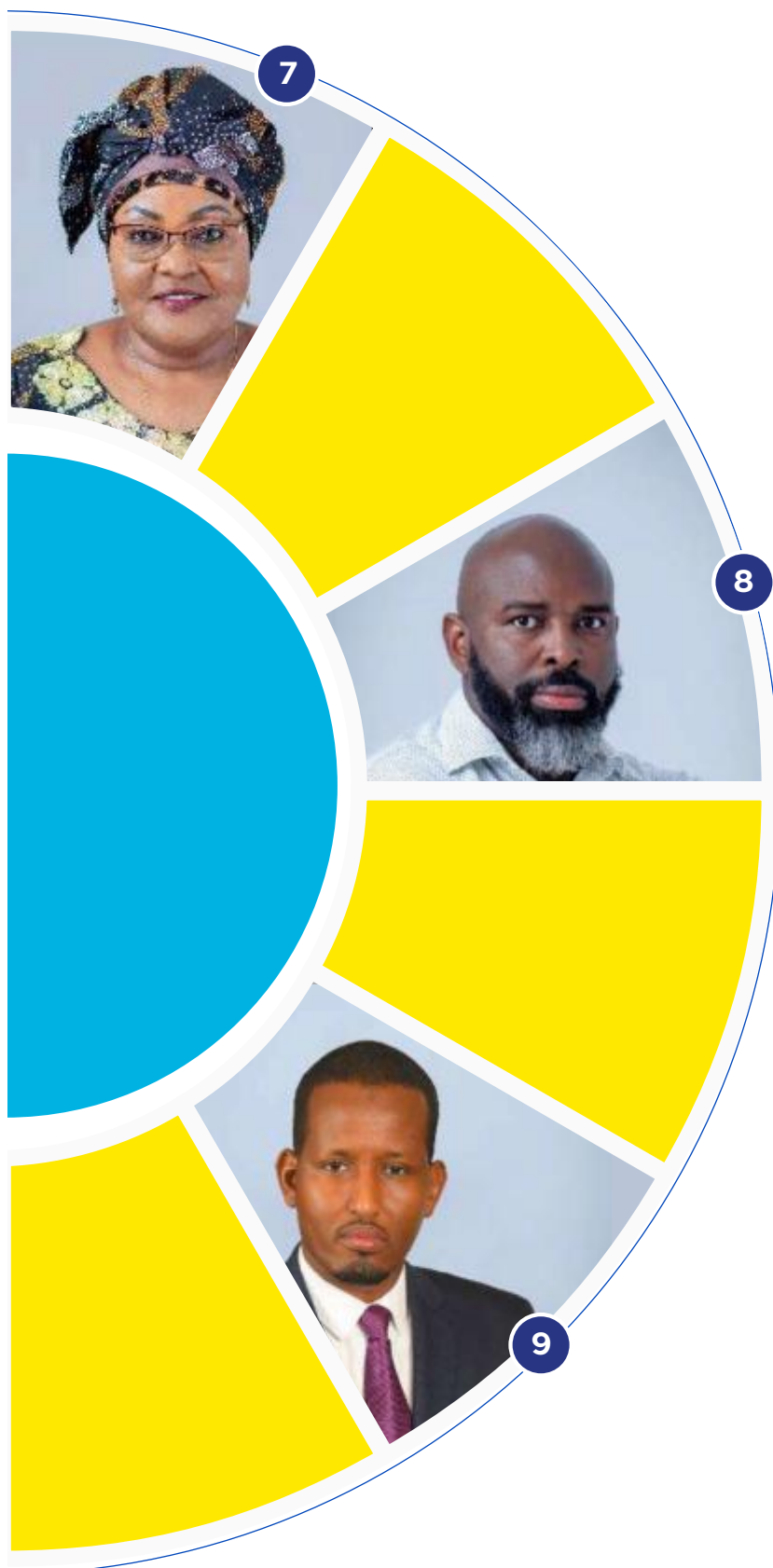
Committee Membership - Finance and Investment Committee / Project Implementation Committee (SPV).

9. FRANCIS TSUMA LELI Trustee

Hon. Ahmed Ali Muktar joined the KPA Pension Scheme (DB) on 1 June 2025 as a Sponsor-nominated Trustee, bringing with him over 16 years of multifaceted experience in governance, ICT, research, and development. He holds a Bachelor of Science degree in Computer Science from the International University of Africa in Khartoum, Sudan, and is currently pursuing a Master of Science in Public Policy and Management at Strathmore University.

Among his professional qualifications are Development Planning and Public Finance Management - CAF & CRA from UNDP and GIS Stakeholders and Ward Dev. as well as CCNA Exploration. Apart from his role as a County Governor, he has served as Head of Research and Products Development - International Research and Evaluation Consulting (IREC), ICT Officer - Somalia Mission IT and Communications Officer - Médecins Sans Frontières (MSE Switzerland). He also served as an ICT Assistant at the Waiir South Development Association and is a director at KPA.

Committee Membership - Audit & Risk / Administration





BANDARI ESTATE
.....
NAIROBI



TRUST SECRETARY REPORT



The Scheme placed emphasis on the need to further diversify its investment portfolio towards asset classes that offer improved returns and enhance long-term sustainability.

The Scheme continues to be administered in accordance with the Retirement Benefits Act and Regulations, as well as its Trust Deed and Rules, with a continued focus on safeguarding members' benefits and ensuring the prudent management of Scheme resources.

1. Introduction

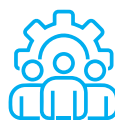
It is my pleasure to present this Scheme Secretary's Report to our esteemed members, providing an update on the Scheme's administrative activities and key developments during the year under review.

This report outlines the principal governance, compliance, and administrative matters undertaken by the Board of Trustees during the financial year. It highlights significant developments in the management and administration of the Scheme, including Trustee deliberations, regulatory compliance obligations, operational performance, and member engagement initiatives.

2. SCHEME DEMOGRAPHICS

2.1. Global Economic Trends

The Scheme continues to experience a gradual decline in active membership alongside a corresponding increase in beneficiaries. This trend is attributable to the fact that the Scheme is closed to new entrants, resulting in a natural reduction in active members over time as members exit through retirement or other forms of separation, while the number of pensioners continues to grow. A summary of the movement of the membership can be presented as follows:



Active Members

123



Dormant Members

2,340



During the year, the Scheme prioritized the timely processing of benefits to ensure that members received their payments without delay



The Scheme prioritized the development and continuous enhancement of a comprehensive risk register as part of its risk management framework.

6,265

Total Membership of the Scheme

Membership Category	31 Dec 2025	31 Dec 2024	Change
Total Active Members	123	209	(86)
Dormant Members	2340	2327	(13)
Total Membership (Active + Dormant)	2463	2536	(73)

3. REFLECTIONS OF THE YEAR ON IMPLEMENTATION OF STRATEGY

The Scheme remained committed to ensuring that all its activities are member-centred and aligned with its strategic plan. During the year, the Board of Trustees focused on the key priority areas outlined in the Scheme's Strategic Plan (2022-2026).

3.1. Sustainability as a Strategic Pillar of the Scheme

During the year, the Scheme placed emphasis on the need to further diversify its investment portfolio towards asset classes that offer improved returns and enhance long-term sustainability.

Specifically, the Scheme undertook the disposal of non-performing properties, with the proceeds earmarked for reinvestment into more productive and higher-yielding asset classes, with a view to strengthening overall portfolio

performance and financial stability.

3.2. Member Satisfaction

During the year, the Scheme prioritized the timely processing of benefits to ensure that members received their payments without delay, and continued its practice of paying pension benefits in advance. In addition, the Scheme facilitated the transition of pensioners from the National Hospital Insurance Fund (NHIF) to the Social Health Insurance Fund (SHIF), recognising that access to affordable healthcare remains a key concern for retirees.

Further, the Scheme successfully negotiated affordable supplementary insurance covers for pensioners who required additional medical cover beyond the SHIF benefits, thereby enhancing overall welfare support for members.

3.3. Efficiency on Internal Processes

The Scheme prioritized the development and

continuous enhancement of a comprehensive risk register as part of its risk management framework. This initiative is aimed at systematically identifying, assessing, and monitoring potential risks across the Scheme's operations, including governance, investment, administrative, and compliance processes. Through this approach, the Scheme is better positioned to detect weaknesses in internal controls early and implement appropriate mitigation measures to strengthen overall operational resilience and ensure sound fiduciary oversight.

On member-related activities, the Scheme continued to enhance its member portal with the objective of improving accessibility, transparency, and ease of interaction for members. The upgraded platform enables members to conveniently access key information such as benefit statements, personal records, and Scheme updates, thereby improving service delivery and reducing reliance on manual processes.

TRUST SECRETARY REPORT

In addition, the Scheme has continued to leverage technology to improve efficiency and accuracy in service delivery. Notably, the introduction and use of a biometric solution has significantly enhanced the execution of member verification exercises, including census activities, by enabling remote and more efficient authentication processes. This has not only improved data integrity but has also strengthened the Scheme's ability to conduct member engagements in a timely and cost-effective manner.

3.4. Human Capital

The Scheme has been able to successfully retain its internal administration secretariat staff during the year, thereby ensuring continuity, institutional stability, and preservation of critical operational knowledge. This retention is particularly important given the significant investment made in training and capacity development of staff, and the potential disruption and cost implications that would arise from the loss of personnel who are well-versed with the Scheme's processes and systems.

Further, the Scheme has consistently invested in the training and capacity building of staff members to enhance service delivery and strengthen operational efficiency. These capacity-building initiatives have focused on improving technical competencies, governance awareness, customer service delivery, and regulatory compliance, thereby enabling staff to effectively respond to the evolving needs of members and the Scheme's broader strategic objectives.

4. REGULATORY ENVIRONMENT DURING THE YEAR

During the year under review, there were significant developments in Kenya's tax regime affecting retirement benefit schemes, largely introduced through amendments to the Income Tax Act pursuant to the Finance Act, 2025. These changes materially impact the taxation of contributions, withdrawals, and retirement benefits administration.

4.1. Taxation of Retirement Benefits and Withdrawals

The Finance Act, 2024 introduced a major restructuring of the tax treatment of pension benefits. The previous partial exemptions on retirement lump sums and periodic pension payments were substantially revised.

Under the current framework, pension withdrawals are generally exempt from income tax only where:

- The member has attained retirement age as defined under the scheme rules;
- The withdrawal is made on grounds of ill-health; or
- The member has been in the scheme for a minimum qualifying period (generally 20 years).

Withdrawals that do not meet the statutory exemption criteria are now subject to income tax as employment income. This represents a shift toward a more conditional exemption regime, requiring stricter verification at the point of benefit payment.

4.2. Exemption of Gratuity and Retirement Lump Sums

A notable development during the year was the full exemption of gratuity payments from income tax, provided such payments are earned after 1st July 2025. This exemption applies to both public and private sector retirement gratuities.

In addition, qualifying retirement lump sums and pension benefits have been further clarified under the revised First Schedule to the Income Tax Act, reinforcing the tax-exempt status of genuine retirement benefits while tightening the conditions under which exemptions apply.

5. MEMBER WELFARE, EDUCATION AND BENEFIT ADMINISTRATION

5.1. Negotiated Medical Insurance Cover

During the year under review, the Scheme continued to prioritize the welfare of members through a negotiated medical insurance arrangement. This cover is intended to provide members and their dependants with access to quality healthcare services at competitive and sustainable premium rates, achieved through the Scheme's collective bargaining capacity.

The Trustees engaged with the service provider to review the scope of benefits with a view to enhancing coverage, improving service delivery, and ensuring that the arrangement remains responsive to the evolving healthcare needs of members. This initiative continues to play a critical role in strengthening the overall value proposition of the Scheme beyond retirement savings.

5.2. Identification of Member Beneficiaries

The Scheme continued to strengthen its processes for the identification, verification, and updating of member beneficiary records. This is a critical governance function that ensures retirement and death benefits are paid promptly and accurately to the rightful dependants in accordance with the Scheme Rules and applicable legal requirements.

During the year, emphasis was placed on improving the completeness and accuracy of nomination forms and next-of-kin records. These measures have enhanced the integrity of member data and contributed to improved efficiency in benefit processing, particularly in death-in-service and retirement benefit claims.

Members are continuously encouraged to review and update their beneficiary information to reflect any changes in personal circumstances, thereby ensuring smooth and timely benefit administration when the need arises.

5.3. Pensioner Awareness and Education Programmes

The Scheme continued to implement pensioner awareness and education initiatives aimed at enhancing financial literacy, improving understanding of pension benefits, and strengthening engagement with pensioners. These programmes are designed to ensure that pensioners are well-informed on matters relating to their benefits, payment processes, and any regulatory or administrative changes affecting their entitlements.

Through structured communication channels and periodic engagements, the Scheme has been able to provide guidance on benefit management, address pensioner concerns, and reinforce transparency in Scheme operations. These initiatives also serve to promote trust and confidence between the Scheme and its pensioner membership.

6. APPRECIATION

On behalf of the Scheme Administration, we wish to extend our appreciation to the Scheme Sponsor, the Board of Trustees, service providers, and all members for their continued confidence, collaboration, and support in the administration and governance of the Scheme.

The Scheme Administration remains committed to the effective execution of its mandate, particularly in ensuring efficient service delivery, safeguarding member records and benefits, and supporting the Trustees in the prudent management and operation of the Scheme. This includes continuous improvement of administrative systems, strengthening of internal controls, and responsiveness to evolving regulatory and operational requirements.

Thank you.

FA. BERNARD K. KIBET

CEO/ Trust Secretary

KENYA PORTS AUTHORITY PENSION SCHEME

RIPOTI YA AFISA MTENDAJI MKUU/ KATIBU WA HAZINA



Ni furaha yangu kuwasilisha Ripoti hii ya Katibu wa Hazina kwa wanachama wetu, ikitoa taarifa kuhusu shughuli za usimamizi wa Hazina na maendeleo muhimu yaliyofikiwa katika mwaka huu.

Ripoti hii inaeleza masuala makuu ya uongozi, uzingatiaji wa sheria na kanuni, pamoja na shughuli za uongozi zilizotekelezwa na Bodi ya Wadhamini katika mwaka huu wa kifedha. Inaangazia maendeleo muhimu katika usimamizi na uongozi wa Hazina, yakiwemo majadiliano ya Wadhamini, utekelezaji wa wajibu wa uzingatiaji wa masharti ya wadhibiti, utendaji wa shughuli za Hazina, na mipango ya ushirikishwaji wa wanachama.

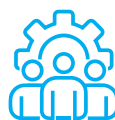


Hazina ilisisitiza umuhimu wa kuendelea kuwekeza katika sekta mbalimbali kwa kuelekeza uwekezaji katika makundi ya mali yanayotoa mapato bora zaidi na kuimarisha uendelevu wa muda mrefu

Hazina inaendelea kuongozwa kwa mujibu wa Sheria na Kanuni za Mafao ya Kustaafu, pamoja na Hati ya Dhamana na Kanuni zake, huku ikiendelea kuweka mkazo katika kulinda mafao ya wanachama na kuhakikisha rasilimali za Hazina zinasimamiwa vizuri.

2. TAARIFA ZA WANACHAMA WA HAZINA

Hazina inaendelea kushuhudia kupungua kwa taratibu kwa idadi ya wanachama wanaoshiriki kikamilifu sambamba na kuongezeka kwa idadi ya wanufaika. Mwelekeo huu unatokana na ukweli kwamba Hazina imefungwa kwa wanachama wapya, hali inayosababisha kupungua kwa kawaida kwa idadi ya wanachama wanaoshiriki kikamilifu kadri muda unavyopita wanapostaafu au kuondoka kwa sababu nyinginezo, huku idadi ya wastaafu wanaopokea pensheni ikiendelea kuongezeka. Muhtasari wa mabadiliko ya uanachama unaweza kuwasilishwa kama ifuatavyo:



Wanachama
Wanaoshiriki
Kikamilifu

123



Wanachama
Wasiolipa
Michango

2,340



Katika mwaka huu, Hazina iliweka kipaumbele katika kushughulikia mafao kwa wakati ili kuhakikisha kuwa wanachama wanapokea malipo yao bila kuchelewa.



Hazina iliweka kipaumbele katika kuandaa na kuendelea kuboresha sajili ya kina ya hatari kama sehemu ya mfumo wake wa usimamizi wa hatari.

6,265

Total Membership of the Scheme

Kategoria ya Wanachama	31 Desemba 2025	31 Desemba 2024	Mabadiliko
Jumla ya Wanachama Wanaoshiriki Kikamilifu	123	209	(86)
Wanachama Wasiolipa Michango	2340	2327	(13)
Jumla ya Wanachama (Wanaoshiriki Kikamilifu + Wasiolipa Michango)	2463	2536	(73)

3. TATHMINI YA MWAKA KUHUSU UTEKELEZAJI WA MKAKATI

Hazina iliendelea kujitolea kuhakikisha kuwa shughuli zake zote zinazingatia maslahi ya wanachama na zinaendana na mpango wake wa kimkakati. Katika mwaka huu, Bodi ya Wadhamini ilijikita katika maeneo muhimu ya kipaumbele yaliyoainishwa katika Mpango Mkakati wa Hazina (2022-2026).

3.1. Uendelevu kama Nguzo ya Kimkakati ya Hazina

Katika mwaka huu, Hazina ilisitiza umuhimu wa kuendelea kuwekeza katika sekta mbalimbali kwa kuelekeza uwekezaji katika makundi ya mali yanayotoa mapato bora zaidi na kuimarisha uendelevu wa muda mrefu.

Haswa, Hazina ilitekeleza uuzaji wa mali zisizoleta mapato, ambapo mapato yaliyopatikana yalitengwa kwa ajili ya kuwekeza tena katika makundi ya mali yenye mapato zaidi na yanayotoa mapato ya juu, kwa lengo la kuimarisha utendaji wa jumla wa jalada la uwekezaji na uthabiti wa kifedha.

3.2. Kuridhika kwa Wanachama

Katika mwaka huu, Hazina iliweka kipaumbele katika kushughulikia mafao kwa wakati ili kuhakikisha kuwa wanachama wanapokea malipo yao bila kuchelewa, na iliendelea na utaratibu wake wa kulipa mafao ya pensheni mapema. Aidha, Hazina iliratibu uhamisho wa wastaafu kutoka Hazina ya Taifa ya Bima ya Afya (NHIF) hadi Hazina ya Bima ya Afya ya Jamii (SHIF), ikitambua kuwa upatikanaji wa huduma za afya nafuu ni moja ya mahitaji muhimu ya wastaafu.

Vilevile, Hazina ilifanikiwa kujadiliana na kupata bima za ziada za afya kwa gharama nafuu kwa wastaafu waliohitaji huduma za bima zinazozidi mafao yanayotolewa chini ya SHIF, hivyo kuimarisha ustawi wa jumla wa wanachama.

3.3. Ufanisi wa Mifumo ya Ndani

Hazina iliweka kipaumbele katika kuandaa na kuendelea kuboresha sajili ya kina ya hatari kama sehemu ya

mfumo wake wa usimamizi wa hatari. Mpango huu unalenga kutambua, kutathmini na kufuatilia kwa utaratibu hatari zinazoweza kujitokeza katika shughuli za Hazina, ikiwemo maeneo ya uongozi, uwekezaji, usimamizi wa shughuli za kila siku na uzingatiaji wa sheria na kanuni. Kupitia mbinu hii, Hazina imejiweka katika nafasi bora zaidi ya kubaini mapema udhaifu katika mifumo ya udhibiti wa ndani na kutekeleza hatua zinazofaa za kupunguza hatari hizo, ili kuimarisha uimara wa shughuli zake na kuhakikisha usimamizi makini wa majukumu ya udhamini.

Kuhusu Shughuli Zinazohusiana na Wanachama, Hazina iliendelea kuboresha mfumo wake wa kidijitali wa wanachama kwa lengo la kuimarisha ufikiaji wa huduma, uwazi, na urahisi wa mawasiliano kati ya wanachama na Hazina. Mfumo ulioboreshwa huwawezesha wanachama kupata kwa urahisi taarifa muhimu kama vile taarifa za mafao, rekodi zao binafsi, na taarifa mbalimbali za Hazina, hivyo kuboresha utoaji wa huduma na kupunguza

RIPOTI YA AFISA MTENDAJI MKUU/KATIBU WA HAZINA

utegemezi wa michakato inayofanywa na wafanyakazi wenyewe.

Aidha, Hazina imeendelea kutumia teknolojia ili kuongeza ufanisi na usahihi katika utoaji wa huduma. Hasa, kuanzishwa na matumizi ya mfumo wa uthibitishaji wa kibayometriki kumeimarisha kwa kiasi kikubwa utekelezaji wa shughuli za uthibitishaji wa wanachama, ikiwemo zoezi la sensa ya wanachama, kwa kuwezesha michakato ya uthibitishaji ya mbali na yenye ufanisi zaidi. Hali hii haijaboresha tu uadilifu wa taarifa za wanachama, bali pia imeimarisha uwezo wa Hazina wa kufanya shughuli za ushirikishwaji wa wanachama kwa wakati na kwa gharama nafuu.

3.4. Rasilimali Watu

Hazina imefanikiwa kuwadumisha wafanyakazi wake wa sekretarieti ya uongozi wa ndani katika mwaka huu, jambo lililosaidia kuhakikisha mwendelezo wa shughuli, uthabiti wa taasisi, na uhifadhi wa maarifa muhimu ya kiutendaji. Udumishaji huu wa wafanyakazi ni muhimu hasa kutokana na uwekezaji mkubwa uliofanywa katika mafunzo na maendeleo ya uwezo wa wafanyakazi, pamoja na athari za usumbufu wa shughuli na gharama ambazo zingeweza kutokea iwapo wafanyakazi wenye uelewa wa kina wa mifumo na taratibu za Hazina wangetoka.

Zaidi ya hayo, Hazina imeendelea kuwekeza katika mafunzo na uendelezaji wa uwezo wa wafanyakazi wake ili kuboresha utoaji wa huduma na kuimarisha ufanisi wa shughuli zake. Mipango hii ya kuendeleza uwezo imelenga kuimarisha umahiri wa kitaalamu, kuongeza uelewa wa masuala ya uongozi bora, kuboresha huduma kwa wateja, na kuhakikisha uzingatiaji wa masharti ya sheria na kanuni, hivyo kuwawezesha wafanyakazi kujibu kwa ufanisi mahitaji yanayobadilika ya wanachama pamoja na malengo mapana ya kimkakati ya Hazina.

4. MAZINGIRA YA UDHIBITI KATIKA MWAKA HUU

Katika mwaka huu, kulikuwa na maendeleo muhimu katika mfumo wa ushuru nchini Kenya yaliyoathiri hazina za mafao ya kustaafu, hasa kupitia marekebisho ya Sheria ya Kodi ya Mapato yaliyofanywa chini ya Sheria ya Kifedha ya mwaka wa 2025. Mabadiliko haya yana athari kubwa katika utozwaji kodi wa michango, utoaji wa fedha kutoka kwenye hazina za pensheni, na usimamizi wa mafao ya kustaafu.

4.1. Utozwaji Kodi wa Mafao ya Kustaafu na Utoaji wa Fedha

Sheria ya Kifedha ya mwaka wa 2025 ilianzisha mabadiliko makubwa katika mfumo wa utozwaji kodi wa mafao ya pensheni. Misamaha ya awali ya sehemu ya malipo ya mkupuo wa kustaafu na malipo ya mara kwa mara ya pensheni ilifanyiwa marekebisho makubwa.

Chini ya mfumo wa sasa, pesa zinazotolewa kutoka kwenye pensheni kwa ujumla hazitozwi kodi ya mapato tu pale ambapo:

- Mwanachama amefikisha umri wa kustaafu kama ulivyoainishwa katika Kanuni za Hazina;
- Mwanachama ametimiza masharti mengine ya msamaha wa kodi yaliyoainishwa katika sheria husika; au
- Mwanachama amekuwa katika Hazina kwa kipindi cha chini zaidi kisichopungua muda wa kustahiki unaotakiwa kisheria (kwa kawaida miaka 20).

Pesa zinazotolewa ambazo hazikidhi vigezo vya kisheria vya msamaha wa kodi sasa zinatozwa kodi ya mapato kama mapato ya ajira. Hili linaashiria mabadiliko kuelekea mfumo wa misamaha ya kodi yenye masharti maalum, unaohitaji uhakiki wa kina zaidi wakati wa kulipa mafao.

4.2. Msamaha wa Kodi kwa Kiinua Mgongo na Malipo ya Mkupuo ya Kustaafu

Maendeleo muhimu yaliyoshuhudiwa katika mwaka huu ni utoaji wa msamaha kamili wa kodi ya mapato kwa malipo ya kiinua mgongo, mradi malipo hayo yamepatikana baada ya tarehe 1 Julai 2025. Msamaha huu unatumika kwa malipo ya kiinua mgongo ya kustaafu katika sekta ya umma na sekta binafsi.

Aidha, masharti yanayohusu malipo ya mkupuo ya kustaafu na mafao ya pensheni yanayostahili msamaha yamefafanuliwa zaidi chini ya Ratiba ya Kwanza iliyorekebishwa ya Sheria ya Kodi ya Mapato, jambo ambalo limeimarisha hadhi ya kutotozwa kodi kwa mafao halisi ya kustaafu huku likiimarisha masharti yanayotumika ili kustahili misamaha hiyo.

4.3. Uchanganuzi wa Hatari Unaotegemea Viwango vya Hatari na Mdhibili

Mdhibili pia ameanzisha mfumo wa usimamizi unaozingatia kiwango cha hatari katika udhibiti wa hazina za pensheni. Katika mwaka huu, Hazina ilitembelewa na Mdhibili na kufanyiwa ukaguzi wa usimamizi uliolenga Bodi ya Wadhamini pamoja na uongozi wa ndani wa Hazina.

Tunafurahia kuripoti kwamba hakukuwa na mapungufu yoyote makubwa yaliyobainika katika usimamizi wa Hazina, na kwa ujumla kiwango cha uzingatiaji wa sheria na kanuni kilionekana kuwa cha kuridhisha.

5. USTAWI WA WANACHAMA, MAFUNZO NA USIMAMIZI WA MAFAO

5.1. Bima ya Matibabu Iliyojadiliwa kwa Niaba ya Wanachama

Katika mwaka huu, Hazina iliendelea kuweka kipaumbele katika ustawi wa wanachama kupitia mpango wa bima ya matibabu uliopatikana kwa makubaliano maalum yaliyofikiwa kwa niaba ya wanachama. Bima hii inalenga kuwapatia wanachama na wategemezi wao fursa ya kupata huduma bora za afya kwa viwango vya chini na endelevu vya malipo ya bima, kupitia uwezo wa Hazina wa kujadiliana kwa niaba ya wanachama kama kundi.

Wadhamini walishirikiana na mtoa huduma kufanya mapitio ya wigo wa mafao yanayotolewa kwa lengo la kuboresha kiwango cha huduma, kuongeza ulinzi wa bima, na kuhakikisha kuwa mpango huu unaendelea kukidhi mahitaji ya afya yanayobadilika ya wanachama. Mpango huu unaendelea kuwa na mchango mkubwa katika kuimarisha thamani ya jumla ya Hazina kwa wanachama wake, zaidi ya jukumu lake la msingi la kuweka akiba za kustaafu.

5.2. Utambuzi wa Wanufaika wa Wanachama

Hazina iliendelea kuimarisha taratibu zake za kutambua, kuhakiki na kusasisha taarifa za wanufaika wa wanachama. Hili ni jukumu muhimu la uongozi linalohakikisha kwamba mafao ya kustaafu na mafao ya kifo yanalipwa kwa wakati na kwa usahihi kwa wategemezi halali kwa mujibu wa Kanuni za Hazina na masharti ya sheria husika. Utambuzi sahihi wa wanufaika hupunguza hatari ya migogoro kuhusu mafao na husaidia kuhakikisha kwamba malipo yanafanyika kwa ufanisi na bila ucheleweshaji usio wa lazima.

Katika mwaka huu, msisitizo uliwekwa katika kuboresha ukamilifu na usahihi wa fomu za uteuzi wa wanufaika na taarifa za jamaa wa karibu (next of kin). Hatua hizi zimeimarisha uadilifu wa taarifa za wanachama na zimechangia kuongeza ufanisi katika uchakataji wa mafao, hasa madai ya mafao ya kifo cha mfanyakazi na mafao ya kustaafu.

Wanachama wanaendelea kuhamasishwa kukagua na kusasisha taarifa za wanufaika wao ili kuendana na mabadiliko yoyote ya hali zao binafsi, na hivyo kuhakikisha usimamizi wa mafao unafanyika kwa urahisi na kwa wakati inapohitajika.

5.3. Mipango ya Uhamasishaji na Mafunzo kwa Wastaafu

Hazina iliendelea kutekeleza mipango ya uhamasishaji na mafunzo kwa wastaafu kwa lengo la kuongeza uelewa wa masuala ya kifedha, kuboresha ufahamu kuhusu mafao ya pensheni, na kuimarisha ushiriki wa wastaafu katika masuala ya Hazina. Mipango hii imeundwa ili kuhakikisha kwamba wastaafu wanapata taarifa sahihi kuhusu mafao yao, taratibu za malipo, pamoja na mabadiliko yoyote ya kisheria, kiudhibiti au uongozi yanayoweza kuathiri mafao yao.

Kupitia njia zilizopangwa za mawasiliano na mikutano ya mara kwa mara, Hazina imeweza kutoa mwongozo kuhusu usimamizi wa mafao, kushughulikia masuala na hoja za wastaafu, na kuimarisha uwazi katika shughuli za Hazina. Mipango hii pia huchangia kujenga imani na kuimarisha uhusiano mzuri kati ya Hazina na wanachama wake wanaopokea pensheni.

6. SHUKRANI

Kwa niaba ya Uongozi wa Hazina, tungependa kutoa shukrani zetu kwa Mdamini wa Hazina, Bodi ya Wadhamini, watoa huduma, na wanachama wote kwa kuendelea kuonyesha imani, ushirikiano na usaidizi wao katika usimamizi na uongozi wa Hazina.

Uongozi wa Hazina unaendelea kujitolea kutekeleza majukumu yake kwa ufanisi, haswa katika kuhakikisha utoaji bora wa huduma, kulinda rekodi na mafao ya wanachama, na kuwasaidia Wadhamini katika usimamizi na uendeshaji makini wa Hazina. Hii inajumuisha kuendelea kuboresha mifumo ya usimamizi, kuimarisha mifumo ya udhibiti wa ndani, na kuhakikisha mwitikio wa haraka kwa mabadiliko ya mahitaji ya kiudhibiti na kiutendaji.

Asanteni.

FA. BERNARD K. KIBET

Afisa Mtendaji Mkuu/Katibu wa Hazina

Hazina ya Pensheni ya Mamlaka ya Bandari ya Kenya

05 FINANCIAL REPORT & STATEMENTS

THE PEACE OF MIND
.....
IN YOUR SUNSET YEARS



REPORT OF THE TRUSTEES

The trustees present their report together with the audited financial statements for the Kenya Ports Authority Pension Scheme (the "scheme") for the year ended 31 December 2025.

ESTABLISHMENT, NATURE, AND STATUS OF THE SCHEME

The scheme was established, and is governed by a trust deed with effect from 1 January 1998. It is a defined benefit scheme and provides, under the rules of the scheme, retirements benefits for the staff of Kenya Ports Authority. It is a tax exempt (92291B/1765) approved scheme under the Income Tax Act and is registered with the Retirement Benefits Authority. Employees contribute to the fund at the rate of 7.5% (2025: 7.5%) of their respective pensionable salaries. The employer contributes at rates based on periodic advice of the actuary. The employer's current contribution rate is 14.7% (2025: 14.7%) of employees' pensionable salaries.

SCHEME MEMBERSHIP

	2025 Number	2024 Number
Total Members		
Contributing members	111	209
Non-contributing members	2,340	2,340
Pensioners	4,430	4,405
Pension beneficiaries	1,702	1,860
	8,583	8,764
Contributing members		
At start of year	209	72
Reinstatements	1	209
Less: Retired with pension	(89)	2,340
Died in service	(1)	-
Other secessionists	(9)	1
At end of year	111	305
Pensioners and pension beneficiaries		
At start of year	6,090	5,983
Add: Contributing members who retired	196	209
Widows, widowers and dependants pension becoming payable	142	158
Less: Ceased pensions	(238)	(260)
At end of year	6,190	5,983

FINANCIAL REVIEW

	2025 Kshs	2024 Kshs
Net assets		
At start of year	17,181,856,936	17,418,625,097
Increase / Decrease in net assets during the year	(169,601,416)	(236,768,168)
At end of year	17,012,255,527	17,181,856,936

REPORT OF THE TRUSTEES (Cont'd)

INVESTMENT OF FUNDS

Under the terms of their appointment the fund managers GenAfrica Asset Managers & African Alliance Asset Management Limited are responsible for the investment of funds. The overall responsibility for investment and performance of funds lies with the trustees.

ACTUARIAL POSITION

The last actuarial valuation was carried out as at 31 December 2024 in 2025 by Actuarial Services EA Limited, an independent firm of actuaries, using the attained age method. According to the valuation at that date, the actuarial present value of promised benefits was as follows:

	2024 Shs '000,000	2023 Shs '000,000
Vested benefits	13,627	12,366
Non vested benefits	12,574	13,777
Total	26,201	26,143

The fair value of the net assets available for benefits was Shs 17,182 (2023 :Shs 17,419) billion resulting in a deficit of Shs 9,020 (2023 :Shs 8,724) billion

The sponsor commissions an actuarial valuation on an annual basis as agreed with the Retirement Benefits Authority (RBA) although the RBA requires an actuarial valuation at least once in every three years.

REMEDIAL PLAN

A remedial plan to reduce the actuarial deficit has been agreed upon between the trustees, the employer and the Retirement Benefits Authority.

TRUSTEES

The Trustees who held office to the date of this report on page 6.

EXPENSES

The scheme meets all its expenses.

TAXATION

Kenya Ports Authority Pension Scheme has been approved by Kenya Revenue Authority and is exempt income tax on its investment income.

INDEPENDENT AUDITOR

The Scheme's auditor, Obiria & Co. (CPA) were appointed on 01/01/2025 for a period of three years.

BY ORDER OF THE BOARD OF TRUSTEES



**TRUSTEE
MOMBASA**

24th March 2026

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act 1997 requires the Trustees to prepare financial statements for each financial year which show a true and fair view of the financial transactions of the Scheme for the year and of disposition at year end of its assets and liabilities. It also requires the Trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Retirement Benefits Act, and for such Internal controls as Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also obligated to send to the members a summary of its audited financial accounts together with the members' benefits statements.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the Schemes rules. The Trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the Scheme and of its operating results. The Trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Trustees certify that, to their best knowledge and belief, the information furnished to the auditor for the purpose of the audit was correct and complete in every respect.

Nothing has come to the attention of the Trustees to indicate that the Scheme will not remain a going concern at least the next twelve months from the date of this statement.

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

Approved by the Board of trustees on **24th March 2026** and signed on its behalf by:



TRUSTEE



TRUSTEE

CORPORATE GOVERNANCE STATEMENT

1. TRUSTEES IN OFFICE

Name of trustee	Age (Yrs)	Category of Trustee	Gender	Certified	Qualification	Other board membership
Omae Nyarandi	57	Nominated	Male	Yes	Master of Business Administration, (Strategic Management)	Director General Kenya Maritime Authority
David Bonyi	64	Nominated	Male	Yes	Master of Laws (LLM)	None
Ferdinand Malumbo	61	Elected	Male	Yes	HND. Clinical Medicine & Surgery (Orthopaedics & Trauma)	None
Violet Mugambi	60	Elected	Female	Yes	PHD. In Arts in Counselling	None
Emmanuel Kibet Kirui	35	Nominated	Male	Yes	Advocate, High Court of Kenya, Bachelor of Laws (LLB)	Joint Secretary to Tribunal, Board Director KPA
Francis Tsuma Leli	51	Nominated	Male	Yes	Masters of Business Administration, (Strategic Management)	None
Catherine Wangari	53	Nominated	Female	Yes	MSC Human Resource Management	None
Susan W.K. Leli	67	Elected	Female	Yes	Degree in Office Management and Administration (Ongoing), Diploma in Leadership Management	None
Ahmed Ali Muktar	44	Nominated	Male	No	Master's in policy and management (Ongoing) Bachelor of Science degree in Computer Science	Director Kenya Ports Authority

BOARD COMMITTEES

The Scheme has the following sub-committees in place with terms of reference clearly defined to facilitate decision making of the Board

STANDING COMMITTEES

1. Finance & Investment Committee
2. Audit & Risk Committee
3. Administration & Communication Committee
4. Project Implementation Committee

The above sub-committees meet regularly to deliberate on issues that fall under their mandate.

MEETINGS HELD

The Board of Trustees held 8 meetings during the year ending the 31st December 2025 The meetings were held on the dates set out hereunder:-

Type of meeting	Number held	Dates
Regular Board	4	24/03/2025, 03/06/2025, 27/08/2025, 17/12/2025
Special Board	4	24/04/2025, 22/04/2025, 27/05/2025, 13/08/2025

CORPORATE GOVERNANCE STATEMENT (Cont'd)

MEETINGS HELD (Cont'd)

The number of Board and Committee meetings held during the year and attendance by individual Trustees is summarized in the schedule below:

Name of Trustee	Meeting type	Attendance		
		No	Out of	%
Justus Nyarandi	Regular Board	4	4	100%
	Special Board	3	4	75%
David Bonyi	Regular Board	3	4	75%
	Special Board	4	4	100%
	Administrative Committee	4	4	100%
	Finance and Investment	6	6	100%
Susan Leli	Regular Board	4	4	100%
	Special Board	4	4	100%
	Audit &Risk	2	2	100%
	Finance and Investment	6	6	100%
Ahmed Muktar	Regular Board	3	4	75%
	Special Board	2	4	50%
	Audit &Risk	1	2	50%
	Administrative Committee	1	4	25%
Ferdinand Malumbo	Regular Board	4	4	100%
	Special Board	4	4	100%
	Audit &Risk	2	2	100%
	Project Implementation	4	4	100%
Violet Mugambi	Regular Board	4	4	100%
	Special Board	4	4	100%
	Finance and Investment	6	6	100%
	Administrative Committee	4	4	100%
Catherine Wangari	Regular Board	3	4	75%
	Special Board	3	4	75%
	Administrative Committee	4	4	100%
	Project Implementation	4	4	100%
Francis Tsuma	Regular Board	4	4	100%
	Special Board	4	4	100%
	Finance and Investment	6	6	100%
	Project Implementation	4	4	100%
Emmanuel Kibet	Regular Board	2	4	50%
	Special Board	2	4	50%
	Finance and Investment	2	6	33%
	Project Implementation	1	4	25%
Caroline Maina	Regular Board	0	4	0%
	Special Board	0	4	0%
	Audit & Risk	1	2	50%
	Administrative Committee	1	4	25%

FIDUCIARY RESPONSIBILITY STATEMENT

The Board of Trustees is the governing body of the Kenya Ports Authority Pension Scheme and is responsible for the corporate governance of the scheme.

The Trustees are responsible for ensuring that the administration of the scheme is conducted in the best interests of

the scheme's members and the sponsor. To achieve this, the Trustees embraced their fiduciary responsibility by:

- a) Acting honestly and did not improperly use inside information or abuse their position.
- b) Exercising the highest degree of care and diligence in the performance of their duties that a reasonable person in a like position would exercise in the circumstances; and
- c) Performing their duties with the requisite degree of skill.

The scheme has complied with the laws, regulations and guidelines that govern retirement benefits schemes and the scheme's business operations.

The Trustees have ensured that the fund manager has carried out all scheme investments and that all scheme assets and funds are held by the custodian.

RESPONSIBLE CORPORATE CITIZENSHIP

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

KEY OUTCOMES

The Board of Trustees seeks to achieve the following:

- a) Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- b) Supporting innovation and developing solutions that meet the members' and sponsor's needs;
- c) Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor; and
- d) Ensure that the nomination of Trustees to the Board is staggered to achieve continuity.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

KEY OUTCOMES (Cont'd)

The Board of Trustees will measure the progress towards these outcomes through quarterly reports and feedback to the sponsor.

ANNUAL GENERAL MEETING (AGM)

The Board of Trustees held the annual general meeting on the 07th of November 2025 at Kisumu Region, at which 410 members attended, making up 0.06 % of scheme members eligible to attend the meeting. The board adequately addressed the members. The low turn out was due to rotational AGM in Kisumu region since majority of Members are domiciled in Mombasa.

No.	Number of Attendees	No. of people eligible to attend	Percentage
1	410	6,981	0.06%

MEMBERS' SENSITIZATION

Activities	Date held	No. of members who attended	Remarks
Annual General Meeting	17-11-25	410	Attendance were pensioners for Nyanza and Western Region since it was a rotational AGM to accommodate Pensioners from those Regions.
Retirement Training	1. 16th-18th July 2025 2. 23rd- 25th July 2025 3. 29th-31st July 2025-Lamu 4. 6th-8th August 2025 5. 3rd-5th Sept 2025-Nairobi 6. 10th-12th Sept 2025	501	The training was held jointly with DC Scheme

During the sensitization forums, members were educated on the following: roles and responsibilities of members, complaints portal, changes in Retirement Act & Regulations.

TRUSTEES REMUNERATION

During the year under review, the Trustees were paid a gross sum of Kshs.2,120,000.00. The payments complied with the scheme's Trustees remuneration policy.

BOARD OF TRUSTEES EVALUATION

The board and individual Trustees undertook board evaluation in the year under review. The board review process was facilitated externally, and the process took the form of both interviews and questionnaire. The board was rated 96%.

In summary the board as an entity achieved an above average performance characterized by the Trustees promoting a positive image of the Scheme. Factors contributing to the performance include:-

- The Legal Instruments of the Scheme provides the Scheme with an effective process to nominate and select new Board Trustees.
- The Board's composition reflects the diversity of background, expertise, and other resources needed by the Scheme.
- The Scheme's management provides new Board of Trustees with a comprehensive orientation to the Scheme's services.
- The Scheme's establishing Act regarding the length of Board service and rotation of Board trustees ensures necessary leadership and synergy.
- The frequency of Board meetings is appropriate for the responsible discharge of the Board's responsibilities.

BOARD OF TRUSTEES EVALUATION (Cont'd)

- f) The frequency of Board meetings is appropriate for the responsible discharge of the Board's responsibilities.
- g) The size of the Board of Trustees is appropriate for effective governance of the Scheme and most Board of Trustees are actively engaged in work of the Scheme.
- h) Each appointed committee and task force has a stated purpose and work plan. Trustees come to meetings prepared

Signed.....



Dated: 24th March 2026

OMAE NYARANDI
CHAIRPERSON

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA PORTS AUTHORITY PENSION SCHEME

Opinion

We have audited the accompanying financial statements of Kenya Ports Authority Pension Scheme set out on pages 14 to 36 which comprise the statement of net assets available for benefits as at 31 December 2025 and the statement of changes in net assets available for benefits, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the scheme as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act, 1997 and the scheme's trust deed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter:

a) Project balances

Included in receivables and payables are amounts of Shs 1,585,859,485 and Shs 48,219,678 respectively relating to completed property development projects undertaken by the scheme.

b) Actuarial deficit

We draw your attention to Note 21 in the notes to the financial statements which indicates that there was an actuarial deficit of **Shs 9.020 billion** as at 31 December 2024.

A remedial plan to reduce the actuarial deficit has been agreed upon between the trustees, the employer and the Retirement Benefits Authority.

c) Non-compliance with Retirement Benefits Act investment guidelines

We draw your attention to Note 18 to the financial statements which indicates that investment in investment property is more than that stipulated in the Retirement Benefits Act.

d) Expired lease of leasehold property

We draw your attention to Note 8 to the financial statements which indicates the value of investment in investment property in a sum of **Shs 9,300,830,000**. Included in the amount is **Shs 128,700,000** relating to **Property No. Mombasa/Block/XXI/64** whose lease has expired.

Our opinion is not qualified in respect of this matters.

Other information

The trustees are responsible for the other information. The other information comprises the report of the trustees' but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA PORTS AUTHORITY PENSION SCHEME (CONTINUED)

Responsibilities of Trustees for the Financial Statements

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with 'International Financial Reporting Standards and the Retirement Benefits Act 1997, and for such 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.

In preparing the financial statements, the trustees are responsible for assessing the Scheme's ability to continue as a going 'concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 'the trustees either intend to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 'misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance 'is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a 'material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually 'or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 'throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Gideon Obiria P/No. 2157.

For and on behalf of:
Obiria & Co.
Certified Public Accountants
Mombasa

27th March 2026



UNIQUE CODE: 19080260409

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Notes	2025 Shs	2024 Shs
Income from dealings with members			
Contributions received in the year	2	1,286,002,720	1,259,780,743
Outgoings from dealings with members			
Benefits payable and paid	3	(2,815,451,776)	(2,754,759,630)
Net reduction from dealings with members		(1,529,449,056)	(1,494,978,887)
Returns on investments			
Investment income	4	711,673,329	698,541,750
Gain/(loss) on disposal of financial assets	5.(i)	341,271,086	(107,989,549)
Gain/(loss) on disposal of investment property	5.(ii)	(15,844,400)	18,850,000
Fair value gain / (loss) on investment properties	8	-	-
Changes in fair value of plan assets	5.(ii)	534,372,466	834,454,191
Investment management expenses	6	(27,581,712)	(10,766,283)
Net return on investments		1,543,890,768	1,433,090,109
Administrative expenses	7	(184,043,128)	(174,879,390)
(Decrease)/increase in net assets for the year		(169,601,416)	(236,768,168)
Net assets available for benefits			
At start of year		17,181,856,936	17,418,625,097
(Decrease)/increase		(169,601,416)	(236,768,168)
At end of year		17,012,255,525	17,181,856,936

The notes on pages **17 - 29** form an integral part of these financial statements.

Report of the independent auditor - pages **12 -13**.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Shs	2024 Shs
Assets			
Investment properties	12	9,300,830,000	9,459,830,000
Motor vehicle and equipments	13	8,957,700	22,710,455
Assets classified as held for sale	14	592,500,000	1,353,700,000
Plan investments	11	5,462,356,016	4,957,257,281
Intangible assets	12	31,671,096	33,897,090
Receivables and accrued income	13	2,008,842,615	2,232,612,184
Cash and cash equivalents	14	48,129,827	113,876,811
Total assets		17,453,287,255	18,173,893,822
Less: Liabilities			
Payables ad accrued expenses	15	441,031,734	992,036,890
Net assets available for benefits		17,012,255,525	17,181,856,936

The financial statements on pages **14 - 36** were approved and authorised for issue by the Board of Trustees on **24th March 2026** ad were signed on its behalf by:


TRUSTEE


TRUSTEE

The notes on pages **17 - 29** form an integral part of these financial statements.

Report of the independent auditor - pages **12 -13**.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 Shs	2024 Shs
Operating activities			
Reconciliation of decrease in net assets to cash from operating activities:			
Decrease in net assets (excluding fair value changes)		(703,973,882)	(963,232,253)
Adjustments for:			
Depreciation of motor vehicles and equipment	7	15,859,735	15,709,783
Amortisation of intangible assets		4,425,994	4,409,118
Gain/(loss) on disposal of investment property		15,844,400	18,850,000
Gain/(loss) on revaluation of investment property		-	-
(Gain)/loss on disposal of financial assets	5(i)	(341,271,086)	(107,989,549)
		(1,009,114,838)	(1,032,252,901)
Changes in:			
Receivables and accrued income		(122,648,100)	(53,406,794)
Payables and accrued expenses		(27,842,913)	(34,643,962)
Net cash used in operating activities		(1,159,605,851)	(1,120,303,657)
Investing activities			
Cash paid for purchase of PPE	9	(2,106,981)	(995,859)
Proceeds from development Projects		346,712,200	212,222,992
Cash paid for purchase of intangible asset	12	(2,200,000)	-
Purchase of plan assets	11	(778,902,178)	(26,828,754)
Proceeds from sale of investment property		297,006,814	664,825,974
Proceeds from sale/maturity of financial assets	5(i)	689,079,686	763,288,246
Net cash from investing activities		549,589,541	1,612,512,599
Decrease in cash and cash equivalents		(610,016,310)	492,208,943
Movement in cash and cash equivalents			
At start of year		815,499,969	323,291,026
Increase (decrease)		(610,016,310)	492,208,943
At end of year	14	205,483,098	815,499,969

The notes on pages 17 - 36 form an integral part of these financial statements.

Report of the independent auditor - pages 12 -13.

1 MATERIAL ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS), Retirement Benefits Act, 1997 as amended, and with the Retirement Benefits (Occupational Retirement Benefit Schemes) Regulations, 2000. Historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the scheme takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

The financial statements summarise the transactions of the scheme and deal with the net assets available for benefits disposal of the trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of scheme year.

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

Going concern

The financial performance of the scheme is set out in the trustees' report and in the statement of changes in net assets available for benefits. The financial position of the scheme is set out in the statement of net assets available for benefits. Disclosures in respect of risk management are set out in note 23.

Based on the financial performance and position of the scheme and its risk management policies, the trustees are of the opinion that the scheme is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New and amended standards adopted by the scheme

A number of new and revised Standards and Interpretations have been adopted in the current year. Their adoption has had no material impact on the amounts reported in these financial statements.

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 40 'Transfers of Investment Property' (issued in December 2017) that are effective for annual periods beginning on or after 1 January 2018, clarify that transfers to or from investment property should be made when, and only when, there is evidence that a change in use of property has occurred.
- Amendment to IFRS 1 (Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016) that is effective for annual periods beginning on or after 1 January 2018, deletes certain short-term exemptions and removes certain reliefs for first-time adopters.
- IFRS 9 'Financial Instruments' (issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.

In respect of financial liabilities, the most significant effect of IFRS 9 where the fair value option is taken will be in respect of the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract.

In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.

- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.
- IFRS 16 'Leases' (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.
- The trustees expect that the future adoption of IFRS 9 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The trustees do not expect that adoption of the other standards and interpretations will have a material impact on the financial statements in future periods. The scheme plans to apply the changes above from their effective dates noted above.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Key sources of estimation uncertainty

In the application of the accounting policies, the trustees are required to make the judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In the application of the accounting policies, the trustees are required to make the judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The trustees have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Impairment of receivables and accrued income** - the scheme reviews their portfolio of receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cashflows expected.
- **Fair value measurement and valuation process** - In estimating the fair value of an asset or a liability, the trustees uses market-observable data to the extent it is available. Where level 1 inputs are not available, the trustees makes use of financial models or engages third party qualified values to perform the valuation and provide inputs to the model.

c) Significant judgements made by management in applying the scheme's accounting policies

Trustees have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

- **Held to maturity financial assets** - The trustees have reviewed the scheme's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the scheme's positive intention and ability to hold those assets to maturity.

d) Contributions receivable

Current service and other contributions are accounted for in the period in which they fall due.

e) Benefits payable

Pensions and other benefits payable are accounted for in the period in which they fall due.

f) Income from investments

- i) Interest income is recognised for all interest bearing instruments on an accrual basis. Interest income includes coupons earned on fixed income investments and accrued discounts and premium on treasury bills and other discounted instruments.
- ii) Dividends are recognised as income in the period in which the right to receive payment is established.
- iii) Rental income is recognised in the period in which it is earned.

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at rates ruling at the transaction dates. At the end of each reporting period, items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of changes in net assets available for benefits.

h) Motor vehicle and equipments

All motor vehicle and equipments are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Motor vehicle	- over 4 years
Computer and equipments	- over 5 years

The assets residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of motor vehicles and equipment are determined by reference to their carrying amount and are taken into account in determining net return on investments.

i) Investment property

Investment property is carried at fair value representing open market value. Fair value is determined every three years by external independent valuers as required by the Retirement Benefits Act. Investment properties are not subject to depreciation. Changes in the carrying amount between reporting dates are processed through the statement of changes in net assets.

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

Repairs and maintenance expenses in respect of investment property are charged to income in the period in which the expense is incurred.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

- Financial assets (continued)

Financial assets and financial liabilities are recognised when the scheme becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

The scheme's financial assets which include quoted shares, government securities and corporate bonds and commercial paper and loans and receivables are carried at fair value and fall into the following categories:

Held-to-maturity: financial assets with fixed or determinable payments and fixed maturity where the management have the positive intent and ability to hold to maturity. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the statement of changes in net assets available for benefits.

Available-for-sale: financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are carried at fair value where fair value gains or losses are recognised directly in statement of changes in net assets available for benefits.

Interest on available-for-sale securities is calculated using the effective interest method and is recognised in statement of changes in net assets available for benefits as part of investment income. Dividends on available-for-sale equity instruments are also recognised in statement of changes in net assets available for benefits as part of investment income when the scheme's right to receive payments is established.

Receivables: financial assets that are created by the scheme by providing money directly to a debtor are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the statement of changes in net assets available for benefit.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the scheme's fund managers commit to purchase or sell the asset.

Financial assets carried at fair value through statement of changes in net assets available for benefits are initially recognised at fair value and transaction costs are expensed in the statement of changes in net assets.

Financial assets are derecognised when the rights to receive cash and cash flows from the investments have expired or have been transferred and the scheme has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in statement of changes in net assets available for benefits under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are recognised in statement of changes in net assets available for benefits.

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

- Financial assets (continued)

Subsequent recoveries of amounts previously written off/impaired are credited to changes in net assets available for benefits.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in statement of changes in net assets available for benefits are determined by reference to their carrying amount and are taken into account in determining changes in net assets available for benefits.

Trustees classify investments as follows:

Quoted shares, government securities, corporate bonds and commercial paper are classified as available-for-sale financial instruments. The fair values of quoted shares are based on current bid prices at the reporting date.

Cash with financial institutions are classified as loans and receivables and are carried at amortised cost. Receivables are classified as loans and receivables and are carried at amortised cost.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determining increase/decrease in net assets for the year.

Trustees classify investments as follows:

Quoted investments are classified as 'available for sale' financial instruments. The fair values of quoted investments are based on current bid prices at the reporting date.

Government securities, corporate bonds and commercial paper are classified as held to maturity as the scheme has the intention and ability to hold these to maturity. These are carried at amortised cost.

Cash with financial institutions are classified as loans and receivables and are carried at amortised cost. Receivables are classified as loans and receivables and are carried at amortised cost.

Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

- **Level 1:** where fair values are based on non-adjusted quoted prices in active markets for identical financial.
- **Level 2:** where fair values are based on adjusted quoted prices and observable prices of similar financial assets.
- **Level 3:** where fair values are not based on observable market data.

- Financial liabilities

The scheme's financial liabilities which includes payables fall into the following category:

Financial liabilities measured at amortised cost: These include payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Payables are initially recognised at fair value and are subsequently stated at amortised cost.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)**j) Financial instruments (continued)****- Financial liabilities (continued)**

All financial liabilities are classified as current liabilities unless the scheme has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

Financial liabilities are derecognised when, and only when, the scheme's obligations are discharged, cancelled or expired.

Benefits payable and other liabilities are classified as financial liabilities. Benefits payable to leaving members are taken into account as they fall due for payment.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets available for benefits when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Intangible assets - Software

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which is estimated to be 5 years.

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and fixed and time deposits maturing within 90 days.

m) Taxation

The scheme is exempt from income tax under the Income Tax (Cap. 470).

n) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 Shs	2024 Shs
2 Contributions received		
Employer's contributions at 14.7% (2025: 14.7%)	30,780,527	48,164,313
Employees' contributions at 7.5% (2025: 7.5%)	16,822,193	25,816,430
Additional contribution	1,238,400,000	1,185,800,000
	1,286,002,720	1,259,780,174
There were no unremitted contributions as at 31st December 2025 and no penalty was paid by the sponsor for failure to remit contributions or accrued interest on unpaid benefits.		
3 Benefits payable and paid		
Monthly pensions	2,019,966,434	2,036,055,952
Lump sum	777,338,764	700,494,976
Burial allowance	1,600,000	2,600,000
Last expense insurance	16,546,579	15,608,702
	2,815,451,776	2,754,759,630
4 Income from investment		
Rental income		
Gross rental income	380,750,497	379,287,947
Less: direct rental expenses	(176,986,820)	(176,351,753)
Net rental gain	203,763,677	202,936,195
Plan investment		
Dividends receivable on quoted shares (Kenya and offshore)	135,226,464	99,371,366
Interest and discounts receivable on Kenya Government securities, commercial paper and corporate bonds, and loans and receivables	357,667,960	388,087,203
Miscellaneous income	15,015,228	8,146,987
5.(i) Gain/(loss) on disposal of plan investments		
Sale proceeds on disposal of financial assets	689,079,686	717,516,989
Fair value of financial assets disposed	(347,808,600)	(825,506,537)
Net gain	341,271,086	(107,989,549)
5.(ii) Fair value gain/(loss) on investment properties & plan assets		
Fair value gain on investment properties	-	-
Changes in fair value of plan assets	534,372,466	834,454,191
Gain on disposal of investment property	(15,844,400)	18,850,000
	518,528,066	853,304,191

NOTES Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 Shs	2024 Shs
6 Investment management expenses		
Fund managers' fees	24,581,951	8,400,958
Custodian's fees	2,999,762	2,365,325
	27,581,712	10,766,283
7. Administrative expenses		
Trustee meetings and allowances	8,283,904	12,279,600
Trustees' education	9,254,206	6,088,373
Trustee travelling	6,351,025	5,229,699
Trustees expenses	2,657,714	4,230,010
AGM and member education	23,245,648	9,915,735
Staff duty travelling	1,835,825	2,928,085
Administration and processing:		
- printing and stationery, postage, internet and telephone	839,913	1,572,038
- pensioners' bank cheques, charges and commissions	1,674,115	1,833,237
Audit fees	2,320,000	2,750,000
Computer server and maintenance	10,974,463	7,555,874
Legal and professional fees	12,519,992	22,647,979
Consultancy fees	3,669,187	3,249,316
Tendering expenses	1,168,100	2,796,528
Conference fees	1,642,251	581,100
Office expenses	1,912,546	1,698,537
Staff costs	40,930,587	40,956,739
Staff gratuity earned	6,111,106	6,732,366
Staff Recruitment & Restructuring	1,204,500	1,606,101
Brokerage commission	67,870	200,643
Customer care week expense	151,027	367,500
Actuarial fees	2,033,306	1,740,000
Auctioneer fees	433,105	395,325
RBA levy	5,000,000	5,000,000
Fines & penalties	2,297	39,567
Depreciation on motor vehicle and equipments	15,859,735	15,709,784
Advertising	329,904	1,037,939
Insurance	118,418	195,437
Office consolidation expense	17,189,280	8,769,170
Subscription fees	138,250	100,000
Motor vehicle expenses	219,861	242,873
Armotisation of intangible assets	4,425,994	4,409,118
Internal audit expenses	1,479,000	2,020,720
	184,043,128	174,879,390

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 Shs	2024 Shs
8 Investment properties		
At start of year	9,459,830,000	10,433,630,000
Assets held for sale (Note 10)	(159,000,000)	(973,800,000)
At end of year	9,300,830,000	9,459,830,000

The carrying value of Mombasa Block XX/149, 150 & 151 (Motor Mart Building) amounting to KES 210,000,000, is inclusive of developments that existed on the properties as at prior periods. The Scheme notes that these developments were fully demolished by 31 December 2025, after which the land has since been lease out.

As at the reporting date, the carrying amounts have not been adjusted to reflect the demolition, as an updated independent valuation had not been undertaken. A valuation is planned for 2026, and the current carrying values may therefore differ materially from the fair value of the land in its present condition. Any resulting adjustments will be recognized in the 2026 financial statements.

Investment properties were professionally valued in November 2023 by Legend Valuers Limited independent valuers. All properties are scheduled for re valuation every three years in compliance with RBA requirements.

The properties were valued on the basis of open market value. The book values of the properties were adjusted to the revaluations and the resultant deficit was debited to the statement of changes in net assets available for benefits

The fair valuation of property, plant and equipment is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets and replacement costs for plant & machinery. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year

In accordance with the requirements of the Retirement Benefits Act, valuations of investment properties are to be carried out every 3 years. The next valuation will be due in 2026.

Titles to the properties transferred from the sponsor are registered in the scheme's name. All other documents of title are in the name of Kenya Commercial Bank Nominees Limited as custodian trustee of Kenya Cargo Handling Services Limited Staff Pension Scheme and are in the process of being transferred to Kenya Ports Authority Pension Scheme.

There was no existence of restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal of investment properties. There were no contractual obligations to purchase or for repairs, maintenance or enhancements.

Amounts included under the statement of changes in net amounts available for benefits which comprise gross rental income less direct rental expenses in respect of the investment properties are disclosed in Note 4.

The scheme leases out all its investment property under operating leases.

NOTES Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

Year ended 31 December 2025	Computers Shs	Equipment Shs	Motor Vehicle Shs	Total Shs
9 Motor vehicles and equipment Cost				
At start of year	16,435,495	76,794,061	4,947,158	98,176,714
Disposals	-	-	-	-
Additions	226,200	1,880,781	-	2,106,981
At end of year	16,661,695	78,674,842	4,947,158	100,283,695
Depreciation				
At start of year	9,894,992	61,499,688	4,071,579	75,466,259
Disposals	-	-	-	-
Charge for the year	2,472,278	12,511,878	875,579	15,859,736
At end of year	12,367,270	74,011,566	4,947,159	91,325,995
Net book value	4,294,425	4,663,276	0	8,957,700

Year ended 31 December 2024	Computers Shs	Equipment Shs	Motor Vehicle Shs	Total Shs
Cost				
At start of year	16,579,625	75,798,202	4,947,158	97,324,985
Disposals	(144,130)	-	-	(144,130)
Additions	-	995,859	-	995,859
At end of year	16,435,495	76,794,061	4,947,158	98,176,714
Depreciation				
At start of year	7,482,060	49,223,851	3,082,148	59,788,059
Disposals	(31,583)	-	-	(31,583)
Charge for the year	2,444,515	12,275,837	989,432	15,709,783
At end of year	9,894,992	61,499,688	4,071,579	75,466,259
Net book value	6,540,504	15,294,373	875,579	22,710,455

10. Assets classified as held for sale

Some Scheme's investment property are held for sale following approval by the board of trustees.

	2025 Shs	2024 Shs
Property held for sale (Note 8)		
At start of year	1,353,700,000	512,900,000
Additions	159,000,000	973,800,000
Disposals	(920,200,000)	(133,000,000)
At end of year	592,500,000	1,353,700,000

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	Shs	Shs
11 Plan investments		
Shares		
Kenya government securities	1,829,585,652	1,627,465,926
Commercial paper and corporate bonds	3,293,864,579	2,458,373,379
Reits	-	-
Fixed term bank deposits (Note 14)	181,552,515	169,804,821
	157,353,271	701,623,155
	5,462,356,016	4,957,267,281

The following table analyses the movement of plan investments during the year.

Year ended 31 December 2025	As previously reported Kshs	Restatement adjustment Kshs	Restated Kshs	Purchases at cost Kshs	Disposals/ maturity Kshs	Gain on disposal Kshs	Change in fair value Kshs	Fair value gain Loss on disposal Kshs	Value at end of year Kshs
Shares									
- unquoted investments	256,692,800	-	256,692,800	-	-	-	-	-	256,692,800
- quoted shares (Kenya and Uganda)	1,370,773,126	-	1,370,773,126	-	(469,902,108)	325,988,635	346,033,198	-	1,572,892,852
Kenya government securities	2,458,373,379	-	2,458,373,379	767,201,333	(219,177,578)	15,282,450	188,339,267	-	3,210,018,851
Commercial paper and corporate bonds	-	-	-	-	-	-	-	-	-
Private equity	169,804,821	-	169,804,821	11,700,846	-	-	46,848	-	181,552,515
	4,255,644,126	-	4,255,644,126	778,902,178	(689,079,686)	341,271,086	534,419,314	-	5,221,157,018

Year ended 31 December 2024	As previously reported Kshs	Restatement adjustment Kshs	Restated Kshs	Purchases at cost Kshs	Disposals/ maturity Kshs	Gain on disposal Kshs	Change in fair value Kshs	Fair value gain Loss on disposal Kshs	Value at end of year Kshs
Shares									
- unquoted investments	256,692,800	-	256,692,800	-	-	-	-	-	256,692,800
- quoted shares (Kenya and Uganda)	1,036,389,811	-	1,036,389,811	-	(127,852,226)	(9,763,276)	471,998,817	-	1,370,773,126
Kenya government securities	2,786,712,993	-	2,786,712,993	-	(589,665,321)	(98,226,272)	359,551,979	-	2,458,373,379
Commercial paper and corporate bonds	-	-	-	-	-	-	-	-	-
Private equity	185,843,368	-	185,843,368	26,828,754	(45,770,700)	-	2,903,398	-	169,804,821
	4,265,638,972	-	4,265,638,972	26,828,754	(763,288,246)	(107,989,549)	834,454,194	-	4,255,644,126

In the opinion of the trustees, the carrying value of plan investments are carried at ultimate redemption value

Included in unquoted investments is an amount of Shs 200,000,000 in respect of investment Bellevue development project. The agreement was to charge interest at 8%, no interest has been accrued. The Scheme does not hold more than 10% equity in any one company or related companies.

11 Plan investment (continued)

The following table analyses financial assets other than shares (which have no fixed maturity) into relevant maturity groupings based on the remaining period at 31 December 2025 to the contractual maturity date.

	Pp to 1 year Shs	1-5 years Shs	Over 5 years Shs	Total Shs
Kenya government securities	129,464,587	1,190,193,160	1,890,361,105	3,210,018,852
Commercial paper and corporate bonds	-	-	-	-
	129,464,587	1,190,193,160	1,890,361,105	3,210,018,852

	2025 Shs	2024 Shs
12 Intangible assets		
Cost		
At start of year	44,091,178	25,128,037
Additions	2,200,000	18,963,141
At end of year	46,291,178	44,091,178
Amortisation		
At start of year	10,194,088	4,230,010
Charge for the year	4,425,994	4,409,118
At end of year	14,620,082	10,194,088
Net book value	31,671,096	33,897,090
The software relates to electronic document management system.		
13 Receivables and accrued income		
Rent receivable	178,959,129	171,966,478
Less: provision for bad debts	(116,621,434)	(114,987,247)
Net rent receivable	62,337,695	56,979,231
Other rent receivables	12,983,759	12,983,759
Service charge receivables	28,452,468	29,950,043
Receivables under development projects	1,585,859,485	1,932,571,685
Utilities deposits	3,385,302	3,310,302
Prepayments	181,450,947	171,120,314
Related parties	121,093,018	10,485,942
Accrued interest receivable	66,858	2,443,831
WHT On Investment Income-Claimable	13,213,083	12,767,076
	2,008,842,615	2,232,612,184
Movement in impairment provision		
At start of year	97,534,606	97,534,606
Additions	1,634,187	-
Recoveries	-	-
	99,168,793	97,534,606

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

13 Receivables and accrued income (continued)

In the opinion of the trustees, the carrying amounts of receivables and accrued income approximate to their value.

The carrying amounts of scheme's other receivables and accrued income are denominated in Kenya.

The trustees have identified certain specific bad debts from the property managers' reports and have made specific provisions against these balances. The trustees have also deemed it prudent to maintain a general provision for bad debts.

Trustees have made a provision for all receivables above 90 days and those receivables whose recovery is in doubt.

Belle Vue project balance relates to various expenditure incurred by the Scheme on the projects. The amounts will be repaid when the projects are completed.

Receivables under development properties relate to parcels of land previously owned by the scheme transferred to property developers under a special purpose vehicle agreement with the objective of building housing units. Upon completion of the housing units, the scheme would be compensated the value of land at a premium.

The parcels of land under development are analysed as follows:

Project	Land Reference Number	Cost Shs
Bombolulu	MSA/123/MN/I	31,400,000
Bellevue phase 1	LR/209/10479	98,800,000
Bellevue phase 2	LR/209/10478	116,091,253
Bellevue phase 3	LR/209/10477	59,300,000
		305,591,253

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The scheme does not hold any collateral as security.

	2025 Shs	2024 Shs
14 Cash and cash equivalents		
Cash at bank	48,129,827	113,876,811
For the purposes of statement of cash flows, the year-end cash and fixed term bank deposits comprise the following:		
Cash and bank	48,129,827	113,876,811
Fixed term bank deposits (Note 11)	157,353,271	701,623,155
	205,483,098	815,499,966

The scheme's cash and bank balances are held with major Kenyan financial institutions and, in so far as the trustees are able to measure any credit risk to these assets, it is deemed to be limited.

	2025 Shs	2024 Shs
15 Payables and accrued expenses		
Rent deposits	85,351,970	76,149,659
Due to Domestic Taxes Department	6,468,778	12,198,962
Accrued expenses	82,518,682	62,041,363
Staff gratuity	27,350,182	23,112,033
Accrued pension liability	22,293,508	22,293,508
RBA levy	5,000,000	5,000,000
Investment property sale deposits	163,348,081	742,490,681
Tender deposits	15,000	90,000
Related party-KPARBS2012	465,855	441,005
Bombolulu project	48,219,678	48,219,678
Total other payables and accrued expenses	441,031,734	992,036,890

Nairobi South C project and Bombolulu project relates to money deposited in the scheme's bank account by some third parties who purchased housing units.

In the opinion of the trustees, the carrying amounts of payables and accrued expenses approximate to their fair value.

The maturity analysis of other payables and accrued expenses is as follows:

Year ended 31 December 2025	3 to 12 months Shs	Over 1 year Shs	Total Shs
Rent deposits	9,206,888	76,145,082	85,351,970
Due to Domestic Taxes Department	6,468,778	-	6,468,778
Accrued expenses	69,062,490	13,456,192	82,518,682
Staff gratuity	5,829,559	21,520,623	27,350,182
Accrued pension liability	-	22,293,508	22,293,508
RBA levy	5,000,000	-	5,000,000
Investment property sale deposits	44,847,200	118,500,881	163,348,081
Tender Deposits	-	15,000	15,000
Related Parties-KPARBS2012	465,855	-	465,855
Bombolulu project	-	48,219,678	48,219,678
	140,880,770	300,150,964	441,031,734

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

15 Payables and accrued expenses (cont'd)

Year ended 31 December 2024	3 to 12 months Shs	Over 1 year Shs	Total Shs
Rent deposits	13,668,085	62,481,574	76,149,659
Due to Domestic Taxes Department	12,198,962	-	12,198,962
Accrued expenses	43,415,288	19,157,080	62,572,368
Staff gratuity	7,604,197	15,507,836	23,112,033
Accrued pension liability	-	22,293,508	22,293,508
RBA levy	5,000,000	-	5,000,000
Investment property sale deposits	662,350,681	80,140,000	742,490,681
Bombolulu project	-	48,219,678	48,219,678
	744,237,213	247,799,676	992,036,889

16 Related party transactions and balances

Related parties comprise the trustees, the administrator and the sponsor.

The following transactions were carried out with related parties during the year:

	2025 Shs	2024 Shs
- Outstanding expenses refund to KPARBS 2012	465,855	441,005
- Outstanding expenses refund from KPARBS 2012	14,017,514	10,485,942
ii) Key management compensation		
Meetings and allowances	2,120,000	5,960,000

Key management are the board of Trustees who are entitled to a sitting allowance for Board meetings attendance.

18 Investments guidelines

The Retirement Benefits Authority has issued guidelines stating the maximum amount of investment that the scheme can invest in a particular asset as a percentage of the aggregate market value of net assets of scheme. The table below shows the current investment in assets compared to the investment guidelines issued by the Retirement Benefits Authority.

Category of asset	2025 %	2024 %	Maximum investment as per RBA %
Cash and demand deposits	0.3%	0.8%	5
Fixed and time deposits	1.1%	4.8%	30
Commercial paper and corporate bonds	0.0%	0.0%	20
Kenya Government securities	22.2%	16.9%	90
Shares - Kenya	10.6%	9.4%	70
Private equity	1.2%	1.2%	10
Shares - unquoted	1.7%	1.8%	5
Reits	0.0%	0.0%	30
Immovable properties	61.8%	64.1%	30

The trustees are aware that investment in investment property is more than that stipulated in the Retirement Benefits Act and are working towards restructuring the scheme's investments portfolio to ensure that it complies with the Retirement Benefits Act.

19 Tax status of the scheme

Kenya Ports Authority Pension Scheme has been approved by the Kenya Revenue Authority and is exempt from income tax on its investment income.

20 Contingent liabilities

Other than the liability to pay future pensions and other benefits, there were no contingent liabilities of the scheme at 31 December 2025, except as disclosed below:

The scheme is a defendant/plaintiff in various legal actions. Although there can be no absolute assurances, the trustees believe, based on information currently available, that the ultimate resolution of these legal proceedings is not likely to have a material adverse effect on the results of its operations, financial position or liquidity.

21 Actuarial position

The last actuarial valuation was carried out as at 31 December 2024 in 2025 by Actuarial Services EA Limited, an independent firm of actuaries, using the attained age method According to the valuation as at that date, the actuarial present value of promised benefits was as follows:

22 Actuarial position	2025 Shs	2024 Shs
Vested benefits	13,627,000,000	12,366,000,000
Non vested benefits	12,574,000,000	13,777,000,000
Total	26,201,000,000	26,143,000,000

The fair value of the net assets available for benefits was Shs 17,182,000,000 (2023 : Shs 17,418,000,000) resulting in a deficit of Shs 9,020,000,000 (2023 : Shs 8,724,000,000).

A remedial plan to reduce the actuarial deficit has not been agreed upon between the trustees, the employer and the Retirement Benefits Authority.

23 Risk management objectives and policies

Financial risk management

The scheme's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the scheme's financial performance.

Risk management is carried out by the fund managers appointed by the trustees. The trustees and fund managers identify, evaluate and hedge financial risks.

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

23 Risk management objectives and policies (continued)

a) Market risk

Foreign exchange risk

A proportion of the scheme's financial assets are held in foreign currency. These comprise quoted shares held offshore as disclosed in Note 11.

At 31 December 2025, if the Kenya Shilling had weakened 10 per cent against the US dollar and the Uganda Shilling with all other variables held constant, the increase in net assets available for benefits for the year would have been Shs nil (2024: nil) higher/lower.

Interest rate risk

A proportion of the scheme's financial assets which include Kenya Government securities, commercial papers and corporate bonds, and fixed and time deposits are interest earning assets. At 31 December 2025, an increase/decrease in interest rates of 100 basis points with all other variables held constant would have resulted in a decrease/ increase in the increase in net assets available for benefits of Shs 21,300,337 (2024: Shs 24,583,733) arising substantially from the change in market value of debt securities

b) Price risk

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

At 31 December 2025, if the prices of all equity investments had increased/decreased by 1% with all other variables held constant, the increase in net assets available for benefits for the year would have been Shs 17,454,049 (2024: 18,172,162) higher/lower.

c) Credit risk

Credit risk arises from investments other than equity investments, contributions due, other receivables and cash and cash equivalents. The scheme does not have any significant concentrations of credit risk. The investment manager assesses the credit quality for each investment, taking into account its age and liability profile, past experience and other factors.

d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The scheme maintains adequate amounts of cash and cash equivalents to pay off liabilities (except for pension liabilities falling due after the balance sheet date) as they fall due. The actuarial position of the scheme which deals with the actuarial present value of promised benefits is disclosed in Note 22.

e) Fair value measurements

The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values. The table below shows an analysis of all assets and liabilities for which fair value is measured or disclosed in the financial statements by level hierarchy. The fair values are grouped into three levels as mentioned in Note 1 of these financials, based on the degree to which the fair value is observable.

The table below gives information about how the fair values of these assets and liabilities are determined.

23 Risk management objectives and policies (continued)

e) Fair value measurements (continued)

Year ended 31 December 2025	Level 1 Shs	Level 2 Shs	Level 3 Shs	Totals Shs
Financial assets				
Shares				
- unquoted investments	-	-	256,692,800	256,692,800
- quoted shares (Kenya)	1,572,892,852	-	-	1,572,892,852
Kenya government securities	-	3,210,018,851	-	3,210,018,851
Commercial paper and corporate bonds	-	-	-	-
	1,572,892,852	3,210,018,851	256,692,800	5,039,604,503
Year ended 31 December 2024	Level 1 Shs	Level 2 Shs	Level 3 Shs	Totals Shs
Financial assets				
Shares				
- unquoted investments	-	-	256,692,800	256,692,800
- quoted shares (Kenya)	1,705,156,441	-	-	1,705,156,441
Kenya government securities	-	2,130,033,765	-	2,130,033,765
Commercial paper and corporate bonds	-	-	-	-
	1,705,156,441	2,130,033,765	256,692,800	4,091,883,006

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on arm's length basis. The quoted market prices used for financial assets held by the Scheme is the current market price. These instruments are included in level 1.

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

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

NOTES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

24 Commitments

There were no contractual obligations to purchase or for repairs, maintenance or enhancements.

25 Fund management

The scheme's objectives when managing fund are:

- to comply with The Retirement Benefit (Occupational Retirement Benefit Schemes) Regulations, 2000 made under Retirement Benefit Act, 1997.
- to safeguard the scheme's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for other stakeholders.

The Retirement Benefits Act requires the scheme's trustees to invest members' funds using prudent investment policies that will get the members market rates on their investments. The scheme's compliance with this requirement has been disclosed in Note 18.

The scheme sets the amount of the fund in proportion to risk. The scheme manages the fund structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The fund comprises members' funds.

26 Presentation currency

The financial statements are presented in Kenya Shillings (Shs), except where indicated otherwise.

27 Events after the reporting period

The Scheme was a party to consolidated appeals (Civil Appeal Nos. 4, 5 and 6 of 2021) before the Retirement Benefits Appeals Tribunal. A judgment delivered on 28 April 2022 remained unimplemented due to disagreements between the parties, leading to the appointment of an independent actuary. Subsequently, the Tribunal issued its ruling on 29 January 2026 based on the independent actuarial report. As at the reporting date, the computation of the obligation and the mode of settlement arising from the ruling are yet to be determined by the Board of Trustees.

28 General information

The Kenya Ports Authority Pension Scheme was established by an original Trust Deed which became operational on 1 January 1998. The original Trust deed was amended effective from 1 July 2002. The scheme which is registered under the Income Tax (Retirement Benefits) Rules incorporates predecessor schemes, namely the East Africa Cargo Handling Services Limited Staff Pension Scheme and the Kenya Cargo Handling Services Limited Staff Pension Scheme in whose books of account, the assets and liabilities are maintained by the trustees. The trustees are in the process of effecting the necessary legal transfers of the assets and liabilities.

LISTING OF INVESTMENT PROPERTIES

FOR THE YEAR ENDED 31 DECEMBER 2025

				2025	2024
PROPERTY	LOCATION			Shs	Shs
1	MN/Sec 1/2505	Mombasa	Kittaruni Road-Nyali	24,800,000	24,800,000
2	MN/Sec 1/2512	Mombasa	Kittaruni Road-Nyali	36,000,000	36,000,000
3	MN/Sec 1/2511	Mombasa	Kittaruni Road-Nyali	22,900,000	22,900,000
4	MN/Sec 1/1604	Mombasa	Kasuku Road-Nyali	80,000,000	80,000,000
5	MN/Sec 1/1352	Mombasa	Off Makongeni Road-Nyali	70,000,000	70,000,000
6	MN/Sec 1/1350	Mombasa	Off Makongeni Road-Nyali	70,000,000	70,000,000
7	MN/Sec 1/3188	Mombasa	5th Avenue-Nyali	69,100,000	69,100,000
8	MN/Sec 1/2523	Mombasa	Kittaruni Road-Nyali	30,000,000	30,000,000
9	M/B XXI/542,545 & 546	Mombasa	Off Archbishop Makarios Road-Ganjoni	102,600,000	102,600,000
10	MN/Sec 1/534	Mombasa	Off Jamhuri Road-Nyali	-	159,000,000
11	M/B XXV/119	Mombasa	Dedan Kimathi Estate Road	1,295,700,000	1,295,700,000
12	M/B XXVI/1199,1200,1201 & 1202(Formerly M/B XXVI/1000	Mombasa	Kaunda Street-Kizingo	312,000,000	312,000,000
13	M/B XXVI/328	Mombasa	Margaret Avenue-Kizingo	173,800,000	173,800,000
14	M/B XXVI/53	Mombasa	Tritton Road-Kizingo	260,000,000	260,000,000
15	L.R.No 1870/IX/191 (Formerly L.R.No 1870/IX/118)	Nairobi	Bandari Plaza-Westlands	850,000,000	850,000,000
16	M/B XXI/435,436,437 & 508	Mombasa	Cannon House 1 & 2-Moi avenue	852,830,000	852,830,000
17	L.R.No 209/384/4	Nairobi	Nyaku House-Hurlingham	550,000,000	550,000,000
18	M/B XXI/64	Mombasa	Rex House-Moi avenue	128,700,000	128,700,000
19	M/B XX/149	Mombasa	Motor Mart Building-Moi avenue	70,000,000	70,000,000
20	M/B XX/150	Mombasa	Motor Mart Building-Moi avenue	70,000,000	70,000,000
21	M/B XX/151	Mombasa	Motor Mart Building-Moi avenue	70,000,000	70,000,000
22	M/B XXV/86	Mombasa	NSSF Plots-Off Security lane	160,000,000	160,000,000
23	M/B XXV/93	Mombasa	NSSF Plots-Off Security lane	152,000,000	152,000,000
24	L.R. Number 209/378/10	Nairobi	Hurlingham Court-Hurlingham	520,000,000	520,000,000
25	M/B XXVI/30	Mombasa	Kaunda Avenue-Kizingo	106,000,000	106,000,000
26	M/B XXVI/50	Mombasa	Kaunda Avenue-Kizingo	190,000,000	190,000,000
27	M/B XXIII/217	Mombasa	Off Mbaraki Road-Mbaraki	76,000,000	76,000,000
28	M/B XXIII/219	Mombasa	Off Mbaraki Road-Mbaraki	67,200,000	67,200,000
29	M/B XX111/223	Mombasa	Off Mbaraki Road-Mbaraki	62,400,000	62,400,000
30	M/B XXIII/224	Mombasa	Off Mbaraki Road-Mbaraki	59,600,000	59,600,000
31	M/B XXIII/221	Mombasa	Off Mbaraki Road-Mbaraki	58,700,000	58,700,000
32	M/B XXIII/220	Mombasa	Off Mbaraki Road-Mbaraki	69,800,000	69,800,000
33	M/B XXIII/218	Mombasa	Off Mbaraki Road-Mbaraki	77,900,000	77,900,000
34	M/B XXIII/222	Mombasa	Off Mbaraki Road-Mbaraki	56,400,000	56,400,000
35	M/B XI/474	Mombasa	Tom Mboya/Wajir Road-Tudor area	52,700,000	52,700,000
36	M/B XI/475	Mombasa	Tom Mboya/Wajir Road-Tudor area	52,700,000	52,700,000

LISTING OF INVESTMENT PROPERTIES (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

				2025	2024
	PROPERTY	LOCATION		Shs	Shs
37	L.R.No 209/10216/10447 MSA/BLOCK 1/591 &	Nairobi	KPA Bellevue Estate-Off Popo Road South	1,800,000,000	1,800,000,000
38	593(Formerly MSA/BLOCK 1/2260/2262)	Mombasa	Makande, Mombasa	277,000,000	277,000,000
39	L.R.NO.MN/1/ 3153***	Mombasa	Mnazi Moja, Nyali	45,000,000	45,000,000
40	L.R. NO. 209/12015	Nairobi	Off Kaunda Street Nairobi	224,000,000	224,000,000
41	L R.No MSA/XVIII/335	Mombasa	Msanifu Kombo Road, Mwembe Tayari	55,000,000	55,000,000
	Balance carried forward			9,300,830,000	9,459,830,000

LISTING OF ASSETS HELD FOR SALE

FOR THE YEAR ENDED 31 DECEMBER 2025

				2025 Shs	2024 Shs
PROPERTY	LOCATION				
1 MN/Sec 1/3960	Mombasa	Off Mt. Kenya Road-Nyali		55,000,000	55,000,000
2 NAIROBI BLK 65/502(Formerly L.R.No 10530/151)	Nairobi	Siwaka Estate-Off Ole Sangare Road		-	16,500,000
3 NAIROBI BLK 65/481 (Formerly L.R.No 10530/130)	Nairobi	Siwaka Estate-Off Ole Sangare Road		15,600,000	15,600,000
4 NAIROBI/BLK 65/483(Formerly L.R.No 10530/132)	Nairobi	Siwaka Estate-Off Ole Sangare Road		-	15,500,000
5 NAIROBI/BLK 65/500(Formerly L.R.No 10530/149)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,200,000	17,200,000
6 NAIROBI/BLK 65/419 (Formerly L.R.No 10530/68)	Nairobi	Siwaka Estate-Off Ole Sangare Road		15,600,000	15,600,000
7 NAIROBI BLK 65/420 (Formerly L.R.No 10530/69)	Nairobi	Siwaka Estate-Off Ole Sangare Road		15,600,000	15,600,000
8 NAIROBI/BLK 65/406 (Formerly L.R.No 10530/53)	Nairobi	Siwaka Estate-Off Ole Sangare Road		-	15,600,000
9 MN/Sec 1/533	Mombasa	Jamhuri Road-Nyali		148,800,000	148,800,000
10 MN/Sec 1/1351	Mombasa	Off Makongeni Road-Nyali		64,500,000	64,500,000
11 NAIROBI/BLK 65/514 (Formerly L.R.No 10530/26)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,000,000	17,000,000
12 NAIROBI/BLK 65/381 (Formerly L.R.No 10530/30)	Nairobi	Siwaka Estate-Off Ole Sangare Road		-	17,000,000
13 NAIROBI/ BLK/65/385(Formerly L.R.No 10530/34)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,000,000	17,000,000
14 NAIROBI/BLK 65/389(Formerly L.R.No 10530/38)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,000,000	17,000,000
15 NAIROBI/BLK 65/401(Formerly L.R.No 10530/50)	Nairobi	Siwaka Estate-Off Ole Sangare Road		-	17,000,000
16 NAIROBI/BLK 65/407(Formerly L.R.No 10530/56)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,000,000	17,000,000
17 NAIROBI/BLK 65/411(Formerly L.R.No 10530/60)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,000,000	17,000,000
18 NAIROBI/BLK 65/431(Formerly L.R.No 10530/80)	Nairobi	Siwaka Estate-Off Ole Sangare Road		17,000,000	17,000,000
19 NAIROBI/BLK 65/437(Formerly L.R.No 10530/86)	Nairobi	Siwaka Estate-Off Ole Sangare Road		-	19,000,000
20 NAIROBI/BLK 65/440(Formerly L.R.No 10530/89)	Nairobi	Siwaka Estate-Off Ole Sangare Road		19,000,000	19,000,000

LISTING OF ASSETS HELD FOR SALE (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2025

				2025	2024
	PROPERTY	LOCATION		Shs	Shs
21	M/B XI/578	Mombasa	Wakauma Avenue-Tudor area	-	26,600,000
22	M/B XI/579	Mombasa	Wakauma /Msaada Avenue-Tudor area	-	26,600,000
23	M/B XI/581	Mombasa	Wakauma /Msaada Avenue-Tudor area	-	20,000,000
24	M/B XI/582	Mombasa	Wakauma Avenue-Tudor area	20,000,000	20,000,000
25	MN/Sec 1/1286	Mombasa	Links Road-Nyali	-	106,000,000
26	MN/Sec 1/1332	Mombasa	Mukoma Road off Kongoni Road-Nyali	-	65,700,000
27	MN/Sec 1/1334	Mombasa	Off Kongoni Road-Nyali	-	71,000,000
28	MN/Sec 1/1339	Mombasa	Off Bandari-Nyali	-	70,300,000
29	MN/Sec 1/1345	Mombasa	Off Makongeni Road-Nyali	-	67,600,000
30	MN/Sec 1/1605	Mombasa	Kasuku Road-Nyali	80,000,000	80,000,000
31	MN/Sec 1/1662	Mombasa	Mbuni Road-Nyali	-	81,000,000
32	MN/ Sec 1/2513	Mombasa	Kittaruni Road-Nyali	39,200,000	39,200,000
33	MN/Sec 1/3184	Mombasa	5th Avenue-Nyali	-	60,600,000
34	MN/Sec 1/3185	Mombasa	5th Avenue-Nyali		65,200,000
				592,500,000	1,353,700,000

NOTES



BANDARI PLAZA

NAIROBI





KENYA PORTS AUTHORITY
PENSION SCHEME (DB)
7th Floor Cannon Towers (Old Block)
P.O. Box 1019 - 80100
Mombasa, Kenya.
Tel: (+254) 768 777 444



www.kpapension.co.ke

Email: info@kpapension.co.ke