



KENYA ELECTRICITY GENERATING COMPANY
(KenGen PLC)

KenGen Communications of Progress report

2019/2020

TABLE OF CONTENTS

1.0. ABOUT KenGen	2
2.0. ABOUT THIS REPORT	3
3.0. MANAGING DIRECTOR & CEO STATEMENT	4
4.0. SUSTAINABILITY STATEMENT	5
5.0. OUR APPROACH TO BUSINESS	6
5.1. BUSINESS SUSTAINABILITY	6
5.2. ENVIRONMENTAL SUSTAINABILITY	9
5.2.1. Introduction	9
5.2.2. Climate Change Service	9
5.2.3. Environmental Management	10
5.2.4. Catchment and Ecosystem Conservation	12
5.3. SOCIAL SUSTAINABILITY	13
5.3.1. Looking forward to 2020/2021	17
6.0. LABOUR POLICIES IMPLEMENTATION AND OUTCOMES	19
6.1. Introduction	19
6.2. Implementation of labour principles	20
6.4. Keeping our workplace safe	23
6.5. Looking forward to 2020/2021	25
7.0. HUMAN RIGHTS POLICY AND GOALS	26
7.1. Introduction	26
7.2. Key Achievements	26
7.3. Looking forward to 2020/2021	34
8.0. ANTI-CORRUPTION PRINCIPLE	35
8.1. Looking forward to 2020/21	37
9.0. ALIGNING KenGen BUSINESS TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)	38

I.0. ABOUT KenGen

Kenya Electricity Generating Company (KenGen PLC) was incorporated in 1954 as Kenya Power Company (KPC). The Company was set up as a corporation to harness natural resources for the generation of electricity. The Company's shareholders later contracted the East Africa Power and Lighting Company (EAP&L) to manage KPC. EAP&L changed to Kenya Power & Lighting Company (KPLC) in 1983.

In January 1998, the Government restructured the energy sector, and unbundled generation, transmission, and distribution of electricity into distinct and autonomous functions. With this move, the management of KPC was separated from KPLC and the company renamed Kenya Electricity Generating Company Limited (KenGen).

In 2006, KenGen floated the largest Initial Public Offer (IPO) in the country that revolutionized Kenya's capital market by attracting the highest number of applicants ever witnessed in the history of the Nairobi Securities Exchange (NSE).

With the sale of 30% of the Company's government shares, KenGen acquired over 279,000 shareholders. Kenyans' trust and faith in KenGen was once again demonstrated in 2016 when it floated a Rights Issue on the NSE. Through this initiative, KenGen raised Ksh.26.5 billion out of a target of Ksh.28.8 billion, translating to about a 92% subscription rate. In February 2017, another 5.33% was taken up by the Public Investment Corporation (PIC) of South Africa, adding about Ksh.2.3 billion to the Rights Issue's proceeds. The Company remains focused on giving value.

KenGen remains committed to providing reliable and competitively priced electrical energy for social and economic development. The Company has invested in various energy sources and revenue streams to improve stakeholder value.

2.0. ABOUT THIS REPORT

This submission is intended as a stand-alone document and covers the period 1 June 2019 to 30 May 2020. Where appropriate, the UNGC Communication on Progress (COP) contains references to actions and policies relating to human rights, labour, anti-corruption, and the environment.

The Communication on Progress (COP) is the first KenGen annual disclosure to stakeholders on progress made in implementing the UN Global Compact's ten principles in human rights, labour, environment and anti-corruption in supporting the broader UN development goals.

This report contains a statement by the Managing Director and CEO expressing KenGen's continued support for the Global Compact principles and furthering the united nation's Sustainable Development Goals (SDGs). It also details a description of practical actions and disclosure of relevant policies and activities in each of the four focus areas.

It is envisaged that this COP will help to drive continuous sustainability performance improvement within the Company and provide investors with sustainability performance information, thus allowing for more effective integration of Environmental, Social, and Governance (ESG) considerations in their investments and resulting in a more effective allocation of capital.

It is an important demonstration of KenGen's commitment to transparency and accountability and serves as an effective tool for multi-stakeholder dialogue.

ABOUT

This report contains a statement by the Managing Director and CEO expressing KenGen's continued support for the Global Compact principles and furthering the united nation's Sustainable Development Goals (SDGs). It also details a description of practical actions and disclosure of relevant policies and activities in each of the four focus areas.

3.0. MANAGING DIRECTOR & CEO STATEMENT

Kenya Electricity Generating Company (KenGen PLC) is the leading electricity generator in Kenya, producing about 80% of electricity consumed in the country.

In May 2019, KenGen joined as a participant in the UN Global Compact, an excellent platform to advance our corporate sustainability. With this communication, we express our intent to implement the principles of the United Nations (UN) Global Compact on human rights, labour, environment, and anti-corruption. I am pleased to reaffirm our continued support for the



ten principles and commitment to making the Global Compact and its principles part of our strategy, culture and routine operations, and to engaging in collaborative projects, which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals (SDGs). We shall make a clear statement of this commitment to our stakeholders and the public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our Company's efforts to implement the ten principles. We support public accountability, transparency and commit to reporting on progress within one year of joining the UN Global Compact, and annually after that, according to the UN Global Compact COP policy. KenGen is active in various sustainability action programs within UNGC structures. Target gender equality program supports KenGen to set corporate targets for gender equality demonstrating, commitment and action to employees, investors, and other stakeholders.

The caring for climate action platform will drive the uptake of the business ambition for 1.5°C campaign by supporting us to act in our operations and supply chains. The young innovator's program will create an opportunity for KenGen to identify young talent to collaborate and accelerate business innovation.

We look forward to an accelerated business ambition by upholding the 10 Principles and delivering the Sustainable Development Goals (SDGs) in the coming year.



Rebecca Miano, MBS

Managing Director & CEO

4.0. SUSTAINABILITY STATEMENT

SUSTAINABILITY

The Company is committed to this new journey as a business partner, an employer, a community member, an environmental steward, and a value creator for stakeholders.

Sustainability is how to manage and operate a business to improve lives, environment, benefits, and long-term prosperity. This ensures corporate efficiency and responsibility in a manner that secures the future of stakeholders, the environment, and the nation at large.

KenGen has embraced corporate sustainability. The Company is committed to this new journey as a business partner, an employer, a community member, an environmental steward, and a value creator for stakeholders. By thinking and acting sustainably, we deliver high-quality customer service and strong financial results to position the Company for a sustainable future.

In our operations, we align business performance with a commitment to economic, social, and environmental stewardship. We are committed to making the principles of sustainability as a part of the strategy, culture, and routine operations of our Company to advance the United Nations Sustainable Development Goals (SDGs)

5.0. OUR APPROACH TO BUSINESS

5.1. BUSINESS SUSTAINABILITY



- We are now in our 67th Anniversary
- 70% Govt. and 30% public
- Our Motto: *Energy for the nation.*



- **Mission:** To efficiently generate competitively priced electric energy using state of the art technology, skilled and motivated human resource to ensure financial success
- **Vision:** To be the market leader in the provision of reliable, safe, quality and competitively priced electric energy in the Eastern Africa region
- **Core Values:** Team Spirit; Integrity; Professionalism & Safety Culture

OUR STRENGTHS



**1,803
MW**

72% sales market share of the electricity consumed in Kenya

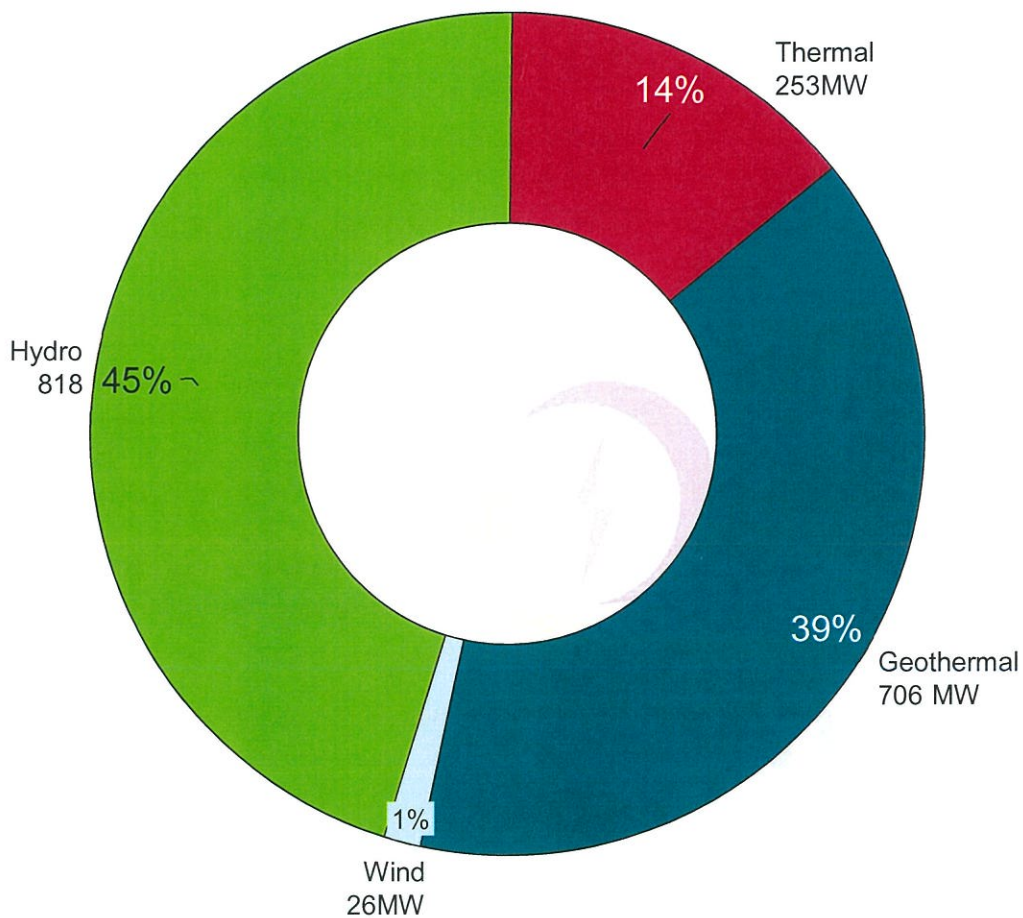


**Good
leadership**

**Skilled Staff:
~2,500**

KenGen is the leading electric power producer in Kenya with a total installed capacity of 1,803 MW.

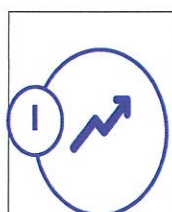
Below is an illustration of our Energy mix:



86% of KenGen Capacity is from GREEN SOURCES

OUR STRATEGIC ASPIRATIONS

“INCREASE CAPACITY” WHILE “CREATING VALUE FOR STAKEHOLDERS”



**Capacity
increase**

Increase capacity to **remain a relevant market player** by 2025



**Value
creation**

Provide adequate **return to shareholders**



Lower tariffs

Profitably supply **competitively-priced renewable electricity** to the economy.

5.2. ENVIRONMENTAL SUSTAINABILITY

5.2.1. Introduction

KenGen is committed to complying with environmental laws, regulations, permit conditions, and other requirements. KenGen strives to be the leading organization within the energy sector to limit negative and, where possible, have positive direct and indirect impacts on biodiversity and natural ecosystems.

The environmental principle is supported by environment sustainability policy, which ensures that KenGen is undertaking its

mandate, integrates environmental considerations to fulfil the requirement of a clean, healthy and sustainable environment for all as per article 42 of the Kenya Constitution and Environmental Management and Coordination Act (EMCA), 1999, Cap 387. The environment principle is also supported by two policies namely climate change and the resettlement and compensation policy framework.

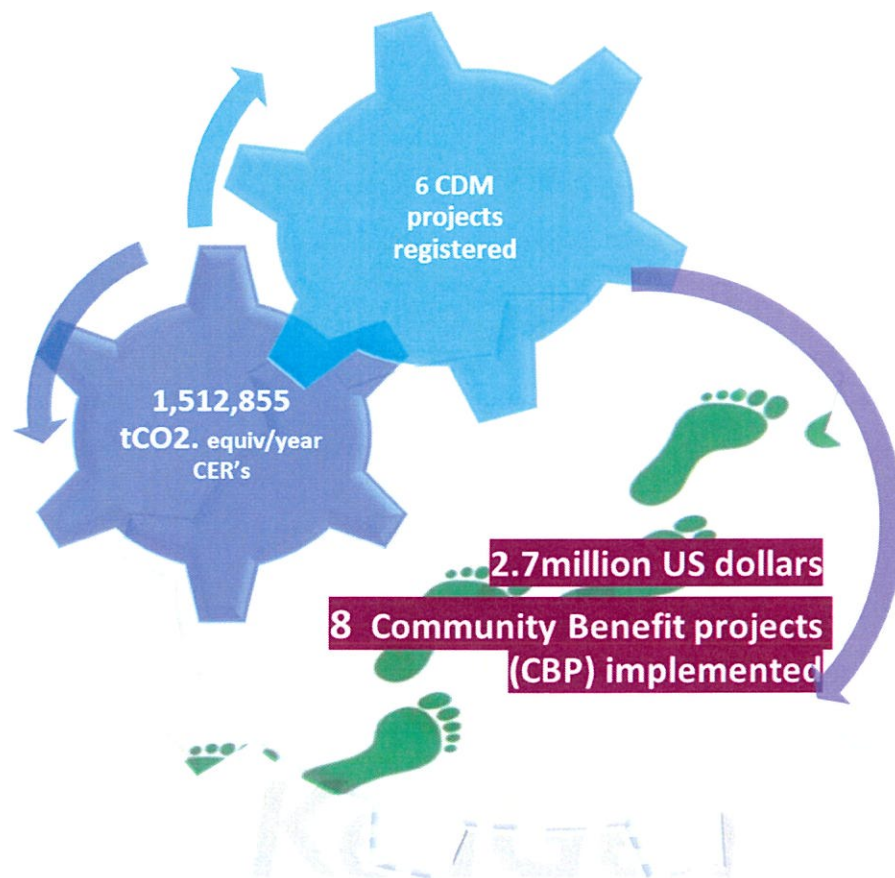
5.2.2. Climate Change Service

KenGen has embraced the Clean Development Mechanism (CDM) based on the United Nations Framework Convention on Climate Change (UNFCCC) as part of its contribution to mitigate climate change impacts. The guidelines for implementing the scheme are based on UNFCCC's Kyoto protocol that enables developing countries like Kenya to implement green projects to contribute to emissions reductions. This emission reduction is verified and certified by a third-

party Auditor before issuing a Certified Emissions Reduction (CERs) by the UNFCCC Executive Board.

KenGen sustainability projects touching on CDM have yielded USD 3.627 million for the organization since inception. These projects include Tana and Kiambere hydro projects (under the Seven Forks cascade), Ngong Wind, Olkaria II, Olkaria I Additional Units 4 and 5, and Olkaria IV Geothermal. The projects contribute to

offsetting approximately 1.5 million tons of Carbon Dioxide equivalent annually.



Climate change investments

5.2.3. Environmental Management

KenGen is committed to safety, environmental sustainability, and community engagements, which play an important role in how the Company plans, designs, and operates its projects and facilities. To this end, KenGen conducts detailed environmental, social, safety, and health impact assessments for every major project and audits for the existing facilities as provided in the Environmental Management and Coordination Act (EMCA) Cap 387 and the related regulations. KenGen has established environmental

management programs in all areas of operations to protect the Environment and prevent pollution as shown in the diagram below.

Preliminary Environment and social impact Assessment	<p>Preliminary ESIA conducted during the feasibility study for 140 MW Olkaria VI PPP Project. Air quality dispersion modelling and noise assessment have been undertaken.</p> <p>Acquired NEMA license for the proposed 10MW Ngong Phase III-A Wind Project</p>
Project Appraisals and Monitoring	<p>Birds and Biodiversity Monitoring Framework at the Ngong III Wind Project area.</p> <p>Prefeasibility studies for the upgrading of Gogo Power Station commenced is in progress</p> <p>Quarterly EHS monitoring and reporting for 172 MW Olkaria V and 83.3MW Olkaria I AU 6.</p>
Environment Audit	<p>A total of 28 KenGen facilities and installations were audited using in-house capacity and the respective reports submitted to NEMA.</p>
Sustainable use of water	<p>Water abstracted is metered and within the limits of the water permit provided Water Resources Authority (WRA).</p> <p>Hydropower generation is 100% returnable.</p> <p>Chemical and biological analysis of the water before and after the machine.</p> <p>At Olkaria and Eburru Geothermal Fields, brine is used for drilling to supplement the amount of water abstracted from Lake Naivasha.</p> <p>Staff are supplied with potable water from Gitaru bottling plant based at Eastern Hydros.</p>
Waste Management	<p>KenGen embraces the 4Rs of waste management practices (Refuse to generate, reduce generation, Reuse & Recycle)</p> <p>Removal, handling, transportation and disposal of asbestos sheets from Kipevu old steam plant turbine and replaced with galvanized iron sheets was undertaken within the year under review.</p> <p>Acquired emission licenses for its thermal facilities (Kipevu I & III) as provided in the Air Quality Regulations, 2014 and emission monitoring is undertaken on annual basis</p>
Effluent Management	<p>Acquired effluent discharge license for its operation activities at Kipevu I and III Thermal Stations as provided in Water Quality Regulations, 2006.</p> <p>Chemical analysis is undertaken on regular basis for effluent discharged into the environment.</p>

5.2.4. Catchment and Ecosystem Conservation

- i. KenGen has distributed to the communities a total of 1.5 million tree seedlings which is equivalent to 2,358 acres for the last five years Under KenGen environment conservation program to enhance the sustainability of the ecosystems.
- ii. The Green Initiative Challenge (GIC) for primary and secondary schools is a

flagship environment project that has distributed over 150,000 seedlings in more than 500 schools in Kitui, Machakos, and Embu County. The project is implemented by the KenGen Foundation in partnership with Better Globe Forestry and Bamburi Cement Ltd.



KenGen invested in tree planting skills into young generation for conservation sustainability

5.3. SOCIAL SUSTAINABILITY

As a responsible corporate citizen, KenGen has continued to upscale its Corporate Social Investments (CSI) countrywide mainly focusing on the communities living around its power stations.

The Company's CSI efforts have expanded significantly since the establishment of the KenGen Foundation in 2013, purposely set up to serve as the vehicle for implementing the Company's CSR programs. The KenGen Foundation focuses on the Company's efforts through three key pillars of sustainability namely; Education, Environment, and Water & Sanitation which complement the Sustainable Development Goals (SDGs).

The KenGen Foundation thus positions the Company as a leader in sustainable development through community-based programs.

Education scholarship

The KenGen Scholarship Program's core objective is to enable beneficiaries to realize their dreams and life goals through education. At the same time, enable them to become major players in the realization of the country's social and economic goals.

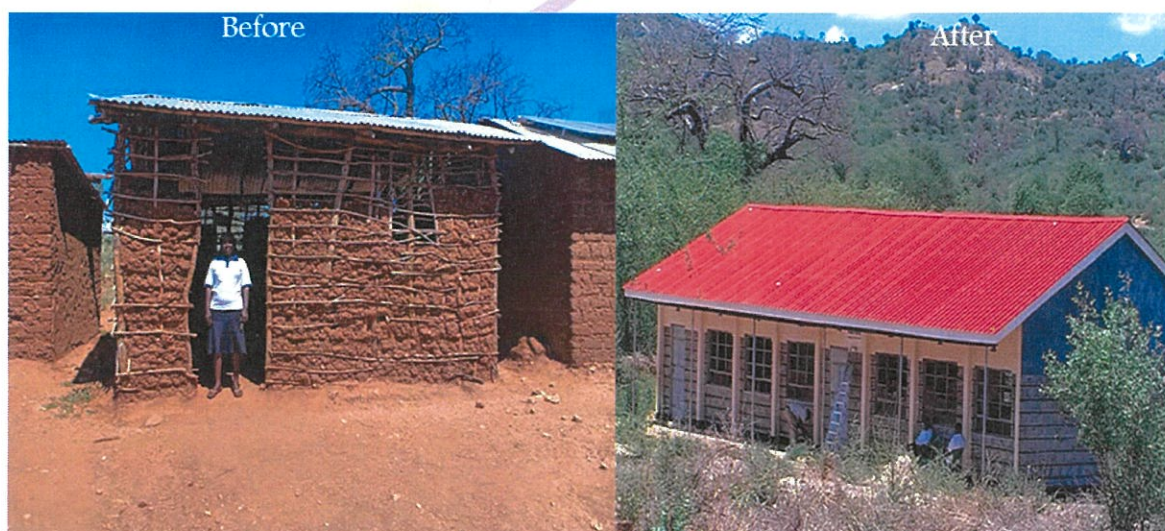
From sponsoring the initial group of 14 students in 2005, the KenGen Education Scholarships today has benefited over 700 secondary and university students. The Company currently supports 108 university students and 108 secondary school students, with 8 beneficiaries being sponsored by contributions from the KenGen Employee Giver Initiative, and another 8 from project partner, Bamburi Cement Ltd.

The Company is in the process of absorbing four beneficiaries who graduated with first class honours in 2018 in the relevant subjects as stipulated in the policy.

Schools Infrastructure Support

The Company has continued to invest in the school infrastructure support across its operational areas. In the period under review, KenGen Foundation in conjunction with its partners carried out the following activities;

- I. Partnered with Bamburi Cement to construct new classrooms and infrastructure rehabilitations on Voondeni Primary School in Machakos County and Mwea Primary School in Embu.
- II. Partnered with Tullow Oil to distribute 46 beds and beddings in West Pokot and Turkana Counties.
- III. Offered Infrastructural support towards Turkwel Gorge Mixed Secondary School.
- IV. Participated in the launch of the girls in Science, Technology, and Engineering and Mathematics (STEM) pilot project in Makueni County.
- V. Funding Kamaroko Primary school around Turkwel and donating revision books



Kiruri Primary School in, Mumoni Sub-County and Kitui County.

Water & Sanitation

KenGen has continued to address water and sanitation challenges facing communities neighboring its power stations through the sustainable provision of clean and accessible water as a major Corporate Social Investment activity for more than twenty years.

In-line with that, KenGen has undertaken the following activities:

- i. Under Green Initiative Challenge (GIC), seven schools have received water tanks and rainwater harvesting systems, with the latest being Thua Primary School in Machakos County and Mashamba Primary School in Embu County.
- ii. Ongoing constructing of a water project in Nunguni in Seven forks.
- iii. Supported the observance of the World Water Day that highlights the importance of freshwater by donating towards the cause in Kitui County in 2019.

Community Engagement-Olkaria IV Resettlement Action plan (RAP) Implementation

OLKARIA I & IV GEOTHERMAL PROJECT

A total of 155 households were resettled on 1700 acres piece of land adjacent to Olkaria IV project.

Education sponsoring a total of eleven (11) students.

Perimeter fencing of 1700 acres at RAPland

Perimeter fencing of 14 acres at Cultural centre

Sustainable water supply to Resettled community and Infrastructure maintenance

OTHER STAKEHOLDERS ACTIVITIES

KenGen is involved in the development of ecosystem management plan for Hell's Gate and Mount Longonot National Parks for 2017-2027.

KenGen-KWS joint ecological assessment for the proposed well pads within/near Hell's Gate National Park in Olkaria business area.

KenGen participation in biodiversity monitoring at Hell's Gate National Park, in conjunction with Kenya Wildlife Service (KWS)

Establishment and operationalization of Stakeholders Coordination Committee (SCC) for Olkaria V and Olkaria I AU 6

Operational Stakeholders Coordination Committee in Seven forks

Establishment and operationalization of Stakeholders' Coordination Committee (SCC) for Western Region

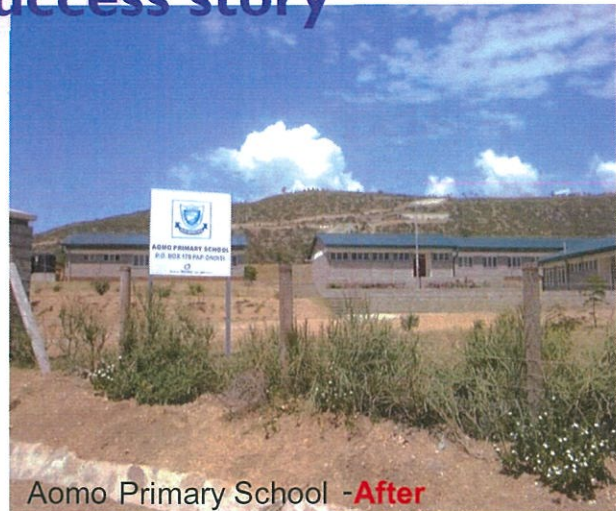
Development and roll out of Community Engagement Strategy and Policy

Some RAP Milestones includes;

i) Schools



...some success story



ii) Houses

KenGen resettled 155 households from Four (4) villages near Project site, to pave way for construction of the iconic 280MW Olkaria



Two bedroomed house
After Resettlement

Manyatta Before resettlement

5.3.1. Looking forward to 2020/2021

Going forward, KenGen aims to attain the following;

- i. Enhance monitoring and evaluation of the environmental aspects and prepare a corporate report.
- ii. Carry out all the statutory environment audit.
- iii. Register new green projects including three projects under implementation i.e. Olkaria V, Olkaria I additional unit 6, Olkaria I rehabilitation.
- iv. Continue to engage in initiatives aimed at piloting operationalization of Article 6 of the Paris Agreement which is the successor to the Kyoto Protocol

- to take advantage of the emerging opportunities in the Climate Finance arena.
- v. Continue with the engagement of National Stakeholders including the Climate Finance Unit of the Government of Kenya National Treasury, the Climate Change Directorate, and Development Finance Institutions (DFI) to benefit from the emerging opportunities in the Climate Finance arena.
 - vi. Seek other avenues to trade the company's CERs considering the changes in the global Climate Change arena which includes the end of the Kyoto Commitment period and coming into force of the Paris Agreement.
 - vii. Enhance resource sustainability by growing 150,000 tree seedlings within the KenGen operation areas.
 - viii. Implement a 10-year tree planting project for schools with a target of 1,000 schools by 2023.
 - ix. Establishment of Invitro lab and farmers outreach program for *Melia volkensii* tree species.

6.0. LABOUR POLICIES IMPLEMENTATION AND OUTCOMES

6.1. Introduction

KenGen recognizes the relevance of labour rights and has committed to the following:

- i. Recognition agreement (section 60) of the Labour Relations Act 2007 which helps in binding both parties involved in the Collective Bargaining Agreement (CBA).
- ii. Collective Bargaining Agreement (CBA) was discussed and agreed upon in line with the labour rights as provided for in the Labour Relations Act, 2007.
- iii. Employment Act 2007 and the Labour Relations Act 2007 that outlines the importance of observing the labour rights are implemented in the Company.
- iv. The Company promotes freedom of association as there is an active labour union, Kenya Electrical Trade and Allied Workers Union (KETAWU).
- v. The Company promotes the right to non-discrimination (all forms of discrimination are prohibited)
- vi. KenGen has aligned its policies to the provisions of the Constitution of Kenya (2010), the Laws of Kenya, and any other applicable laws. Specifically: The Employment Act, 2007; Labour Institutions Act 2007; Work Injury Benefits Act 2007; Labour Relations Act 2007; Occupational Safety and Health Act 2007; The Public Officers Ethics Act 2012; The Persons with Disabilities Act 2003, Sexual Offences Act 2009 among other applicable International legislation on labour rights.

The following are KenGen's policies on labour rights.

- i. Policy on recruitment; The Company shall not employ any persons below the age of consent (18 years).
- ii. Policy on retrenchment; the process must be fair, objective, and not-discriminative. It must also be done in compliance with the Law.
- iii. Policy on redundancy; best practice shall be undertaken in consultation with the stakeholders.
- iv. Policy on mental health.
- v. Policy on occupational health and safety.
- vi. Policy on employee relations. Policy on employee emoluments, variables, and other allowances.
- vii. Policy on employee separation from the services of the company.
- viii. Policy on drug and substance abuse
Policy on HIV/ AIDs in the workplace.
- ix. Policy on disability mainstreaming

6.2. Implementation of labour principles

KenGen has undertaken the following measures to implement labour policies, reduce labour risks, and respond to labour violations.

1. Grievance mechanisms;
 - The Company signed a Memorandum of Understanding (MoU) with the trade union (KETAWU), detailing the recognized grievance handling procedure.
2. Awareness-raising and training of employees on labour rights and policies.
 - Training has been done on the Occupational Safety and Health Act

2007, trade disputes, and alternative dispute resolutions mechanisms.

3. To prevent discrimination of all kinds in the workplace while ensuring that comparable pay for comparable work is observed, KenGen has the following structures in place.
 - i. Human Resource Pay Structures as approved by the Salary and Remuneration Commission (SRC).
 - ii. Career Framework Guidelines as approved by the Public Service Commission (PSC).

- iii. Equal Employment Opportunities and Competitive Promotions.
- iv. HIV / AIDS Awareness through Peer Educators.
- 4. Consultation with employees and other stakeholders,
 - i. Through workers union representative starting with the shop steward, branch committee member of the station, union branch secretary, labour officer, and General Secretary.
 - ii. Through the Central Joint Council (Union and Management).
 - iii. Through the Stakeholders Coordination Committee (SCC).
- 5. Allocation of responsibilities for the protection of labour rights within KenGen.
 - i. Employee Relations section
 - ii. Central Joint Council
 - iii. Workers Union representative
 - iv. Medicare welfare team
 - v. Safety section
- 6. Participation in international framework agreements and other agreements with labour unions.
 - (i) The KenGen's CBA is guided by the Labour Relations Act 2007. Both parties are bound to implement the Collective Agreement (CA) by the Recognition Agreement according to section 54 (1) of the Labour Relations Act. KenGen also registers the CA with the industrial court in accordance with section 60 of the LRA.
- 7. Other ways that KenGen is implementing the labour issues include;
 - i. Partnering with the Federation of Kenya Employers (FKE).
 - ii. Participating in the annual Employer of the Year Awards (EYA) where thorough vetting on labour issues is done.
 - iii. Participating in the Company of the Year Awards (COYA) events that involve a thorough vetting process.
 - iv. Holding safety weeks in all operating areas.

6.3. Measurement of Outcomes

The monitoring and evaluation of the performance of labour principles is carried out in the following ways; -

- a) Demographics of management and employees by diversity factors.
 - i. Public Service Commission (PSC) templates on diversity management used for the values survey.
 - ii. Annual PSC evaluation report that is tabled in Parliament.

KenGen has the following mechanisms of dealing with incidents of violations of Labour principles; -

- i. KenGen puts a clause under the mandatory requirements section in the tender document requiring contractors for works tender not to involve underage employees as required by the law.
- ii. KenGen puts a clause under the mandatory requirements section in the tender document requiring labour-

- i. Central Joint Council (CJC) of the Workers Union.
- ii. Through the KenGen Public Complaints and Access to Information Committee where a report is done to Ombudsman.
- iii. Through the Stakeholders Coordination Committee.
- iv. Through the Industrial Court process.

KenGen tender documents and contracts are based on Public Procurement & Assets Disposal Act (PPADA) 2015 that requires business partners and suppliers to adhere to all labour principles including the following; -

- related contracts like provision of security, cleaning services, among others to ensure minimum wage as stipulated in the labour laws is adhered to.
- iii. KenGen also participates in the annual Labour Day celebrations.

6.4. Keeping our workplace safe

KenGen has continued to maintain the highest safety and health standards in carrying out its business activities. The company's operations are guided by a set of core values that are; Team spirit, Integrity, Professionalism, and Safety Culture.

As an organization that nurtures a safety culture, KenGen also implements the Health and Safety Policy that defines the requirements for providing a safe and healthy environment through elimination or minimizing risks to personnel and other interested parties within its workplaces.

KenGen's policies aims are:

i. To provide a structured management system to eliminate or control risks in operations to acceptable and required levels.

KenGen supports the International Labour Organization (ILO) core conventions and complies with local labour regulations including the Occupational Safety and Health Act 2007 (Kenya) and its subsidiary legislations. As an organization, KenGen conducts annual statutory safety, fire inspection audits as well as statutory safety

ii. To provide guidelines for establishing and implementing programs that reduce workplace hazards, protect lives, and promote employee health.

iii. To develop and embed a safety culture in the Company's activities while acknowledging that safety is paramount.

iv. To set up a system that oversees safety in project implementation is observed in operations on generating electric energy.

v. To clearly define staff responsibilities and accountabilities for the delivery of strategy and performance.

vi. To ensure that safety objectives and performance targets are established and communicated across the organization accordingly.

training such as OSH committee, first aid, and fire marshal training. During the period under review, KenGen trained over 700 safety champions who helped to promote a strong safety culture within the organization. It is worth noting that the Company emerged a winner in the 2018/2019 Kenya Open Adult National First

Aid competitions, registering its second win in two years in a row. The competitions are held in April yearly during the week of *World Day for Safety and Health at Work*.

In addition to the statutory audits and trainings, KenGen holds Safety Week activities within its operational areas. The purpose of these activities is to enhance

safety awareness, workplace inspections, and health assessments with the ultimate goal of embedding a strong proactive safety culture within the organization. During the period under review, the theme was based on the ILO's on *World Day for Safety and Health at Work*.



KenGen fire marshals during a practical training session.



A team of KenGen first aiders during the National First Aid Competition.



KenGen staff interacting with small scale business in Ngara Market, Nairobi during safety campaign



KenGen Safety Team member issuing safety reflector jackets to motorcycle riders at Makutano Shopping Center in Upper Tana.

While undertaking safety control measures, KenGen also implements a Safety and Health Management System (SHMS) which ensures and supports the safe running of our operations. In this exercise, a critical aspect of the SHMS is the employee consultation and participation that ensures

the measures put in place are appropriate, effective, and well adopted. In addition, KenGen carries out internal safety audits to ensure risk management and continuous improvement of our process and procedures are observed appropriately

6.5. Looking forward to 2020/2021

In the foregoing, KenGen looks forward to work on the following areas to uphold and improve its safety culture.

- i. Continued implementation of the statutory requirements (audits and trainings).
- ii. Conduct fire risk assessment for all power plants.

- iii. Continued implementation of its disaster risk management and business continuity framework.

Conduct a corporate safety survey so as to obtain critical feedback for improvement.

7.0. HUMAN RIGHTS POLICY AND GOALS

7.1. Introduction

Human rights refers to moral principles or norms that describe certain standards of human behaviour. The rights apply regardless of someone's national originality, religion or beliefs, gender, or colour. At KenGen, we ensure that all these aspects are embedded in our processes to ensure fairness as well as a smooth running of the organization is observed.

7.2. Key Achievements

During the time under review, KenGen attained the following key achievements;

- i. Approved Human Resource and Administration Policies and Procedures.
- ii. Developed and implemented a five-year Human Resource Strategic Plan.
- iii. Reviewed the organization structure to accommodate the new skills and allow growth among its members.
- iv. Enhanced its e-learning structures to accommodate evolving developments.
- v. Developed career frameworks and succession planning in its departments.
- vi. Reviewed salaries and performance bonus.

KenGen's management promise to its employee continues to focus on

empowerment. To indicate how purposefully this management has been to its employees so far, a number of forums have been implemented to achieve the agenda. They include;

- ✓ The Managing Director & CEO's Clinic; through this platform, the MD dedicates a day to employees whereby she engages them on matters that can improve the organization. In a case where all employees cannot have a face-to-face opportunity to meet the MD, the employees can share their views through email directly to her. In many occasions, the MD has also conducted visits to employees in their work regions for breakfast or lunch.

This initiative has really boosted employee morale as well as their performance

- ✓ Senior Management meeting with supervisors/employees.
- ✓ Weekly Staff Communication that encourages the employees for their efforts while congratulating them for their exemplary performance.



KenGen PLC MD & CEO Rebecca Miano serving Staff members breakfast at stima Plaza in August 2019.

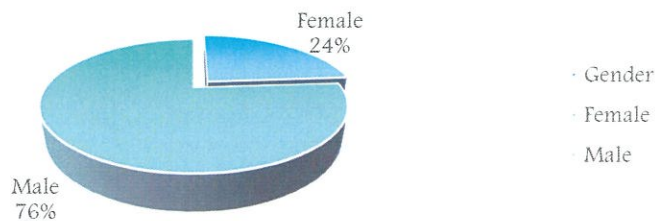


KenGen PLC MD& CEO Rebecca Miano giving christmas gift to staff members in December 2020

As an equal opportunity employer, KenGen engages different talents for better performance and sustainable growth. The Company's mandate on staff recruitment has been to achieve equal opportunities within the genders by conducting the recruitment process in a competitively and fair approach.

Planning and Recruitment – As an organization seeking to ensure sustainability, an establishment was approved by the Board of Directors to ensure that the organization operates in an optimal manner while ensuring that any skills that may be required are catered for in the establishment for a period of 5 years starting in the FY2019/20. KenGen's senior citizens have gradually been replaced competitively by talented skills from the market who inject a lot of new thinking. Having been a male-dominated organization over the years, the recent recruitment has incorporated the differently-abled persons and the female gender from the diverse backgrounds as indicated below.

Gender	Central	Eastern	Geothermal	Thermal	Western	Total
Male	237	369	1000	121	193	1920
Female	228	116	194	23	39	600
Total	465	485	1194	144	232	2520



Learning and development –

While the Company continues to recruit competent personnel, its commitment to the employees is to progressively improve their knowledge, skills, and attitudes to ensure that their performance meets /or exceeds the minimum expectations. KenGen has partnered with institutions like

Kenya School of Government (KSG), Strathmore, Skills soft, and LinkedIn to offer learning sessions in a formal (classroom) way, on the job training, and through e-learning platforms which has helped in improving its employee's skills

Training	FY2019/20
Investment on staff	Kshs. 228,184,326.20
Number of employees who have benefitted	1835

The above figures showcase that 73% of our employees were trained against the total employee number of 2500

KenGen's Human Resource Services Department has ensured that all employees can access services through easier and quickly through the help of technology as indicated below:

- i. Employees can assess leave balances and apply for leave through their staff portal on the KenGen website.
- ii. Employees are able to seek their medical balances through their mobile numbers.

Within the wellness front, KenGen has managed to conduct sustainable programs that assist employees to develop themselves. These programs are;

- i. Holding regular drug and substance abuse education programs for its employees and their families. (Especially those who live in KenGen houses).
- ii. Weekly medical articles to employees.
- iii. Initiating medical camps through partnerships with hospitals.
- iv. Observing International Cancer and HIV/Aids Day by partnering with individuals and organisations

whereby they can share their experiences with the employees.

Performance Management – KenGen's performance management is very elaborate. It starts with the Managing Director & CEO who signs a performance agreement that is cascaded down to the lowest levels of employees. The performance agreement is in line with our strategy anchored on seven pillars that are;

- i. Improve returns of **current plants** (OPEX).
- ii. Ensure the profitability of **future projects** (CAPEX).
- iii. Improve PPAs/Tariff Regulation.
- iv. Pursue **new financing approaches** (through partnerships, asset monetization).
- v. Establish **new structures** to execute and finance projects (KenGen B, KenGen C).
- vi. Deliver **current pipeline projects** and access **new geothermal fields**.
- vii. Improve **organizational health** (Employee wellness and motivation).

This approach ensures that employees are informed on what is expected of them at any given time for a sustainable future of work.

Employee Engagement - To improve its customer experience, KenGen established a *Karibu* Center across all its operational regions to ensure that all customer complaints are recorded, tracked, and solved amicably. This approach has helped the Company to solve customer issues in a good time while reducing congestion in the offices. This has created more time for employees to concentrate on their targets, a move that has boosted organizational performance by far.

During the period under review, KenGen progressively championed for gender equality by uplift the status of women within the Company. Through an initiative dubbed *Pink Energy*, the Company has made great strides in creating change while enhancing the potential of women in within and outside the organisation. *Pink*

Y-Gen

KenGen's management is committed to inculcating a high-performance culture that motivates employees towards operational excellence in support of the corporate strategy. Along with this, KenGen recognizes the importance of involving youthful employees in driving the agenda of

Energy Initiative is anchored on three pillars:

- i. Personal development and empowerment.
- ii. Create a conducive work environment.
- iii. Create and enhance Gender awareness.

Within the period, the Company has held a series of quarterly sessions in each business area to achieve the pillars above. Based on topics ranging from professionalism, career growth, health, and wellness, financial management, parenting, mentorship, and outreach programs to schools and community as well, the initiative has empowered and impacted more than 600 women in the organization.

the Company towards a prosperous future in all its operational areas.

To this end, the company has made arrangements to help espouse the aspirations of the employees who are 35 years and below with the corporate values as well as the strategic agenda by launching

of cells within every operational area. This step has been made with the main purpose to maximize on employee potential while supporting them towards enhancing not only the future of the company but also their own lives.

The three strategic influencers are as indicated below:

- i. What the individual youth should do.
- ii. What KenGen should continue doing.
- iii. What the Company should stop doing.

Individual	KenGen	KenGen and Individuals
<p>What the individual youth should do.</p> <ul style="list-style-type: none"> • Be open and receptive to change. • Be committed and proactive to given tasks. • Continue learning in their areas of specialization. • Be self-driven by having both short term and long-term goals. • Exhibit cohesive working relationships in their teams. • Take responsibility and be reliable. • Be diligent and results oriented. • Be results oriented. 	<p>What KenGen should continue doing</p> <ul style="list-style-type: none"> • Recognize the efforts and achievements of staff. • Offer relevant training. • Provide a good working environment. • Award promotions on merit. • Provide appropriate tools and equipment. • Offer scholarships. • Recognize innovative ideas and Implement them. • Empower staff. • Enhance coaching and mentorship programs. • Include youth in the top and middle-level management. • Provide counselling services to employees. 	<p>What KenGen and Individuals should stop doing.</p> <ul style="list-style-type: none"> • Stop favouritism • Stop tribalism. • Stop corruption. • Stop nepotism. • Stop the “WIIFM” (What Is In it For Me) attitude. • Stop bullying and harassment. • Reduce bureaucracy in operations. • Stop outsourcing of catering and gymnasium services. • Stop keeping employees on contract terms for too long without confirmation. • Stop acting on hearsay.

PINK ENERGY

KenGen leadership is committed to building a stronger business by creating an inclusive culture, where diversity of all forms is highly valued. The company in its endeavour to promote gender aggregation across all job cadres in the company started an initiative called Pink Energy. Pink Energy is a platform that offers KenGen female employees a platform to advance career and societal issues that affect their career progression.

This platform is anchored on three pillars; personal development and empowerment,

creating a Conducive Work Environment and Gender Awareness. KenGen is proud to have this Platform which is a trend setter in the Kenyan job market and keeps a live “She for He Campaign” as promoted by the Government of Kenya and United Nations SDGs. The platform also offers a mentorship and coaching support for the ladies. This financial year 2018/2019, the 1st Pink Energy Conference bringing together lady role models in the country as speakers was held and attended by about 350 ladies from the organization and other stakeholders in the Energy sector



. The 1st Pink Energy Conference 2018/2019

Based on the above deliberations, the following has been achieved:

- i. Successful launch of Pink Energy in all business areas.
- ii. Partnering with like-minded institutions in the advancement of women including Safaricom Women in Technology, Institution of Engineers of Kenya Women Engineers chapter, Kenya Association of Manufacturing (KAM); Women in Manufacturing, the Brands and Beyond Women in Energy Awards, Women in Engineering South Africa, Women in STEM launch in Makueni amongst others.
- iii. Improved gender awareness across the Company.
- iv. Improved representation of women in all major committees, functions, and other opportunities such as Project Implementation teams.
- v. Improved monitoring of statistical data on gender distribution in key leadership positions as well as at all levels in KenGen.
- vi. Expansion of the scope of goods supplied by Women as a special group including the supply of bearings and other similar engineering products.
- vii. Raised confidence levels leading to increased uptake of internal and external opportunities such as the KenGen G2G Innovation seminar where more than 12 women presented papers, participation in fellowships such as the YALI Power Africa Young Women in Power Leadership program amongst others.
- viii. Quarterly talks including Cancer Talks, Inspiration, Financial Empowerment, Health and Wellness, and Depression management
- ix. Partnership with the KenGen Foundation in uplifting the livelihood of women in our surrounding communities including distribution of Sanitary Towels and purchase of school uniforms amongst others.
- x. Reading of Lean in and Nice Girls don't get the corner office in the Pink Energy Book Clubs
- xi. Commemoration of International Women's Day in all areas annually.
- xii. Outreach to neighboring schools around the stations in some business areas

- xiii. Collaboration on various activities with professional bodies and women chapters of different organizations
- xiv. Establishment of lactation rooms “Mothers Den” in Central Office and Geothermal
- xv. Provision of appropriate personal protective gears.
- xvi. Enhanced suitability of the work environment conditions for ladies.
- xvii. Engaged two hundred ladies since November 2016 to date and promoted forty-one ladies to various positions.

7.3. Looking forward to 2020/2021

Going ahead, KenGen aims at implementing the following:

- i Working with the World Bank to develop a Gender Strategy.
- ii KenGen has been selected to participate in the Power Africa’s engendering utilities program.
- iii KenGen shall continue developing partnerships with like-minded institutions in order to continue empowering women.
- iv KenGen shall continue monitoring the percentage of women within its suppliers and subcontractor database to expand women’s participation particularly in non-traditional categories of supplies.
- v KenGen shall engage in increased coaching, mentorship, and personal development to enable its women to reach greater heights.
- vi As the organisation continues to monitor statistical data on our women, the Company shall continue to take action to increase the number of women in senior positions.
- vii More partnerships to improve the livelihoods of women and women’s participation in STEM being an Engineering Company.
- viii Continue enhancing gender awareness leading to a more suitable workplace for our women.

8.0. ANTI-CORRUPTION PRINCIPLE

KenGen has taken concrete actions that enhance the reduction of corruption risks and provide mechanisms of responding to corruption-related incidents. These includes:

- i. Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice. An anonymous whistle blower reporting system is in place which also provides a feedback mechanism.
- ii. Communication and training for all employees on the anti-corruption commitment:
 - (a) Weekly newsletter.
 - (b) Sensitization during the World Anti-Corruption day celebration.
 - (c) Publication materials with integrity message.
 - (d) Sensitization programmes by EACC officers.
- iii. Internal checks and balances to ensure consistency with the anti-corruption commitment
 - (a) Audit by the Internal Risk & Audit department.
 - (b) Periodic review by the Internal ISO Audit committee.
 - (c) Evaluation on implementation of anti-corruption strategies under Government of Kenya performance indicator that is carried out by the Public Service Commission in January 2020
- iv. Management responsibility and accountability for implementation of the anti-corruption commitment or policy
 - (a) Signing of the Code of Conduct by all new employees done on a continuous basis
 - (b) Anti-Corruption Policies approved by Board Members.
- v. Participation in voluntary anti-corruption initiatives
 - (a) KenGen initiative on spearheading for Round Table discussions on the fight against corruption and unethical issues in the Energy sector.

- (b) Hosting delegates from Malawi for benchmarking visit on integrity-related issues.
- vi. Any other information that may be of importance in showing commitment to Anti-corruption.
- (a) KenGen as a reference benchmark organization by EACC in sharing of the laid down anti-corruption strategies and its implementation.
- (b) Having anonymous whistleblowing hotline numbers on all tender documents and Request for Quotations.
- vii. Information about how other companies deal with incidents of corruption
If a case is reported, preliminary investigation is carried and if found to be substantive, a full investigation is undertaken and if proven, the Company follows on the laid down disciplinary procedures hence necessary administrative action taken against the perpetrator.
- viii. Internal and external audits to ensure consistency with anti-corruption commitment, including periodic review by senior management.
- (a) Periodic review by the Internal Audit & Risk department.
- (b) Periodic review by the Internal ISO Audit committee.
- (c) Quarterly Integrity Champions review meetings.
- (d) Corruption Prevention Committee review meeting.
- (e) Quarterly reviews by Ethics & Anti-Corruption Commission
- (f) Annual evaluation by the Public Service Commission
- ix. Monitoring and Evaluation of the Anticorruption Principle
- (a) Quarterly reviews by EACC
- (b) Review of Corruption Risk Assessment after every two (2) years
- (c) Baseline study on the level of corruption conducted
- (d) Annual evaluation by the Public Service Commission
- x. Specific progress made in the area of anti-corruption during the last reporting period
- (a) Inclusion of the corruption reporting hotline in all tender documents and RFQs
- (b) Development of the vendors' code of conduct
- xi. Use of independent external assurance of anti-corruption programs
- (a) Sensitization of staff by EACC officers

- (b) Training of the Integrity Champions by EACC
- (c) Sensitization on public procurement irregularities by PPRA
- (d) Sensitization on strategies for fraud prevention and proactive detection by ACFE
- (e) Integrity talk by an anti-corruption crusader.

8.1. Looking forward to 2020/21

Objective Indicator	Activities/process	Output
Implementation of Vendors Code of Conduct	Approval of the code of conduct	Code of conduct approved
	Dissemination & Administering of code of conduct to suppliers	70% of suppliers reached
Integrity Risks Management	Review of the Corruption Risk Assessment & Mitigation Plan	Reviewed Corruption risk assessment & Mitigation plan
Staff awareness programs	12 integrity-related articles on KenGen weekly	80% of staff reached
	One (1) virtual sensitization meeting	70 % of staff reached
Implement ISO 37000:2016(E) Anti- bribery Management system	Purchase the standard manual.	ISO 37000:2016(E) Anti-bribery Management system manual purchased
	Review KenGen anti-bribery practices & Policies against it	Best Practices developed

9.0. ALIGNING KenGen BUSINESS TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)



•SGD Goal 1: End poverty in all its forms everywhere

- Ksh 1.09 billion contracts equivalent billion given to special groups (Youth, Women and Persons living with Disabilities (YWPD). through public procurement opportunities.
- Community based projects implemented under Olkaria VI, Kiambere and Tana CDM project



•SGD Goal 2 :End hunger, achieve food security and improved sustainable agriculture

- Support national consumption on food storage programme, processing agenda of GoK
- Provide the much-needed electric power for food processing and preservation.



•SGD Goal 3:Ensure healthy lives and promote well-being for all at all ages.

- KenGen runs a wellness programs in all business areas for employee and their dependants



•SGD Goal 4 : Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

- KenGen supporting 108 university students and 108 secondary students, with 8 beneficiaries being sponsored by contributions from the KenGen Employee Giver Initiative, and 8 from our project partner, Bamburi Cement Ltd



• SGD Goal 5: Achieve gender equality and empower all women and girls

- KenGen holds Pink Energy conference in May 2019 .
- Support women supporting initiatives that include the AMREF Health Africa & Women in Energy Secretariat, the third women in energy conference and awards.
- Female Engineering for The Institute of Engineers Kenya-Women Engineers' Dinner.
- Corporate sector through the sponsorship of the EJEA awards, the Kenya Electrification strategy conference exhibition, the International Engineering Conference and the Institute of Directors conference.



•SGD Goal 6:Ensure availability and sustainable management of water and sanitation for all

- KenGen abstracts water for power generation at the hydro stations and for industrial/commercial use at its Geothermal Stations. The water abstracted is metered and within the limits of the water permit provided Water Resources Authority (WRA).
- The water abstracted for hydropower generation is 100% returnable. KenGen undertakes chemical and biological analysis of the water before and after the machine.
- At Olkaria and Eburru Geothermal Fields, brine is used for drilling to supplement the amount of water abstracted from Lake Naivasha.
- KenGen staff are supplied with potable water from Gitaru bottling plant based at Eastern Hydros.



•SDG Goal 7 :Ensure access to affordable, reliable, sustainable and modern energy for all

- Kenya's electricity demand has been on an upward trend increasing from 1,194MW in 2008 to 1,802MW in 2018.
- Expanding infrastructure and upgrading technology to provide clean and more efficient energy is expected to create an enabling environment for the Government's Big Four Agenda..



•SDG Goal 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Direct employment for scholarship beneficiaries
- 148 young Kenyans engaged by KenGen on intumship and 1679 on industrial attachment .
- Plans to set up an Green energy Park at its geothermal power generation hub at Olkaria to boost the local economy.



•SDG Goal 9 :Inclusive and sustainable industrialization and foster innovation

- 800 innovative concepts have been developed
- The Company has developed a digital Innovation Platform "Ignite" where staff can share innovations.
- KenGen holds annual Global innovation seminars where ideas are showcased.



•SDG Goal 10:Reduce inequality within and among countries

- KenGen has implemented all the infrastructure with consideration of people with disability in consideration
- eg reserved parkings..



•SDG Goal 11:Make cities and human settlements inclusive, safe, resilient and sustainable.

- A Consultant to undertake close audit for Olkaria Resettlement Action Plan (RAP) was procured as per the requirements of the World Bank



•SDG Goal 12:Ensure sustainable consumption and production patterns

- ISO Recertification . Intergrated Management systems (IMS) implemented to ensure that operations are managed responsibly in order to reduce environment impact and enhance responsible behaviour among the stakeholders
- 3 ESIA studies report approved by and 30 environment audit report submitted to NEMA



• **SGD Goal 13: Take urgent action to combat climate change and its impacts.**

- Dedicated Environment and Clean Development Mechanism (CDM) program to spearhead environmental sustainability.
- Registered six (6) CDM projects under the United Nations Framework Convention on Climate Change (UNFCCC) and about to register 6 more projects in the next financial year.



• **SGD Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.**

- Effluent discharge license for Kipevu thermal plant to enhance quality of discharge to marine environment
- Control of water abstraction and usage through water permits
- Conservation of the riparian and buffer zone areas in hydrodams at Kindaruma, Kamburu and Tana reservoirs



• **SGD Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

- Restoration of degraded habitats through planting of trees
- Conservation of Breeding sites
- Use of noise silencers at our Olkaria Power Plants
- Colour coded steam pipes on the animal corridors at Geothermal Plants



• **SGD Goal 16: Promote peaceful and inclusive societies for justice for all and build effective sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

- New stakeholders coordination committee formed in Eastern region to enhance peaceful co-existence between KenGen and the communities.
- KenGen joins UN global compact a platform that supports global companies that are committed to responsible business practices in the areas of human rights, labor, the environment and corruption



• **SGD Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

- MoU between KenGen, KenGen foundation, Bamburi cement and Better globe in implementation of conservation project in Kitui, Embu, and Machakos county
- KenGen joining other Ministry of Energy agencies under KEEP program for sustainable water catchment conservation
- feasibility study for 140 MW Olkaria VI PPP Project. done



“ Countries across the globe are embracing sustainability as a core component of the business. To ensure sustainability in the long term, we have assimilated Sustainable Development Goals (SDGs) into our strategic plan.

*Mrs. Rebecca Miano, MBS
Managing Director & CEO*

www.kengen.co.ke 



KenGen
Energy for the nation.