



POLICY & SUSTAINABILITY REPORT



2022

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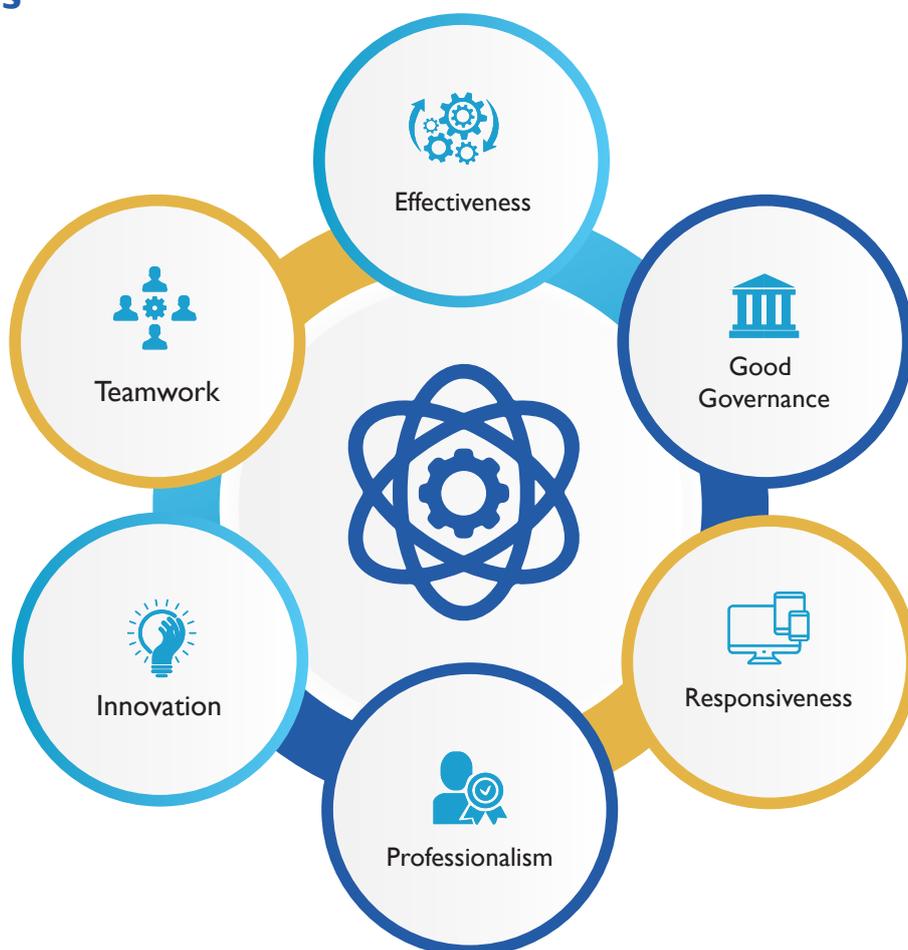
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OUR STORY

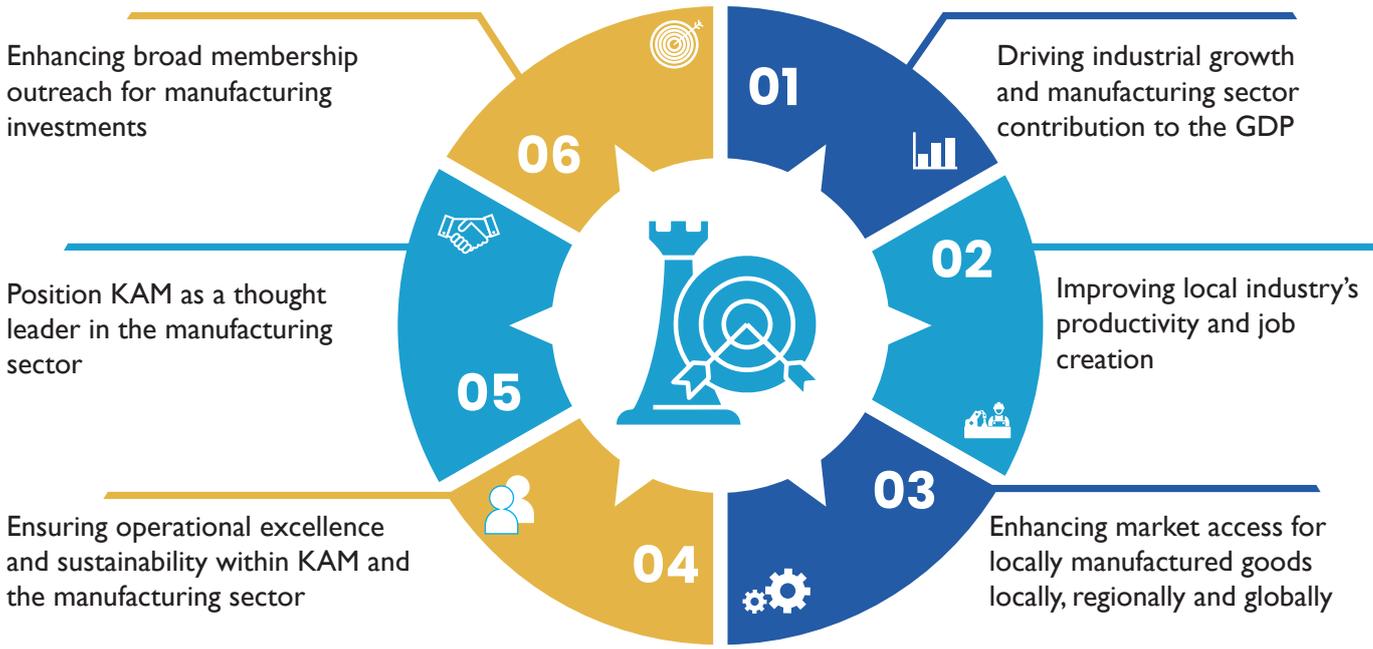
We are the representative body of manufacturing and value-add industries in Kenya. Established in 1959, we have evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.



Core Values

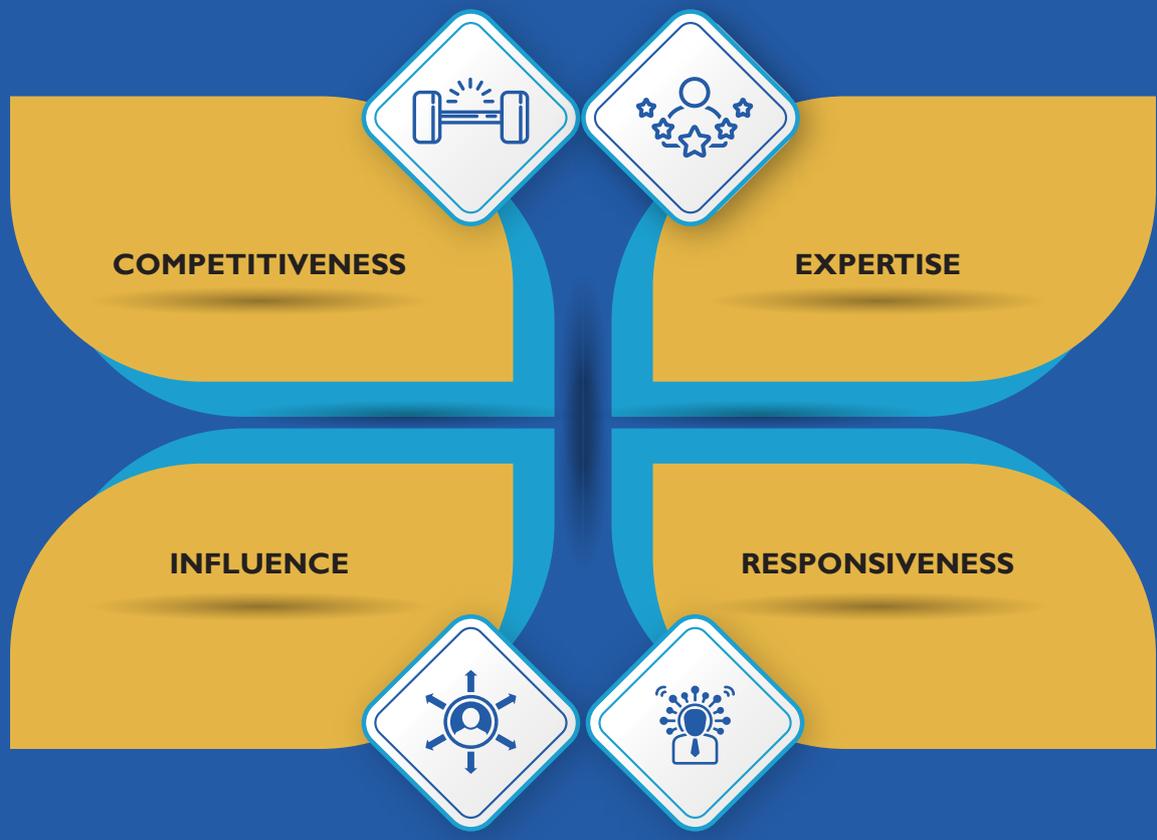


Strategic Goals

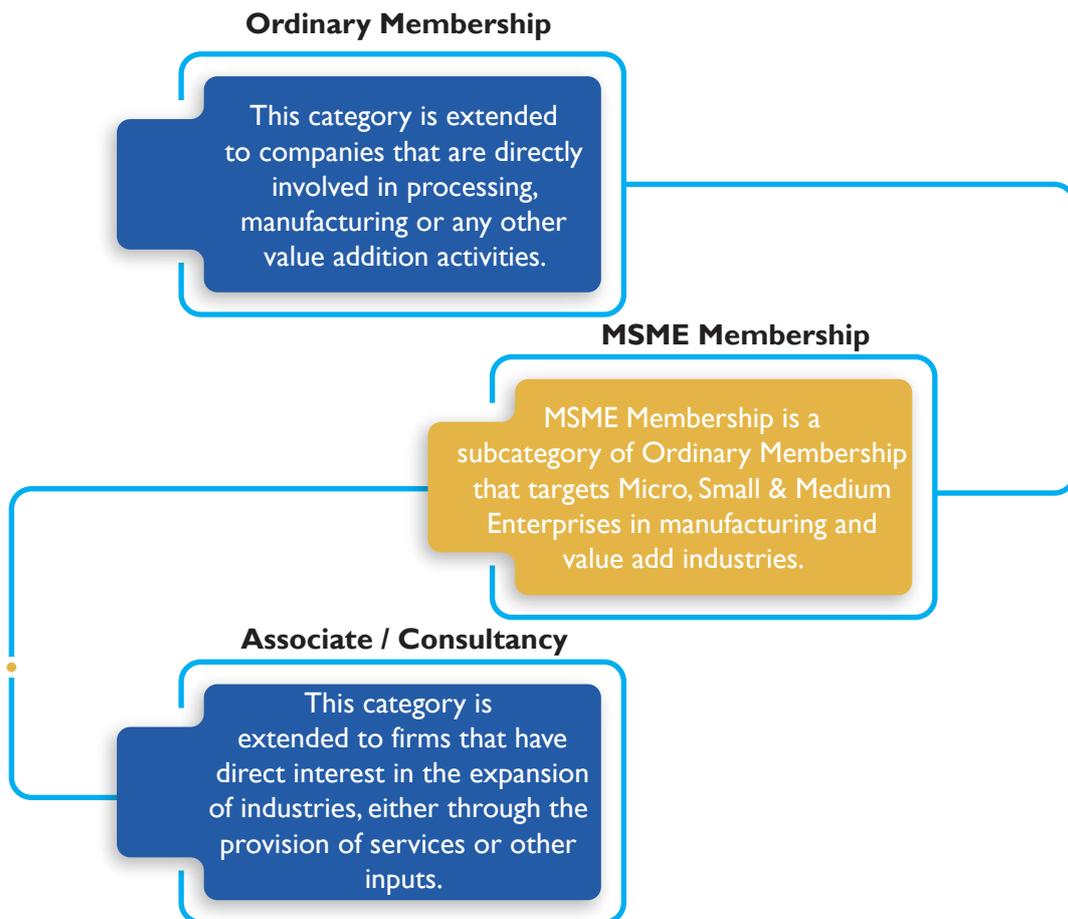


Value proposition

We create value to members through four unique ways – Expertise, Influence, Responsiveness, Competitiveness.

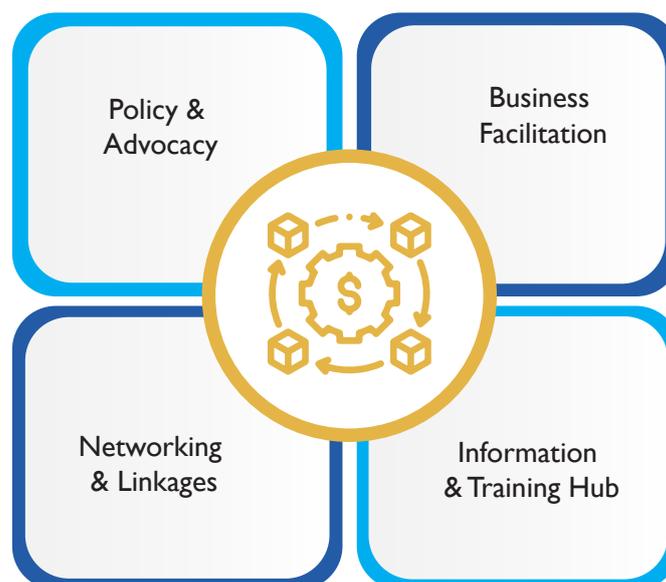


Membership



Value Creation – Core Services

The core services constitute the value KAM creates for industries – individually and as a sector; and ultimately, the society. It is through these core services that we achieve our mission – to promote competitive and sustainable local manufacturing.



The Services

- 01 ● Representing member interests to Government
- 02 ● Influence on policy and legislation such as tax regime and budget process
- 03 ● Networking and market linkages (B2B, B2Gov't and B2C)
- 04 ● Regulatory compliance support and firm-level intervention
- 05 ● Trade facilitation; Duty Remission Scheme, AGOA visas, work permits, and imports on raw materials and machinery
- 06 ● MSME growth and development
- 07 ● Inter-county business support
- 08 ● Trainings and technical skills linkages
- 09 ● Access to trade and market information
- 10 ● Sensitization and facilitation of sustainable business practices

CHAIRMAN'S STATEMENT



We welcomed 2022 with renewed optimism as the world was reopening. Our focus was on rebuilding our economy following the effects of the COVID-19 pandemic. However, this positive momentum was quickly challenged by the Ukraine-Russia conflict that led to the disruption of global supply chains and the 2022 General Elections. Nevertheless, we remain steadfast in realizing our vision to drive the competitiveness and productivity of local industry.

Our focus, as an Association, remains on you, our members. We strive to provide you with exemplary services to enable you to operate in a conducive business environment and steer you to profitability and sustainability.

To realize this, KAM continued to spearhead major policy gains for the manufacturing sector. We launched the 2022 Manufacturing Priority Agenda (MPA) to guide our advocacy towards revitalizing the manufacturing sector during an electioneering year and following the effects of the pandemic. Whilst the electioneering period and transition process slowed down our engagements, we realized some accomplishments, including the adoption of KAM proposals in the national and EAC budgets, signing of the Sustainable Waste Management Bill into an Act, and drafting of the National Tax Policy, among others.

Being an electioneering year, engagements with political leaders and aspirants were a key advocacy aspect for the Association in 2022. To support this, we launched the Manufacturing Manifesto to guide political aspirants in developing policies to drive manufacturing sector competitiveness. We also called for credible and peaceful elections as well as transition upon election of new leaders.

Following the General Elections, the Association continued to engage the newly elected leaders, at both levels of government, on the need to centre manufacturing in development plans. In line with this, we met with the President and Commander in Chief of the Defence Forces – H.E. Dr Willam Ruto and the Deputy President – H.E. Rigathi Gachagua, on the Kenya Manufacturing 20by30 Plan that seeks to drive the manufacturing sector contribution to GDP to 20% by 2030 through four key pillars: Global Competitiveness; Export-led Growth; Agriculture for Industry; and SME Development. We also engaged various Cabinet Secretaries, Governors and Deputy Governors on the Manufacturing 20by30 Plan.

Furthermore, through your kindness and generosity, the Association raised Kes. 104 million, through the KAM Humanitarian Initiative, to support Kenyans in Arid and Semi-Arid counties affected by drought and famine. This is remarkable and profound, and it could not have been possible without you. Asante sana! This Initiative is part of the Association's Environment, Social and Governance (ESG) arm – uKAMilifu.

We remain committed to inculcating critical tenets of sustainability and a circular economy in manufacturing operations. We collaborated with Kenya Forest Service to rehabilitate 10,000 hectares of degraded forest areas across the country as part of our efforts to accelerate the achievement of the 10% national tree cover goal. This is also in line with the Forestry Business Sustainable Action Plan report that we launched in 2021, which seeks to guide the growth of the Forestry Sector whilst increasing Kenya's forest cover.

To deliver value to you, KAM continued to conduct meetings, trainings, and seminars by building and improving on our virtual platforms. This strengthened our engagements with you, our Members, evidenced by

the higher level of participation in sector, chapter and committee meetings. We urge you to continue participating in the sector and regional meetings on the various matters impacting your business.

Since 2021, KAM has been guided by business development plans developed by the Board and Secretariat. The plans have focused on strengthening KAM's internal structures, strengthening staff capacity to support KAM's membership and positioning the organization to be influential in its mandate. In 2022, we developed the 2023–2025 Business Development Plan, which outlines strategies that will guide us to influence policy towards 20BY30 strategy that aims at increasing the contribution of the manufacturing sector to the GDP to 20% by 2030. Our 2023 MPA is aligned to this plan with the goal to support the country to create jobs, alleviate poverty, and reduce inequalities.

On this note, we have kicked off initiatives to actualize our aspirations under the Agriculture for Industry pillar, through which we aim to develop agro-based value chains and redefine manufacturers' role in the agricultural sector. Our focus is on availing agricultural raw materials to industries for processing. We look forward to engaging you in this process. We call upon you to participate in sectoral engagements, which are crucial in enabling us to understand your needs and existing opportunities. The feedback gathered shall inform our strategy moving forward.

My appreciation to the Board of Directors, Region and Sector Leadership, Members of various committees, and our Secretariat that have all contributed immensely to the achievements of the year. The National Government, Counties, regulators and government agencies and implementers continue to give us an audience, exchange ideas and jointly work on resolving our issues for which we thank them.

To our partners and stakeholders, we appreciate your support and for believing in our vision for a competitive and sustainable manufacturing sector. Much appreciation to the Danish Government, Confederation of Danish Industry (DI), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) and IDH (the Sustainable Trade Initiative).

However, most of all, a big thanks to you, a Member of KAM, for your continued support and belief in the Association. We will continue to raise the bar in being the voice of industry, as we focus on rebuilding our nation, to increase and sustain investments in the manufacturing sector, and ultimately, create productive jobs and wealth for *Mwananchi*.

Thank you.

Rajan Shah
KAM CHAIRMAN

CHIEF EXECUTIVE'S REPORT



agenda following the elections, including meeting with the newly elected President, H.E. Dr William Ruto and Deputy President, H.E. Rigathi Gachagua, where we presented the Manufacturing 20by30 Plan, the Association's vision for the manufacturing sector that aims to increase sector contribution to GDP to 20% by 2030. As part of our initiatives to realize this Plan, we kicked off sector deep dive engagements for the 13 manufacturing sectors under the Association, in partnership with the Ministry of Investments, Trade and Industry.

During the year, we raised awareness on the various trade agreements, such as the Tripartite Free Trade Area (TFTA), Africa Continental Free Trade Area (AfCFTA) and the Kenya-UK Economic Partnership Agreement. This is to ensure that you are equipped with relevant information, to enable you to take advantage of new market opportunities, as we position ourselves to intensify the export of locally manufactured goods.

Following our relentless advocacy, the Ministers and Cabinet Secretary in charge of Trade and Finance in the East African Community (EAC) adopted 35% as the maximum rate for products classified under the 4th Band of the EAC Common External Tariff (CET), which was implemented from 1st July 2022. We continue to engage the government through the Ministry of Investments, Trade and Industry on the key issues arising from the new EAC CET.

The Association engaged various partners and stakeholders in our quest to drive the competitiveness and productivity of local industry. These include the Ministry of Investments, Trade and Industry; Ministry of East African Community, Arid and Semi-Arid Lands (ASALs), and Regional Development; The National Treasury and Economic Planning; Ministry of Energy and Petroleum; Ministry of Labour and Social Protection; Ministry of Water and Sanitation; Ministry of Transport, Infrastructure Housing, Urban Development and Public Works; and Ministry of Co-operatives and Micro, Small and Medium Enterprises (MSME) Development. We also worked closely with government agencies, including Kenya Power, Council of Governors, Kenya Bureau of Standards (KEBS), Kenya Revenue Authority (KRA), Nairobi Metropolitan Services (NMS), National Environment Management Authority (NEMA) and various roads agencies.

Kenya Association of Manufacturers (KAM) appreciates you for your unwavering support over the years, towards our policy advocacy and sustainability initiatives. We reaffirm our commitment to continue advocating for an enabling business environment for industrial-led development of our nation.

We launched the Manufacturing Priority Agenda (MPA) 2022, themed *Manufacturing sector recovery and sustained growth for Kenya's shared prosperity*. The MPA called for immediate action to revitalize the manufacturing sector, following the prolonged effects of the COVID-19 pandemic. The agenda was driven under five main pillars, namely competitiveness and level playing field for local manufacturers, enhanced market access, pro-industry policy and institutional framework, SME development, and industrial sustainability and resilience. About 40 per cent of the proposed actions were taken up by government ministries, departments, and agencies for implementation. The low uptake can be attributed to the electioneering period which brought about challenges in advocacy and engagements due to the transition process.

The first half of the year consisted of KAM's engagements with political leaders and aspirants on centring manufacturing sector in their development plans. We continued to drive this

KAM recognizes that Micro, Small and Medium Enterprises (MSMEs) are a key pillar of the country's economy. We carried out various activities geared towards nurturing and empowering them. We hosted a boot camp on regulatory compliance where MSMEs engaged various regulatory bodies to enhance their compliance levels whilst highlighting the challenges they face. We also organized the SME Innovation Program to enhance MSMEs' capacity to develop innovative solutions to enable them to survive economic shocks and enhance their productivity. Additionally, we linked MSMEs with an advisory board, and volunteer experts and executives, to support manufacturing SMEs to sustainably grow their business, through good business practices.

The Association promoted the adoption of critical tenets of sustainable development and green growth towards actualizing a green economy. In line with this, the Association partnered with diverse organisations to promote sustainable waste management. We also hosted the 18th Energy Management Awards (EMA), to celebrate companies that have made significant savings through energy efficiency measures. With regard to securing the future of industry, the Association continued to offer trainings under the Manufacturing Academy, and promoted skills

development through the Technical, Vocational Education and Training (TVET) Program being run in partnership with German Development Corporation. We also partnered with like-minded organizations to drive automation and digital transformation of Kenya's manufacturing sector and to address skills gap within the sector.

Inclusivity remains a key priority for the Association. We believe in empowering women and youth and encouraging them to venture into manufacturing. We hosted knowledge forums focusing on how women can holistically adopt Environment, Social and Governance strategies in their operations, take advantage of the Africa Continental Free Trade Area (AFCFTA) market and position themselves through digital media.

We extend our deepest gratitude to our Members and partners for their support and collaboration, over the years. It is through your contribution and confidence in the Association that we achieved these, and many more gains. For this, we say,

Asante!

Anthony Mwangi
CHIEF EXECUTIVE

BOARD OF DIRECTORS



Rajan Shah
Chairman



Jane Karuku
Vice Chairman



Mucai Kunyiha
Director/Ex-Officio



Bharat Shah
Director



Pankaj Bedi
Director



Linus Gitahi
Director



Ciiru Waweru
Director



Hitesh Mediratta
Director



Martin Ochien'g
Director



Rajan Malde
Director



Ashit Shah
Director



Marion Mwangi
Director



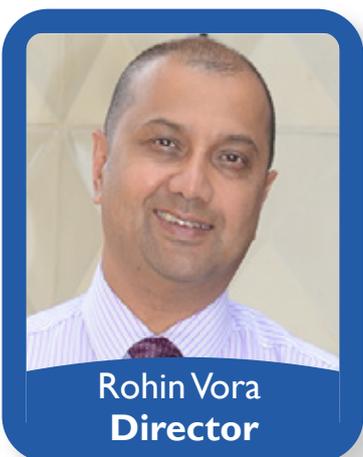
Mihir Chalishazar
Director



Mary-Ann Musangi
Director



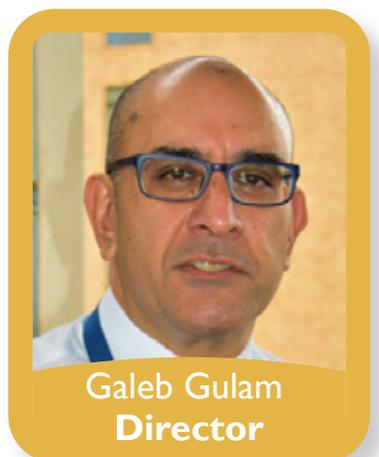
Pankaj Kumar
Director



Rohin Vora
Director



Mohamed Rashid
Director



Galeb Gulam
Director

REGIONAL LEADERSHIP



Shafiq Makrani
Coast Region



William Ong'are
North Rift Region



Peris Mbutia
South Rift Region



Jayesh Patel
Nyanza/Western Region



Maina Ruo
Central Region



Marie Gesare
Nairobi Region



Olivier Lauvaux
Lower Eastern Region

LEADERSHIP TEAM



Anthony Mwangi
Chief Executive



Tobias Alando
Chief Operating Officer



Joyce Njogu
**Head of KAM Consulting
and Business Development**



Job Wanjohi
**Head of Policy, Research
and Advocacy**

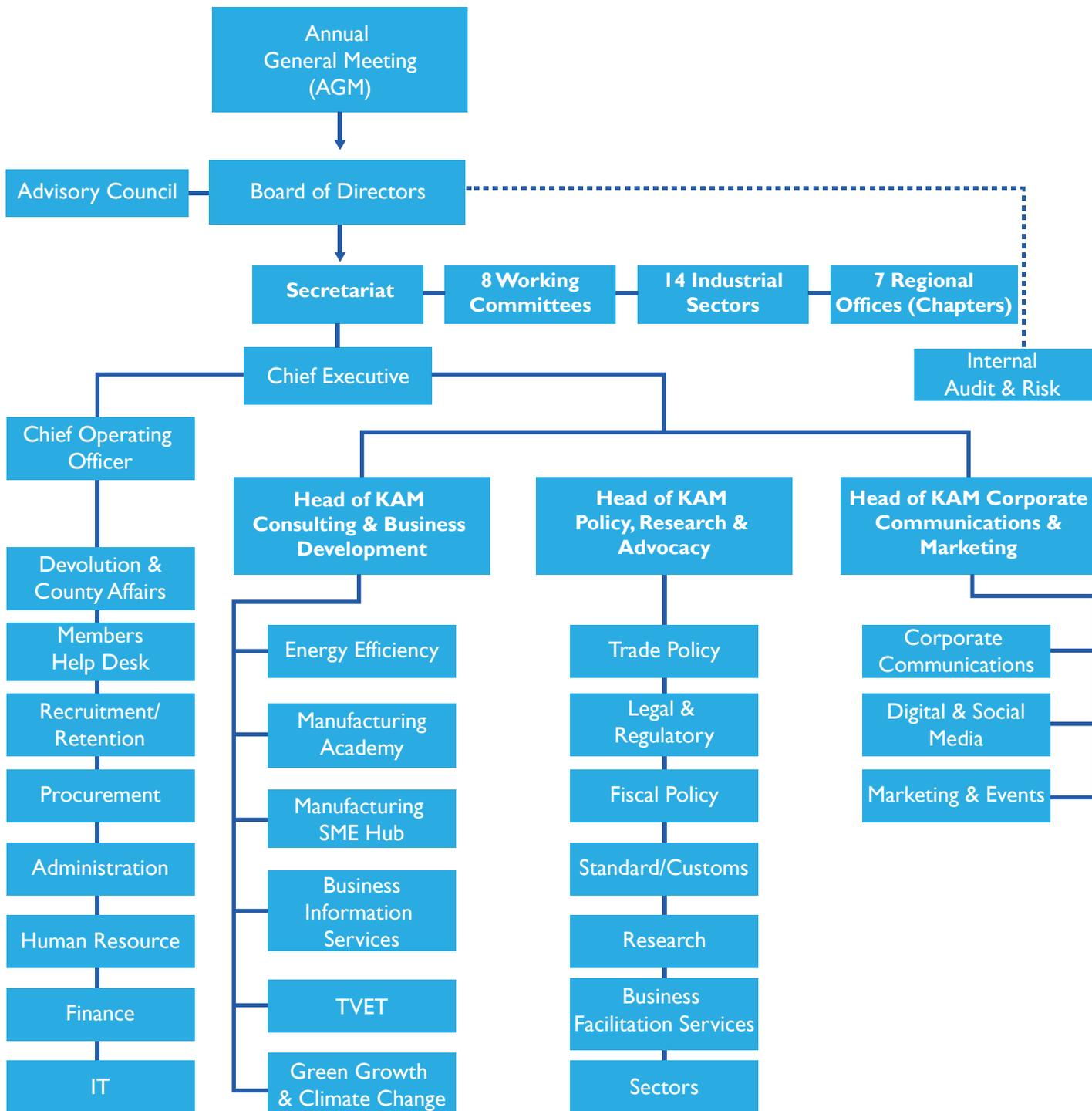


Lawrence Njenga
**Head of Corporate
Communications and
Marketing**



Miriam Bomett
**Deputy Head of Policy,
Research and
Advocacy**

ORGANIZATION STRUCTURE





Change
OF GUARD



Rajan Shah (L) of Capwell Industries takes over from Mucai Kunyiha as the KAM Board Chair

CHANGE OF GUARD

► KAM appoints New Chair and Vice Chair

The Association appointed Rajan Shah and Jane Karuku as National Chair and Vice Chair, respectively, on 21st July 2022 to lead the organization for a two-year term.

Mr Shah, who has served as Vice Chair of the Association from June 2020, took over from Mucai Kunyiha - who remains an Ex-Officio member of the Board, playing an advisory role in directing the growth of the Association.

Mr Shah has provided strategic leadership in driving the Association's financial sustainability. He has also championed for a conducive business environment for local industries at the county level, having served as the Chairman of KAM's Devolution Committee and Central Kenya Chapter. He is the CEO of Capwell Industries. Ms Karuku is the East African Breweries Limited Group Managing Director and CEO. She has also served on the KAM Board in various capacities, including Chair of the Human Resource Committee.

Under the new leadership, KAM is focusing on enhancing manufacturing sector growth through four main pillars - Global Competitiveness, Export-led Growth, Agriculture for Industry and SME Development.

► KAM names new Chief Executive

The KAM Board appointed Mr. Anthony Mwangi as the Chief Executive, effective 15th September 2022, following Phyllis Wakiaga's exit.

With over 20 years of work experience, Mr Mwangi brings on board a wealth of expertise in public policy, government relations, stakeholder engagement, communications and business development cutting across the Transportation, ICT, Aviation, and Oil and Gas industries.

He has previously worked at Bolt, Tullow Oil, IBM and Kenya Airways in various capacities. Mr Mwangi has a Masters' Degree in Public Policy and Management from Strathmore Business School, a Bachelor's degree from University of Nairobi and a Certificate of Public Policy from New York University (NYU).



Policy
REPORT

► KAM launches 2022 Manufacturing Priority Agenda

The 2022 Manufacturing Priority Agenda (MPA), themed *Manufacturing sector recovery and sustained growth for Kenya's shared prosperity*, called for government interventions to revitalize the manufacturing sector during an electioneering year and following the effects of the COVID-19 pandemic.

The agenda was driven under five main pillars namely, competitiveness and level playing field for local manufacturers, enhanced market access, pro-industry policy and institutional framework, SME Development, and industrial sustainability and resilience.

Over 40 per cent of the MPA proposals were taken up by government ministries, departments, and agencies for implementation. The low take up can be attributed to the electioneering period which brought about challenges in advocacy and engagements due to transition process.

The notable achievements include:

- **Manufacturing Manifesto**



(L-R) KAM Chair - Rajan Shah, former KAM CEO - Phyllis Wakiaga, Immediate Past KAM Chair - Mucai Kunyiha & KAM Board Director - MaryAnn Musangi during the Manufacturing Manifesto launch

The Association launched the Manufacturing Manifesto to guide political aspirants and the new government on how to transform Kenya into a country with a competitive manufacturing base that guarantees a strong economic foundation, productive jobs and purchasing power for citizens.

The Manifesto highlights key areas, which if looked into shall drive prosperity and empower citizens economically. These include macroeconomic issues, raising the export intensity of manufacturing, reducing the regulatory burden, raising investment for industry, providing public goods for manufacturing, driving counties' industrial competitiveness, effective and pro-industry taxation structure and fully implementing existing manufacturing-centric policies.

Presidential & Gubernatorial debates

In line with this, the Association partnered with Debates Media Limited to support the overall organization of the 2022 Presidential Debates, held in July 2022. The debates, broadcasted live on 8 TV stations and over 30 radio stations, provided a platform for the presidential and deputy presidential candidates to clarify their priorities, public policies, ideas, and development aspects key to Kenyans.

During the year, KAM was also tasked in overseeing localized political debates at county level, following the organization's appointment as Vice Chair of the technical working committee tasked with this agenda.

The 15-member committee, put in place by the former Cabinet Secretary for ICT, Innovation and Youths Affairs, was chaired by Journalists for Human Rights with Media Council of Kenya being the secretariat. The political debates were held in 24 counties with the most contested political seats in the 2022 general elections.

Meeting with H. E. President Dr. William Ruto

As part of the agenda to engage political leaders, in June 2022, KAM met the Kenya Kwanza Alliance team, led by the President of the Republic of Kenya, Dr William Ruto in his capacity as Kenya Kwanza Alliance leader, on the Manufacturing Manifesto.

Speaking during the meeting, H.E the President committed to put in place programmes and initiatives to increase the competitiveness of local industry, if elected.

The Association has since engaged the President following his election, where we presented the Manufacturing 20by30 Plan. The Plan, developed in partnership with the Cabinet Secretary for Investments, Trade and Industry Mr Moses Kuria, seeks to increase manufacturing sector contribution to GDP to 20% by 2030.



KAM leadership led by immediate past KAM Chair, Mucai Kunyiha engages Kenya Kwanza Alliance leaders led by the President of Kenya, H.E. Dr William Ruto & Deputy President, Rigathi Gachagua



President of the Republic of Kenya, H.E. Dr. William Ruto speaking at the Manufacturing 20by30 Summit organized by KAM

KAM has outlined four key areas to help the manufacturing sector realize this plan.

• Global competitiveness

When we speak of the country's competitiveness, we are looking at our ability to sustainably produce goods and services for which there is a market - at a price and quality that the market is willing to pay for. Importantly, we no longer talk about local competitiveness, but global competitiveness because not only should we be able to sell our products in the domestic markets more competitively than imported products, but at the same time be able to compete in the export markets globally.

• Export-led Growth

Manufacturing sector growth will not be achieved by solely relying on domestic markets. This calls on Kenya to leverage on products where we have a comparative advantage to grow our exports, not only within the EAC and the AfCFTA, but also internationally. It is also crucial that, as a nation, we find ways to fully take advantage of existing trade agreements such as AGOA, EU EPA amongst many others.

• Agriculture for Industry

When starting with agriculture, we should have the end in mind, meaning what markets will it serve, at what cost and of which quality. This is why the linkage between agriculture and industry is very crucial. We have taken a step further to find solutions that would enhance Kenya's food security through increased productivity and higher value addition and exports.

• SME Development

SMEs have continued to demonstrate their ingenuity and capacity to meet the country's needs over the years. We will continue to engage the government to address regulatory and tax concerns affecting the competitiveness and productivity of SMEs. We will

also advocate the government to provide SMEs with incentives to enhance their capacity to venture into local, regional, and international markets.

KAM inducts new Governors, Deputy Governors and CEC Members

KAM also participated in the induction forum of new Governors and Deputy Governors where we outlined issues related to county fees, levies and charges. The Association implored incoming county governments to promote local industries through the Buy Kenya Build Kenya strategy.

The Association also participated in the induction workshop of County Executive Committee Members (CECM) in charge of Trade, Industry, Manufacturing Cooperatives and Enterprise Development. KAM highlighted the need for county governments to facilitate and promote manufacturing growth at the county level. This is by developing manufacturing centric plans and ensuring that the cost of doing business is eased for Kenya to become globally competitive.

In addition to engaging the new governors, deputy governors and CECM, KAM supported the development of the Induction Manual to facilitate the process to standardise the implementation of the induction programmes.

KAM engages new county governments

Furthermore, KAM held one-on-one engagements with new county governments with a focus on manufacturing centric counties where majority of KAM members are based. These are Mombasa, Kilifi, Machakos, Kajiado, Nairobi, Nakuru, Uasin Gishu and Kisumu.

Subsequent to the engagements, Nairobi County announced the introduction of the New Unified Business permit, which consolidates various permits needed to start and operate a business in the County into one permit. The permits include single business permit, fire clearance certificate, advertising signage, health certificate and food hygiene among others. Furthermore, the business applications shall be done online.

Additionally, on 8 December 2022, KAM signed a Framework of Cooperation with Mombasa County Government. Under the partnership, Mombasa County shall offer KAM Members operating in the County preferential competitive rates of fees, levies, and charges under the Finance Act of 2022/2023.

• Sector deep dive engagements



Cabinet Secretary, Ministry of Investments, Trade and Industry, Moses Kuria engages KAM Textiles and Apparels Sector Members during Sector Deep Dives

As part of our initiatives to realize the Manufacturing 20by30 Plan, KAM, in partnership with the Ministry of Trade, Investments and Industry, kicked off manufacturing sector deep dive engagements for the 13 manufacturing sectors under the Association.

Specifically, the engagements sought to outline the opportunities and solutions to barriers hindering the growth of the sectors. This is to accelerate Kenya's growth under the government, to realize 20% contribution to GDP by 2030, create an extra million jobs and enhance value added output from the current USD 8.5B to USD 50B within the same time period.

The Association has held deep dive engagements with all KAM sectors.

• 15% reduction in power tariff

The government implemented a 15% reduction in power tariffs in the country in February 2022. This saw manufacturers enjoy a cost reduction of between KES 2.84 - 3.81 per unit of electricity, depending on their respective tariff and consumption levels.

The reduction cushioned manufacturers, to some extent, from an already constrained supply chain due to the COVID pandemic, compounded by the Ukraine – Russia conflict which saw the prices of petroleum products, steel inputs and crude palm oil, among other products, go up exponentially. This supported manufacturers to offset the increasing cost of production, otherwise, the cost of locally made goods would have gone up in tandem, as witnessed elsewhere in the world.

• National Budget 2022/2023

The Association continued to engage the National Treasury on the 2022/2023 budget proposals.

Particularly, on reducing the cost of production for manufacturers and taxes for basic commodities to lower the cost of finished goods for citizens.

In the 2022 Finance Act, the government provided budgetary allocations to support the growth of the manufacturing sector. Some of the tax measures in the Act that have an impact on the manufacturing sector include:

- ☑ Exemption of manufacturers from earnings, before interest, taxes, depreciation, and amortization (EBITDA).
- ☑ Tax deductions on donations to promote corporate social responsibility (CSR).
- ☑ 100% deduction allowance to any person where the cumulative investment value in the preceding 4 years outside Nairobi County and Mombasa County is at least KES 2B to promote more capital investments by industries.
- ☑ Recognition of manufacturers who can generate electrical energy or transform and distribute electricity off-grid and any machinery that is used for such purposes shall qualify for capital allowances.
- ☑ Locally purchased fertilizers, inputs or raw materials or those imported by manufacturers of fertilizer shall be zero-rated.
- ☑ IDF exemption for manufacturers of pharmaceutical products. Other manufacturers have a remitted rate of 1.5%.
- ☑ The Finance Act 2022 provided for RDL exemption for manufacturers of pharmaceutical products. Other manufacturers have a remitted rate of 1.5%.
- ☑ Excise exemption of local raw materials and inputs for the paint and leather manufacturing industry shall make the sector more competitive.
- ☑ Imposition of excise tax on imported furniture, white chocolate, manufactured passenger motor vehicles, among others, shall promote the local industry.

The Association continued to engage the Cabinet Secretary for Investments, Trade and Industry on the key issues affecting members arising from the Finance Act 2022 and outstanding tax issues.

• 10 NTBs resolved at Kenya-Tanzania Bilateral Trade Negotiations

Ten non-trade barriers (NTBs) were resolved during the Kenya-Tanzania Bilateral Trade meeting held on in March 2022.

These include Kenya Revenue Authority (KRA) Customs cumbersome processes, delays in the clearance of goods due to scanning procedures, delays in issuance of import permits for Tanzania's dairy products (milk cream), restriction of free movement of engineers to Tanzania, and the requirement of COVID-19 vaccination certificate for Tanzanians to be allowed to travel to Kenya by air, among others.

Of the 15 pending NTBs, Kenya and Tanzania provided clear recommendations and action. In total, 52 out of 67 issues raised by Kenya and Tanzania have been resolved since June 2021.

• KPA free clearance period extended to 5 days

Following continuous advocacy, Kenya Ports Authority (KPA) extended the free clearance period at the Port of Mombasa from four days to five days to cushion manufacturers among other importers from the adverse effects of COVID-19.

This was part of KAM's wider initiative that brought together Shippers Council of Eastern Africa (SCEA), Kenya International Freight and Warehousing Association (KIFWA), Kenya Transporters Association (KTA) and Kenya Ships Agents Association (KSAA) to ensure steady and seamless movement of containerized goods from the Port of Mombasa to Inland Container Depot – Nairobi (ICDN), and then through the Northern Corridor to neighboring countries.

• EAC CET 4th Band agreed at 35%

The Ministers and Cabinet Secretary in charge of Trade & Finance in the East African Community (EAC) adopted 35% as the maximum rate for products classified under the 4th Band of the EAC Common External Tariff (CET). This was during the meeting to review the EAC CET, held in May 2022.

The Association had advocated for the 4th band for a couple years to secure progressive growth and competitiveness of the manufacturing sector. Goods attracting 35% are those that are produced in substantial volumes within the EAC region. This includes agricultural produce such as grains, potatoes, vegetables, maize, beans; manufactured goods such as edible oils, soaps, maize flour, juice, soda; and some categories of steel products such as bars and rods among others.

The reviewed EAC CET was implemented from 1st July 2022. We continue to engage the Cabinet Secretary for Trade, Investments and Industry on the key issues arising from the new EAC CET 2022.

• Standards and regulatory compliance

KAM continued to sensitize members on various regulations, laws and guidelines in collaboration with various government agencies. This was through webinars, seminars, sensitization forums and circulars. The agencies include KRA, Kenya Bureau of Standards (KEBS), Anti-Counterfeit Authority (ACA) and Kenya Industrial Property Institute (KIPI).

• 5th Kenya Manufacturing Summit & Expo - Changamka Kenya Shopping Festival

The Association hosted the 5th Kenya Manufacturing Summit & Expo - Changamka Kenya Shopping Festival in Mombasa, Nairobi and Kisumu, which brought together over 200 exhibitors and over 800,000 visitors. The Festival celebrated the ingenuity of local industries and created awareness of the diverse, high-quality, and unique products that local industries produce. It also consisted of a three-day conference that featured the 8th Clean Energy Expo & CEO's Forum and KAM Job Summit in Nairobi.

• KAM, KEPROBA sign MOU to increase export trade



KAM Chief Executive, Anthony Mwangi engages KEPROBA CEO, Dr Wilfred Marube

KAM partnered with Kenya Export Promotion and Branding Agency (KEPROBA) to increase export trade for local manufacturers and to hasten the uptake and implementation of the Made in Kenya Brand Mark. This MoU is in line with the Government's SME Development Agenda.

Through the MoU, KAM and KEPROBA shall also collaborate to build the capacity of local industries to enhance their competitiveness in order to increase their export market share. Specifically, the MoU shall focus on building the capacity of SMEs, enhancing product branding initiatives, and increasing value addition and market access.

• Government approves National Automotive Policy

The National Automotive Policy was accorded sessional paper 1 of 2022 in May 2022, which had been pending since 2018. The Policy seeks to create an enabling environment for the automotive sector to realize its full potential and position the country as a major player in the industry. It aims to improve the local automotive assembly ecosystem to expand the local market size by promoting the manufacture of local parts.

The policy provides for the legal, institutional and regulatory framework for the development of the automotive industry; supports motor vehicle and motorcycle assembling; harmonizes standards; forges collaboration mechanisms in the industry; facilitates market access for sector products and services, including access to preferences and reservation in public sector procurements; promotes innovation, research and development and technology; facilitates local component/parts manufacturing; and supports development of incentive schemes for investments and reinvestments.

• Minimum Tax

On 2nd December 2022, the Court of Appeal upheld the decision of the High Court, made on 20th September 2021, that declared minimum tax provisions unconstitutional and the minimum tax guidelines void. The appeal was filed by Kenya Revenue Authority (KRA). This means that the orders declaring Section 12D of the Income Tax Act unconstitutional remain in place. As such Minimum Tax is not payable in Kenya.

In 2021, KAM, together with Institute of Certified Public Accountants of Kenya (ICPAK), Kenya Flower Council (KFC) and Retail Trade Association (RETRAK) engaged relevant stakeholders in government to find an agreeable solution on minimum tax that was introduced through the Finance Act, 2021. However, we were forced to turn to the Courts, when we could not resolve this stalemate. We were represented by Anjarwalla & Khanna Advocates. Isinya East Sub-County Bar Owners Association also went to court in Machakos, on the same matter. They were represented by Okwatch and Company Advocates.

• IPR Recordation

The Association commemorated the World Anti-Counterfeit Day on 15th June 2022, in partnership with the Anti-Counterfeit Authority. As part of the celebrations, ACA launched the IPR Recordation System.

Intellectual Property Rights (IPRs) recordation refers to the process of submitting information regarding registered Intellectual Property Rights (trademarks, patents, utility models, industrial designs, copyrights, or any other registered intellectual property right) irrespective of their place of registration to ACA for purposes of collecting and entering an electronic database.

30% of counterfeit products found in the Kenyan market are manufactured locally while the rest (70%) of counterfeit goods found in the market emanate from imported goods from various source countries across the world, with majorly originating from the Far East countries. To address the challenge posed by the 70% of counterfeits imported into the country, the Authority has kicked off the implementation of the IPR Recordation Regulations which were gazetted in July 2021.

The IPR recordation program will guarantee consumer health and safety while protecting local manufacturing entities from cheap counterfeit imports. It will spur both domestic and foreign investments and, as a result, lead to economic growth and job creation.

• Draft National Tax Policy



(L - R) KAM Chair - Rajan Shah, Immediate past KAM Chair Mucai Kuniyiha & KAM Directors - Pankaj Kumar & Mohamed Rashid participate in the draft National Tax Policy review retreat

The National Treasury published the draft National Tax policy that provides broad principles of tax administration and revenue collection in Kenya and sets parameters on tax policy and other tax matters.

The Association has been advocating for a national tax policy to address the changes made to several tax laws, almost every year through Finance Acts, to the frustration of businesses, who require policy certainty for planning purposes. The tax laws include the Income Tax Act, Customs Duty Act, VAT Act, Excise Tax Act and Miscellaneous Fees and Levies Act.

The Association has submitted its feedback to the National Treasury. We expect that once updated and implemented, the Policy will create a conducive business environment by ensuring that there is certainty and predictability of tax laws.

• Implementation of the Tax Invoice Management System (TIMS)

Following the transition to the Tax Invoice Management Systems (TIMS) from the Electronic Tax Registers (ETR), KAM engaged Kenya Revenue Authority (KRA) Commissioner General, Mr Githii Mburu in July 2022 to discuss challenges facing Members on the implementation of TIMS. Some of the challenges raised include the supply of devices, registration, operations, and technical challenges.

During the meeting, KAM proposed a one-year extension of the deadline and creation of two technical committees, one to address operational issues and the other with the vendors.

The Commissioner General directed that the compliance deadline be extended until 30 September 2022, adding that the deadline could be extended further depending on the outstanding issues. Overall, the deadline was extended to 30 November 2022. Additionally, the Commissioner General directed that a technical committee involving all relevant stakeholders be created, to meet on a bi-monthly basis to address TIMS challenges received from taxpayers.

• KAM partners with African Association of Automotive Manufacturers



(L-R) AAAM CEO Dave Coffey, KAM COO Tobias Alando and KAM Automotive Sector Chair Ashit Shah during the signing of KAM, AAAM MoU

The Association partnered with African Association of Automotive Manufacturers (AAAM) to drive the sustainable development and growth of the automotive industry in Kenya. This will be achieved by scaling up production, increasing trade, and driving the global competitiveness of Kenya's automotive industry.

Kenya's Automotive Industry is the most established in the region. However, it continues to face challenges, such as shortage of skilled labour force, low levels of research and development and lack of long-term financial solutions for the sector to enable investments in technology. By collaborating with AAAM, the Association shall continue to develop automotive policies geared towards positioning Kenya as a production and trade hub, integrating EAC into the value chain and providing market linkages for sector players.

• Policy dialogue

KAM convened key dialogue discussions with relevant government agencies on various areas including Manufacturing 20by30 Plan, transport infrastructure, power costs and reliability, fiscal policies, emerging county regulatory issues, export, EAC integration and African Continental Free Trade Area.

The Association, through its regional offices, also engaged county governments on pertinent issues hindering the growth of the manufacturing sector in the counties. Key among them water and sewerage, compliance guidelines, land rates, multiple fees and charges and regulatory challenges.

• Policy and legislative analysis

Key research flagship documents were disseminated to Members to enhance their awareness on the business environment such as the Manufacturing Barometer, Economic Updates, Policy Briefs, Policy Trackers, Legal Alerts, and reviews.

• Review and adoption of legislative frameworks conducive to the manufacturing sector

KAM reviewed several key legislations at both National and County levels. The legislations that were developed and incorporated KAM's recommendations include, Sustainable Waste Management Act 2022, the Tax Appeals Tribunal (Amendment) Act, 2022, and Finance Act, 2022 among others.

Notable wins under the Finance Act, 2022 include VAT exemptions for plant and machinery, medical oxygen and specific types of motor vehicles, income tax, donations to charitable organizations not to be taxable. Others include exclusion of some goods from inflation adjustment depending on prevailing economic condition and excise duty exemption on imported eggs for hatching, neutral spirit used by registered pharmaceutical manufacturers and manufactured locally PSVs.

KAM proposal to remove the proposed tax on manufactured glass bottles was also accepted and retention of maize and cassava flour in the exempt category of VAT.

KAM also participated in the development of sector-specific regulations central to industry's competitiveness and growth, including, the Environmental Management and Co-ordination (Extended Producer Responsibility) Regulations, among others. The regulations were disseminated to the relevant ministries, agencies, and parliamentary committees.

• Approved EAC Standards

39 draft standards were declared by SCTIFI as EAC harmonized standards.

• Duty Remission Scheme

239 duty remission scheme applications approved.

• Work permits, passes and AGOA Visas approved

48 work permits, 49 passes and 5042 AGOA visas were approved.

• NTBs resolved

78% of Non-Tariff Barriers (NTBs) raised by industry in 2022 were resolved. The EAC Partner States are addressing the outstanding export challenges.



Corporate
SUSTAINABILITY

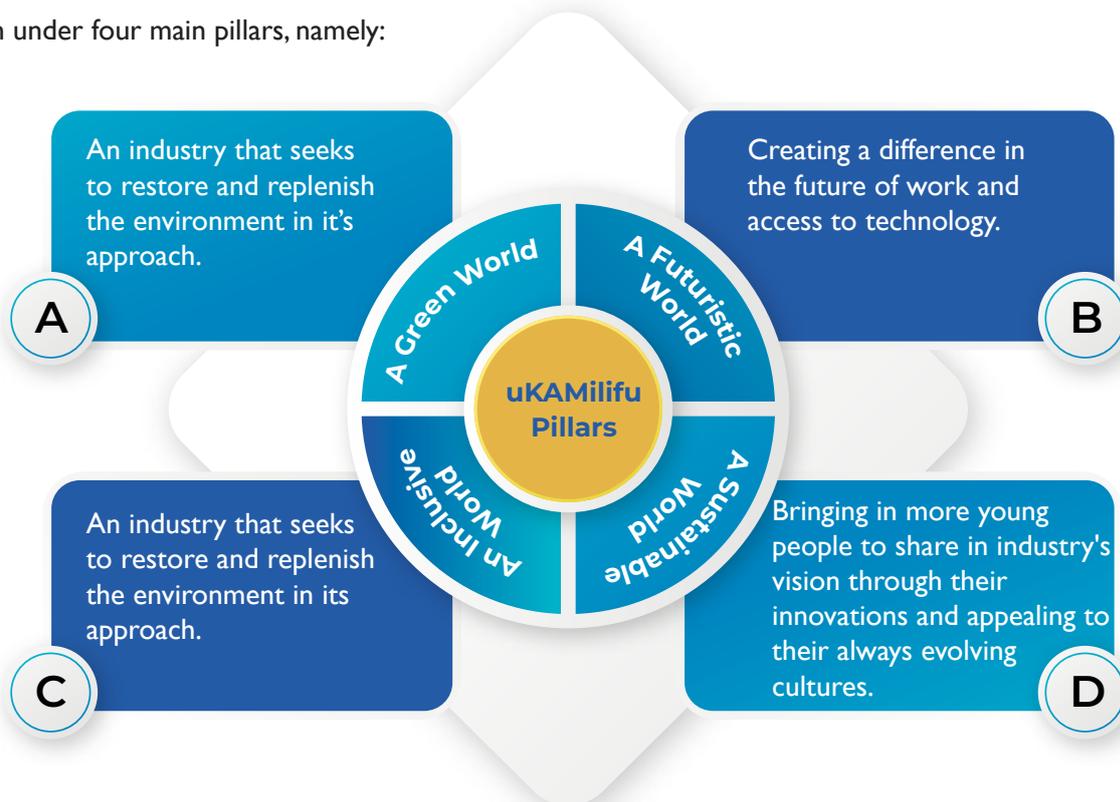


CORPORATE SUSTAINABILITY

► uKAMilifu

The Association is committed towards the creation of holistic solutions and in ensuring that all aspects of Environmental, Social and Governance (ESG) are incorporated in our day-to-day activities and that of our members. This is through our ESG arm, uKAMilifu.

It is driven under four main pillars, namely:



2022 initiatives under uKAMilifu include:

• **KAM, KFS to rehabilitate 10,000 ha of degraded forests**



Former KAM Chief Executive, Phyllis Wakiaga and Kenya Forest Service Chief Conservator of Forests Julius Kamau sign MoU

Kenya Association of Manufacturers (KAM) partnered with Kenya Forest Service (KFS) to rehabilitate 10,000 hectares of degraded forest areas across the country.

The Framework of Cooperation (FOC) is part of efforts towards accelerating the achievement of the 10% national tree cover goal by 2022. Under the FoC, KAM and KFS shall support Community Forest Associations countrywide, as well as the refurbishment of tree nurseries, seedlings production, tree growing, and other activities aimed at increasing forest cover.

In line with this, the Association continued to engage its members to support this initiative. This included a webinar and a CEO’s roundtable that called on members to adopt a forest, plant and nurture trees and rehabilitate degraded forests.

• **Manufacturers donate KSh 104m to provide relief to drought-stricken Kenyans**



(L-R) KAM CEO Anthony Mwangi; Deputy President Rigathi Gachagua; KAM Vice Chair Jane Karuku; Cabinet Secretary, Investments, Trade and Industry Moses Kuria; KAM Chief Operating Officer Tobias Alando; Cabinet Secretary, EAC, Arid and Semi-Arid Lands and Regional Development Mrs Rebecca Miano and KAM Chair Rajan Shah

Manufacturers donated KSh 104,087,361 to support Kenyans affected by the ongoing drought in the country. This is in line with our commitment to promote shared prosperity, alleviate poverty and bridge inequality.

Data from the National Drought Management Authority showed that over 4.35 million Kenyans across 23 counties were affected. Among them, 900,000 children and 120,000 pregnant and lactating mothers require urgent nutritional support.

During a fundraising event towards this initiative, the Deputy President, H.E. Rigathi Gachagua, highlighted the need for long-term and sustainable solutions which shall enable us to mitigate such crises in future.

• **Partnership with Start a Library Trust partner to build libraries for public schools**

We partnered with Start a Library Trust to set up libraries for public schools in Kenya.

Under the Memorandum of Understanding (MoU), KAM and Start a Library Trust shall promote inclusive and equitable quality education and lifelong learning opportunities, through fostering a reading culture and lifelong learning among Kenyan children.

Through this partnership, KAM shall drive the realization of SDG 4 on inclusive and equitable quality education and promote lifelong learning opportunities. Additionally, we shall build an inclusive world and ultimately achieve socio-economic goals by embracing diversity.

• **ESG Sensitization Forum**

KAM hosted a sensitization forum that highlighted how women in the manufacturing sector can incorporate Environment, Social and Governance (ESG) strategies into their businesses.

The session highlighted the importance of incorporating ESG into business practices and how businesses can holistically use ESG to amplify their impact in society. It also highlighted the relevance of ESG reporting as tool for enhancing investor relations.

► GREEN ECONOMY

• 8th Clean Energy Conference and Expo

Kenya Association of Manufacturers (KAM) hosted the 8th Clean Energy Conference and Expo during the Changamka Shopping Festival, Nairobi to deliberate on promoting the uptake of clean and renewable energy by local manufacturers.

The forum, themed Pathway to Net Zero: Climate Change and Energy Security, brought together energy and water stakeholders to discuss various topics affecting sustainability and industrial green growth.

Additionally, it provided a platform to celebrate the milestones accomplished in provision and sustaining a clean energy market in Kenya. This was achieved through the showcasing of innovations in renewable energy, water and wastewater efficiency, e-mobility, green building, clean cooking. It also linked users with various financial models in clean energy.

• KAM hosts 18th Energy Management Awards



Kenya Breweries Nairobi celebrates after being crowned the overall winner during the Energy Management Awards 2022

Kenya Breweries Ltd, Nairobi won the overall award of this year's Energy Management Awards (EMA).

The event, themed *Strides to Net Zero*, recognized over 20 companies that have achieved significant reductions in their energy consumption through the implementation of energy-efficient measures and technologies.

Energy efficiency is one of the initiatives that KAM has put in place to drive Kenya's green economy. Other initiatives include water efficiency, waste management, circular economy and Responsible Care.



The Energy Management Awards 2022 winners in various categories are:

NO.	AWARD CATEGORY	WINNER	RUNNERS-UP
1.	Overall Energy Management Award	Kenya Breweries Ltd Nairobi	Unga Ltd Eldoret
2.	Best Energy Management Team Award	Ngorongo Tea Factory	Mombasa Cement Factory, Athi River
3.	Best New Entrant Award	Cooperative Bank LMC Karen	-
4.	Best Public Institution Award	Kenyatta National Hospital	-
5.	Service Sector Award	Crown Plaza Nairobi Airport	Cooperative Bank LMC Karen
6.	Best Energy Practice and Process Improvement Award	Tata Chemicals Magadi Ltd	Isuzu Motors East Africa
7.	Best Tea Sector Award	James Finlay (K) Ltd, Changan Factory	Ngorongo Tea Factory
8.	Sustained High Performance Award	Mombasa Cement, Athi River	Kenya Breweries Ltd, Nairobi
9.	Electrical Energy Saving Award, Large Consumer	Kenya Breweries Ltd, Nairobi	Mombasa Cement Ltd, Vipingo
10.	Electrical Energy Saving Award, Medium Consumer	Unga Ltd, Eldoret	KTDA Mataara Tea Factory
11.	Electrical Energy Savings Award, Small Consumer	Capwell Industries Ltd	Cooperative Bank LMC Karen
12.	Best Thermal Energy Savings Award, Large Consumer	Tata Chemicals Magadi Ltd	Kenya Breweries Ltd, Nairobi
13.	Best Thermal Energy Savings Award, Medium Consumer	Farmer's Choice Ltd	Allpark Industries Ltd
14.	Best Thermal Energy Savings Award, Small Consumer	Wire Products Ltd	British American Tobacco, Thika
15.	Renewable Energy Award	Kenya Breweries Ltd, Kisumu	Osho Chemicals
16.	Water Conservation Award	Kenya Breweries Ltd, Kisumu	CCBA Nairobi Bottlers Ltd
17.	County Award	Kisumu County	Meru County
18.	Green Building Award	Aashiana	ALP West Logistics Park-Courtyard
19.	Banking And Finance Sector Award	Kenya Commercial Bank	-
20.	Students Innovation Award	Solar Powered Car – The Nyeri National Polytechnic	Hand Wash Recycle Water Basin – Nuu Technical & Vocational College

• KAM, Agrochemicals Association partner to manage hazardous waste

KAM signed a Memorandum of Understanding with and Agrochemical Association of Kenya (AAK) to support the establishment of the Kenya Hazardous Waste Producer Responsible Organization (KEHAPRO) Initiative. This is in line with the Extended Producer Responsibility (EPR) Regulations, 2021.

Through this partnership, KAM shall support the establishment of Hazardous Products Packaging PRO, facilitate access to information and conduct advocacy and/or research affecting manufacturers in the hazardous products packaging waste management.

The MoU is one of the commitments made by KAM in the Kenya Plastic Action Plan, launched in 2019. It is a private sector-led Policy and Action Plan that seeks to enable a circular economy for the environmentally sustainable use and recycling of plastics in Kenya.

• KAM, Coca Cola Beverages Africa and Junky Bins partner to promote sustainable waste management



KAM, Junky Bins, Coca Cola sign MoU

KAM, Coca-Cola Beverages Africa, and Junky Bins signed an MoU that seeks to provide a framework for collaboration & cooperation in bins placement and the creation of an integrated plastics collection-recycling model.

This partnership is part of our wider initiative to create awareness, influence behavior change, and drive towards creating an economical, most efficient, and sustainable recycling system across the country.

It is in line with the National Sustainable Waste Management Act, 2022 which gave an anchor law to the Extended Producer Responsibility (EPR) draft Regulations, 2021 that are awaiting gazettelement by the Ministry of Environment and Forestry.

• World Clean Up Day Commemoration

KAM in partnership with Wildlife Clubs of Kenya, KCA University and Utalii College commemorated the world cleanup day at Still I Rise International School. During the session, the Association created awareness on the importance of proper waste management initiatives and called upon the youth to embrace sustainable waste management.

► SKILLS DEVELOPMENT

• TVET

☑ Global Entrepreneurship Week



Participants follow proceedings during the Global Entrepreneurship Week

KAM, through the support of German Development Corporation participated in the Global Entrepreneurship Week from 14th – 20th November 2022.

The Global Entrepreneurship Week, commemorated in November each year, celebrates entrepreneurs as job creators and innovators while encouraging them to share their successes and lessons while networking with others.

In line with this, KAM hosted forums in Nyeri, Meru and Mombasa where various stakeholders mentored young people on, among others, how to start and run a business, start-up capital, regulatory procedures required to run a business.

☑ KAM Job Summit

The Association, in partnership with the German Development Corporation hosted the 2022 Job Summit themed Driving manufacturing growth through sustainable skills development.

The summit, held during Changamka Shopping Festival, brought together youth, manufacturers, technical training institutes, Government and development partners. It provided a platform for stakeholders to create communities of learning and sharing good practices as well as identifying advocacy and policy areas on meaningful and decent work.

Speaking during the forum, Cabinet Secretary, Ministry of Youth Affairs, Sports and the Arts Hon. Ababu Namwamba urged development partners to support skills development initiatives.

It is an initiative under the Association's TVET Program, which we have implemented since 2017. The program links the KAM Members to skilled technical labour from technical training institutions with considerable successes and learnings.

✔ **Mentoring Young Women in Manufacturing**



KAM commemorates World MHM Day at St Kizito, which also consisted of a mentorship forum for TVET students.

In partnership with the KAM Women in Manufacturing Programme, the TVET Programme hosted mentorship session for young women undertaking technical courses at St Kizito Vocational Training Institute and Technical University of Mombasa.

The sessions focused on the opportunities that manufacturing presents to women within the space. It also highlighted some of the initiatives that manufacturers are putting in place to encourage more women into the space including Menstrual Health Management in the Workplace.

✔ **Industry Exchange Visits**

KAM conducted industry visits for technical institution trainers in Nairobi, Machakos, Kiambu, Meru, Nyeri, Mombasa, Eldoret and Kisumu across various manufacturing sectors.

The visits provided trainers with opportunities for practical industry exposure, interact with industry experts for knowledge sharing, see machinery within industry and link this to their in-classroom training. KAM continues to engage with the Kenya Technical Training Institute to provide practical industry exposure to the trainers as part of their career progression.

✔ **Job Bazaars**

KAM held job bazaars in Nairobi, Mombasa, Kiambu and Eldoret where young people were trained on soft skills and work readiness to interact with industry. The bazaars also provided the youth with a platform to be interviewed and receive offers from various industries for industry experience, and jobs.

KAM members continue to provide in-company training opportunities, paid internships and jobs for young people through industry matching jobs bazaars. Job bazaars have been identified as highly successful in matching talent to the labour market and providing feedback on skills to training institutions.

• **Manufacturing Academy**

✔ **Driving manufacturing excellence**

KAM through the Manufacturing Academy has continued to drive the execution of high-quality manufacturing practices guaranteed to enhance productivity and personal growth.

The Association has engaged members through physical and online training. This includes 20 open house trainings (15 physical and five online) and two in-house trainings through which more than 480 people were trained.

✔ **Partnership to accelerate Kenya's digital transformation**



Officials from Kenya Association of Manufacturers and Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS) during the MoU signing ceremony

KAM partnered with Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS) to drive automation and digital transformation of Kenya's manufacturing sector. The partnership is supported by the Ministry of Economy Trade and Industry (METI) – Japan.

Through the partnership, KAM and AOTS shall enhance business ties between KAM Members and Japanese companies and encourage the uptake of the Kaizen culture and shift towards lean automation, using tools such as the Internet of Things (IOTs) and Artificial Intelligence (AI).

Specifically, KAM is conducting a feasibility study to identify challenges, gaps and opportunities for automation/digital transformation for productivity enhancement. We are currently undertaking the second feasibility study following the conclusion of the first feasibility study. The findings shall guide the improvement of the manufacturing process, competitiveness, productivity, quality, automation of industries and development of a new curriculum for the KAM Manufacturing Academy.

🕒 **KAM, Sainath Institute to drive textile industry excellence**

The Association inked an MOU with Sainath Education Institute to jointly address skills gap within the Textiles and Apparel Sector.

Under the Memorandum of Understanding, the two organizations shall jointly work together to improve the skills and employability of youth, women and persons living with disabilities within the manufacturing space. The organizations shall collaborate to enhance the productivity of the sector's workforce, create a pool of multiskilled employees within the sector and nurture skills that can be used by trainees to support their own enterprises.



► INCLUSIVITY

• Women in Manufacturing

✔ Women In Manufacturing (WIM) Gala Dinner



The Women in Manufacturing Gala Dinner, 2022

The Association hosted the WIM Gala Dinner 2022, which brought together women industrialists and an international guest - COMESA General Secretary, Ms Chileshe Mpundu Kapwepwe.

The Gala Dinner was themed make space for the next generation of young women in manufacturing. It provided a platform to celebrate young women and girls who have broken biases and stereotypes. It also raised awareness on biases hindering women from thriving in manufacturing and how to break them, and interventions that are needed to help young women and girls envision their future in the sector.

✔ Menstrual Health Management in the Workplace



Women in Manufacturing during the exchange visit at Thika Cloth Mills

KAM hosted 30 participants at Thika Cloth Mills who got insights on the importance of Menstrual Health Management at the workplace. The organization was one of the companies piloted to undertake a study on the benefits of improving menstrual health and hygiene in the workplace, for women workers and the enterprises that employ them.

To also promote menstrual hygiene, KAM commemorated the Menstrual Hygiene Day by engaging TVET students from St Kizito Vocational Training Institute, as part of efforts towards addressing Menstrual Health Management (MHM) related barriers and health inequity for young women.

✔ Knowledge forums and visits

In addition to the exchange visit to Thika Cloth Mills, the Association hosted three virtual knowledge forums for women in manufacturing. The forums focusing on how women can holistically adopt Environment, Social and Governance strategies in their operations, take advantage of the Africa Continental Free Trade Area (AFCFTA) market and position themselves through digital media during the festive session.

• SME Development

✔ SME Innovation Programme



Beecare Apiaries receives the overall winner award during the SME Innovation Awards

KAM in partnership with the GIZ Program for Promotion of Self Employment and Entrepreneurship in Kenya embarked on a capacity-building program for Manufacturing SMEs.

The program sought to enhance SMEs' capacity to develop innovative solutions to enable them to survive economic shocks and enhance their productivity. The Association conducted a comprehensive recruitment campaign which attracted 236 applicants.

Guided by specified criteria based on turnover, age of the enterprise and Government product certification, among others, KAM shortlisted 50 companies to participate in the program.

The companies were drawn from 10 manufacturing sectors, as follows: Chemical and Allied, Agro-processing, Food & Beverage, Metal & Allied, Textile and Apparel, Paper & Paperboard, Leather & Footwear, Plastic & Rubber, Pharmaceutical, Timber Sector.

Some of the interventions offered included:

- ✓ Enterprise development through capacity building
- ✓ Coaching and firm-level interventions
- ✓ Facilitating linkages to finance to ensure efficient operations and maintenance of income levels to sustain business and requisite employment
- ✓ Undertaking performance assessment and impact reporting and recognition of their adaptation and innovativeness

We hosted the SME Innovation Awards during the Manufacturing 20by30 High Level Summit, which was graced by His Excellency the President of the Republic of Kenya, Dr William Ruto CGH.

✓ **KAM SME Bootcamp on Regulatory Compliance**

The Association hosted a bootcamp on regulatory overreach for manufacturing Small and Medium Enterprises (SMEs). The bootcamp provided Manufacturing SMEs with a platform to highlight the regulatory challenges they face. It also provided SMEs with an opportunity to engage various regulatory bodies to enhance their regulatory compliance levels.

✓ **Good Corporate Governance and ethical leadership**



Good governance and ethical leadership workshop in partnership with Global Compact Network Kenya in Nairobi

The KAM Manufacturing SME Hub partnered with the Global Compact Network Kenya to enhance good corporate governance and ethical leadership among manufacturing SMEs.

The workshop provided SMEs with insights on concepts and pillars of corporate governance and strategic leadership. It also demonstrated ways to strengthen the alignment of corporate citizenship and social accountability with anti-corruption policy and compliance frameworks as well as how to enhance organizational culture of ethics and excellence.

✓ **Board of Advisors program**

The Association continued to link manufacturing SMEs with an advisory board that provides non-binding strategic advice to their businesses, through the Board of Advisors Program.

SMEs often have a simple structure at the top, due to lack of separation between ownership and control. The board of Advisors program hence seeks to drive corporate governance by separating the two, through strategic management, leading to improved firm-level competitiveness.

The Board consists of accomplished experts, who offer innovative advice and dynamic perspectives.

✓ **SME Mentorship Programme**

KAM continued to link MSMEs with industry experts for mentorship through the SME Mentorship Program. The industry experts offer mentorship to SMEs on the following areas:

- ✓ Good manufacturing practices
- ✓ Governance and leadership
- ✓ Manufacturing finance
- ✓ Export market development
- ✓ Sales and Marketing management
- ✓ Human Resource management
- ✓ Audit and Risk management
- ✓ Supply Chain management
- ✓ Business Strategy

✓ **Knowledge exchange forums and visits**



Participants during one of the workshops under the SME Innovation Programme

The KAM Manufacturing SME Hub conducted various study tours where manufacturing SMEs were taken through subcontracting opportunities and operational excellence in practice. Among the companies visited include United Aryan EPZ, Bee-Care Apiaries, Numerical Machine Complex and Mace Foods.

A graphic design on a solid yellow background. It features a central white circle with a blue border. Inside the circle, the text "Stakeholder" is written in a blue script font, and "ENGAGEMENT" is written in a bold, blue, uppercase sans-serif font below it. Surrounding the circle is a complex, multi-layered geometric pattern of blue lines that create a sense of depth and movement, resembling a stylized sunburst or a series of overlapping diamond shapes.

Stakeholder
ENGAGEMENT

► STAKEHOLDER ENGAGEMENT

KAM operates in a dynamic environment, catalyzed by an ever-changing policy and regulatory environment. To this end, KAM continued to build and maintain strong relations with its stakeholders, ensuring continued alignment in the shared vision to realize sustainable economic development for our country.

The Association amplified its thought leadership position in matters industry, skills development, green economy and creating awareness on the importance of having a strong industrial base as a country.

This was achieved through media engagements, publicity and interview platforms on diverse media, dissemination of statements indicative of the Association's position, as well as commentaries on current affairs relating to industry and the economy.

The Board and Secretariat also organized courtesy calls to various Government Ministries, Departments and Agencies, to align the goals and objectives of the government with those of industry, towards the development of the country.

We also held roundtable meetings with partner organizations, and various leaders in national and county governments on progress in on-going areas of partnership. Additionally, we held several networking events where our members interacted and exchanged information beneficial to the growth of their businesses.

Our external stakeholders include:

National and County Governments

Government Ministries, Departments and Agencies

Development Partners

The Community

The Media



New
MEMBERS IN
2022

No.	COMPANY	SECTOR
1.	Upland crops	Agro Processing
2.	Kakuzi PLC	Agro Processing
3.	Delson Tires and Tubes Industry Ltd	Automotive Sector
4.	Solutions Africa Ltd	Automotive Sector
5.	Farasi Motors (K) Ltd	Automotive Sector
6.	Deluxe Trucks and Buses (EA) Limited	Automotive Sector
7.	Axel Motors Centre Limited	Automotive Sector
8.	Ebee Mobility Kenya Limited	Automotive Sector
9.	Tembo Grange Limited	Automotive Sector
10.	Dalcom Kenya Limited	Automotive Sector
11.	Stima Mobility Ltd	Automotive Sector
12.	Sivra Trading	Automotive Sector
13.	Basigo	Automotive Sector
14.	Ana Green Tech Africa Ltd	Automotive Sector
15.	City Radiators Ltd	Automotive Sector
16.	GB Auto Kenya Limited	Automotive Sector
17.	Karmec Company Limited	Automotive Sector
18.	Sinotruck (Kenya) Limited	Automotive Sector
19.	Mas Building Solutions	Building, Mining & Construction
20.	Autoclave Glass Ltd	Building, Mining & Construction
21.	Threestar Homex Limited	Building, Mining & Construction
22.	Simba Global Ltd	Building, Mining & Construction
23.	Nemsi Holdings Limited	Building, Mining & Construction
24.	Eurofix Industries Ltd	Building, Mining & Construction
25.	NHC-EPS Factory	Building, Mining & Construction
26.	SS Mehta & Sons Ltd	Building, Mining & Construction
27.	Asili Essential Oils	Chemical & Allied
28.	Greenwall Enterprises	Chemical & Allied
29.	Shea Organics	Chemical & Allied
30.	Habiqo Investments	Chemical & Allied
31.	Al-Habib Cosmetics (EA) Ltd	Chemical & Allied
32.	Tolaram East Africa Consumer Products Ltd	Chemical & Allied
33.	Modern Green Systems & Innovations	Chemical & Allied
34.	Aggrsel Ltd	Chemical & Allied
35.	Boresha Africa Ltd	Chemical & Allied
36.	Rockmix International Ltd	Chemical & Allied
37.	Soilex Prosolve Limited	Chemical & Allied
38.	Ciandci Limited	Chemical & Allied
39.	King Foam Limited	Chemical & Allied
40.	Woodvale Multiproducts Ltd	Chemical & Allied
41.	Nasib Paints and Hardware Ltd	Chemical & Allied

No.	COMPANY	SECTOR
42.	Maisha Minerals and Fertilizers Ltd	Chemical & Allied
43.	Softcare Kenya Ltd	Chemical & Allied
44.	Kencables Limited	Energy, Electricals & Electronics
45.	Alix Manufacturing Limited	Energy, Electricals & Electronics
46.	Ariya Energy Limited	Energy, Electricals & Electronics
47.	JTC Technology Kenya Ltd	Energy, Electricals & Electronics
48.	AXCL Lubes Limited	Energy, Electricals & Electronics
49.	Noble Gases International Ltd	Energy, Electricals & Electronics
50.	Quantum Lubricants (E.A) Ltd	Energy, Electricals & Electronics
51.	PCTL Automation Limited	Energy, Electricals & Electronics
52.	Total Energies Marketing Kenya PLC	Energy, Electricals & Electronics
53.	NT Heish Limited	Automotive Sector
54.	Caroline Cupcakes Limited	Food & Beverage
55.	Whisty Bakers	Food & Beverage
56.	Severn Springs Limited	Food & Beverage
57.	Redsquare Mania Limited	Food & Beverage
58.	Highland Canners Limited	Food & Beverage
59.	Kikuyu Selfridges Supermarkets Limited	Food & Beverage
60.	Sokofresh Agri Innovations Africa Ltd	Food & Beverage
61.	Cibo Industries Limited	Food & Beverage
62.	Tabora Feeds Ltd	Food & Beverage
63.	Leafde Limited	Food & Beverage
64.	Smart Logistics Solutions Ltd	Food & Beverage
65.	Doinyo Lessos Creamaries Ltd	Food & Beverage
66.	Fresh n' Crunchy	Food & Beverage
67.	The Big Thunder Mining Co. Ltd	Food & Beverage
68.	Silvertouch Investment Ltd	Food & Beverage
69.	Guranx Ventures	Food & Beverage
70.	Mulsons Impex	Food & Beverage
71.	Harriets Botanicals Limited	Food & Beverage
72.	Health & Happiness Consult Ltd	Food & Beverage
73.	Eldoret Holding Co. Ltd	Food & Beverage
74.	Cropway Investment Ltd	Food & Beverage
75.	Aquaplast Limited	Food & Beverage
76.	Bigcold Kenya Limited	Food & Beverage
77.	Lesaffre Kenya Limited	Food & Beverage
78.	Novel Bakery Company Ltd	Food & Beverage
79.	Vipingo Industries Limited	Food & Beverage
80.	Joy Millers Limited	Food & Beverage
81.	The Schuh Factory Ltd	Leather & Footwear
82.	Liance International Company	Leather & Footwear
83.	Ikwetta Holdings	Leather & Footwear

No.	COMPANY	SECTOR
84.	African Leather Industries Limited	Leather & Footwear
85.	Nairobi Realnet Investments Ltd	Metal & Allied
86.	Steelix Products Ltd	Metal & Allied
87.	Kandil Steel	Metal & Allied
88.	Moran Steel Kenya Limited	Metal & Allied
89.	Sinfrica Steel Materials Co. Ltd	Metal & Allied
90.	Tana Steel Limited	Metal & Allied
91.	Mitra Enterprises (Kisumu) Limited	Metal & Allied
92.	Ropa Engineering Co. Ltd	Metal & Allied
93.	David Kamau Engineering Company	Metal & Allied
94.	Electroways	Metal & Allied
95.	Mashury Metal Limited	Metal & Allied
96.	Plenser Limited	Metal & Allied
97.	Bigger Steel & Hardware Limited	Metal & Allied
98.	Oshwal Aluminium Industries Ltd	Metal & Allied
99.	Imara Steel Mills	Metal & Allied
100.	Alloy Steel	Metal & Allied
101.	Palak International	Metal & Allied
102.	Kenwell Merchants Limited	Metal & Allied
103.	Abcos Industrial Products	Metal & Allied
104.	Greenbo Africa Limited	Metal & Allied
105.	Blossom Brands Limited	Paper & Paperboard
106.	Vvarks Industries Ltd	Paper & Paperboard
107.	Bariko Industries Ltd	Paper & Paperboard
108.	Kingsun International Ltd	Paper & Paperboard
109.	Palm Tree Kenya Ltd	Paper & Paperboard
110.	Perfect Packaging Ltd	Paper & Paperboard
111.	General Printers 2021 Ltd	Paper & Paperboard
112.	Storymoja Publishers	Paper & Paperboard
113.	Spotlight Publishers (EA) Ltd	Paper & Paperboard
114.	Smart Printers Ltd	Paper & Paperboard
115.	Kartasi Products Limited	Paper & Paperboard
116.	Hewatele Limited	Pharmaceutical
117.	Oxyplus International Co. Ltd	Pharmaceutical & Medical Equipment
118.	Galaxy Pharmaceuticals Ltd	Pharmaceutical & Medical Equipment
119.	Axis PVC Kenya Limited	Plastics & Rubber
120.	Tiger Packaging Ltd	Plastics & Rubber
121.	Proplast Limited	Plastics & Rubber
122.	Tensile Products Limited	Plastics & Rubber Sector
123.	Noorami Investment Co. Ltd	Plastics & Rubber Sector
124.	PTG Industry Limited	Plastics & Rubber Sector
125.	Arihant Industries	Plastics & Rubber Sector

No.	COMPANY	SECTOR
126.	Seven Sunday Ltd	Plastics & Rubber Sector
127.	Advance Packaging Manufacturers Ltd	Plastics & Rubber Sector
128.	Fine Wood Works Limited	Sector
129.	Crestmont Properties Ltd	Service & Consultancy
130.	Mbele FX Ltd	Service & Consultancy
131.	Tax Credit Consulting Limited	Service & Consultancy
132.	Caroline Oduor & Associates Co	Service & Consultancy
133.	IBL Energy (Kenya) Ltd	Service & Consultancy
134.	Profiles International TMS Ltd	Service & Consultancy
135.	Adenia Partners Kenya Limited	Service & Consultancy
136.	Gemba Performance Mgmt Systems Ltd	Service & Consultancy
137.	Kubtech Engineering	Service & Consultancy
138.	Blitz Logistics	Service & Consultancy
139.	Kieti Law LLP	Service & Consultancy
140.	KI Energy Tech Ltd	Service & Consultancy
141.	Booth Fire Protection Ltd	Service & Consultancy
142.	Wylde International	Service & Consultancy
143.	Jupiter Energy Solutions Ltd	Service & Consultancy
144.	Novozymes Kenya Limited	Service & Consultancy
145.	Kaesar Compressors Ltd	Service & Consultancy
146.	SBM Bank Kenya Limited	Service & Consultancy
147.	Malla's Apparels	Textile & Apparels
148.	Kobe Fishing Concerns	Textile & Apparels
149.	Gallant Corporate Services Ltd	Textile & Apparels
150.	BaseBite Agencies Ltd	Textile & Apparels
151.	Top New Knitwear Manufacturing EPZ Ltd	Textile & Apparels
152.	Silver Star Manufacturers Limited	Textile & Apparels
153.	Prince Knitting Company Ltd	Textile & Apparels
154.	Antoren Investments	Textile & Apparels
155.	Datony Agency	Textile & Apparels
156.	Coast Apparel	Textile & Apparels
157.	Ajit Enterprises Ltd	Textile & Apparels
158.	Alpha Woollens (K) Ltd	Textile & Apparels
159.	Izmir Enterprises Ltd	Textile & Apparels
160.	Afriwear Uniforms EPZ Limited	Textile & Apparels
161.	Royal Apparel EPZ Limited	Textile & Apparels
162.	Fairdeal Furniture Limited	Timber, Wood & Furniture
163.	Woodberry	Timber, Wood & Furniture





Financial
REPORT

The Kenya Association of Manufacturers
Corporate Information
For the year ended 31 December 2022

Directors	<p>Rajan Shah Jane Karuku Mucai Kunyiha Bharat Shah Rajan Malde Rohin Vora Ciiru Waweru Pankaj Bedi ** Linus Gitahi Hitesh Mediratta Marion Gathoga Mwangi Ashit Shah Mihir Chalisehar Jeddidah Thotho Mary-Ann Musangi Pankaj Kumar Galeb Gulam Mohammed Rashid Martin Ochieng</p> <p>** Indian</p>	<p>Chairperson Vice Chairperson Ex Officio (previous Chairperson)</p> <p>- Resigned on 17 January 2023</p>
Chief Executive Officer	Anthony Mwangi	
Company Secretary	<p>Adili Corporate Services Kenya Certified Public Secretaries (Kenya) ALN House, Eldama Ravine Close P O Box 764 - 00606 Nairobi, Kenya</p>	
Registered Office	<p>LR 1870/1/553 - KAM Building 15 Mwanzi Road, Westlands P O Box 30225 - 00100 Nairobi, Kenya</p>	
Principal Bankers	<p>Absa Bank Kenya PLC Market Branch P O Box 30018 - 00100 Nairobi, Kenya</p> <p>Diamond Trust Bank Kenya Limited DTB Centre, Mombasa Road P O Box 61711 - 00200 Nairobi, Kenya</p>	
Auditor	<p>PricewaterhouseCoopers LLP PwC Tower, Waiyaki Way / Chiromo Road Westlands P O Box 43963 - 00100 Nairobi, Kenya</p>	
Principal Legal Advisor	<p>Murimi and Company Advocates 2nd Floor, Electricity House Harambee Avenue P O Box 540052 - 00200 Nairobi, Kenya</p>	

The Kenya Association of Manufacturers
Report of the Directors
For the year ended 31 December 2022

The Directors present their report together with the audited financial statements of The Kenya Association of Manufacturers (the “Company”) for the year ended 31 December 2022.

Incorporation

The Company is domiciled in Kenya where it is incorporated as a private company limited by guarantee (and not share capital) under the Companies Act, 2015. The address of the registered office is set out on page 2.

Directorate

The membership of the Board of Directors in the year and to the date of this report is shown on page 2.

Principal activities

The principal activity of the Company continues to be the promotion of competitive local manufacturing in a liberalised market.

Business review

Kenya Association of Manufacturers (KAM) is the representative organization for manufacturing value-add industries in Kenya. Since its inception in 1959, KAM has evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.

In addition to increasing its membership base, KAM’s other sustainability strategy has been to maintain current donor partners while seeking engagement with new ones to support projects that benefit our members, through funding.

The Company has maintained its portfolio of investments in rental property, money market and capital market instruments. These investments were stable enough to support KAM’s initiative and core mandate of policy advocacy. This is achieved through the promotion of trade and investment, upholding standards, encouraging the formulation, enactment and administration of sound policies that facilitate a competitive business environment.

Key performance ratios

The table below highlights some of the key performance indicators:

Performance indicator	2022	2021
	Shs ‘000’	Shs ‘000’
Income from members	240,280	202,807
Grant income	104,303	107,475
Surplus before income tax	36,488	64,505
Total assets	868,700	847,193
Reserves	506,723	482,899

Economic Outlook

According to the World Bank, the Kenyan economy is projected to grow at a rate of 5% in 2023 as the country grapples with high and persistent inflation rates, prolonged drought, and a weakened Kenya shilling. Global growth is also projected to slow from 6% in 2021 to 3.2% in 2022 and is forecast to average 2.7% in 2023 and improve to 3.2% in 2024. The global economy is going through turbulence due to high inflation rates, tightening financial conditions, Russia-Ukraine crisis and COVID-19 pandemic associated risks (IMF, 2022).

KAM board remains optimistic that the Association will continue to achieve its objectives of advocating for manufacturing sector competitiveness as outlined in 2023 Manufacturing Priority Agenda (MPA). Through the 2023 MPA KAM is seeking to promote growth of SMEs, promote global competitiveness, industrialising the agriculture sector, and increasing exports among its members. KAM will continue to work with the government and other key partners to ensure that these advocacy goals are achieved.

The Kenya Association of Manufacturers
Report of the Directors
For the year ended **31 December 2022**

Results

The surplus for the year of Shs 24,516,226 (2021: Shs 53,161,121) has been added to accumulated surpluses.

Disclosures to auditor

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

- A) There is, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- B) Each director had taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of appointment of auditor

PricewaterhouseCoopers LLP continues in office in accordance with the Company's Articles of Association and Section 719 (2) of the Companies Act, 2015.

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

By order of the Board



for: ADILI CORPORATE SERVICES KENYA - SECRETARY

Adili Corporate Services Kenya
Company Secretary

18 May 2023

The Kenya Association of Manufacturers
Statement of Directors' Responsibilities
For the year ended 31 December 2022

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- (i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and applying them consistently; and
- (iii) Making accounting estimates and judgements that are reasonable in the circumstances.

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

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

Approved by the Board of directors on 18 May 2023 and signed on its behalf by:



Rajan Shah
Chairperson



Mihir Chalishazar
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KENYA ASSOCIATION OF MANUFACTURERS

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of The Kenya Association of Manufacturers (the "Company"), set out on pages 9 to 40, which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2015.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KENYA ASSOCIATION OF MANUFACTURERS (CONTINUED)

Terms of appointment of auditor

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KENYA ASSOCIATION OF MANUFACTURERS (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the directors 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.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 3 and 4 is consistent with the financial statements.

A handwritten signature in blue ink that reads 'Brian Ngunjiri'.

CPA Brian Ngunjiri, Practising Certificate Number 245 I
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

30 May 2023

The Kenya Association of Manufacturers
Financial Statements
For the year ended 31 December 2022

Statement of profit or loss and other comprehensive income

	Notes	2022	2021
		Shs	Shs
Income from members	4	240,279,398	202,806,599
Grants income	21	104,303,071	107,474,569
Gross income		344,582,469	310,281,168
Other operating income	5	57,940,986	64,704,893
Interest income	8	30,499,350	22,830,841
Administrative expenses	6	(291,188,979)	(224,849,205)
Grants expenditure	21	(104,303,071)	(107,474,569)
Finance costs	9	(1,042,572)	(987,994)
Surplus before income tax		36,488,183	64,505,134
Income tax expense	10	(11,971,957)	(11,344,013)
Surplus for the year		24,516,226	53,161,121
Other comprehensive income			
Fair value changes on financial assets at fair value through other comprehensive income (FVOCI)	16	(989,609)	435,864
Tax effect on above item	18	296,883	(130,759)
Total other comprehensive (loss)/income		(692,726)	305,105
Total comprehensive income for the year		23,823,500	53,466,226

The Kenya Association of Manufacturers
Financial Statements
For the year ended 31 December 2022

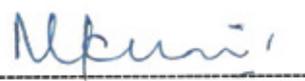
Statement of financial position

	Notes	2022	2021
RESERVES		Shs	Shs
Fair value reserves		(6,459,836)	(5,767,110)
Accumulated surpluses		513,182,680	488,666,454
		<u>506,722,844</u>	<u>482,899,344</u>
Non-current liabilities			
Deferred income tax	18	54,550,137	69,268,103
Lease liabilities	20	6,343,104	7,130,660
		<u>60,893,241</u>	<u>76,398,763</u>
		<u>567,616,085</u>	<u>559,298,107</u>
REPRESENTED BY			
Non-current assets			
Property and equipment	11	24,817,233	42,129,737
Intangible assets	13	14,096,867	-
Right-of-use assets	14	4,859,283	6,154,099
Investment property	12	236,453,432	255,687,274
Treasury bonds	16	31,102,157	32,091,766
		<u>311,328,972</u>	<u>336,062,876</u>
Current assets			
Trade and other receivables	17	39,980,870	31,712,623
Grants receivable	21	22,510,761	4,231,397
Current income tax	10	9,234,455	27,027,585
Treasury bills	16	314,395,171	287,107,564
Cash and bank balances	15	171,249,614	161,050,690
		<u>557,370,871</u>	<u>511,129,859</u>
Current liabilities			
Trade and other payables	19	104,212,348	90,273,910
Unexpended grants	21	196,258,059	197,007,367
Lease liabilities	20	613,351	613,351
		<u>301,083,758</u>	<u>287,894,628</u>
Net current assets		<u>256,287,113</u>	<u>223,235,231</u>
		<u>567,616,085</u>	<u>559,298,107</u>

The financial statements on pages 9 to 40 were approved and authorised for issue by the Board of Directors on 18 May 2023 and were signed on its behalf by:



Rajan Shah
Chairperson



Mihir Chalishazar
Director



P. O. Box 30225 - 00100 Nairobi, Kenya

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