

**MINUTES OF THE 6TH ANNUAL GENERAL MEETING OF THE CPF
INDIVIDUAL PENSION SCHEME HELD AT CPF HOUSE, VICTORIA
HALL ON THURSDAY 26TH JUNE 2020 AT 10:30AM**

PRESENT

TRUSTEES

Mr. Timothy Wambui - Corporate Trustee

ADMINISTRATOR

Dr. Julius Kipng'etich, EBS, MBS - Chairman
Mr. Maurice Nduranu - Director
Dr. Ben Mkalama - Director
Mr. Steve Lugalía - Director
Ms. Catherine Nyambala - Director
Ms. Margaret Osure - Director
Ms. Sahlan Keinan - Director
Mr. David Mogere - Chair-LIB
Ms. Isabel Juma - Co-opted Audit Committee Member
Ms. Elizabeth Omoro - Chair-Laser
Ms. June Nyakan - Chair-LITEs
Management & Staff

IN ATTENDANCE

H.E. Wycliffe Oparanya - Governor, Kakamega County
H.E James Ongwae - Governor, Kisii
Hon. Johnson Osoi - Chairman, County Assemblies Forum

FUND MANAGERS

Nicholas Ithondeka - Co-op Trust Investment Services Limited

CUSTODIANS

George Mwangi - Equity Bank, Kenya

AUDITOR

Dennis Nyamwaro - Deloitte & Touch (Auditors)

ACTUARY

Adil Suleman - Zamara
Neil Gurdha - Zamara

RETIREMENT BENEFITS AUTHORITY

Caroline Wanjala - RBA

OTHER STAKEHOLDERS AND GOVERNMENT OFFICIALS

1. Hon. James Ndegwa Wahome - Chairman, County Assemblies Forum
2. Mr. Michael Mangeli - Chairman, Water service providers Association
3. Mr. Anthony Ambugo - CEO, Water service providers Association
4. Hon. David Shadrack Rotich - Speaker, Bomet County Assembly
5. Bishop Stephen Ndichu - Speaker, Nyandarua County
6. Hon. Roba Duba - Secretary General, KCGWU

MEMBERS & EMPLOYERS

- | | | |
|-----------------------------------|---|-----------|
| Speakers of the County Assemblies | - | Delegates |
| Clerks of the County Assemblies | - | Delegates |
| KCGWU Branch Chairpersons | - | Delegates |
| Directors/Executive Members | - | Delegates |
| Members of the County Assemblies | - | Delegates |
| CPSB Chairmen and Secretaries | - | Delegates |
| MDs' and Finance Managers | - | Delegates |
| WASPA officials | - | Delegates |
| KLGWU Branch Secretaries | - | Delegates |
| CPA Chairman | - | Delegates |
| CPA Secretary | - | Delegates |
| Members | - | Delegates |

AGENDA

1. *Introductions and opening remarks*
2. *Address by Chief Guest*
3. *Reading of the Notice of the Annual General meeting*
4. *Reading and taking note of the minutes of the 5th Annual General Meeting held on 27th June 2019*
5. *Presentation of the Corporate Trustee's Report*
6. *Presentation of the Administrator's report*
7. *Presentation of the Investment Manager's reports*
8. *Presentation of the Scheme's Custodian Reports*
9. *Presentation of the Financial Statements and Audited Accounts for year 2019*
10. *Award Ceremony*
11. *Question and Answers*
12. *Presentation by Stakeholders of the Scheme*
13. *Vote of thanks*

MIN.1: 26.6.2020: INTRODUCTION & OPENING REMARKS

The meeting was called to order at 10.15 a.m. and the opened by singing the East African Anthem.

Margaret Martin, a public health Officer from the Nairobi City County assured members that sanitization of the venue and social distancing requirements by the Ministry of Health had been observed when planning the meeting further confirmed that the meeting was in concurrence with the government guidelines.

The Chairman CPF Financial Services, Dr. Julius Kipng'etich recognized the presence of and welcomed all the dignitaries, the regulator, trustees, directors of the various boards, the members of the scheme as well as management of the Administrator to the AGM. He recognized the presence of the fund managers, custodians and auditors. He emphasized the importance of ensuring that members continue observing the guidelines given by the Ministry of Health to flatten the curve of the COVID pandemic. In his remarks, he spoke about the culture of saving and encouraged all members present to save.

In his final remarks, he commended the Corporate trustees, the Board of the administrator, management of the administrator, all stakeholders for all their efforts in managing the Schemes and lastly thanked all the sponsors for remitting the contributions.

MIN.2: 26.6.2020: KEY NOTE ADDRESS BY THE CHIEF GUEST

His Excellency, Hon. Wycliffe Oparanya, the Chairperson Council of Governors and the Governor, Kakamega County expressed great pleasure and honor to attend the CPF Schemes' Annual General Meeting. He thanked the CPF Group Managing Director, Mr. Hosea Kili, and his able team for ensuring that the AGM was held virtually despite of the numerous challenges and hurdles that persist in the country and indeed the whole world.

The Governor informed the stakeholders and members that beyond protecting people from occupational risks, securing their retirement and cushioning members against the short and long-term economic and health impact of the pandemic, Pension funds could be leveraged to adequately protect individuals, households and businesses from the adverse social and economic repercussions of the crisis. He retaliated that, the Council of Governors was keen on engaging stakeholders to put in place legislation and measures geared towards the installation of social safety nets for the people and to help cushion them during tough economic times.

The Governor acknowledged that the industry had made great strides and it was best demonstrated by the fact that the industry's assets had exceeded Kshs 1.0 Trillion, and coverage has surpassed the 20% of the labour force mark.

He noted that despite the efforts made by the National Government including the Big 4 Agenda, a big scope remained for further development, and was is for that reason that the Retirement Benefits Authority (RBA), led by the National Treasury, was actively involved in a number of exciting collaborative industry initiatives such as working as the Secretariat to the Task force on the Draft National Retirement Benefits Policy whose objective was to prepare an overarching policy on retirement benefits. The policy was to provide adequate, affordable and sustainable retirement benefits to Kenyans through a robust pension system. He emphasized that it was a timely endeavor given that effective social security policies could contribute towards improving the environment for economic growth in Kenya.

He thanked CPF for not only supporting the Big Four agenda, but also for the role they took in shaping the industry. He acknowledged the innovative approach CPF Financial Services took to social security so as to create sustainable financing of social protection programs in Kenya. He emphasized the need to ensure that the crafting of a uniform Social Security policy would require a collaborative and consultative multi-stakeholder approach in order to ensure that the concerns of all stakeholders were taken into consideration.

The Governor noted that part of the pressures of globalization meant that countries had to begin to develop and facilitate development through pooling local investments; and pension funds were the ideal vehicle. He urged the Trustees and members of CPF's schemes to consider more projects geared towards helping the government solve some of the problems, even as they made fair returns for the scheme members.

In conclusion he urged the stakeholders and delegates to think broader and deeper about the matter of social protection for the citizens and emphasized that the solution to the problems the government was facing in providing for the vulnerable in society lay with the industry stakeholders. He affirmed that if the Government and the Pension sector stakeholders worked together, they would generate and implement better ideas, as the Government sought to bridge the gap between policy developments and effective programs.

MIN.3: 26.6.2020: READING OF THE NOTICE OF THE 6TH ANNUAL GENERAL MEETING

The Notice convening the 6th Annual General Meeting of the CPF (Individual) Pension Scheme was read by the Board Secretary. It was noted that the Notice had been published in the two daily newspapers (Daily Nation and The Standard) as required and within the statutory timelines.

The Agenda was adopted as tabled.

**MIN.4: 26.6.2020: READING & APPROVAL OF THE MINUTES OF THE 5TH AGM HELD ON
27TH JUNE 2019**

The minutes were taken as read and confirmed as a true record of the deliberations of the 6th Annual General Meeting as proposed and seconded by Mohamed Suleiman ID 0032213 Garissa County and Gloria Terer Member Number 6473 respectively.

MIN.5: 26.6.2020: PRESENTATION OF THE CORPORATE TRUSTEE'S REPORT

Mr. Timothy Wambui of Natbank Corporate Trustee presented the report of the Corporate Trustee. It was noted that during the Year ending 2019, the promoters of the County Pension Fund registered the Salih Fund which was meant to cater for members who preferred to invest in Shariah Complaint products.

The Corporate Trustee reported the performance as follows:

- The Scheme had 12,315 Members compared to 5,989 Members in 2018
- The Net Assets as at December 31st, 2019 stood at Kshs.2.01 Billion, compared to Kshs.926.472 Million in the previous year.

The Corporate Trustee reported to the delegates their responsibilities as Trustees of the Scheme, which included the following:

- ✓ Prepare fund statement in accordance with International Financial Reporting Standards and RBA Act
- ✓ Policy formulation
- ✓ Investment of the scheme funds
- ✓ Evaluate performance of the scheme
- ✓ Attendance of the Quarterly meetings where proper accounting records are discussed

The Corporate Trustee affirmed that they are independent which helps discharge their duties professionally and it was further noted that the roles of the Scheme Administrator & Corporate Trustee are independent of each other

Finally, the Corporate Trustee reported that it had established structures and standards to ensure that it discharged its responsibilities independently and free from any unlawful directions or influence. He concluded by noting that the Corporate Trustee remuneration was captured in the annual reports and assured members that the Scheme was managed professionally in accordance with the law and gave his assurance that funds are well spent and accounted for.

The report was adopted by members as presented.

MIN.6: 26.6.2020: PRESENTATION OF THE ADMINISTRATOR'S REPORT

Mr. Hosea Kili, OGW, the CPF Group Managing Director/CEO presented the Administrator's Report for the year ended 31st December 2019.

It was noted that CPF Individual Pension Scheme (also known as M-Pension) was registered with the RBA and provided retirement benefits for persons engaged in personal business either in the formal or informal sectors, as per the rules of the scheme. The scheme admitted among others, all senior officers in County Governments who are on limited terms including Governors, MCAs and others; the scheme also received and invested gratuities.

A summary of the status of the Scheme was as detailed below;

- Net Assets as at 31st December, 2019 stood at Kshs.2.01 Billion, compared to Kshs.926.472 Million in the previous year.
- The scheme's active members were 12, 315 compared to 5,989 in the year ended 2018.

Mr. Kili informed the members and stakeholders that despite the Covid-19 Pandemic, the Administrator had continued offering services to their members and highlighted the achievements as follows;

- ✓ E-wallet for our scheme Pensions Payment
- ✓ Biometric member life verification of our pensioners
- ✓ Auto Confirmation of Contribution Remittances
- ✓ Member Statements availability on website real time
- ✓ Sponsor Pension Committees to keep members updated
- ✓ Risk Management Framework in place for the schemes

Mr. Kili further apprised members on the various legislations that had been amended or enacted that affect the members and stakeholders. These laws were;

1. Retirement Benefits Authority Act

- a) S 38 of the Act had been amended to allow partial pre-retirement access of Pension Savings to purchase a residential home by a member as a benefit from the Scheme.
- b) S 45A was amended to provide for the circumstances under which pension benefits may be considered to be **Unclaimed Financial assets** within the meaning of section 13 (1) of the Unclaimed Financial Assets Act, 2011.

The amendment bestowed upon the Trustees and Custodians a duty to surrender to the Unclaimed Financial Assets Authority any unclaimed or otherwise abandoned retirement's benefits as provided for under Sections 20 and 22 of the Unclaimed

Financial Assets Act, 2011. The Administrator guided that pursuant to the Circular by the regulator dated 3rd February, 2020, the Unclaimed Assets were;

- i) Retirement Benefits in respect of a member who had attained the retirement age prescribed by law or in the Trust Deed and Rules of the scheme that have not been claimed for two years from the date they fell due and where there had been no communication from the member with respect to his/her benefits. Trustees were required to make every effort to trace the member prior to the expiry of the two-year period.
- ii) Death benefits that had not been claimed for two years from the date they fall due. The provisions of the Retirement Benefits Act and the Regulations with regard to payment of death benefits shall apply.
- iii) Retirement benefits in respect of members who has not been traced and that remained unclaimed within a period of two years from the completion of winding up proceedings of a scheme

2. The County **Governments Retirement Scheme Act, 2019** was enacted in the year 2019 and it established a new scheme for county government employees and proposed the winding up of Laptrust DB Scheme and Lapfund Scheme within a transitional period of five years.

The said Act has been subjected to multiple court cases by County workers and other stakeholders challenging its constitutionality. The operationalization of the Act has been halted by the Court pending the hearing of the Petitions before the Court. It was noted that the LAPTRUST Board of Trustees were unhappy with the contentious provisions of the said Act and therefore proceeded to challenge the same in Court, alongside other stakeholders. Despite the court cases, the LAPTRUST Scheme were amenable to amicable settlement of the legal dispute especially if the Act is amended to, among other things:

- (a) Correct the various provisions which were unconstitutional and inconsistent with the Retirement Benefits Act and other written laws;
- (b) Protect the benefits of members of the schemes from reduction or interference contrary to the law;
- (c) Protect the investments of Laptrust DB Scheme including the administrator which it fully co-owns with the County Pension Fund;
- (d) Ensure that the defined benefits obligations of Laptrust DB Scheme were not commingled with defined contribution obligations of the other schemes;
- (e) Liabilities and actuarial deficits of the various schemes arising from non-remitted contributions be provided for under the Act;

(f) Pensioners receiving pensions to be protected by the Act.

3. The Retirement Benefits (Treating Customers Fairly) Guidelines, 2019 which were published via Legal Notice No. 151 of 2019. The objectives thereto are set under Guideline No. 5 which indicated that customers, who are the members, beneficiaries or Trustees of a scheme, are to be treated fairly by the Service providers, *inter alia*.
4. The Retirement Benefits (Good Governance Practices) Guidelines, 2018 which were published via Legal Notice No. 193 Of 2018. The purposes of the Guidelines were set up under Guideline No. 3 thereto as hereunder: -
 - a) To enable sponsors, members, trustees and service providers to implement and promote proper standards of conduct and sound governance practices; and
 - b) To ensure that sponsors, members, trustees and service providers exercise their fiduciary duties effectively and diligently

Mr. Kili reiterated on the importance of social security matters noting that 86% of Kenyans did not have access to pension and called for 100% pension contribution by all citizens in the country, and this, he noted, could be achieved through a mandatory pension system. He informed the members that he had agreed to partner with the government to address this issue.

The Administrator affirmed the members and stakeholder that they shall continue embracing digitization and new technologies in a bid to widen coverage and offer more Kenyans security in retirement. He noted that despite the challenges posed by the Covid-19 pandemic, he was optimistic that objectives of growing the fund would be attained.

Lastly, Mr. Kili appreciated the Corporate Trustee for their stewardship and support, the strategic partners and all stakeholders including the Regulator, professional bodies, the Schemes service providers, the members of the Scheme, the sponsors, the CPF Board and the entire management team and staff for their respective roles in ensuring the Scheme is professionally managed for purposes of safeguarding the interests of the members.

MIN.7: 26.6.2020: PRESENTATION OF THE INVESTMENT MANAGEMENT REPORT

Mr. Nicholas Ithondeka, the CEO Coop Trust Investment Services presented the Fund Manager's Report and it was reported that as at 31st December, 2019, the investment portfolio was as summarized below:

Asset Classes	Year 2019 Kshs. ('000)	Exposure (%)
Cash and Cash Equivalentents	37,149	1.95%

Fixed Deposits	274,573	14.41%
Government securities	1,258,122	66.02%
Corporate Bonds	6,011	0.32%
Quoted Equities	329,858	17.31%
Assets under Management	1,905,713	100%
Receivables	135,102	
Payables	-25,627	
Total Assets	2,015,188	100%

Investment Summary Comparatives

Asset Classes	Year 2019 Kshs. ('000)	Year 2018 Kshs. ('000)
Cash and Cash Equivalents	37,149	44,807
Fixed Deposits	274,573	172,279
Government securities	1,258,122	505,481
Corporate Bonds	6,011	10,019
Quoted Equities	329,858	216,023
Assets under Management	1,905,713	948,609
Receivables	135,102	20,922
Payables	(25,627)	(43,059)
Total Assets	2,015,188	926,472

Report was adopted by members as presented.

MIN.8: 26.6.2020: PRESENTATION OF THE CUSTODY REPORT

Mr. George Mwangi, from Equity Bank Kenya presented the Custody Report as at 31st December 2019. The Custodian noted that it could account for all the assets of the Scheme and there is no violation in any class of the investment. The following was the investment summary as at the date of the meeting:

Asset Classes	Year 2019 Kshs. ('000)	Year 2018 Kshs. ('000)
Cash and Cash Equivalents	37,149	44,807
Fixed Deposits	274,573	172,279
Government securities	1,258,122	505,481
Corporate Bonds	6,011	10,019
Quoted Equities	329,858	216,023

Assets under Management	1,905,713	948,609
Receivables	135,102	20,922
Payables	(25,627)	(43,059)
Total Assets	2,015,188	926,472

The report was adopted by members as presented.

MIN.9: 26.6.2020: PRESENTATION OF THE FINANCIAL STATEMENTS & AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2019

Mr. Dennis Nyamwaro, on behalf of the Scheme Auditors Messrs. Deloitte & Touche presented their Report to the members and confirmed that the audited financial statements reflected a true and fair financial position of the Scheme as at 31st December, 2019.

Mr. Nyamwaro confirmed that the Audited accounts gave a fair view of the transactions of the fund and that the opinion was based on IFRS reporting standards. They also confirmed their independence from the Fund in accordance with International Ethics Board for Accountant's Code of Ethics for Professional Accountants.

It was reported that CPA Fredrick Aloo Practice No.1537 signed the report and confirmed that the balances thereof agreed with the ones by the Custodian and Fund Manager.

The Accounts were adopted by members as presented.

MIN.9: 26.6.2020: REMARKS BY SCHEME STAKEHOLDERS

Remarks by Roba Duba, Secretary General, Kenya County Government Workers Union

He emphasized the importance of investing in a pension scheme when one was in their young and active stage in life so as to secure and protect the future when workers retire and are not as active. He retaliated that the payment of terminal dues was an irrevocable undertaking of the employer to its employees. He commended the DB scheme for enduring the tides since 1929 and encouraged the Schemes to forge the way forward to secure the future in retirement.

Remarks by Hon James Ndegwa Wahome, Chairman, County Assemblies Forum

He congratulated the Administrator for organizing the AGM despite the Covid 19 Pandemic and affirmed the continued relationship between CAF and CPF. He confirmed that members were assured of a secure future and pensioners were paid in a timely and consistent manner. Hon. Ndegwa informed members they received 470 Litres of both handwashing soap and sanitizer from CPF Financial Services Limited.

Remarks by Mr. Antony Ambugo – CEO Water Services Providers Association

He expressed they were grateful to be associated and being part of the 17th AGM despite the prevalence of the Covid 19 pandemic and congratulated them. He promised to continue promoting more companies to join the Pension Scheme since they were important to secure

the future after retirement. He appreciated the BOT, Administrator and Staff and acknowledged the donation of 2000 LTRS OF hand washing soap which were distributed to 60 water utilities

Remarks by Mr. Michael Mangeli – Chairman, Water Services Providers Association

He congratulated the team for the 17th AGM and appreciated that pension is remitted to the retired members and encouraged the management to diversify the investments so to improve the returns to pensioners. He promised to ensure remittance of the contributions are done on time so as to ensure that investments are done.

Remarks by Caroline Wanjala- Retirement Benefits Authority

She relayed the CEO's apologies for not attending the AGM and congratulated the Schemes for holding the Virtual AGM having a live broadcast and appreciated that schemes were embracing technology to connect with its members and urged them to continue providing information and services despite the pandemic.

The Regulator appreciated that the pandemic had affected remittance of contributions and had seen early access to retirement benefits. The regulator urged the County Governments and Council of Governors to ensure that Retirement Benefits was a prime objective to ensure that upon retirement, Kenyans would live a comfortable life.

The Regulator noted that the pandemic had affected the economic environment and the Fund Managers were called upon to be innovative in investing scheme assets so as to cushion members. The Trustees were called upon to be proactive, engage the service providers, to benchmark with their peers and incorporate best practices and management of schemes to ensure optimum returns.

The Regulator emphasized the need for the scheme to embrace technology in its operations to ensure that expenditure is reduced and congratulated the Administrator for embracing technology and saving expenses in organizing a Virtual AGM and Board Meetings.

The Regulator noting that 62% of Kenyans own mobile phones encouraged low savings to be done on the Pension Scheme digital platform. The Regulator encouraged Pension Schemes to enhance pension digital remittance to saving accounts and applauded CPF Financial Services for operating the M-Pension Scheme and emphasized that digital platforms promoted timely and convenient saving of pension and ultimately withdrawal upon retirement.

The Regulator encouraged the Pension Schemes and Administrators in their operations to include unforeseen pandemic in future business plans and projections and rethink Business Continuity Plan.

The regulator reported that as at 31st December, 2019, the industry held assets worth 1.29 Trillion as opposed to the 100B in the year ending 2001. The Assets had been invested in different

categories with Government Securities yielding the highest returns of 42%. In the year ending, the regulator noted that unlike 2018, the Schemes invested about 0.1% of Funds into Private Equities. The overall enrollment into Retirement Benefits Pension Schemes stood at 3.2M which translated to 22% of the labour force.

To reach out to low income earners, the Regulator had rolled out the Outreach program that was sensitizing them to join Pension Scheme since they are largely uncovered.

The Regulator informed the members and the stakeholder of the enactment of the Tax Amendment Act that amended S38 of the Retirement Benefit Act and thus allowing members of retirement benefits schemes to purchase a house and the same time saving for the retirement.

The Regulator noted there was need for counties to have a new start with the Retirement benefit scheme arrangements and that necessitated the enactment of the County Government Retirement Scheme, 2019 creating the County Government Retirement Benefits Scheme.

In conclusion, the Regulator assured its continued support to the Scheme and affirmed that they shall continue to offer guidance and regulatory support.

MIN.11: 26.6.2020: QUESTION & ANSWER SESSION

The Question and Answer Session was facilitated by the Administrator. Members' concerns were adequately and satisfactorily addressed.

MIN.12: 26.6.2020: AWARD CEREMONY

The following Sponsors were recognized for various awards under various categories.

1. Consistency in Remitting IPP (Gratuity)

1. Machakos County
2. Kisii County
3. Kirinyaga County

2. Consistent in Membership Growth

1. Ruiru Juja Water Company
2. Gathamathi Water Company
3. Nyeri CPSB

3. Gratuity Awards

1. NEPAD
2. Council of Governors
3. Water Service Providers Association

4. Awards to Counties

1. County Assemblies Forum
2. Bungoma County
3. Nyamira County
4. Mombasa County

5. Sponsor of the Year 2019
Kakamega County

MIN.13: 26.6.2020: VOTE OF THANKS

The vote of thanks was given by Oscar Juma, a Trustee of the Board of Trustees of Laptrust Scheme. In his closing remarks, Trustee Juma thanked all stakeholder, including the Board of Trustees, the Administrator's Board, the RBA and services providers and assured the Regulator that all the issues raised would be addressed, especially the compliance with property portfolio, which the Board of Trustees were working tirelessly to ensure the same is corrected. He further commended the administrator for adopting technology for purposes of conducting the AGM.

There being no other business, the meeting ended at 1:30 pm.

Signature in Confirmation of Minutes:

VICTOR ODENDO
FOR: THE TRUSTEES OF CPF INDIVIDUAL PENSION SCHEME
[NATBANK TRUSTEE & INVESTMENTS SERVICES LTD]

DATE