



POLICY & SUSTAINABILITY REPORT



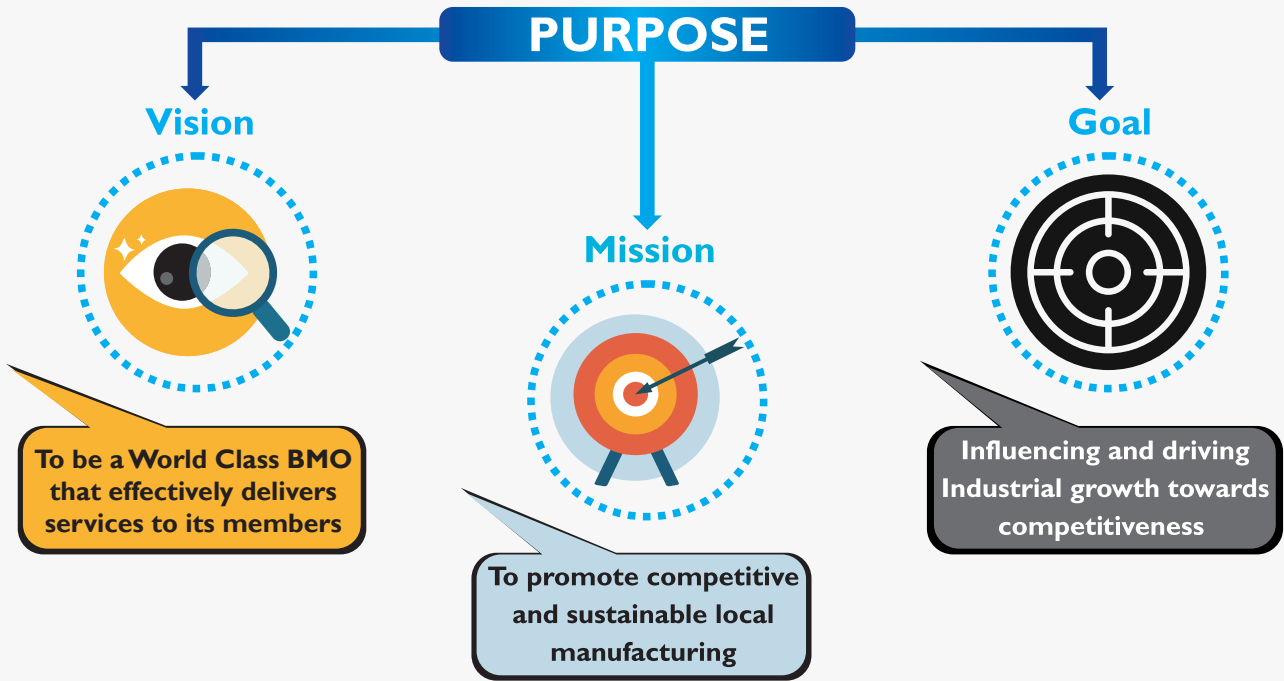
2019

TABLE OF CONTENTS

2	About KAM
5	Chairman's Statement
6	Chief Executive's Report
8	Board of Directors
10	Regional Leadership
11	Leadership Team
12	Organizational Structure
15	Business Development Plan
18	KAM at 60 Celebrations
21	Policy & Advocacy Report
33	Sustainability Report
47	Financial Report

ABOUT KAM

Established in 1959 as a private sector body, Kenya Association of Manufacturers (KAM) has evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.



CORE VALUES



STRATEGIC OBJECTIVES



KAM Membership constitutes 65% of manufacturing value-add industries in Kenya and comprises small, medium and large enterprises. Over 80 per cent of these are based in Nairobi, while the rest are located in South Rift, North Rift, Lower Eastern, Central, Coast and Nyanza/Western Regions.

Membership at KAM is structured in three categories, namely:

Ordinary Membership

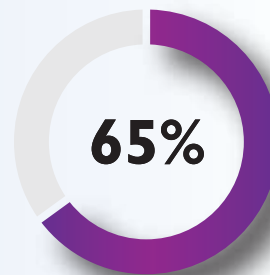
Ordinary membership is extended to companies that are directly involved in processing, manufacturing or any other value addition activities.

MSME Membership

MSME Membership is a subcategory of Ordinary Members, which targets Micro, Small & Medium Enterprises manufacturing value add Industries.

Associate/Consultancy

Membership Associate/Consultancy membership is extended to firms, which have direct interest in the expansion of industries, either through the provision of services or other inputs.



65% of manufacturing value-add industries in Kenya and comprises small, medium and large enterprises



Over 80 per cent of these are based in Nairobi

OUR SERVICES



Advocating on behalf of our members for a conducive business environment. We articulate to the Government and other stakeholders, the following issues;

- High cost of doing business (energy, taxation, illicit trade, counterfeits)
- Predictable policies and regulations
- Budgetary proposals and amendments



Providing trade information on Local, Regional, and Global markets. Such as;

- East African Community (EAC)
- Common Market for Eastern and Southern Africa (COMESA)
- South African Development Community (SADC)
- Africa Continental Free Trade Area (AfCFTA)
- African Caribbean Pacific-European Union (ACP-EU)
- World Trade Organization (WTO)



Facilitating Exports under Duty Remission Scheme as well as Africa's Growth Opportunity Act (AGOA)



Facilitating licensing and permits



Energy and green growth services



Intervention and engagement of county governments



Providing relevant Training, Seminars and Workshops through our Manufacturing Academy and Manufacturing SME Hub



Assistance on monitoring and evaluating progress on Global Compact commitments



A chance to promote your business on our website



Access to regulatory and compliance requisites to set up your business

MESSAGE FROM THE CHAIRMAN

Dear Members,

This year has indeed taken quite an unpredictable turn for all us, locally, regionally and globally. So many dynamics have shifted and it calls for all of us to rise to the challenge, be swift to adapt and, as the custodians of the economy, recalibrate what the future will look like for our country.

As we present the 2019 Policy and Sustainability report, we take cognisance of the 60 years in which we have been in existence, driving the economy, creating jobs, enhancing Kenya's competitiveness in the region and globally and providing solutions for our people. It is in this same spirit that we continue to chart the next 60 years of economic sustainability for our country.

Our membership has continued to grow, which is a great testament to the value and premium benefits that we provide to ensure that you are able to conduct your businesses with minimal difficulty. This report is only a summary of some of the achievements we have made over the last year, the details of which can be provided through other publications and documentations that have been made available to you on email and our website.

Dear members, we have indeed suffered some real setbacks during this time as well, key among which have been Counterfeits, Overregulation and a Lack of liquidity. Rest assured that the KAM Board of Directors and the Secretariat continue to work ceaselessly towards resolving these issues. As you may all know, policy advocacy is a journey, some wins we achieve faster than we had hoped for and some take a little longer. Nonetheless we are relentless in our commitment to ensure that your businesses remain productive and capable of providing the much-needed economic support to our country.

At this juncture, I would like to thank all of you tremendously for the efforts that you have made towards combating the pandemic, supporting our local communities and cushioning your employees and consumers against the harsh reality that faces us. We are working with the Government on a rebound strategy that will see to it that policies are developed to support our innovations beyond the pandemic to serve the country and increase our export production.

In every crisis there is an eye-opener; ours in this period is that we must lead in the adoption of Industry 4.0 if we are to remain regional leaders and also, if we are to take advantage of new market opportunities that are now opening up. We must be at the driver's sit in steering innovation through the Internet of Things and various new technologies.



As I conclude, I would like to also thank the KAM Board of Directors for their leadership, contribution and commitment to grow and make industry competitive. I also would like to commend the Secretariat for their great work and dedication to our members and industry at large, led by the CEO, Ms. Phyllis Wakiaga.

I am very grateful to the Government of Kenya for the support, willingness to work together to find solutions and forging lasting collaboration with industry for the sake of our country. In particular, I would like to appreciate the Ministry of Industrialization, Trade and Enterprise Development, Ministry of Interior and Coordination of National Government, the National Treasury, Department for Immigration, Kenya Bureau of Standards and the Kenya Revenue Authority.

To our partners and stakeholders, we appreciate your support and belief in our work to transform the economy through industry. Much appreciation goes to the Government of Denmark, the British High Commission, French Development Agency (AFD), Confederation of Danish Industry (DI), TradeMark East Africa, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), Business Advocacy Fund (BAF), Micro Enterprises Support Trust and UK Department for International Development (DfID).

Dear members, with the same zeal that we have developed and supported our country for the past 60 years and more, let us aim to steer it through into new beginnings, full of hope, prosperity and equal opportunities for all.

God Bless Kenya.

Sachin Gudka
KAM Chairman

THE CHIEF EXECUTIVE'S REPORT



The Priority Agenda themed ***Closing the Manufacturing gap through the Big 4 Agenda for shared prosperity***, highlighted five key pillars - Competitiveness and level playing field; Enhanced market access; Pro-industry policy and institutional framework; Government-driven SME development and Securing the future of manufacturing industry.

We also co-organized the COMESA Source 21 High-Level Business Summit with COMESA Business Council. The event themed, ***“Powering Regional Integration through Trade”***, hosted four presidents from the region and centred on manufacturing competitiveness, digitalization and trade facilitation, digital financial services and regional payment systems, standards and

Last year, we celebrated 60 years since the establishment of Kenya Association of Manufacturers. It is through your role, as industrialists, that Kenya has made its mark in the world and risen into the regional beacon creating productive jobs and wealth distribution.

Since 1959, the Association has continued to raise the discourse on industrialization and why Kenya needs to prioritize a strong manufacturing base through our fact-based advocacy and valuable partnerships. We

appreciate the support and confidence in the Association in the last 60 years. The next 60 years promise to be the future of Kenya with continued investment and deliberate growth of the Association and we look forward to achieving this together.

At the beginning of 2019, the Association launched the Manufacturing Priority Agenda (MPA) 2019 which highlighted immediate action plans to guide KAM's advocacy during the year. The Priority Agenda themed ***Closing the Manufacturing gap through the Big 4 Agenda for shared prosperity***, highlighted five key pillars - Competitiveness and level playing field; Enhanced market access; Pro-industry policy and institutional framework; Government-driven SME development and Securing the future of manufacturing industry.

KAM made great strides in the MPA actions, with approximately 78% of the proposals being taken up by the Government Ministries, Departments and Agencies for implementation.

We continued to demonstrate the role of the manufacturing sector in realizing shared prosperity through our engagements with the government. Key among them, the 10th Presidential Roundtable and Public-Private Sector Roundtable, hosted by Kenya Private Sector Alliance (KEPSA). KAM's representation in these meetings resulted in the immediate action of Government and Government Agencies' local procurement of footwear and fabric for Kenya's disciplined forces from local industries, the development of a national action plan to aid in the fight against illicit trade and reduction of intervening agencies from 28 to 4 at port and Inland Container Deposit - Nairobi to drive competitiveness.

We also engaged the national government and regional stakeholders to enhance access of Kenyan products to local, EAC, COMESA and African Continental Free Trade Area (AfCFTA) markets. Part of this was the 3rd edition of the Kenya Manufacturing Summit and Expo, which was held in the form of Changamka Kenya Shopping Festival, the first of its kind in the country. This Festival brought together 161 exhibitors and over 100,000 participants from all parts of the country and also engaged various stakeholders to promote policies and share ideas to spur the Sector's growth.

We also co-organized the COMESA Source 21 High-Level Business Summit with COMESA Business Council. The event themed, ***“Powering Regional Integration through Trade”***, hosted four presidents from the region and centred on manufacturing competitiveness, digitalization and trade facilitation, digital financial services and regional payment systems, standards and quality issues, smart and sustainable cities and the AfCFTA. Heads of State from Kenya, Mauritius, Uganda and Zambia engaged business leaders and regional policy drivers on key strategies to enhance industry competitiveness, local sourcing and intra-regional trade.

Additionally, 75% of KAM's 2019/2020 National Budget proposals were adopted, 80% of recommendations on AfCFTA Rules of Origin were taken up, 70% of KAM asks on EAC Common External Tariff (CET) followed through and 75% of Non-Trade Barriers (NTBs) were resolved.

To prepare, nurture and grow manufacturing SMEs in the country, KAM launched the first-ever Manufacturing SME Hub in the country. The Hub seeks to address the challenges affecting SMEs in the country including unfriendly policies and regulatory regime, tedious and lengthy process in quality standards and certifications, access to markets, access to affordable finance and poor governance structures.

The Association also played a crucial role in creating an enabling business environment through structured dialogue with county governments to ensure that private sector recommendations are included in the counties' Annual Development Plans (ADPs) and the counties' legislative agenda.

In line with our vision to drive the competitiveness of local industries and our core values on inclusiveness and innovation, the Association continued to spearhead the advancement of sustainable industrialization. We partnered with SBM Bank to host the 2nd Women in Manufacturing Gala (WIM) Dinner that provided a platform for women in industry to discuss avenues through which their participation and contribution to the Big Four Agenda can be boosted.

We also held the 15th Energy Management Awards (EMA) to recognize companies taking major sustainability gains in energy efficiency and encourage a culture of energy efficiency and conservation. We partnered with the Confederation of Danish Industries to host the SDG Business Conference which provided a platform for enhancing engagement through multi-stakeholder partnership initiatives in support of the SDGs.

The Association also raised awareness on proper waste management through a variety of activities. These include the signing of the Oceans Plastics Charter, Strategic Sector Cooperation (SSC) Ruaraka Partnership to promote green manufacturing, partnership with Dandora Hiphop City to promote waste management through Taka Banks Programme and National Stakeholder Forum on Industrial Effluent Management. We participated in major events to further engage members of the public on sustainable waste management. These include World Environment Day celebrations, Oktoberfest, Kenya Rugby Series and World Clean-Up Day.

Our Environmental, Social and Governance Initiatives included the KAM CSI event held in September that incorporated youth sustainability workshops on opportunities in waste management, tree planting initiatives and medical camps in partnership with members. We also visited and supported Mathari National Teaching and Referral Hospital in Nairobi and Restoration Orphanage Rabai in Mombasa.

We extend our sincere gratitude to our members and partners for playing a huge part in our advocacy and sustainability initiatives

Phyllis Wakiaga

KAM Chief Executive

BOARD OF DIRECTORS



Sachen Gudka
Chairman



Mucal Kunyiha
Vice Chairman



Flora Mutahi
Ex-Officio



Helen Kimani
Director



Kaushik Shah
Director



Lutaf Kassam
Director



Stephen Brooks
Director



Bharat Shah
Director



Rajan Malde
Director



Rohin Vora

Director



Joe Muganda

Director



Ciiru Waweru

Director



Jane Karuku

Director



Bimal Kantaria

Director



Pankaj Bedi

Director



Rajan Shah

Director



Linus Gitahi

Director



Hitesh Mediratta

Director



Beverley Spencer

Director

REGIONAL LEADERSHIP



LEADERSHIP TEAM



Phyllis Wakiaga
Chief Executive



Job Wanjohi
Head of Policy, Research
and Advocacy



Joyce Njogu
Head of KAM Consulting
and Business Development



Tobias Alando
Head of Membership
and Governance



Sally Kahiu
Head of Corporate
Communications and Marketing

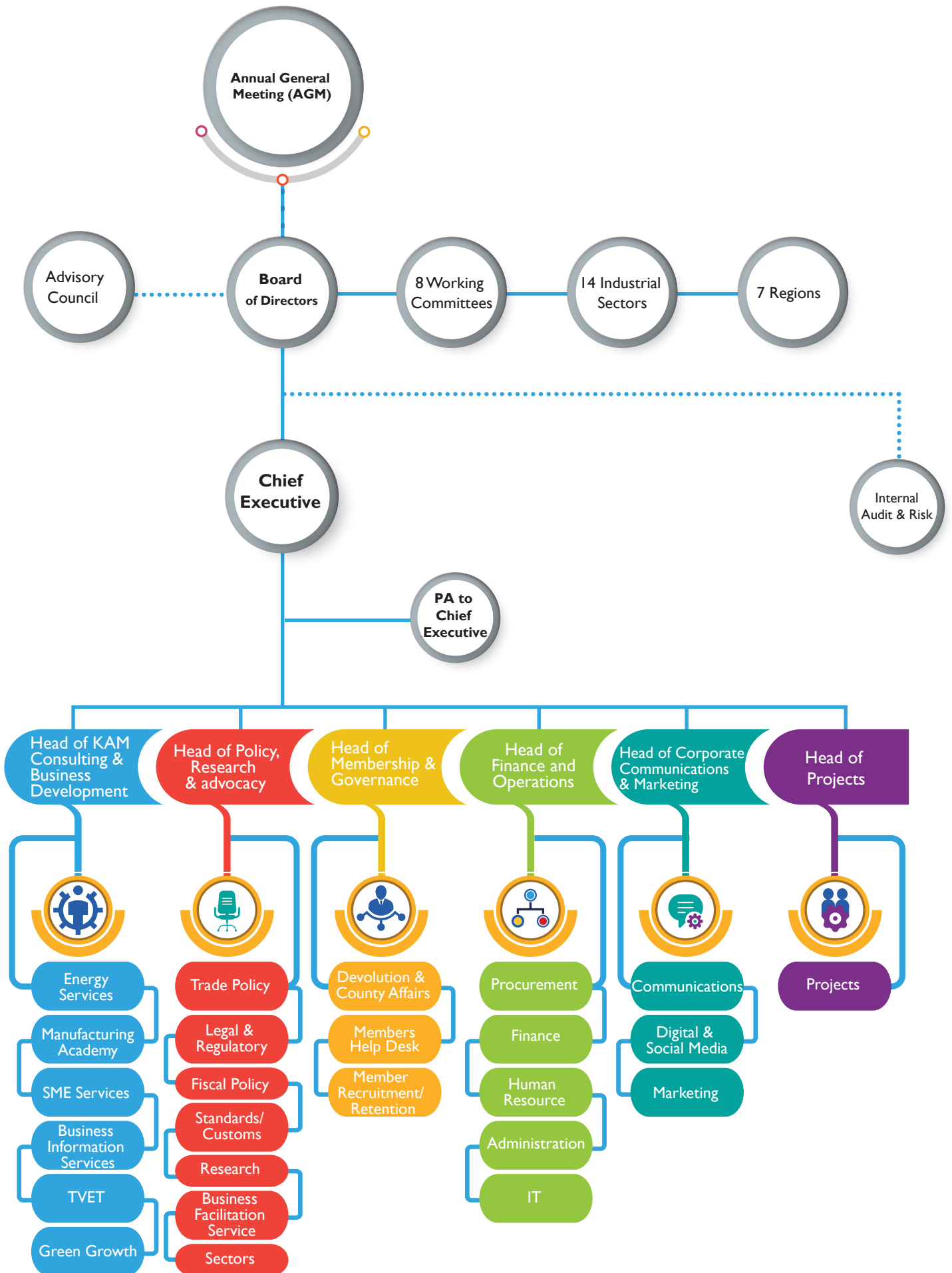


Elly Osewe
Head of Finance and
Operations



Linda Awour
Head of Projects

ORGANISATIONAL STRUCTURE



HIGHLIGHTS

Membership

178

Members joined KAM in 2019



391

issues received through Members Help Desk



94%

of members retained



Advocacy



Approximately, **78%** of the 2019 Manufacturing Priority Agenda proposed actions were taken up by the government Ministries, Departments and Agencies for implementation.

75% of KAM's 2019/2020 National Budget proposals adopted



80% of KAM proposals on AfCFTA Rules of Origin adopted



70% of KAM proposals on EAC CET adopted



75% of NTBs Resolved



Employees



68

Total Number of Employees

33



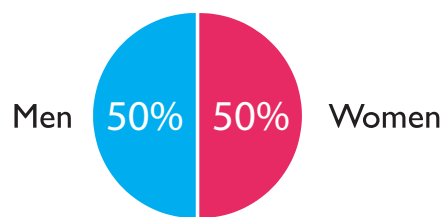
Men

35



Women

Proportions of women and men in senior positions



Sustainability

01

Energy Management Awards

64 companies participated in the General category

20 companies participated in the Renewable Energy Category

15 Companies participated in the Water Efficiency Category

5 Companies participated in the Students Award Category

03

Manufacturing Academy

21 The Manufacturing Academy conducted 21 trainings.

Green Financing

02

14 green projects were certified

9 projects financed in the year through SUNREF partner banks.

TVET

04


24 new companies participated in the TVET and CBET Program

6 industries pilot CBET curricula

61 CBET students and 250 TVET students trained on work

266 graduates so far placed in industries for internship

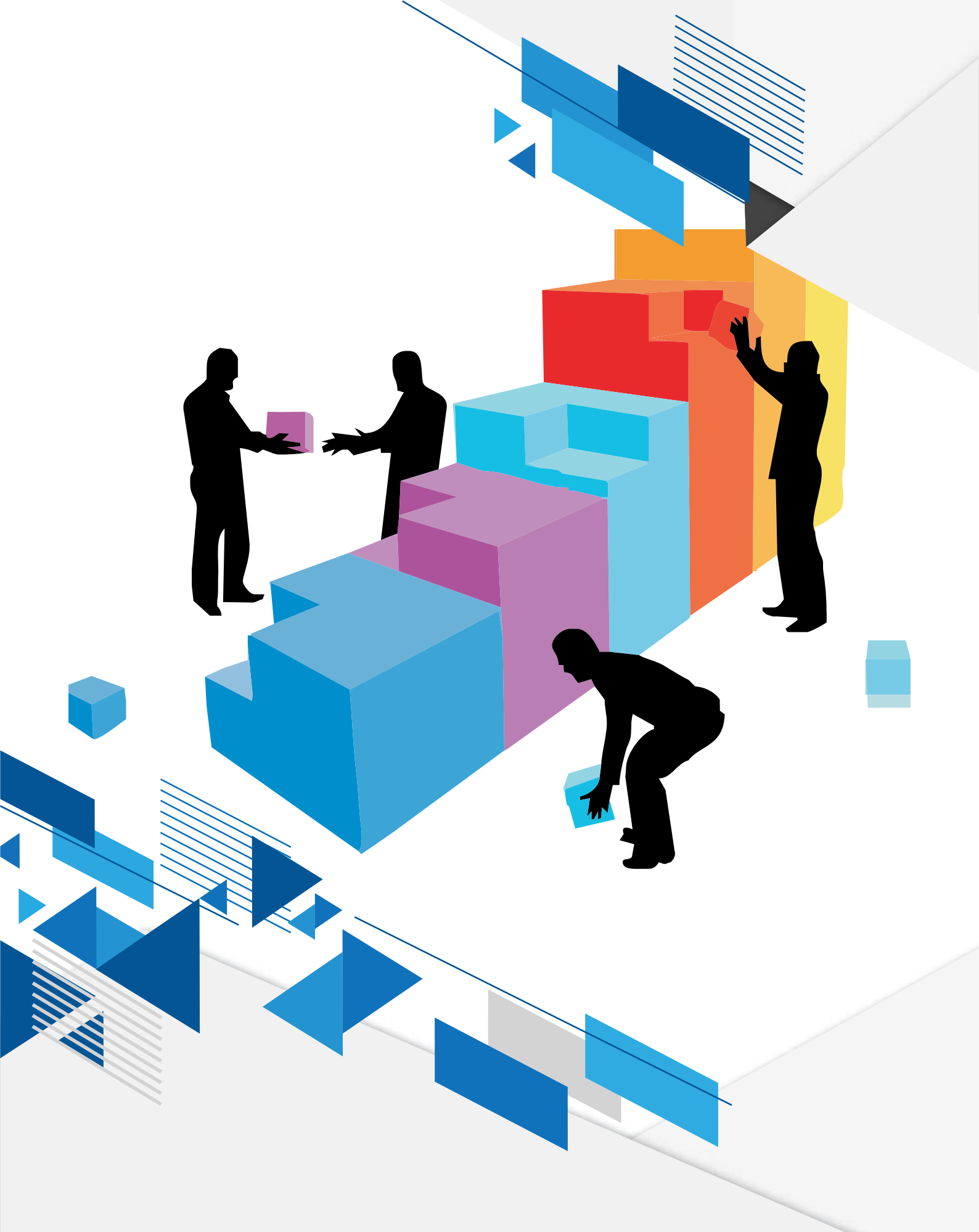
51 graduates already employed



“ We take cognisance of the 60 years in which we have been in existence, driving the economy, creating jobs, enhancing Kenya's competitiveness in the region and globally and providing solutions for our people. It is in this same spirit that we continue to chart the next 60 years of economic sustainability for our country.

Sachen Gudka, KAM Chairman

”



BUSINESS DEVELOPMENT PLAN

The Industrialization agenda has been featured strongly in many governments and business community development narratives across the country and the Association is in a better position than any other BMO to drive it to fruition.

KAM

takes you there

Since 2001, KAM's work has been guided by three year Business Development Plans jointly developed by the Board and Secretariat. In the 1st Plan covering the period 2002 - 2004, KAM sought to strengthen its internal structures to professionalize the Secretariat to ensure the staff drove the organization's operational strategy rather than the volunteer Board members. This set the stage for the growth of a robust organization initially through the expansion numbers of staff in Advocacy, Communication and Membership Services.

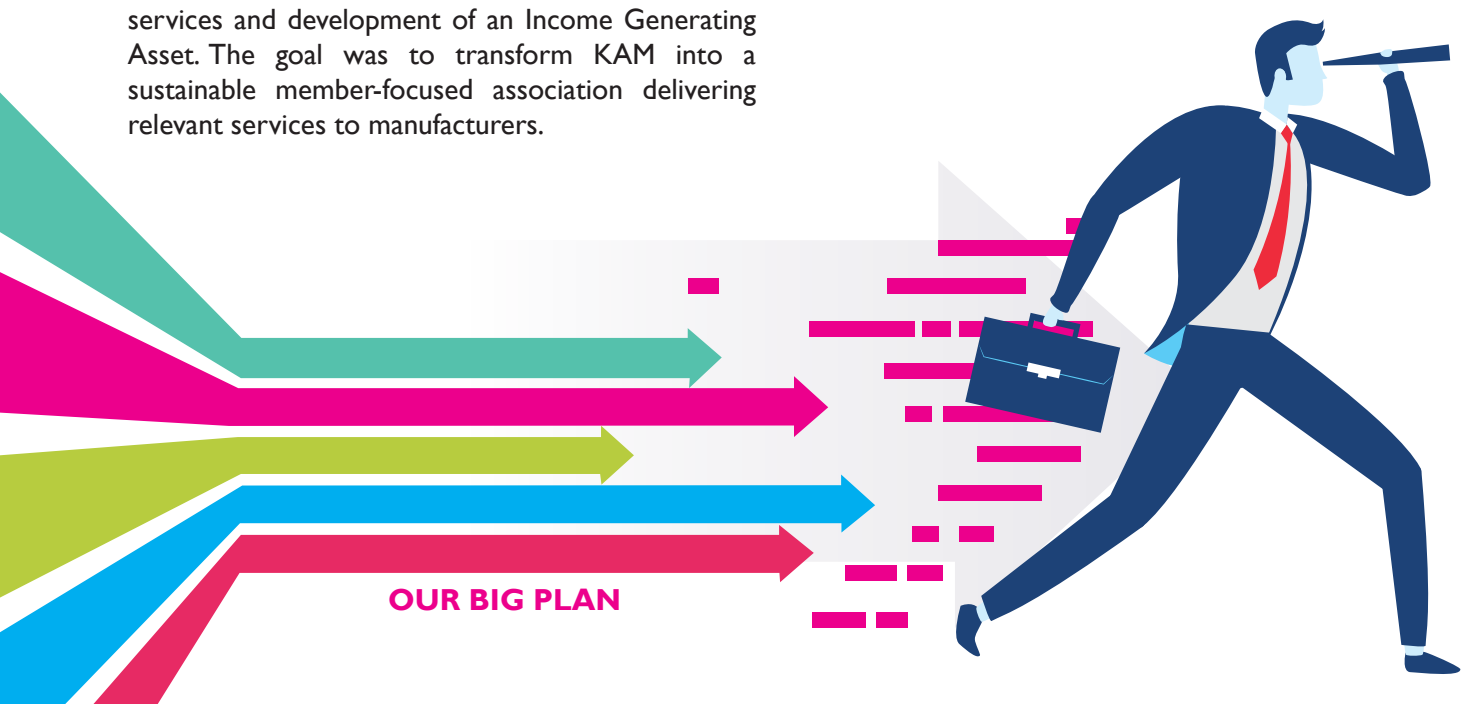
In the 2005 - 2007 and 2008 - 2010 BDPs, KAM strategized to solidify and utilize the developed capacity at the Secretariat to increase its membership, offer robust advocacy and business services to members, as well as expand member services to the Chapters.

The 2011 - 2013 BDP continued on this path but with a stronger focus on building a sustainable organisation with a specific focus on the fee-based services and development of an Income Generating Asset. The goal was to transform KAM into a sustainable member-focused association delivering relevant services to manufacturers.

The result of the implementation of this BDP was impressive. KAM became a more recognised and respected institution and part of mainstream government policy formulation. Income was also diversified into three sources, subscriptions, funded projects and Income Generating Asset (IGA) making the organization financially sound and sustainable. The secretariat and membership grew substantially.

The 2014 to 2016 period prioritized expanding influence with decision-makers, strengthening our business services and growing and activating our community. All this anchored on a robust institutional base and further deepens our work in counties, nationally, regionally and internationally to advance our members interests by proactively influencing new policies that affect manufacturing. We specifically worked to reduce the benchmarked costs of doing Business, Improve business competitiveness, and increase KAM members.

The 2017-2019 BDP KAM sought a proactive approach to entrench a national industrial policy to drive Kenya into a middle-income country by the year 2030. This involved changing the narrative of industry through our research and advocacy to clearly articulate the feasibility of an industrial revolution. KAM also advocated for the need to proactively drive a coherent industrial strategy in the context of Kenya's unique devolved governance framework for Kenya to realize a robust, diversified and competitive local industry and inclusive economic order. The BDP focused on driving industrial growth to realize 15% contribution of the manufacturing sector to GDP by 2020,



supporting skills-based job creation agenda and increase manufacturing sector jobs by 33%, enhancing market access for products, locally and globally to grow exports by 33% by 2019, retain and recruit a broad membership base, operational Excellence.

In the 2020 - 2022 Business Plan, KAM seeks to be more influential in her engagement for the benefit of the manufacturing sector and the economic growth of our country. The Association will focus on identifying new markets while strengthening the existing markets for locally manufactured goods, improve on productivity and job creation, broaden the membership-base to have a more influential and representative organization and lastly, to develop an effective organization through operational excellence & sustainability.

We aim to achieve this by influencing policy frameworks that promote an efficient and effective business environment for industries to thrive in. Additionally, through engagements towards creating a healthy manufacturing ecosystem through sound policy, regulatory and institutional frameworks that foster forward and backward linkages, dynamic economies of scale and innovation.

The process of developing this plan was informed by the outcome of the snapshot mid-term review of the 2017 - 2019 BDP. The process also benefited from expert input from Prof Robert Gishira and the confederation of Danish Industries team led by Bjarne Palstrøm and Bente Toftkær.

The Plan seeks out to enhance the role of local industries to economic growth and development in the country by further aligning to Vision 2030, the Kenya Industrial Transformation Program and most recently, the Big 4 Agenda, a demonstration of the Government's high-level commitment towards revitalizing the manufacturing sector.



KAM Directors meet to deliberate on the 2020-2022 Business Development Plan

KAM AT 60 CELEBRATIONS



Kenya's story of manufacturing has unfolded vis-à-vis the country's growth, accomplishments and resilience. It is through manufacturing that Kenya has made its mark in the world and risen into a regional beacon through job and wealth creation. The sector has been at the centre of catalysing Kenya's growth and shaping the Nation's progress in the last 60 years.

Since before independence, manufacturing has provided productive jobs that have, in turn, provided security and stability for many Kenyan families. The sector has steered the development of infrastructure that has consequently opened and connected diverse societies to trade and interact with each other. Subsequently, this has led to Kenya's long-standing reputation as a preferred investment destination in Africa.

Since its establishment in 1959, Kenya Association of Manufacturers (KAM)

has been front and centre in driving fact-based policy advocacy towards the formation of industrial policies to strengthen and support the country's economic development.



Interior CS Dr. Fred Matiang'i signs visitors book during Changamka Festival



The Association has continued to raise the discourse on industrialization and why Kenya needs to prioritize a strong manufacturing base through our fact-based advocacy and valuable partnerships.

The next 60 years promise to be the future of Kenya with continued investment and deliberate growth of the manufacturing sector. Manufacturing will therefore be central to Kenya's ability to meet its development goals. KAM will continue to raise the bar in being the voice of industry, advocating for industrialization in Africa for shared prosperity.



Changamka Festival officially opened led by CS Fred Matiang'i

HIGH-LEVEL ENGAGEMENTS



EU Ambassador to Kenya, Amb. Simon Mordue, pays courtesy call to KAM



UNCTAD representative pays courtesy call to KAM



Interior CS and National Development Implementation and Communication Cabinet Committee Chair, Dr Fred Matiang'i meets KAM Directors



Head of DfID Invest in Africa, Mr Kerry Conway visits United Aryan EPZ



KAM Chair, Mr Sachin Gudka welcomes H.E President during Source 21 COMESA Business Summit



POLICY AND ADVOCACY REPORT

MANUFACTURING PRIORITY AGENDA 2019

KAM Successfully implemented the 2019 Manufacturing Priority Agenda, themed *Closing the Manufacturing gap through the Big 4 Agenda for shared prosperity*. It outlined immediate actions that would yield tangible results in the short term, and work towards reigniting the economic development of the country.

The Agenda was anchored on five key pillars - Competitiveness and Level playing field, Enhanced market access, Pro-industry policy and institutional framework, Government driven SME development and Securing the future of manufacturing industry - which guided the Association's advocacy throughout the year.

About 78 percent of the proposed actions were taken up by the government ministries, departments and agencies for Implementation was however impeded by several factors, key among them slow implementation of crucial policies.

ACHIEVEMENTS UNDER COMPETITIVENESS AND LEVEL PLAYING FIELD INCLUDE:

Presidential Roundtable Engagement

The Association represented its members at the 10th Presidential Roundtable, an event hosted by KEPSA.

His Excellency President Uhuru Kenyatta highlighted the need to infuse prompt payment into the 2019/2020 Finance Bill to ensure that reforms undertaken criminalize intentional diversion of funds meant for paying suppliers. He was in agreement with the private sector's proposal that late payments by Government to Business or Business to Business should be fast-tracked and cleared in a maximum of 60days payment cycle.

As a result of this discussion, the government empowered the Competition Authority of Kenya to address unfair payment practices.



President Uhuru Kenyatta speaks during the Presidential Roundtable

National Development Implementation and Communication Cabinet Committee

The Association engaged the National Development Implementation and Communication Cabinet Committee where we presented challenges hindering the growth of the sector to 42 Principal Secretaries. The Committee was formed at the beginning of 2019 to fast track development programs undertaken by the government and to ensure that government officials are realigned to the government's development plan.

The Principal Secretaries unanimously acknowledged that there is a problem in the manufacturing sector. They therefore noted the need for a change in the government's mindset and commitment by the PSs in supporting local businesses. The forum was organised by KEPSA.

As a follow up on the above engagement, KAM hosted the Chairman of the National Development Implementation and Communication Cabinet Committee and Interior Cabinet Secretary, Dr Fred Matiangi twice on the state of Kenya's manufacturing sector. Cabinet Committee and Interior Cabinet Secretary, Dr Fred Matiangi twice on the state of Kenya's manufacturing sector.

Energy Rebate Program Gazetted

Following KAM's advocacy to reduce the energy cost, the National Treasury, through the Finance Act 2018, amended section 15 of the Income Tax Act to provide for an Electricity Rebate Program. The program allows for a 30 percent rebate on the cost of electricity incurred by manufacturers as a short term measure subject to Key Performance Indicators (KPIs), developed for industry by the Ministry of Energy. The KPIs were gazetted in 2019. However, the government reversed the gains made under the Program through Tax Laws (Amendment) Act 2020 by abolishing the program

Prompt Payment

KAM, Association of Kenya Suppliers (AKS) and Retail Trade Association of Kenya (RETRAK) signed the Retail Trade Code of Practice to guide Prompt Payment in the Retail Sector. The Code of Practice seeks to encourage self-regulation and harmonize the retailers' and suppliers' ways of engagement and in so doing, also apply international best practice applicable to the Kenyan situation.



KAM, AKS & Retrak sign Retail Code of Practice

Port logistics

KAM engaged the Office of the President on logistical challenges facing manufacturers in the country, particularly the Port and Inland Container Depot - Nairobi (ICDN). The Association also met the Ministry of Interior and Coordination of National Government on the progress made in the implementation of the Joint Technical Committee on Transport and Logistics report.

Through these engagements, the Association successfully lobbied for the development of a coordination framework for government agencies working at ICDN, the introduction of accountability forms for verification with set timelines for all intervening agencies, enrichment of standards in local Certificates of Conformity (CoC), review of SGR freight rates to reflect market reality and harmonization. management of container transfers from Mombasa to ICDN and commencement of the free storage period and fast-tracking the development of infrastructure within and around the the ICDN. The intervening agencies were reduced from 28 to 4 with a view of inducing effectiveness at the port, reduce rent-seeking behaviors, utilize optimally the enriched Pre-Verification of Conformity program.

Fight against Illicit Trade

As part of the initiatives to enhance the fight against illicit trade in the country, the Association participated in the development and launch of the National Action Plan and Implementation Framework to Combat Illicit Trade. The Strategy against illicit trade is one of the signs that the Government is committed to sustain the fight against illicit trade in Kenya.

Additionally, KAM partnered with the Anti-Counterfeit Authority (ACA) to create awareness on denormalizing illicit trade to county law enforcement agencies through the County sensitization program.

County Dialogue Forums

The Association, in partnership with like-minded Business Membership Organisations (BMOs), successfully engaged County Executive Committees in eight counties to influence Annual Development Plans (ADPs) and the County Assembly Legislative Agenda. The ADPs are part of a legally enforced performance management framework for county governments. They detail prioritized projects and planned activities among other things for counties. The Legislative Agenda constitutes a set of policies and laws to facilitate the actualization of some of these priorities. The counties include Uasin Gishu, Machakos, Nakuru, Kisumu, Vihiga, Kiambu, Mombasa and Nairobi.



Nairobi County Dialogue Forum

KAM partners with KMJA to develop Companies Law Guidebook

KAM partnered with Kenya Magistrates and Judges Association (KMJA) to develop a simplified Judicial Guidebook on the Companies Act, 2015, Insolvency Act, 2015 and their Regulations. The Guidebook aims to enable judicial officers and legal practitioners to expeditiously review the relevant provisions in the laws as they settle commercial cases.

It seeks to reduce the time and burden of reading voluminous provisions of the Companies Act and the Insolvency Act in the country; enhance awareness on the provisions of the laws; provide an easy-to-read document on the environment of company law in Kenya; support compliance in the private sector with company law requirements and support investor confidence.

KAM, CMA Sign MoU to promote local industries

KAM and the Capital Markets Authority (CMA) signed a Memorandum of Understanding (MoU) to promote local industries through the capital markets. The partnership focuses on collaborations to identify funding gaps, challenges and impediments to the manufacturing sector and recommend the best reform practices. The agreement also sets the stage for policy formulation and product development aimed at supporting the attainment of the Big 4 Agenda.



KAM, CMA sign MOU to promote local industries

KAM, ICRW partner to promote women in manufacturing

KAM partnered with the International Center for Research on Women (ICRW) to conduct the first ever research study on women in manufacturing in Kenya. The study aims to inform the advocacy strategy to mainstream equality and inclusion in the manufacturing sector. It will feature various stakeholders from government, private sector, civil society and development partners.



KAM, ICRW sign MOU to conduct first-ever Women in Manufacturing study

ACHIEVEMENTS UNDER ENHANCED MARKET ACCESS INCLUDE:

Changamka Kenya Shopping Festival

The Association successfully hosted the third Kenya Manufacturing Summit and Expo which was so far the Biggest Shopping Festival in Kenya, dubbed Changamka Kenya Shopping Festival in partnership with the Ministry of Industry, Trade and Cooperatives and other stakeholders. The Festival, which hosted 161 exhibitors and over 100,000 participants from all sectors across the 47 counties, showcased the diversity of locally manufactured innovations and goods. The Festival also engaged various stakeholders in the manufacturing sector to promote policies and tap ideas to spur the Sector's growth.



EAC Affairs CS Adam Mohamed at Changamka Festival

Local content regulations

KAM engaged the State Department of Trade, State Department of Industry and other stakeholders in the public sector on sector specific guidelines on local content and local content regulations. The guidelines seek to support the implementation of the local content policy. The Policy seeks to increase localization and integration of value chains within the country. The Association submitted inputs on the policy and regulations to the State Department which are under review.

Government Procurement from local industries

The Association engaged the Ministry of Industrialization, Trade and Enterprise Development, Kenya Wildlife Service and the Department of Defence (DOD) on procurement of locally made textiles and footwear products in 2018.

In 2019, progress was made in the Leather and footwear as well as textile and apparel sectors through procurement of footwear and fabric for Kenya's uniformed forces. The Apparels sector also supplied all the garment requirements for the Huduma Number registration program. The newly unlocked market increased the manufacturers' capacity utilization by about 10-30 percent and created about 500 new direct jobs.

EAC Manufacturers Network

KAM hosted the 12th Manufacturers Network Forum and participated in two such forums in the course of the year. The forums focused on the EAC Common External Tariff (CET), resolution of tariff and non-tariff barriers, African Continental Free Trade Area (AfCFTA) and Post-Agoa Strategy, among others.

Since its inception in 2015, the Network has managed to advocate for the resolution of tariff and non-tariff barriers, review of EAC Customs Management Act, tax stamps management systems, harmonization of domestic taxes, fight against illicit trade and EAC Common External Tariff (CET) Review.



EAC Manufacturers Network meets

70% of KAM proposals on EAC CET adopted

KAM participated in the EAC CET review meeting which saw 70% of KAM proposals adopted. The rate for the 4th band, above 25%, is yet to be agreed upon.

75% of NTBs Resolved

31 (75%) out of 41 Non-Tariff Barriers (NTBs) raised in 2019 by industry were resolved. This included accordance of preferential treatment on locally manufactured goods, removal of discriminative excise duty and recognition of Kenya Bureau of Standards (KEBS) S - Mark, among others.

Source 21 COMESA High Level Business Summit and Trade Fair

KAM, COMESA Business Council and the Ministry of Trade, Industry and Enterprise Development successfully hosted the Source 21 COMESA International Trade Fair and High-Level Business Summit in July 2019 at the KICC.

The Summit, which hosted 4 presidents from the COMESA Region, centered on manufacturing competitiveness, digitalization and trade facilitation, digital financial services and regional payment systems, standards and quality issues, smart and sustainable cities and the African Continental Free Trade Area.



Heads of State from Kenya, Mauritius, Uganda and Zambia engage business leaders and regional policy drivers at COMESA Source 21 Business Summit

80% of KAM proposals on AfCFTA Rules of Origin adopted

KAM successfully conducted sector consultations on Africa Free Continental Free Trade Area (**AfCFTA**) Rules of Origin and participated in the Technical Working Groups on the same which saw **80%** of KAM's proposals adopted. The AfCFTA, which came into force in May 2019 and launched in July 2019, brings together more than **1.2 billion** people and countries with over \$ 3 trillion in Gross Domestic Product (**GDP**). The AfCFTA opens up export opportunities for manufactured goods.

EAC SCTIFI Meetings

KAM participated in several Sectoral Council on Trade, Industry, Finance and Investment (**SCTIFI**) meetings where some resolution was arrived at. These include EAC partner States unanimously adopted a four (4) band structure of 0%, 10%, 25% and a rate above 25%; Kenya agreed to join the LDC category on liberalisation timelines of **AfCFTA**; and 79 Draft Standards declared as East African standards.

ACHIEVEMENTS UNDER PRO-INDUSTRY POLICY AND INSTITUTIONAL FRAMEWORK INCLUDE:

KAM hosts High-Level Manufacturing Economic Forum

KAM organized a high - level Manufacturer's Economic Forum to address what should be done to drive manufacturing growth and provide a clear path for Kenya's development agenda. The Association engaged representatives from Academia, Government, Economic Think-Tanks and Industrialists, who cited Kenya's declining competitiveness in the region as a consequence of little or no implementation of existing policies, as well as, a consistent disruption of well-intentioned development programmes by each election cycle.



KAM engages representatives from Academia, Government, Economic Think Tanks and Industrialists during High-Level Economic Forum

78% of KAM's national budget proposals adopted

Approximately 78% of KAM's proposals were adopted in the national budget for fiscal year 2019/2020. Some of the proposals include:



30% Corporate Tax Power Rebate Programme which allows for 30 percent of the electricity cost incurred by manufacturers as a short-term measure upon development of Key Performance Indicators, for industry by the Ministry of Energy.

Withholding VAT Tax from 6% to 2% Proposal to exempt from VAT all services offered to Plastic recycling plants and supply of machinery and equipment used in the construction of these plants.



Proposal to lower corporation tax for the first five years to 15% for any investors operating a plastic recycling plant.

Ministry of Industry adopts Motorcycle Regulations

KAM successfully engaged the State Department of Investment and Industry representatives to discuss and adopt the motorcycle regulations. The regulations were agreed upon and adopted by the Ministry and signed off by all motorcycle assemblers present.



President Uhuru Kenyatta engages Automotive Sector

Policy Dialogue

KAM convened key dialogue discussions with relevant government agencies on various key areas including prompt payment, fiscal policies, emerging county regulatory issues, export, EAC integration and African Continental Free Trade Area

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 Analysis, 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 legislation that were developed and incorporated KAM's recommendations include, The Kiambu County Skilled Labour Bill, The EAC Non-Tariff Barriers (NTB) Bill 2018, The Explosives Bill 2018, The Income Tax Bill 2018, The Tax Law Amendment Bill 2018, The Data Protection Bill 2018, The Breastfeeding Mothers Bill 2018, The Finance Bill 2018, among others.

KAM also participated in the development of sector specific regulations central to industry's competitiveness and growth, including the retail sector regulations, the Sugar general regulations 2018, the Sugar Regulations (Import and Export) 2018, Plastics Regulations 2018, the Motor Vehicle Inspections Regulations 2018. The regulations were disseminated to the relevant ministries, agencies and parliamentary committees.

The Association was also involved in litigation as a means of advancing the rights and interests of members. For instance, KAM was enjoined as an interested party in a litigation case against County Governments and County Assemblies for the measures they have taken which include, failing to recognize trade licenses/distributor licenses/branding licenses issued in other Counties, levying fees and charges, cess, and fees on manufacturers' goods or vehicles passing through their counties or delivering goods to business premises trading in their counties. KAM also provided technical support to sectors that engaged in litigation such as the plastic sector, confectionery sub-sector, Insolvency case against Nakumatt Holdings Limited and the Excisable Goods Management System (EGMS) cases.

ACHIEVEMENTS UNDER GOVERNMENT DRIVEN SME DEVELOPMENT INCLUDING:



KAM Manufacturing SME Hub

The Association launched its manufacturing SME Hub to prepare, nurture and grow manufacturing SMEs in the country. The Hub seeks to address the challenges affecting SMEs in the country including unfriendly policies and regulatory regime, tedious and lengthy process in quality standards and certifications, access to markets, access to affordable finance and poor governance structures.

The Hub is structured to leverage on a variety of relevant partnerships to address specific needs through Identification of priority and beneficial partnerships. It offers a holistic approach to SME engagement in offering products and services to manufacturing SMEs. This is through capacity building services which include incubation Services, Acceleration Services and Scale-Up Services; policy, research, and advocacy; and membership.

National Workshop on Intellectual Property for innovative and competitive SMEs in Kenya

The World Intellectual Property Organization (WIPO) in collaboration with the African Regional Intellectual Property Organization (ARIPO), Kenya Industrial Property Institute (KIPI) and KAM held National Workshop on Intellectual Property for innovative and competitive SMEs in Kenya. The workshop aimed to build the intellectual property capacity of SMEs in Kenya in order to increase their innovativeness and competitiveness.

KAM, AGF Partnership to drive growth of SMEs

KAM partnered with African Guarantee Fund for Small and Medium-sized Enterprises (AGF) to promote the growth and development of the manufacturing Small and Medium-sized Enterprises (SMEs) in Kenya. The partnership seeks to identify and analyze funding gaps, institutional challenges and key impediments in the manufacturing sector and collaborate on implementing solutions to the same. This is geared towards promoting blended financing, including green financing, to trigger appetite and demystify concerns for private sector players to join.

The 2nd Intra-Commonwealth SME Association (ICSA) Trade Summit:

KAM in partnership with the Commonwealth Secretariat, Ministry of Industry, Trade, and Cooperatives organized the 2nd Intra-Commonwealth SME Trade Summit. The summit aimed at providing a Business to Business (B2B) platform for local SMEs to meet and network with exporters and importers drawn from the Commonwealth Countries.

KAM, IDB Capital Kenya sign MoU to provide financing & information to Small and Medium Enterprises

KAM signed a Memorandum of Understanding with IDB Capital Kenya to provide financial services to Small and Medium Industrial Enterprises in the country. The partnership also seeks to ensure that SMEs are trained on how to develop business plans that meet the requirements of financial institutions.

KAM, E-Commerce players partnered to promote market linkages:

The Association also partnered with e-commerce players in the country to boost the access of manufacturing SMEs to local and international markets through e-commerce. The partnership seeks to promote the uptake of e-commerce by SMEs to enable them to gain access to global markets and new international customers and to reinvent their business models to align with changing technologies.

ACHIEVEMENTS UNDER SECURING THE FUTURE OF MANUFACTURING INDUSTRY INCLUDE:

SDGs Business Conference

The Association engaged policymakers during the Sustainable Development Goals (SDGs) Business Conference on policy frameworks to support the implementation of SDGs. The forum, held in collaboration with the Confederation of Danish Industries, also provided a platform for learning, sharing knowledge and enhancing engagement through multi-stakeholder partnership initiatives in support of the SDGs. The government committed to support the development of a legislative framework towards SDGs.



County Waste Management Policy & Bill

KAM and Kenya Alliance of Resident Associations (KARA) developed a model County Waste Management Policy and Bill to guide County Governments in developing waste management policies. The Associations also engaged eleven (11) County Governments to sensitize them on the model documents and support Counties to customize the same for their adoption. Of the 11 counties, Mombasa, Kisumu and Nakuru adopted the draft models and are currently customizing them in their respective counties.

Kenya Plastic Action Plan

The Association launched the Kenya Plastic Action Plan, a private sector driven policy and action plan that aims at enabling a circular economy for environmentally sustainable use and recycling of plastics in Kenya. The Plan proposes a road map to an economy for plastics use and waste management in Kenya. It identifies specific actions that the public and private sector should undertake to achieve above including waste management at county level, formation and regulation of Extended Producer Responsibility schemes and establishment of recycling value chains and standards.

If properly executed, the Action Plan will result in a comprehensive funding, compliance and monitoring mechanism, which creates awareness, education and commitment from every stakeholder in the value chain, to redesign their role and contribute real resources towards making our circular economy ambition a reality for our future generations.



An exhibitor (L) explains a point to (2nd Left- Right) KAM Chair Sachin Gudka, Environment CAS Mohamed Elmi, NEMA Ag. DG Mamo b Mamo, and KAM Vice Chair Mucai Kunyiha

National Stakeholder Forum on Industrial Effluent Management

KAM in collaboration with the Ministry of Water, Sanitation and Irrigation and 2030 Water Resources Group hosted the National Stakeholder Forum on Industrial Effluent Management. The forum brought together industry players and relevant stakeholders from government, private sector and civil society, to collectively develop policy solutions as well as technical and financing solutions to achieve compliance with existing regulations, water conservation, and pollution prevention.



National Stakeholders Forum on Industrial Effluent Management

KAM signs MOU to promote Youth Employment and Technical Vocational Education Training in Kenya

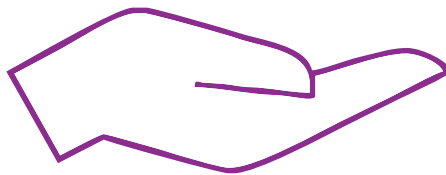
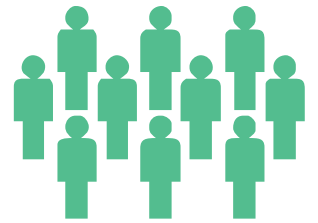
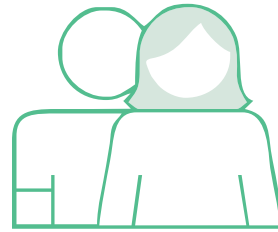
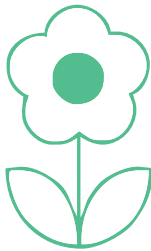
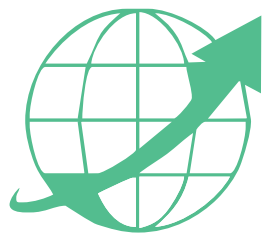
KAM signed an MOU with GIZ-ED4/ SOGA, German Development Bank KfW (kreditanstalt für Wiederaufbau) and Technical Trainings Institutions, to promote Youth Employment and Vocational Training in Kenya, particularly on Automotive Mechatronics, Industrial Mechatronics and Body Building & Welding. The technical courses have been running on a Competency Based Education and Training (CBET) model and offered by Kiambu Institute of Science and Technology (KIST), Nairobi Technical Training Institute (NTTI) and Thika Technical Training Institute (TTTI).

High Level panel on Waste Management and Circular Economy

KAM engaged representatives from the government, private sector and youth during the High-Level Panel on Waste Management and Circular Economy and Youth Sustainability Conference in September 2019. Youth were urged to take advantage of waste management solutions as the new frontier of job and wealth creation and sustainable economic growth.

“KAM seeks to be more influential in her engagement for the benefit of the manufacturing sector and the economic growth of our country. The Association will focus on identifying new markets while strengthening the existing markets for locally manufactured goods, improve on productivity and job creation, broaden the membership-base to have a more influential and representative organization and lastly, to develop an effective organization through operational excellence & sustainability

KAM Business Development Plan, 2020 - 2022”



SUSTAINABILITY REPORT

PREFACE

In line with our vision to drive the competitiveness of local industries and our core values on inclusiveness and innovation, KAM has been at the forefront spearheading the advancement of sustainable industrialization.

Industry is making strides to promote sustainable business practices in line with Sustainable Development Goals (SDGs) and people driven development, aligned to the Agenda 2063 of the Africa Union.



SKILLS DEVELOPMENT

Manufacturing Academy

KAM Manufacturing Academy provides both in-house and open house technical/specialized and management training in various broad areas.

The Academy conducted:

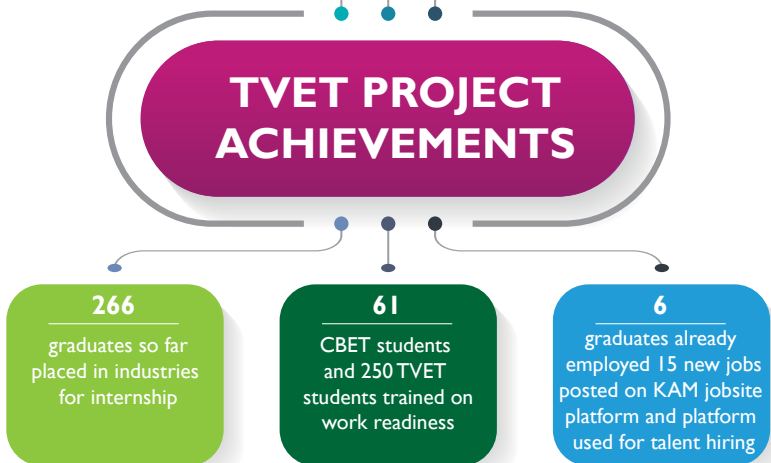
KAM, GIZ, TTI signs MOU

2019 achievements include:



TVET Project

To further promote skills development in the country, KAM kicked off the second phase of the KAM TVET Project. Whilst the first phase of the project entailed working with industries and TVET institutions, to link graduates to industries and subsequently jobs, the second phase supports Competency Based Education and Training (CBET) and pioneer placement of CBET graduates in the industry. This phase seeks to provide learners with practical skills and knowledge that will enable them to perform required standards of industry and business.



GREEN GROWTH AND CIRCULAR ECONOMY



Kenya Breweries celebrates after emerging overall winners of the Energy Management Awards 2019.

Energy Efficiency

Kenya Nordic Green Hub launched

KAM in partnership with Nordic Countries launched a Green Hub to address climate change challenges affecting the country. The Nordic Countries, mainly Denmark, Finland, Norway, and Sweden, will provide technological knowledge and innovations to facilitate a low dependency on carbon-based fuels and demonstrate decoupling economic growth from CO₂ emissions. The Green Hub seeks to boost the Association's efforts to mitigate energy efficiency by industry. Through the Centre for Energy Efficiency and Conservation, KAM has been able to abate more than 180,000 tonnes of carbon dioxide annually through the implementation of both energy efficiency and renewable energy projects.

4th Clean Energy Conference

KAM and the Ministry of Energy and Petroleum hosted a two - day clean energy conference themed *Sustaining a clean energy market in Kenya*. The Conference provided an opportunity for industry and its stakeholders to discuss initiatives to promote green investments, and mechanisms to improve the quality of renewable energy and energy efficiency technology, to ultimately reduce the cost of production and increase our competitiveness.

15th Energy Management Awards

KAM held its 15th Energy Management Awards to recognize companies taking major sustainability gains in energy efficiency and encourage a culture of energy efficiency and conservation.

The award, themed, *celebrating excellence in energy efficiency*, had four main classifications, The General Category, Renewable Energy Category, Water Efficiency Category and Students Award Category, registering a total of 64 participants, 20 participants, 15 participants and 5 participants respectively.



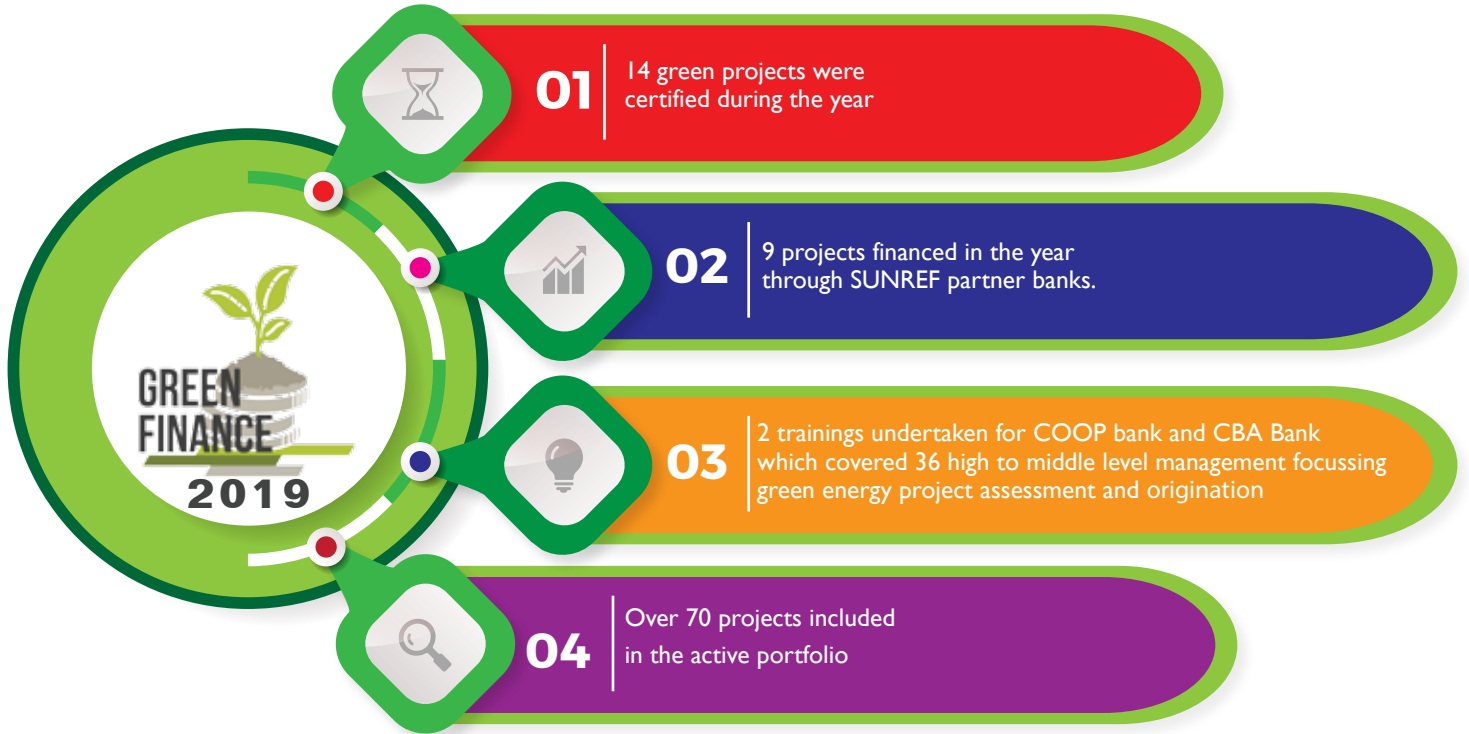
Panel session during the 4th Clean Energy Conference

EMA Hall of Fame

No.	Award category	Winner
1.	Overall Energy Management Award	Kenya Breweries Ltd
2.	Overall Renewable Energy Award	Oserian Development Company Ltd
3.	Overall Water Efficiency Award	BAT - Thika
4.	Student's Innovation Award	PowerYako Project By Joseph Nakuro & Dennis Kariuki
5.	Sustained High Performance Award	BAT Nairobi
6.	Energy Innovation Award	Kenya Breweries Ltd
7.	Electricity Savings Award (LC)	Tata Chemicals Magadi Ltd
8.	Electricity Savings Award (MC)	BAT - Thika
9.	Electricity Savings Award (SC)	Executive Residency by Best Western
10.	Fuel Savings Award (LC)	Kenya Breweries Ltd
11.	Fuel Savings Award (MC)	Frigoken Ltd
12.	Fuel Savings Award (SC)	Kiru Tea Factory
13.	Recognition: Sustainable Finance	Cooperative Bank
14.	Recognition: Energy Management Tea Sector	Karirana Estates limited
15.	Best Energy Management Service Sector Award	Sarova Woodlands
16.	Best Energy Management Team Award	Kenya Breweries Ltd
17.	Best New Entrant Award (LC)	Mombasa Cement Ltd Vipingo-Unit
18.	Best New Entrant Award (S&M)	Krystalline Salt Limited
19.	Most Improved Award	Njoro Canning Factory Ltd

Green Financing

Through the SUNREF Programme, the Association continued to provide financial solutions to green energy initiatives with the aim of mitigating climate change. The SUNREF is a French Development Agency (AFD) Green Label Programme.



KAM Chair hands over Ocean Plastics endorsement to Canadian Delegation First Secretary (Political) Deputy Permanent Representative Marcus Davies



KAM Head of Corporate Communications, Ms Sally Kahiu speaking during the World Environment Day Celebrations

Waste Management

Ocean Plastics Charter Signing Ceremony

Members of the Association signed the Oceans Plastic Charter with the aim to ensure that plastics are designed for reuse and recycling, as well as to protect the environment while keeping valuable plastics in the economy. In June 2018, the Ocean Plastic Charter was adopted by a number of countries in order to demonstrate their commitment to take action to address marine plastic litter. Kenya became a signatory to the charter at the Blue Oceans Conference in November 2018

SSC Ruaraka Partnership on greening the Manufacturing Sector

KAM participated in the Strategic Sector Cooperation (SSC) Event, which hosted Danish Minister for Development Cooperation, Mr. Rasmus Prehn in Ruaraka, Nairobi. The SSC aims to assist Kenya in realizing economic and industrial growth and environmental protection by pursuing a green and circular economy road map. Launched in 2018 as a framework for present and future SSC engagements, the Ruaraka public-private partnership on environmental management and circular economy has become a strong platform, attracting and adding new partners and resources to the sector cooperation, such as research and commercial relations.

KAM, Dandora Hiphop City launch Taka Banks Programme

In partnership with Dandora Hiphop City (DHC), KAM launched the Customer Bora –Taka Banks Programme to facilitate sustainable collection of waste for recycling by establishing trial “taka banks” kiosks to serve as collection stations. The online platform dubbed Customer Bora will facilitate correspondence between groups in order to encourage uptake and flow of all communication about the program.



Launch of Taka Banks Programme

World Environment Day Celebrations

KAM participated in the World Environment Day panel discussion on Hewa Safi, Jukumu Letu. The event, hosted by Nairobi City County in partnership with National Environment Management Authority (NEMA), provided a platform for stakeholders to address areas of policy, research, regulatory framework and ongoing initiatives aimed at reducing air pollution levels.

National Stakeholder Forum on Industrial Effluent Management

KAM in collaboration with the Ministry of Water, Sanitation and Irrigation and 2030 Water Resources Group hosted the National Stakeholder Forum on Industrial Effluent Management. The forum brought together industry players and relevant stakeholders from government, private sector and civil society, to collectively develop policy solutions as well as technical and financing solutions to achieve compliance with existing regulations, water conservation, and pollution prevention.

CHAMPIONING INCLUSIVE IN INDUSTRY

Annual Women in Manufacturing Gala Dinner

KAM, in partnership with SBM Bank Kenya hosted the Second Women In Manufacturing Gala Dinner. The Gala event provided a platform for women in industry to discuss avenues through which their participation and contribution to the Big Four Agenda can be boosted. WIM looks at increasing the value and capacity of women-driven business through technical assistance, facilitating access to finance and mentorship from KAM's larger database where they can also seek solutions to scale up their industry through business to business linkages. There is great potential for women run industries to create productive jobs and to grow the value chain in the country.



2nd Annual Women in Manufacturing Gala Dinner

WIM Exchange Visit and Forum

Women industrialists participated in an exchange visit to BOC Gases Kenya, the leading supplier of industrial, medical and special gases in East Africa, where they got an opportunity to learn about practical approaches to Kaizen. Kaizen is a Japanese word for continual improvement.

Continual improvement focuses on constantly re-examining and improving the products, services and processes in a business, which in turn improves focus on growth and creates a culture of improvement. The Association also hosted the WIM Fireside Chat, with one of the top industry shapers, Ms. Beverley Spencer-Obatoyinbo, East and Central Africa Area Director and British American Tobacco Kenya Managing Director. She shared insights about her leadership journey and role in building women participation in industry.



Women industrialists exchange visit to BOC Kenya

KAM partners with ITC to develop a framework for WIM Caucus

In line with the initiatives to institutionalize WIM, KAM partnered with International Trade Centre (ITC) through a strategic consultative workshop, to deliberate on the formulation and constitution of WIM. The workshop highlighted opportunities for the caucus to grow and achieve its mandate including: how to drive more women to become members; mechanisms to spur the engagement for existing women members through networking activities, training initiatives, outreach; and identifying the importance of predominantly recreational events, and then slowly move into creating more substantive programmes.



Participants at the WIM, ITC strategic workshop

SME Development

The Association equipped growth-oriented enterprises with sustainable business practices to enhance scalability through the Business Growth Program (BGP). The program encourages micro and small and medium businesses to prepare for growth, expansion and diversification of their current operations. The program trained manufacturing SMEs on seven modules.

SME DEVELOPMENT MODULES



We also provided SMEs with business advisory services and mentorship through various topical trainings, seminars and exchange visits.



Manufacturing SME Hub Launched

ETHICAL BUSINESS PRACTICES



**KAM, Confederation of Danish Industries host
SDG Conference**

KAM, in collaboration with the Confederation of Danish Industries organized a two-day Sustainable Development Goals (SDG) Business Conference to provide a platform for learning, sharing knowledge and enhancing engagement through multi-stakeholder partnership initiatives in support of the SDGs.

The SDG Business Conference also emphasized the importance of equipping all with the best knowledge at hand, so that we can go out and forge successful and sustainable partnerships in order to tackle the SDGs. Discussions revolved around how the SDGs are vital in guiding our future development pathway and interactions among the KAM members and beyond. KAM and the Confederation of Danish Industry also hosted a Sustainable Development Goals (SDGs) Target Setting and Monitoring Workshop to raise awareness on SDGs and provide practical tools for their implementation.



KAM Staff champion SDG 5 ahead of the SDG Conference

SDG Conference

National Anti-Corruption Conference

The Association and the Global Compact Network Kenya participated in the National Anti-Corruption Conference held in the beginning of the year. A notable outcome from the conference was the Private Sector commitment to, among other things, prepare an anti-corruption policy to be adopted by signatories of The Code of Ethics for Business in Kenya, in collaboration with the UN Global Compact.

Centre for Corporate Governance Alumni Forum

The Association participated in the Centre for Corporate Governance (CCG) Alumni Forum themed eliminating Corruption through Effective Corporate Governance. The forum provided the Association with an opportunity to share insights on the impact of corruption in realizing the Big 4 Agenda.



CCG Alumni Forum



GLOBAL COMPACT NETWORK KENYA

Ring the Bell for Gender Equality

The Global Compact Network Kenya in partnership with IFC World Bank, Nairobi Securities Exchange (NSE), United Nations (UN) Sustainable Stock Exchanges (SSE) and UN Women, hosted the 5th Bell Ringing Ceremony for Gender Equality to raise awareness and action among listed companies and the wider Private Sector. The event focused on training women in senior management on how to prepare for CEO and Board positions in the Private Sector.

The training was attended by over 70 participants drawn from various sectors who were taken through sessions ranging from: creating an executive presence, how to write a Board of Director's CV, and applying the WEPs principles to mainstream gender diversity in corporate strategy.



Ring a Bell for Gender Equality

Ring the Bell for Gender Equality

Global Compact Kenya partnered with Absa Bank to engage Absa's suppliers and partners on ethical business practices for sustainable development, particularly the fight against corruption in the private sector. The workshop shed more light on the bank's recent commitment to integrate sustainable business practices in the organisation. This commitment was demonstrated when Absa Group – the parent company - became one

of the Signatories to the Principles for Responsible Banking.

Making Global Goals Local Business Forum

The Global Goals Local Business Dialogue takes stock of joint progress towards the Sustainable Development Goals (SDGs) with a spotlight on driving Gender Equality and the Employee Right to Health - including Sexual and Reproductive Health in business strategy and operations. A panel of experts from UN Women, UNFPA shared insights around trends, the business case and opportunities for business to take action.

Four 2019 SDG Pioneers were celebrated during the forum. The Pioneers are young business leaders championing the Sustainable Development Goals (SDGs) through their companies and inspiring others into action.



Keynote address by Prof. Githu Muigai at the Making Global Goals Local Business Forum

Making Global Goals Local Business - East Africa

The UN Global Compact in conjunction with Global Compact Kenya and Global Compact Tanzania held the first-ever 'Making Global Goals Local Business East Africa'. The event, themed, Fostering Private Sector Partnerships to Support Sustainable Development in East African Member States, convened 250 leaders from business with representatives from Government, UN, CSOs and Academia to highlight and develop new sustainable solutions in support of the SDGs.

SECRETARIAT COMMUNITY ENGAGEMENTS

In line with our core values on inclusivity and innovation, and our sustainability agenda, KAM continues to partner with its stakeholders and the community to impact positively on the lives of all citizens with whom we engage.

To this end, the Secretariat partnered with a number of stakeholders as follows;

KAM CSI 2019

The Association hosted the 2019 Corporate Sustainability Initiative (CSI) themed championing Entrepreneurial innovations to foster sustainability. The CSI consisted of the High-Level Panel on Waste Management and Circular Economy, the Youth Sustainability Conference and the KAM - Karen, Langata District Association (KLDA) Clean Up. The Youth Sustainability Conference provided a platform for industry to engage with the youth. Young people were urged to take advantage of waste management solutions as the new frontier of job and wealth creation and sustainable economic growth.



Youth Sustainability Conference panel on innovative ideas

World Clean Up Day

KAM celebrated the World Clean Up Day 2019 by hosting a clean-up activity in partnership with Karen - Langata District Association (KLDA) in the Karen Area. The clean-up activity culminated the KAM CSI week. It hosted over 500 participants and was supported by Silafrica and Tuskys Supermarket.



KAM CSI 2019 clean-up

World Environment Day

Keya Association of Manufacturers (KAM) joined Kiambu County Government to mark the World Environment Day in a community-led series of environment conservation activities held at the Wangari Maathai Institute of Peace and Environmental Studies, Upper Kabet Nairobi. The event, which hosted over 500 people, consisted of a clean-up exercise, free clinic services and tree planting organized as part of the day's activities.



World Environment Day Celebrations

KAM Quarry Sub Sector CSI Initiative

KAM Quarry Sub-Sector, in conjunction with Lion' Club of Nairobi, hosted a free Mega Medical Camp at Katani Secondary School, Machakos County. Activities at the medical camp included general check-up, diabetes screening, cervical cancer screening, hearing check-up, eye check-up and HIV testing, among others. They also held a tree planting session.

Capacity Building Workshops

KAM Secretariat conducted capacity building workshops on Communications, social media management and photography to underprivileged youth in Nairobi. The purpose of the session was to educate and highlight communications tools and methods that are beneficial to the youth to enable them to get necessary assistance in their projects, particularly in regard to waste management.



Capacity Building Workshop for Transformational Youth Group at Kayole, Nairobi

Waste Management Awareness Campaigns

We partnered with Kenya Breweries Limited and Goodtimes Africa to hold Waste Disposal and Segregation Awareness Campaigns at Tusker OktoberFest and Blankets and Wine Festival respectively. We also partnered with Kenya Rugby Union together with Kena Breweries Limited to drive waste management awareness campaigns at Christies 7s and Tusker Safari 7s Rugby Tournaments. The Campaigns featured a variety of educational and interactive activities which focused on educating participants on the need to seegate waste.



Waste Management Awareness Campaign

Changamka Festival Clean Up Activity

KAM in partnership with Nairobi City County held a clean up in the Kasabuni and Riverside Area. The clean up was part of the Changamka Shopping Festival celebrations.

Visit to Mathari National Teaching and Referral Hospital & Restoration Orphanage Rabai

KAM Secretariat visited and donated items to Mathari National Teaching and Referral Hospital in Nairobi & Retoration Orphanage Rabai in Mombasa. The visits and donations were made possible by the KAM Board of Directors, Members and the Secretariat.



Visit to Mathari National Teaching and Referral Hospital

STAKEHOLDER RELATIONS

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.

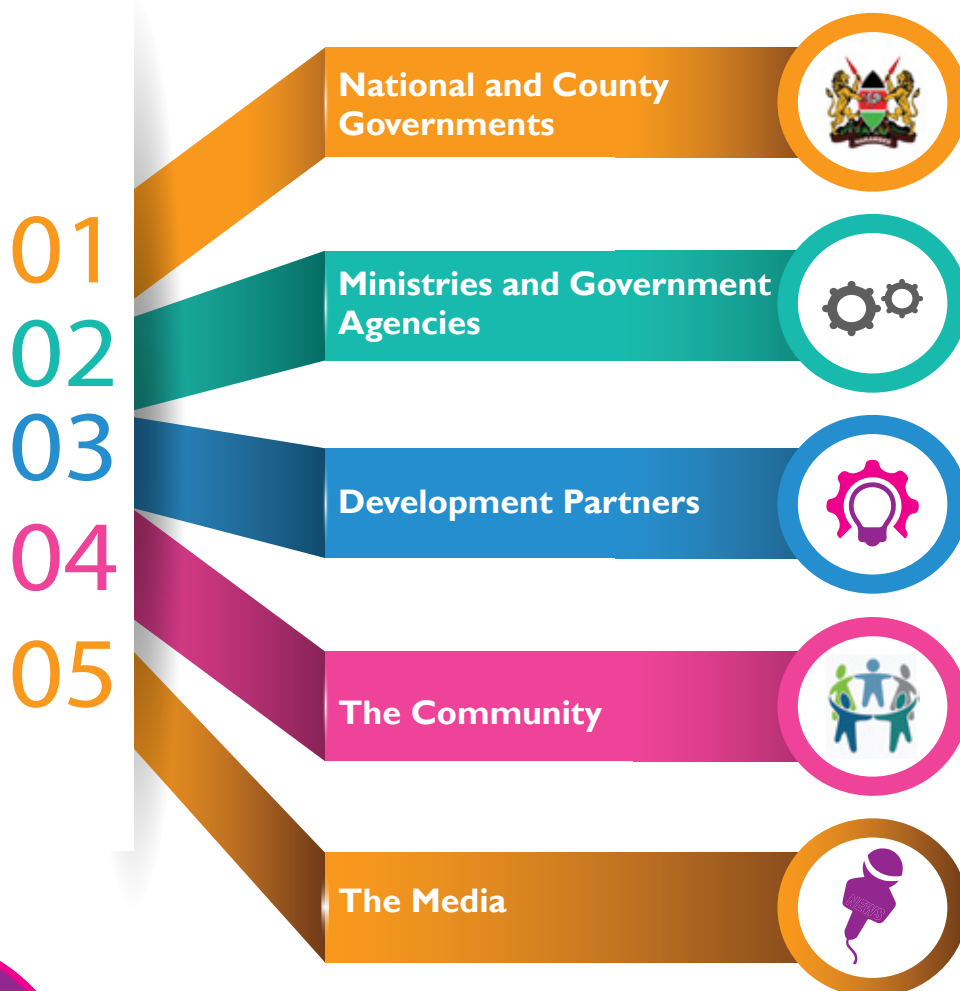
The Association amplified its thought leadership position in matters industry, skills development, green economy and creating awareness on the importance of having a strong industrial base as a country. This was achieved through media engagements, publicity and interview platforms on diverse media, dissemination of statements indicative of the Associations 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 Big 4 Agenda 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 STAKEHOLDERS





“The Industrialization agenda has been featured strongly in many governments and business community development narratives across the country and the Association is in a better position than any other BMO to drive it to fruition

KAM Business Development Plan, 2020 - 2022”



FINANCIAL REPORT

CORPORATE INFORMATION

Board of Directors	<p>Sachen Gudka * Mucai Kunyiha Flora Mutahi Bimal Kantaria Kaushik Shah * Lutafali Kassam Bharatkumar Shah Stephen Brooks Helen Kimani Rajan Dalichand Shah Joe Muganda Jane Karuku Pankaj Bedi ** Rajan Malde RohinVora CiiruWaweru Linus Gitahi Beverly Spencer - Obatoyinbo * Hitesh Mediratta Mahul Shah Rita Kavashe</p> <p>* British ** Indian</p>	<p>- Chairperson - Vice Chairman - Ex Officio</p> <p>- Appointed on 1 July 2019 - Appointed on 1 July 2019 - Resigned on 21 January 2019 - Resigned on 30 June 2019</p>
Chief Executive	Phyllis Wakiaga (Ms)	
Secretary	<p>Axis Kenya Certified Company Secretaries (Kenya) 2nd Floor, Apollo Centre Ring Road Parklands P O Box 764, Sarit Centre, Westlands Nairobi, Kenya</p>	
Registered Office	<p>LR 1870/1/553 - KAM Building 15 Mwanzi Road, Westlands P O Box 30225 - 00100 Nairobi, Kenya</p>	
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>	
Legal Advisor	<p>Murimi and Company Advocates 2nd Floor, Electricity House Harambee Avenue P O Box 540052 - 00200 Nairobi, Kenya</p>	

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors present their report together with the audited financial statements of Kenya Association of Manufacturers Limited (the “Company”) for the year ended 31 December 2019.

Incorporation

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

Directorate

The present membership of the Board of Directors 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.

Outlook

The ongoing global COVID-19 pandemic is having a devastating effect on livelihoods, businesses and economies around the world. Restrictions on movement and social distancing measures implemented by Government have resulted in a slowdown in economic growth with some sectors more heavily impacted than others. The pandemic has impacted member activities in the second quarter of the year. However, the second half is expected to be more favorable with additional donor support and continued general macroeconomic stability. In addition to giving support to its members, KAM will continue to align its activities with the Government of Kenya's Big Four Agenda with special emphasis on manufacturing, which is a top priority investment area to drive the nation's economic growth.

Restatement of prior year results

The Company's financial statements include a restatement of the statement of profit or loss and other comprehensive income for the year ended 31 December 2018 and the statement of financial position as of that date and 31 December 2017 to correct prior period errors. These are explained in Note 23 of the financial statements.

Results

The surplus for the year of **Shs 27,125,414 (2018: Shs 103,533,889)** has been added to accumulated surpluses.

DISCLOSURES TO AUDITOR

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

- (a) There is, as far as each Board of Director is aware, no relevant audit information of which the Company's auditor is unaware; and
- (b) Each Board of Director had taken all steps that ought to have been taken as an Board of 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 was appointed in the period and continue in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015.

The Board of 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 of Directors.

Axis Kenya
Company Secretary

5 June 2020

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the Board of 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 Board of 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 Kenyan 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 Board of 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 Kenyan 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 made an assessment of the Company's ability to continue as a going concern, the Board of 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 Board of Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 5 June 2020 and signed on its behalf by:

Sachen Gudka
Chair of the Board

Kaushik Shah
Board of Director



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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Kenya Association of Manufacturers Limited (the "Company"), set out on pages 9 to 41, which comprise the statement of financial position as at 31 December 2019, 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, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 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 Kenyan 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 Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the 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 Board of Directors are responsible for the other information. The other information comprises the Corporate information, the Report of the Board of Directors, and the Statement of Board of Directors' responsibilities, which we obtained prior to the date of this auditor's report, and the rest of the information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this auditor's report, 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.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

With effect from 11 December 2019, PricewaterhouseCoopers, a partnership carrying on business under registration number BN.287839 was converted to PricewaterhouseCoopers LLP (LLP-2Y1AB7), a limited liability partnership under the Limited Liability Partnerships Act, 2011.

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

Responsibilities of Board of Directors for the financial statements

The Board of 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 Kenyan Companies Act, 2015, and for such internal control as Board of 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 Board of 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 Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Board of Directors.
- Conclude on the appropriateness of the Board of 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 LIMITED (CONTINUED)

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

We communicate with the Board of 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 Kenyan Companies Act, 2015

In our opinion the information given in the Report of the Board of Directors on pages 3 and 4 is consistent with the financial statements.

**Certified Public Accountants
Nairobi, Kenya**

5 June 2020

**FCPA Michael Mugasa, Practising certificate No. 1478
Signing partner responsible for the independent audit**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Shs	2018 Restated Shs
Income from members	4	170,893,595	236,555,975
Other operating income	5	67,118,517	71,149,689
Grants income	20	198,738,930	188,429,407
Gross income		436,751,042	496,135,071
Administrative expenses	6	(232,150,807)	(208,934,620)
Grants expenditure		(177,427,166)	(144,887,965)
Finance income	8	8,720,876	7,812,202
Finance costs	9	(1,050,054)	-
Surplus before income tax		34,843,891	150,124,688
Income tax expense	10(a)	(7,718,477)	(46,590,799)
Surplus for the year		27,125,414	103,533,889
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Fair value changes on financial assets at fair value through other comprehensive income (FVOCI)	15	(5,710,252)	910,117
Tax effect on above item	17	1,713,076	-
Total other comprehensive (loss) / income		(3,997,176)	910,117
Total comprehensive income for the year		23,128,238	104,444,006

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	2019 Shs	2018 Restated Shs	2017 Restated Shs
RESERVES			
Fair value reserves	(5,346,305)	(1,349,129)	(2,259,246)
Accumulated surpluses	375,243,064	348,117,650	260,285,505
	369,896,759	346,768,521	258,026,259
Non-current liabilities			
Lease liabilities	19 8,893,809	-	-
Deferred income tax	17 32,339,727	28,950,589	15,761,319
	41,233,536	28,950,589	15,761,319
	411,130,295	375,719,110	273,787,578
REPRESENTED BY			
Non-current assets			
Property and equipment	11 29,749,878	33,565,690	36,805,254
Right-of-use assets	13 8,774,638	-	-
Investment property	12 286,379,968	305,260,415	324,140,862
Financial investments	15(b) 38,103,677	47,227,226	47,738,559
	363,008,161	386,053,331	408,684,675
Current assets			
Trade and other receivables	16 26,728,998	38,450,064	76,627,710
Grants receivable	20 35,857,067	49,092,033	30,035,671
Current income tax	10(b) 23,915,729	-	7,438,624
Financial investments	15(a) 47,065,630	19,766,250	19,835,366
Cash and bank balances	14 117,695,542	168,494,293	105,102,080
	251,262,966	275,802,640	239,039,451
Current liabilities			
Trade and other payables	18 138,784,094	183,512,047	270,769,188
Unexpended grants	20 63,743,387	99,784,071	103,167,360
Current income tax	10(b) -	2,840,743	-
Lease liabilities	19 613,351	-	-
	203,140,832	286,136,861	373,936,548
Net current assets / (liabilities)			
	48,122,134	(10,334,221)	(134,897,097)
	411,130,295	375,719,110	273,787,578

The financial statements on pages 9 to 41 were approved and authorised for issue by the Board of Directors on 5 June 2020 and were signed on its behalf by:

Sachen Gudka
 Chair of the Board

Kaushik Shah
 Board of Director

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