

# Navigating Complex Stakeholder Ecosystem & ESG Integration

Infrastructure & PPP Investments Strategy & Performance Excellence Programme

## Date & Venue

Friday, 24th April 2026  
Eseriani Resort, Naivasha

## Facilitator

CS Godwin Simba

## CS Godwin Simba



**Executive Director, Finnet Institute  
Lead Expert, Finnet Trust Services  
Limited**

- Godwin is an expert in Governance consulting, investment advisory, pension inclusion, business reengineering, and innovation.
- More than 17 years of experience in Strategy and governance, pension administration, fund management, and insurance sectors
- Developed strategic plans, Board Evaluations and Governance Audits for more than 50 pension funds and institutional clients
- Holds an MBA in Strategic Management and a Bachelor's degree in Actuarial Science.
- Certified governance Auditor, Certified Trustee –TDPK, Certified Public Secretary, and Certified Trainer of Trainers.
- Member of the Institute of Certified Secretaries and the Pension Sector Skills Advisory Committee.
- Previously held Senior management roles at Octagon Africa Financial Services, Octagon Pension Services, Octagon Insurance Brokers, Co-optrust Investment Services Ltd and ICEA LION Assurance Ltd
- Council Member, Association of Pension Trustees and Administrators of Kenya
- Creator of innovative retirement solutions in Kenya, including Mobikeza, a digital mobile-based micro-pension and micro-insurance product.
- Founder of the Institute of Pension Management, offering knowledge management and professional excellence in the pension sector.
- Led the introduction of Pension Awards in East Africa and developed the OPAS, a leading pension administration system with enhanced efficiency.

## The Learning Pathway



## Learning Objectives

- ✔ Define ESG and its materiality in infrastructure investments.
- ✔ Navigate the global and Kenyan ESG regulatory landscape.
- ✔ Map and manage complex stakeholder ecosystems in PPPs.
- ✔ Apply the Finnet ESG Integration Framework to pension funds.
- ✔ Develop a 90-day action plan for ESG implementation.

# Why Governance Excellence Matters: The Member Reality



## ! Current Reality

Replacement Ratio

< 40%

Compliance-focused governance often prioritizes box-ticking over member outcomes. This leads to inadequate retirement savings and a lack of long-term security for millions of Kenyans.

*"Struggling to maintain basic dignity in retirement."*

## Transformed Reality

Target Replacement Ratio

60 - 70%

Member-centric excellence focuses on strategic value creation. By optimizing governance, we create the conditions for Kenyans to retire with full dignity and financial independence.

*"Thriving with security and peace of mind."*

 Total Assets: KES 2.81 Trillion

 Impacting: Millions of Members

 Mission: Retirement Dignity

# Governance as Competitive Advantage

## Foundational

Basic compliance, legal accountability, and fiduciary duty.

**VISIONARY  
EXCELLENCE**

## Strategic

Efficiency gains, value creation, and strategic risk management.

## Visionary

Industry leadership, member-centricity, and sustainable impact.



**1% +**

Annual Return Improvement



**Billions**

Compounded Over Career



**Security**

Enhanced Member Protection

*"Governance excellence is a self-reinforcing competitive advantage, not a compliance burden."*

# Trustee Capacity: The Non-Negotiable Foundation



## Technical Knowledge

- ✓ Investment Stewardship
- ✓ Legal & Regulatory Compliance
- ✓ Actuarial & Financial Literacy
- ✓ Risk Management Frameworks



## Governance Leadership

- ✓ Ethical Decision Making
- ✓ Board Dynamics & Culture
- ✓ Accountability & Transparency
- ✓ Stakeholder Engagement



## Strategic Thinking

- ✓ Future-Proofing Strategies
- ✓ Innovation & Digital Adoption
- ✓ Member-Centric Outcomes
- ✓ Long-term Value Creation



### Research Highlight: 2025 University of Nairobi Study

Employee board representation shows a positive impact on governance quality and member trust, reinforcing the need for systematic capacity development.

**Kenya's Current Gap**  
**Systematic development is an investment in excellence, not an expense.**

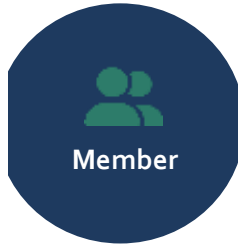
# Fiduciary Duty: The Moral & Legal Imperative

## Investment Stewardship

*"Does our strategy truly serve member adequacy?"*

## Member Protection

*"Ensuring security and dignity for the long term."*



## Financial Stewardship

*"Ensuring efficiency and absolute transparency."*

## Risk Management

*"Protecting assets from emerging global threats."*

## Emerging Frontier

**ESG & Climate Integration:** No longer optional. It is now a core fiduciary duty to manage environmental and social risks to protect long-term member value.

*"Fiduciary duty is a moral covenant + legal obligation; measured by member outcomes."*

# Strategic Governance Calendar: Making Time Work for Excellence



## Q4

### Strategic Foundation

- Strategy Review & Approval
- Budgeting & Resource Allocation
- Risk Appetite Setting
- Board Performance Review

10 Critical Decisions for the Year Ahead

## Q1

### Audit & Reporting

- Financial Statement Audit
- Compliance Certification
- Annual Report Preparation
- External Auditor Review

## Q2

### Member Communication

- Annual General Meeting (AGM)
- Benefit Statement Release
- Member Education Programs
- Stakeholder Engagement

## Q3

### Performance Assessment

- Investment Performance Review
- Service Provider Evaluation
- Mid-year Strategy Check
- Operational Efficiency Audit

*"Governance excellence is a rhythmic discipline; make the right decisions at the right time."*

Rhythmic Governance

# Six Converging Forces Reshaping the Pension Industry



## Demographic Collapse

Aging populations and shifting birth rates are straining traditional pay-as-you-go and contribution models globally.

**Kenya: Rapidly changing dependency ratios.**



## Cybersecurity

Increasing frequency and sophistication of attacks targeting member data and financial assets.

**Kenya: High digital adoption increases surface area.**



## AI Disruption

Artificial intelligence is transforming investment strategies, member engagement, and operational efficiency.

**Kenya: Opportunity for leapfrog automation.**



## Member Adequacy Crisis

The widening gap between current savings and the cost of living in retirement is reaching critical levels.

**Kenya: Replacement ratios currently <40%.**



## Climate Risk

The physical and transition risks of climate change are becoming core to long-term investment stewardship.

**Kenya: Green investment opportunities emerging.**



## Regulatory Consolidation

Global movement towards more integrated and stringent regulatory frameworks for pension funds.

**Kenya: RBA's evolving strategic oversight.**

*"Six converging challenges reshaping industry NOW; but solutions exist."*

# The Investment World Has Changed



## Regulatory Push

Global and local frameworks mandating disclosure.



## Investor Pull

Demand for sustainable and ethical returns.



## Risk Reality

Climate and social risks are material financial risks.

*"Who Cares, Wins"*

— Ivo Knoepfel

**\$35 Trillion**

ESG AUM Globally (2024)

**\$12 Billion**

Impact Investments in Africa (2023)

**ESG is the new baseline for infrastructure excellence.**

## Understanding ESG

### Environmental

- Climate change mitigation
- Energy efficiency
- Water management
- Waste & pollution
- Biodiversity conservation
- Climate resilience

### Social

- Labour practices & standards
- Diversity & Inclusion (D&I)
- Community engagement
- Human rights protection
- Employee well-being
- **+19.2%** operating income

### Governance

- Board structure & diversity
- Executive compensation
- Anti-corruption & ethics
- Shareholder rights
- Risk management framework
- Transparency & disclosure

**Companies with strong governance: 3.3% higher ROA (Credit Suisse)**

ESG Pillar	Key SDGs	Infrastructure Relevance
Environmental	SDG 7, 13, 15	Renewable energy projects, climate-resilient transport, and sustainable land use in PPP developments.
Social	SDG 1, 3, 4, 11	Universal health coverage infrastructure, affordable housing, and equitable access to essential services.
Governance	SDG 16, 17	Anti-corruption in procurement, transparent PPP contracts, and multi-stakeholder partnerships for development.

Infrastructure investments aligned to SDGs could unlock \$4.5 trillion annually by 2030 (IFC)

*IASB Definition: "Information is material if omitting it could reasonably be expected to influence investment decisions."*

## Materiality Matrix Concept

Impact on Stakeholders

VS.

Impact on Business Value

## Infrastructure-Specific Material Issues

### Environmental

Carbon emissions  
Resource efficiency  
Climate adaptation

### Social

Community relations  
Health & safety  
Labour standards

### Governance

Anti-corruption  
Contract transparency  
Risk oversight

Principle: MATERIALITY CHANGES OVER TIME

## 1. ESG Integration

Systematic inclusion of ESG factors into financial analysis and investment decisions.

Example: **Parnassus** — +1.47% pa over 10 years.

## 2. Negative Screening

Excluding sectors or companies based on specific ESG criteria (e.g., tobacco, weapons).

Example: **Vanguard FTSE Social**.

## 3. Best-in-Class

Investing in companies with the best ESG performance relative to industry peers.

Example: **MSCI ACWI ESG Leaders**.

## 4. Thematic Investing

Focusing on specific ESG themes like clean energy, water, or social housing.

Example: **iShares Clean Energy ETF**.

## 5. Impact Investing

Investments made with the intention to generate measurable social and environmental impact.

Example: **\$12B in Africa (GIIN 2023)**.

## 6. Active Ownership

Using shareholder power to influence corporate behavior through engagement and voting.

Example: **Climate Action 100+ / ExxonMobil**.

# Global Regulatory Wave

Framework	Issuer	Key Requirement	Relevance to Pension Trustees
UN PRI	UN	6 Principles for Responsible Investment.	Fiduciary duty to incorporate ESG into investment analysis.
TCFD	FSB	Climate-related financial risk disclosure.	Mandatory climate risk reporting in many jurisdictions.
SFDR	EU	Sustainability-related disclosures in finance.	Classification of funds (Article 6, 8, 9) for transparency.
CSRD	EU	Corporate Sustainability Reporting Directive.	Standardized sustainability reporting for large companies.
TNFD	TNFD	Nature-related financial disclosures.	Reporting on nature-related risks and dependencies.
GRI / SASB	GRI / ISSB	Standardized ESG reporting metrics.	Baseline for measuring and comparing investee performance.
IOPS ESG	IOPS	10 Guidelines for pension supervisors.	Direct guidance for pension fund governance and oversight.

"These frameworks make ESG reporting a baseline expectation for institutional investors globally."

## Kenya's ESG Regulatory Architecture

### National

- Constitution of Kenya 2010
- RBA ESG Investment Toolkit
- CMA Kenya (KGFT)
- NSE ESG Disclosure Guidance
- CBK Green Finance Taxonomy
- Sustainable Waste Management Act 2022

### Continental

- ASEA (25 African Exchanges)
- African Pensions Supervisors Network (APSN)
- FSD Africa ESG Programme
- AfDB Green Bond Framework
- African Union Agenda 2063

### International

- UN Sustainable Development Goals
- Paris Agreement on Climate Change
- UN PRI (Principles for Responsible Investment)
- GRI & TCFD Standards
- IOPS (10 ESG Guidelines)

**Kenya is aligned with Global Best Practices in ESG governance.**

## 10 IOPS Guidelines

- 1 Integrate ESG factors into the fund's investment policy and strategy.
- 2 Ensure the board has sufficient expertise to oversee ESG risks.
- 3 Identify and assess material ESG risks across the portfolio.
- 4 Embed ESG considerations into the selection of asset managers.
- 5 Establish clear ESG reporting frameworks for all investments.
- 6 Monitor and review the ESG performance of asset managers regularly.
- 7 Engage with investee companies on material ESG issues.
- 8 Disclose the fund's ESG policy and implementation to members.
- 9 Collaborate with other investors to promote ESG best practices.
- 10 Review and update the ESG framework to reflect emerging trends.

**"As a trustee, you are accountable for all 10 guidelines. Has your fund implemented them?"**

## Five Global Trends (2025–2030)

### 1. Climate Resilience

Moving beyond mitigation to adaptation as a core investment criterion for long-life assets.

Africa: Projected 2.5°C rise by 2050.

### 2. Nature Disclosures

Adoption of TNFD to manage nature-related risks and dependencies in infrastructure projects.

Africa lost 20% forest cover in 50 years.

### 3. Green Finance

Growth of Green Bonds and Sustainability-Linked Instruments to fund sustainable infrastructure.

Kenya's first green bond issued in 2019.

### 4. Impact Scale-Up

Significant capital shift towards measurable social and environmental impact in African markets.

\$12B; 18% annual growth projected.

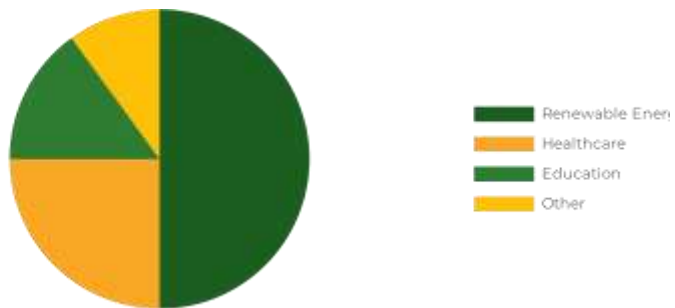
### 5. Data & Tech

Use of AI, satellite monitoring, and blockchain for real-time ESG data verification and scoring.

Real-time monitoring for PPP assets.

# Africa's ESG Investment Landscape

## Sector Breakdown (2023)



5M

Lifted from Poverty

10M

Clean Energy Access

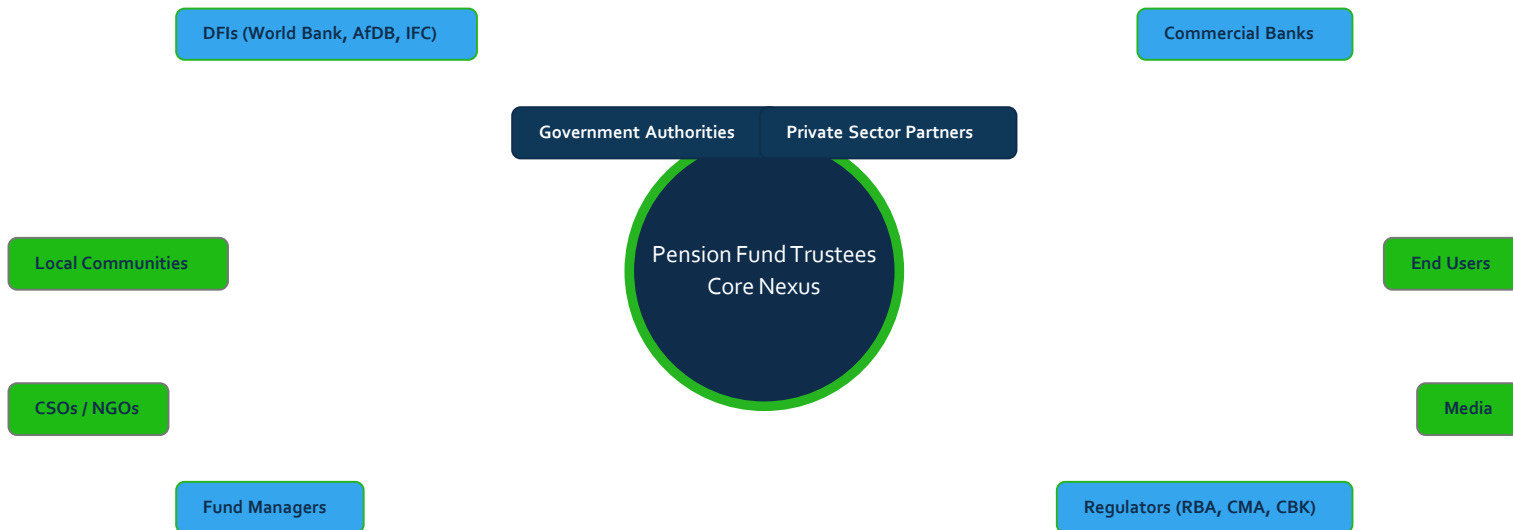
3M

Improved Healthcare

## Country Breakdown

Country	ESG Investment (2023)
South Africa	\$3.5 Billion
Nigeria	\$2.8 Billion
Kenya	\$1.9 Billion
Egypt	\$1.5 Billion
Ghana	\$1.2 Billion
Other Africa	\$1.1 Billion

Africa's infrastructure gap = ESG opportunity. \$130-170B annual investment needed (AfDB)



Key Insight: Trustees sit at the nexus of capital, accountability, and community impact.

# Stakeholder Management Risk

## Sources of Complexity

### Conflicting Interests:

Balancing financial returns with social impact.

### Information Asymmetry:

Gaps between private partners and public authorities.

### Long-Term Horizon:

Stakeholder needs evolve over 20-30 year cycles.

### Regulatory Flux:

Changing ESG and PPP laws across

### Community Power:

Social license to operate is critical.

## Risk-Impact Analysis

Stakeholder Risk	Example Impact	Financial Consequence
<b>Community Opposition</b>	Protests or blockades at infrastructure sites.	<b>Project delays, increased security costs, reputational damage.</b>
<b>Regulatory Breach</b>	Failure to meet NEMA or RBA ESG requirements.	<b>Heavy fines, license revocation, exclusion from future bids.</b>
<b>Political Risk</b>	Change in government policy or contract renegotiation.	<b>Asset impairment, reduced cash flows, legal arbitration costs.</b>
<b>Governance Failure</b>	Corruption or lack of transparency in PPP procurement.	<b>Loss of DFI funding, investor withdrawal, total project collapse.</b>

# Engagement Best Practices

## 01 Early Engagement

Consult stakeholders before project design is finalized to identify risks and build trust.

## 02 Structured Consultation

Establish formal committees or forums for regular dialogue with community and government partners.

## 03 Transparent Communication

Share project updates, ESG performance data, and potential impacts openly and honestly.

## 04 Grievance Mechanisms

Implement a formal process for addressing concerns. **Target: 95%+ closure in 60 days.**

## 05 Contractual Embedding

Include stakeholder engagement obligations in PPP contracts and asset manager mandates.

**Reference: World Bank PPP Stakeholder Engagement Standard**

# ESG Integration Is a Fiduciary Duty

## Legal & Regulatory Anchors

IOPS ESG Guidelines

RBA ESG Investment Toolkit

UN Principles for Responsible Investment



## Myth vs. Reality

### Myth

"ESG = lower returns"

"ESG is ethics not finance"

"African markets lack ESG data"

"ESG is too expensive"

"Beneficiaries don't care"

### Reality

ESG outperforms by 1.5–2% (UNPRI)

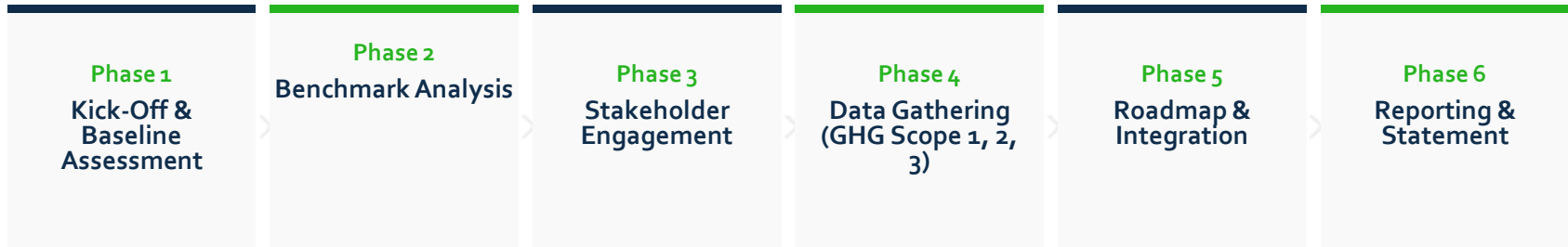
ESG risks are material financial risks

RBA toolkit + DFI assessments available

Phased implementation costs less than non-compliance

Younger beneficiaries demand responsible investment

## Finnet ESG Roadmap



**Total Implementation: 19 Weeks**

GRI TCFD UNGC IOPS SDGs

## 4 Assessment Domains

### 1. Policies

IPS integration  
Scenario analysis  
Strategic Asset Allocation (SAA)

### 2. Investing

% AUM with ESG  
Screening types  
ESG due diligence

### 3. Monitoring

Investment reviews  
Member communication  
Investee engagement

### 4. Challenges

Data gaps  
Capacity building  
Support needed

### Voluntary Commitments

- ✓ IOPS Guidelines
- ✓ UN PRI Signatory
- ✓ UN Global Compact
- ✓ GRI Reporting
- ✓ TCFD Disclosures

**CTA: Complete the RBA ESG Toolkit as your first step — it's your diagnostic and your roadmap.**

## Performance Comparison

Period	ESG Index	Traditional	Outperf.
3-Year	9.4%	8.1%	<b>+1.3%</b>
5-Year	11.2%	9.5%	<b>+1.7%</b>
10-Year	10.8%	9.1%	<b>+1.7%</b>

Source: MSCI ESG Leaders Index (2024)

## Global Case Studies

### Calvert Equity Fund

+1.47% pa over 10 years through active ESG integration.

### Ørsted

86% carbon reduction; transformed into the world's most sustainable energy company.

### Unilever

Sustainable living brands grew 69% faster than the rest of the business.

### Microsoft

Aggressive ESG commitments significantly increased market valuation.

McKinsey: 5 Pathways to Value Creation

1. Growth 2. Cost Reduction 3. Regulatory 4. Talent 5. Capital

# 10 Key Considerations

## Governance

- Board Mandate & Oversight
- IPS Integration & Updates
- Fiduciary Duty Clarity

## Investment

- ESG Due Diligence (DD)
- Asset Manager Selection
- Exclusion & Screening Lists

## Operational

- Data & Tech Infrastructure
- Capacity Building & Training
- Reporting Frameworks
- Beneficiary Communication

ESG is a Strategic Mandate for modern pension fund governance.

Challenge	Description	Mitigation Strategy
Limited Data	Lack of reliable ESG data for African infrastructure.	Use RBA toolkit, DFI assessments, and direct engagement.
Greenwashing	Misleading claims about ESG performance.	Rigorous due diligence and third-party verification.
Political Pressure	Short-term political goals vs. long-term ESG.	Strong governance frameworks and IPS integration.
Capacity Gaps	Lack of ESG expertise among trustees and staff.	Ongoing training (Finnet Institute) and expert advisors.
Standard Metrics	Lack of standardized ESG metrics for Africa.	Adopt global standards (GRI, TCFD) adapted to local context.
Cost of Compliance	High costs for ESG reporting and monitoring.	Phased implementation and leveraging tech for efficiency.
Balancing Goals	ESG vs. financial returns (fiduciary duty).	Focus on materiality — ESG risks are financial risks.
Regulatory Uncertainty	Changing ESG and PPP laws and regulations.	Active monitoring and engagement with regulators (RBA, CMA).
Local Expertise	Insufficient local ESG consultants and advisors.	Build internal capacity and partner with regional experts.

## Key Takeaways

**ESG is material:** It's a financial risk and a performance driver.

**Fiduciary duty:** Integrating ESG is a legal mandate for modern trustees.

**Regulatory wave:** Kenya is aligned with global ESG best practices.

**Stakeholder nexus:** Trustees must manage the complex PPP ecosystem.

**Africa opportunity:** The infrastructure gap is a massive ESG field.

## Action Plan

- Complete RBA ESG Self-Assessment Toolkit.
- Review and update IPS to embed ESG factors.
- Assign ESG mandate to trustee/sub-committee.
- Enroll investment team in ESG training.
- Identify first ESG-aligned infrastructure investment.

"Sustainability means ensuring prosperity and environmental protection without compromising the ability of future generations to meet their needs."  
— UN Foundation



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