

KPC VISION 2025

REFOCUSSED STRATEGIC PLAN



Crafting the Future



**ADDENDUM TO KPC'S CORPORATE STRATEGIC PLAN –
VISION 2025:**

**APPROVED BY THE BOARD OF DIRECTORS UNDER MINUTE
4/BOD/97/05-08-22, DURING ITS 97th BOARD MEETING HELD
ON 5th AUGUST 2022**

Signed:

Dr. Macharia Irungu, MBS

Managing Director

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ACRONYMS	ii
DOCUMENT CONTROL.....	iii
1.0 INTRODUCTION.....	1
1.1 KPC Vision 2025	1
1.2 Reason for Mid Term Strategy Refocusing.....	1
2.0 ACHIEVEMENT AS AT 2020/21	2
3.0 STRATEGY REFOCUSSING AND REALIGNMENT.....	3
3.1 Business Growth Drivers.....	3
3.2 Business Growth and Diversification Opportunities	7
4.0 UPDATE OF SWOT	9
5.0 KPC VISION 2025 STRATEGIES: 2022/23 – 2024/25	10
5.1 Business Leadership Pillar	10
5.2 People Pillar.....	12
5.3 Image and Reputation Pillar	13
5.4 Systems and Processes.....	14
5.5 Revised Financial Targets	15
6.0 KEY PERFORMANCE MATRIX	16
APPENDIX I: Pipeline Infrastructure Sustainability and Enhancement Plan - Road Map	

ACRONYMS

AGO	Automotive Gas Oil
CSI	Corporate Social Investment
CSP	Corporate Strategic Plan
CuM	Cubic Meters
EPRA	Energy and Petroleum Regulatory Authority
FOC	Fibre Optic Cables
GM (HR&A)	General Manager (Human Resources & Administration)
GM (F)	General Manager (Finance & Commercial Services)
GM (I)	General Manager (Infrastructure Development)
GM (CS&LS)	General Manager (Company Secretary and Legal Services)
GM (KPRL)	General Manager (Kenya Petroleum Refineries Ltd)
GM (O&M)	General Manager (Pipeline Operations and Maintenance)
GM (S)	General Manager (Strategy & Compliance)
GM (SC)	General Manager (Supply Chain)
ICDC	Industrial and Commercial Development Corporation
ICT	Information Communication Technology
Kes.Mn	Kenya Shilling Millions
KPA	Kenya Ports Authority
KPC	Kenya Pipeline Company Ltd.
KPI	Key Performance Indicators
KTLN	Kenya Transport & Logistics Network
KRC	Kenya Railways Corporation
LPG	Liquefied Petroleum Gas
LNG	Liquefied Natural Gas
M&E	Monitoring and Evaluation
MSP	Motor Spirit Premium
OE	Operating Entities (KPA, KRC and KPC)
ROW	Right of Way

DOCUMENT CONTROL

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This Document was approved by the Kenya Pipeline Company Board of Directors on *5th August 2022* and is to be read in conjunction with the KPC Corporate Strategic Plan – KPC Vision 2025 and the Pipeline Infrastructure Enhancement and Sustainability Plan.

1.0 INTRODUCTION

1.1 KPC Vision 2025

KPC Corporate Strategic Plan (CSP), dubbed KPC Vision 2025, was rolled out in 2015/16 and is now in the seventh year of implementation. It is a ten-year strategic plan aimed at transforming KPC to be **“Africa’s Premier Oil and Gas Company”** with a mission to ***transform lives through delivery of quality oil and gas from source to customer.***

The Plan was geared towards harnessing emerging opportunities in Oil and Gas to grow revenue base, turnover and profitability and:

- i. Transform KPC into a world class organization.
- ii. To diversify from a petroleum fuels transport company to other Oil and Gas businesses.
- iii. Create the number one (1) organization in East & Central Africa by revenues and profits.
- iv. Entrench Kenya as the gateway to East and Central Africa through Oil and Gas infrastructure investments.

The Plan is anchored on five pillars, **Business Leadership Pillar; Geographical Expansion Pillar; People Pillar; Image and Reputation Pillar** and **Systems and Processes.**

1.2 Reason for Mid Term Strategy Refocusing

This review is intended to **Review, Refocus** and **Re-plan** the strategy based on the current realities. A review of the implementation of the CSP in the past 5 financial years shows that the Company is falling behind in the achievement of the strategic objectives and performance targets. As at 2020/21, total revenue was at Kshs. 29 billion against a target of Kshs. 95 billion, while Return on Investment was at 6% against a target of 15%.

In view of the missed targets, lapse in some set timelines and the dynamic operating environment, it has been found prudent to refocus and re-calibrate the CSP to reflect current reality and revised strategic objectives and actions plans as well as the revised trajectory.

Fundamentally, the CSP foundation (Vision, Mission and Pillars) still captures the long-term aspirations of KPC and thus remain unchanged, except for the Geographical Expansion Pillar which has been dropped as the planned activities are not realizable within the Plan period. KPC will continue to actualize the CSP through the annual budgets and the Departmental Strategic Plans (DSPs).

2.0 ACHIEVEMENT AS AT 2020/21

The KPIs and achievement as at Financial Year 2020/21 are presented below:

Table 2-1: KPC Vision 2025 Performance Metrics

FOCUS	METRIC CATEGORY	CSP Targets				Actual Performance		
		2016	2019	2022	2025	2019	2020	2021
Business Leadership & Geographic Expansion <i>Winning the markets</i>	Throughput Volume-CuM Litres	6.4	8.5	11.0	15.0	7.4	7.7	8.1
	Net Revenue (NR)- Kes.Bn	27Bn	85Bn	95Bn	150Bn	32Bn	27Bn	29Bn
	Profit Before Tax (PBT) - Kes.Bn	12Bn	43Bn	50Bn	80Bn	3.2Bn	5.8Bn	7.6Bn
	Return on Investment (ROI)-%	>=15.0	>=15.0	>=15.0	>=15.0	3%	3%	6%
	New Market Development	2	4	7	9	0	0	0
	Market Share (aggregate)	77%	80%	85%	90%	79%	88%	89%
People <i>Amazing performance by All Our People</i>	Employer of Choice	60%	80%	100%	100%	-	-	-
	Talent Guarantee (retention)	85%	90%	95%	95%	99%	99%	99%
	Value Survey (super engaged/high performance employees)	60%	75%	80%	85%	-	-	-
	Every year, the best year with all our customer and distributor partners	75%	85%	95%	100%	-	-	-
	Amazing outcomes achieved together with our vendor and supply chain partners	75%	85%	95%	100%	-	-	-
	Amazing outcomes achieved together with our JV and strategic partners	75%	85%	95%	100%	-	-	-
	Amazing relationships with Government and Media	20%	40%	60%	80%	-	-	-
Systems and Processes <i>Best in the world!</i>	Availability of Communication system (Time in %)	99.60%	99.60%	99.6%	99.60%	99.6%	99.6%	99.6%
	Net Revenue (Fibre Optics)- Kes. Bn)	-	1Bn	1.5Bn	2Bn	0.093Bn	0.01Bn	0.16Bn
Reputation and Image <i>Amazing relationships with all our stakeholders</i>	Enriched economic and social life in the community	0.5M	1M	1.5M	2M	-	-	-
	Caring for the environment, operating sustainability in the use of natural resources	-	100%	100%	100%	-	-	-
	Social Investment- Kes.Mn and % of PAT	70Mn 1%	84Mn 1%	300Mn 1%	350Mn 1%	88Mn 429%	149Mn 376%	52Mn. 52%

The Company missed the financial targets, with the profitability and Return on Investment (ROI) being lower than the 2016 position. Growth in revenue and profitability had been premised on implementation of key business diversification and geographical expansion strategies, which have generally not been realized as is presented in this Addendum. Hence the need for this mid-term CSP review and recalibration of targets.

3.0 STRATEGY REFOCUSING AND REALIGNMENT

KPC’s core objective is to safely, efficiently and cost effectively transport refined petroleum products to the hinterland. Strategy refocusing is centered on opportunity for organic growth through building the business drivers and exploring new growth platforms from related new opportunities. Further it seeks to incorporate environment, social and governance aspects in the business strategy.

3.1 Business Growth Drivers

From a strategy perspective, KPC’s key business drivers are **Customers, People, Technology (Systems and Processes)** and **Financial Strength**. A situational assessment is made on the key business drivers and findings highlighted below.

3.1.1 Customer Satisfaction

Customer is central in business growth, and it is imperative that customer needs are understood and met. KPC’s customer issues are mainly at the Western Kenya Depots where KPC loads trucks. The current situation is summarized as follows:

Chart 3-1: Summarized Customers Issues

Customer Needs	Interventions
<ul style="list-style-type: none"> •Efficiency •Reliability •Timely service •Cost efficiency •Quality •Communication •Basic amenities for customers waiting to be served. 	<ul style="list-style-type: none"> •Increase loading capacity •Automation of business processes •Sufficient resources for business operations •Enhanced communication with business partners •Basic amenities

In the Western Kenya Depots, long turnaround time had been a major concern in the past when on average (March 2021) about 33% of daily orders were not serviced and had to be rescheduled for the next or other day. Using the percentage of orders serviced as a measure of efficiency, then KPC loading in western Kenya was at 67% as at March 2021. To improve on service delivery the following is being undertaken:

- i. **Integration of KPC and KRA systems:** The KRA and KPC systems are being integrated to enhance efficiency in loading and clearance process. As part of the wider KRA integration project, KPC rolled out the Customer Portal in May 2021 which had an immediate impact on service delivery with efficiency rising to 94% in June 2021. The Customer Portal enhanced efficiency, transparency and collapsed the loading process from 14No. stages to 4No. stages.
- ii. **Installation/upgrade of Bottom Loading Facilities in WKPE Depots:** The ongoing upgrading of the loading facilities is expected to increase the total achievable loading capacity by 28% from the current 16,176m³/day to 21,405 m³/day.

Once the above is achieved, the remaining major challenge will be the **frequent breakdown of equipment**. Most of the depot equipment were installed in 1994 and are therefore aged/obsolete and prone to frequent breakdown. This accompanied with lack of spares result in loss of loading time.

3.1.2 Systems and Processes

Issues regarding systems are divided into the Pipeline Network System and Operating, Information and Communication Systems.

i. Pipeline Network

The capacity constraints impact on operations, limit growth in throughput and impede expansion. Current situation assessment reveal capacity constraint in various network sections/facilities. A detailed Pipeline Infrastructure Sustainability and Enhancement Plan (PISEP)¹ has been developed, which is intended to:

- i. Identify and document an end-to-end major pipeline network upgrade and equipment replacement requirement to ensure the system meets demand for the next 20 years.
- ii. Ensure business continuity.
- iii. Provide reference document for future system upgrade projects.

The PISEP identifies capacity deficits that needs to be addressed to ensure the system has adequate capacity and operates efficiently up to year 2039/40. The major capacity deficits that require immediate action are summarized below.

Table 3-1: Major Pipeline Systems Capacity Deficits

Pipeline / Facility	Capacity Deficits/Issues												
Import facilities (Jetty and Storage Facilities)	<p>Issues affecting optimization of New KOT:</p> <ol style="list-style-type: none"> i. Demand, receiving tanks capacities and tanks evacuation rates. Vessel discharge rate 4,000 - 4,500m³/hr, evacuation from KOSF 1,000m³/hr. ii. At projected demand and vessel turnaround, new KOT utilization in 2022/23 and 2031/32 will be: <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2022/23</th> <th style="text-align: center;">2031/32</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">AGO</td> <td style="text-align: center;">35%</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="padding-left: 20px;">DPK</td> <td style="text-align: center;">9%</td> <td style="text-align: center;">17%</td> </tr> <tr> <td style="padding-left: 20px;">MSP</td> <td style="text-align: center;">31%</td> <td style="text-align: center;">47%</td> </tr> </tbody> </table> <p style="margin-left: 40px;">To optimize on the Jetty, the KPRL Chagamwe tanks would have to be converted for trading and allow for handling of the larger 120,000DWT vessels.</p> iii. Lack of LPG bulk import handling and storage facilities to enable optimization of the new KOT jetty facilities. iv. ATGs that are faulty at PS14 tanks and obsolete at KPRL. v. Lack of Integration of KPRL and KPC process control systems 		2022/23	2031/32	AGO	35%	50%	DPK	9%	17%	MSP	31%	47%
	2022/23	2031/32											
AGO	35%	50%											
DPK	9%	17%											
MSP	31%	47%											

¹ Ref: Pipeline Infrastructure Sustainability and Enhancement Plan.

Pipeline / Facility	Capacity Deficits/Issues
KOSF and KPRL Evacuation	<ul style="list-style-type: none"> i. Evacuation constraints: Projected evacuation flow rate to Line -5 is 991m³/hr in 2022/23 and is not sufficient to meet demand in subsequent years. Flow rate requirement as at year 2039/40 is 2,449m³/hr. ii. Lack of alternative power supply at PS 14.
Eastern Pipeline	<ul style="list-style-type: none"> i. Line-5 capacity constraints. The Line's installed capacity is 8.3 million m³ per annum against projected market opportunity of 9.5 million m³ (1,150m³/hr) in 2023/24 assuming 100% market share. ii. Lack of a spare transformer for PS14&1 (Line-5) which is along lead item that would take over 9 months to manufacture and ship. iii. Unreliable SCADA. iv. Lack of leak detection system.
Embakasi Jet A - 1 Depot	<ul style="list-style-type: none"> i. Ullage constraints when decommissioning an issuing tank for cleaning/maintenance. ii. The depot stock days cover will drop to 15 days in 2026/27. iii. Inlet to the tanks' constraints. iv. Line-5 meters integration into the Hydrant Monitoring System (HMS) for product reconciliation at the depot.
Nairobi Terminal Depot	<ul style="list-style-type: none"> i. Less than 10 days stock cover for AGO & MSP in 2023/24 and 2022/23 respectively when inclusive of western Kenya demand. Stock days cover is over 10 days beyond 2039/40 if only Nairobi region demand is considered. ii. Pump overs capacity would have to be increased by 2024/25 for AGO & MSP. However, with the proposed BLF, there would be no need for additional capacity until 2031/32. iii. Inlet to the tanks constrains.
Western Kenya Pipelines	<ul style="list-style-type: none"> i. Lines 2 and Line 4 installed capacity of 220m³/hr and 350m³/hr will max out by 2023/24. <ul style="list-style-type: none"> a. Phase 2 upgrade of Line-4 to 500m³/hr will max out by 2024/25. b. Phase 3 upgrade of Line-4 to 750m³/hr will max out by 2031/32. ii. Line 3&6 will mas out by 2028/29 – assuming KOJ operationalization. v. There is no spare transformer for Line-2&4. The spare transformer is required for business continuity.
Nakuru Depot	<ul style="list-style-type: none"> i. The 2No. AGO tanks do not provide flexibility for operations and maintenance ii. Electrical switchgear components is prone to failure leading to downtime. iii. Low top loading arms utilization due to loading bay and truck/loading orders configurations.
Eldoret Depot	<ul style="list-style-type: none"> i. Less than 7 stock days cover for MSP by 2023/24. ii. The 2No. AGO tanks do not provide flexibility for operations and maintenance. iii. Constrained Jet A-1 inter tank product transfers. iv. Low top loading arms utilization due to loading bay and truck/loading orders configurations.

Pipeline / Facility	Capacity Deficits/Issues
Kisumu Depot	<ul style="list-style-type: none"> i. Less than 7 stock days cover for all grades by 2023/24. ii. The 2No. AGO and MSP tanks do not provide flexibility for operations and maintenance. iii. Ullage constraints when decommissioning an issuing Jet tank for cleaning/maintenance and constrained Jet A-1 inter tank transfers. iv. Insufficient power supply system to support planned additional KOJ pumps. v. Lack of meter provers. vi. Low top loading arms utilization due to loading bay and truck/loading orders configurations.

ii. Operations, Information, Communication Systems

Technology transforms business. Deployment of appropriate technology results in efficiency, better, quicker and smarter business decisions that improve business performance. Within KPC pipeline operations and business processes are automated. There are however challenges with the systems that would hinder efficiency and slow growth. These are:

Operations System

- i. Frequent systems breakdown due to obsolescence.
- ii. Lack of centralized data/knowledge management.
- iii. Lack of a leak detection system.

Business Processes Automation and Management

KPC has automated and integrated most of the business processes under SAP ERP for business efficiency. Factors that hinder optimization and realization of full benefits of the systems include:

- a. Low adoption of new technologies such as Internet of Things (IOT).
- b. Slow adoption and enforcement of existing systems.
- c. Lack of integrated governance and security for systems.
- d. The existing data centre recovery (DR) site is on a standby mode and not on the ideal load sharing (active-active) arrangement.
- e. Inadequate primary data centre.
- f. Lack of appropriate structure for super-users.
- g. Inadequate data analytic tools and skills.

iii. Opportunities for Technological Enhancement

The world is undergoing a Fourth (4.0) industrial revolution which brings about advances in artificial intelligence, robotics and the internet, genetic engineering and quantum computing. This will bring about transformative changes in the way people live and businesses operate through smart technologies, as machines will interact, visualize an entire production chain and make decisions autonomously. This industrial revolution will impact all disciplines, industries

and economies and KPC needs to position itself to embrace the new technological changes in order to enhance efficiency.

3.1.3 Financial Strength

The Company has a strong financial base with the financial ratios as at 2020/21 being above the benchmarks. Current issues that may impact on financial performance:

- i. Tariff control resulting in regulated revenues and returns.
- ii. Public Finance Management Act, 2012, which impact easy access to financing through Public Private Partnership (PPP), Green Bonds and Treasury Bonds.
- iii. Capping of borrowing under the existing syndicated loan.
- iv. Unplanned special dividend pay-outs.
- v. Budget cuts that impact key business processes and project implementation.

3.1.4 People (Human Resources)

An organization is as strong as the people working in it. KPC seeks to build an environment that attract and retain talent and enhance employee performance. As at 31st December 2021, KPC had 1589 number of employees. Human resources issues are centred on the following:

- i. Creating a high-performance culture, and
 - a. Creating a forward-looking establishment in anticipation of availing staff to critical activities directly related to revenue generation.
 - b. Creating an entrepreneurial environment for star talent.
- ii. Need for continuous training to equip staff with emerging business best practices.

3.1.5 Environment, Social and Governance

Responsible companies are increasingly incorporating Environment, Social and Governance (ESG) to create strong social values and long-term sustainable performance. ESG is important in view of companies' responsibility for positive climate action. KPC has incorporated ESG activities in its strategy and operations. There is need to scale up ESG activities through a structured policy and strategy.

3.2 Business Growth and Diversification Opportunities

KPC's pipeline transportation business faces competition from alternative modes and routes and threats from increasing adoption of clean energy. The Company

should thus not only develop strategies for growth but also diversify revenue base to remain in business.

The business growth and diversification will be achieved through leveraging on the Company’s capabilities, know-how and business opportunities. In the remaining plan period (2021 – 2025), the targeted business opportunities to be pursued given KPC’s capabilities, available infrastructure and knowledge are categorized as follows:

Table 3-2: Business Opportunities

Opportunities Assessed and Adopted for Implementation	Emerging Opportunities to be Assessed/Re-assessed for Viability
<ul style="list-style-type: none"> i. LPG Business <ul style="list-style-type: none"> a. Mombasa Bulk LPG Handling and Storage Facility b. Nairobi Bulk LPG Storage Facility ii. Optimization of KPRL Assets – increase fuel storage to manage supply chain iii. Nairobi Bottom Loading Facility iv. Data and Communication sales through the Fibre Optic Cable 	<ul style="list-style-type: none"> i. Transportation of LNG <ul style="list-style-type: none"> a. Participation in the Dar es Salaam – Mombasa Pipeline b. LNG Import facilities in Mombasa c. LNG Pipeline to the Hinterland. ii. Handling of strategic stocks. iii. Construction of new Refined products Pipelines: <ul style="list-style-type: none"> a. Extension of pipeline to Busia b. Extension of pipeline to Sagana/Isiolo c. Lamu – Moyale Pipeline (to serve Ethiopia) d. Taita Taveta spur line iv. Participation in Lokichar – Lamu Crude Oil Pipeline <ul style="list-style-type: none"> a. Development of the crude oil storage facilities in Lamu if not part of scope of the pipeline project.

4.0 UPDATE OF SWOT

A review of the Strengths, Weakness, Opportunity and Threats (SWOT) analysis provides a new perspective on internal (Strengths and Weaknesses) and external factors (Opportunities and Threats) that have emerged and are critical to the realization of Vision 2025. The updated SWOT analysis is summarized below:

Table 4-1: Summary of SWOT

Strengths		Weaknesses	
i.	Infrastructure and location (entry into Eastern Africa)	i.	Inadequate specialized skills/skills gaps
ii.	Wide reach	ii.	Poor project planning and implementation
iii.	Skilled manpower	iii.	Weak governance systems
iv.	Strong financial base	iv.	Ineffective organisational culture
v.	Goodwill from Stakeholders	v.	Succession planning
vi.	International operating standards (systems and processes)	vi.	External interference within and without
vii.	High barriers of entry	vii.	Legal obstacles
viii.	Large existing captive market	viii.	Discontentment amongst staff
ix.	Enhanced pipeline capacity	ix.	Customer dissatisfaction
x.	Relatively well-established risk and business continuity management	x.	High turnover of top Management
xi.	Automation and integrated systems and processes	xi.	Lack of institutional knowledge base management
		xii.	Poor execution of CSP Vision 2025
		xiii.	Unoptimized systems
		xiv.	Slow adoption and enforcement of technology
Opportunities		Threats	
i.	Increasing regional affluence	i.	Regional Geopolitics
ii.	4th Industrial Revolution	ii.	Political instability (especially in South Sudan and Somalia)
iii.	Huge hydrocarbons discoveries in the Region	iii.	Regulatory environment
iv.	Low incidence and usage of LPG	iv.	Competition - especially trucking, Uganda Refinery and Central Corridor Transit Route.
v.	Improving road/rail/waterways transport across the Region	v.	Insecurity
vi.	Growing demand for IT data usage	vi.	Competition for oil and gas talent
vii.	Oil and gas training and consultancy needs given nascent industry	vii.	Challenges in the Northern Corridor Transit Route (NCTR) (including non-tariff barriers - NTBs)
viii.	Emerging Petrochemical trading industry	viii.	
ix.	The Kenya Transport & Logistics Network	ix.	Cyber threats, oil stock fraud and equipment sabotage
x.	Climate change opportunities	x.	Global pandemic/events that lead to interruption of business
		xi.	Global warming and promotion of clean fuels.

5.0 KPC VISION 2025 STRATEGIES: 2022/23 – 2024/25

The matrices below detail the revised objectives and action plans for the balance of the CSP plan period:

5.1 Business Leadership Pillar

	Strategic Objective	Action Plans	Timelines	KPI	Responsibility	
1.	Grow existing business	Acquire KPRL Facilities and optimize assets to grow the business	Port Reitz Tanks	June 2024	i. Complete project by June 2024 ii. Additional Kshs. 845 million annual revenues by 2024/25	GM (KPRL)
			Changamwe tanks – Trading hub	June 2025		
			Truck loading	Dec 2022	i. Complete project by December 2022 ii. Additional Kshs. 159 million annual revenues by 2024/25	
			LPG truck loading (skid)	June 2023	i. Complete project by June 2023 ii. Additional Kshs. 179 million annual revenue by 2024/25	
		Construct truck-loading facilities in Nairobi	Dec 2023	Additional Kshs. 145 million annual revenues in 2025	GM (ID)	
		Extension of Pipeline to: i. Extension of pipeline to Busia ii. Extension of pipeline Voi to Taveta	Dec 2022	i. Business Case reports by December 2022	GM (S)	
			July 2024	ii. Commence construction by June 2024	GM (ID)	
		Implement the 23No. Pipeline Infrastructure Sustainability and Enhancement Plan (PISEP) (Appendix I)	As per PISEP timelines	Adherence to PISEP timelines	GM (PO&M)/ GM (ID)	
		Develop infrastructure for strategic stocks in the hinterland	June 2025	Develop and implement strategic stock holding roadmap	GM (S)	
Expand the FOC business through:	June 2023	Establishment of FOC business unit by 2023	GM (S)			

	Strategic Objective	Action Plans		Timelines	KPI	Responsibility
		<ul style="list-style-type: none"> i. Enhanced uptake of dark fiber leases ii. Lighting of fiber optic by 2023 <ul style="list-style-type: none"> a. Point to Point connectivity b. Content provision and delivery iii. Dedicated resources to FOC business iv. Establishment of FOC unit v. Additional fiber network in kilometers 			<ul style="list-style-type: none"> i. % Increase of clients to 17No by 2024/25FY ii. Lighting of fiber optic by 2023 <ul style="list-style-type: none"> a. 16 No. point to point connectivity customers b. Additional Kshs. 490 million in 2024/2025 iii. Extended FOC - by 245KM; <ul style="list-style-type: none"> a. 45 KM to iColo, iXAfrica, EADC, PAIX b. 200KM Malaba/Busia Border 	
2.	Diversification of business and revenue base	Diversify into LPG business through provision of LPG Storage Facilities	Develop LPG Import Handling and Storage facility in Mombasa	Dec 2024	Completion of project	GM (ID)
			Develop LPG Storage Facility in Nairobi	June 2024	Acquisition of land	GM (ID)
				June 2025	Commencement of Project	
		Develop LPG Facilities in Eldoret, Kisumu and Nakuru - Review of the projects' feasibility and development of projects implementation roadmap	June 2024	Projects feasibility report and implementation roadmap	GM (S)	
		Business assessment for transportation of LNG	June 2023	Business case report	GM (KPRL)	
		Water treatment and bottling	June 2023	<ul style="list-style-type: none"> i. Business case for water treatment at PS 26 ii. Water bottling facility 	GM (HR &A)	
		Participate in the Lokichar - Lamu crude oil pipeline. (Note – Project in MTP III, KPC nominated to hold 25% equity)	As given by MoP&M	Participation in project as guided by the Ministry of Petroleum & Mining (MoP&M)	GM (S)/ GM (ID)	
3.	Embed ESG in business decisions	Structure a sustainable ESG strategy and Metrics for KPC. Engage a consultant to determine: <ul style="list-style-type: none"> i. Metrics for energy efficiency improvement across the whole system ii. Carbon offset scheme--June 2023 	June 2023	<ul style="list-style-type: none"> i. Metrics for energy efficiency ii. Carbon offset scheme 	GM (S)	
			June 2024	Certification of KPC's sustainability rating		
			June 2024	Sustainable use of water resources by bottling at PS 26- June 2024		

5.2 People Pillar

	Strategic Objective	Action Plans	Timelines	KPI	Responsibility
1.	An organisation structure that is aligned to the achievement of the strategy	Evaluation of structure for fitness for purpose	June 2023	Validation/revised organization structure	GM (HR&A)
2.	Improve performance of the organisation through effective talent management	Enhance staff learning and growth	Annual training plan	i. % of annual training plan linked to TNA implemented ii. Minimum of 3-man days training per staff per year iii. Employee Productivity Score improve 1 point annually	GM (HR&A)
			Dec 2022	Critical roles for succession identified	
			June 2023	Successors for critical roles identified	
			December 2023	Growth plans for top talent developed and implemented	
		Develop an organization competency framework	June 2023	Talent map of defined skills and competencies required for career progression	GM (HR&A)
Develop and roll out themed and targeted employee engagement	Quarterly	i. Town hall meetings ii. Skip level meetings iii. Team building iv. Net Promoter Score improve by 1 point annually			
3.	Create an organisation culture that supports change and high employee engagement	Design and set guidelines on desired organizational culture to deliver the strategy.	July 2022	Culture guidelines	GM (HR&A)
		Develop and roll out a change management programme	March 2023	i. Roll out of culture change program. ii. Culture rating improve by 1 point annually	GM (HR&A)
		Develop and implement wellbeing programs	Continuous	Roll out of bespoke wellness programs	GM (HR&A)
4.	Strengthen leadership quality and build integrity	Strengthen the leadership pipeline: a) Bi-annual talent reviews	Biannually	i. Leadership competency framework. ii. Development career plans for key leaders	GM (HR&A)
		b) Develop coaching and mentoring capability			
5.	Build HR Bench strength	Develop an HR & A operating business model	June 2023	i. Enhance HR business partnership ii. Succession Planning for critical roles	GM (HR&A)

5.3 Image and Reputation Pillar

	Strategic Objective	Action Plan	Timelines	KPI	Responsibility
1.	Enhance KPC's image	Develop and roll out Foundation publicity and visibility plan	December 2022	i. Publicity and visibility plan in place. ii. 100% implementation of the plan	GM (S)
		Design a CSI Implementation framework; policies, procedures, work instructions with milestones for each quarter.	December 2022	Approved CSI implementation framework	GM(S)
		Develop and implement a media strategy to enhance awareness on Company initiatives and achievements	December 2022	Media Strategy in place	GM (S)
		Develop and implement 100 days Rapid Results Initiative (RRI) on Branding	November 2022	i. Brand health rating improve by 5 points annually ii. Brand leadership rating improve by 5 points annually	GM (S)
2.	Improve Stakeholder relationship	Continuous realignment of media relationship strategy to emerging issues	Annual	i. Progressive increase in positive publicity ii. Establish an image rating system for continuous improvement	GM (S)
		Develop a stakeholders' map for implementing stakeholder management	September 2022	Stakeholders' map (matrix/index) to be ready by Q1	GM(S)
3.	Strengthen internal & external communication	Develop and roll out a cohesive communication strategy	December 2022	i. Roll out communication strategy ii. 90% staff awareness on KPC issues	GM(S)

5.4 Systems and Processes

	Strategic Objective	Action Plans	Timelines	KPI	Responsibility
1.	Enhance and Integrate systems and processes	Integrate core KPC system, including: i. SCADA & SAP ERP ii. HSEMS and QMS; Laboratory System	June 2024	i. SAP ERP system integrated with SCADA	GM (F)
			Dec. 2022	ii. Certification of the Integrated management systems	GM (S)
		Implement Internet of Things (IOT) solution using the new SCADA and smart meters	June 2024	Data integration through Internet of Things (IOT)	GM (F)
		Implement a Biometric Access point and integrate to SAP time management for payroll accounting	June 2024	An Integrated IS i.e. no stand-alone system	GM (F) / GM (HR&A)
		Consolidate all information systems and related resources under one functional area.	Dec 2022	All systems under one functional area	GM (F)/ GM (PO&M)
		Re-engineer work process/procedures	June 2023	Work process/procedures flow charts	GM (S)
		Implement Integrated Security Management System based on ISO 27001.	June 2024	Certification	GM (F)
2.	Deploy appropriate emerging technology to drive growth	Develop and adopt a next generation technologies strategy that includes: i. SAP upgrade business case and roadmap ii. KPC systems architecture and platform supporting cloud, data analytics through artificial intelligence, blockchain and IOTs. iii. A capacity building plan to reskill staff on new technologies.	June 2023	Approved next generations technologies strategy	GM (F)/ (S)
			June 2025	Commence implementation of the new generation technology that is secure, available, and resilient.	
		Adopt energy efficient technologies	Dec 2022	Solarization of HQ	GM (ID)
			June 2023	Alternative power supply plan for depots and stations (solarization)	
			Dec 2022	i. Establish a well-resourced Energy Efficiency Unit ii. Energy efficiency rating improve by 10 points annually	GM (PO&M)
		Assess companywide security and develop a security strategy utilizing new technologies (re-engineer the security system)	June 2023	Security strategy and implementation road map	SM

5.5 Revised Financial Targets

5.5.1 Revised Financial Targets

Pipeline systems enhancement and new business opportunities would increase the Company's annual turnover to Kshs.37.1 billion and increase annual profitability to Kshs. 12.6 billion as at 2024/25, as shown below:

Table 5-1: Summary of Revenue and Profit Projections (in Kshs. M)

		Actual 2020/21	Projections 2021/22	Projections 2022/23	Projections 2023/24	Projections 2024/25	Pay Back Period (Years)
Current Business	Revenues	28,843	27,580	30,060	30,513	34,217	
	OPEX	21,226	20,012	21,012	22,063	23,166	
	PBT	7,617	7,569	9,048	8,450	11,051	
CSP Revenue Targets							
Nairobi Truck Loading	Revenues				136	145	6
	OPEX				90	95	
	PBT				46	50	
LPG Skid	Revenues				151	159	3
	OPEX				24	25	
	PBT				127	134	
LPG - Bulk Handling Mombasa	Revenues					1,014	8
	OPEX					753	
	PBT					261	
KPRL New Business (Truck loading and Storage)	Revenues			179	179	1,024	3
	OPEX			18	213	224	
	PBT			162	92	673	
FOC	Revenues		196	222	330	490	2
	OPEX			-	-	-	
	PBT			211	261	404	
Revenues - New Investments		-	196	401	796	2,832	
PBT - New Investments				372	525	1,522	
Total Revenues		28,843	27,776	30,461	31,309	37,049	
Total PBT		7,617	7,569	9,420	8,975	12,573	

Assumptions on projects for existing business:

- i. Throughput plateau at 8.1 million m³ in 2022/23 – 2023/24 due to Eastern Pipeline capacity constraints.
- ii. Increase in profits will be driven control of OPEX. The projections assume a 5% growth from the prorated 2021/22 OPEX.
- iii. Exchange rate Kshs. 115 to the dollar.

6.0 KEY PERFORMANCE MATRIX

Based on the revised strategies and action plans, the revised high-level key performance metrics are as follows:

Table 6-1: Key Performance Matrix

FOCUS	METRIC CATEGORY	Actual 2020/21	Approved Budget 2021/22	Proposed Budget 2022/23	Projected 2023/24	Projected 2024/25
Business Leadership	Pipeline Throughput Volume – Cu M Litres	7.4	7.8	8.1	8.1	9.2
	Revenue (NR) - Kes. Bn	28.8	27.8	30.5	31.3	37.1
	Profit Before Tax (PBT) -Kes. Bn	7.6	7.6	9.2	8.7	12.2
	Return on Investment (ROI) -%	>=8.0%	>=8.0%	>=8.0%	>=8.0%	>=8.0%
	Profitability Ratio	27%	>=25%	>=25%	>=25%	>=25%
	Current Ratio		>=2:1	>=2:1	>=2:1	>=2:1
	Market Share	85%	88%	89%	90%	90%
	Customer satisfaction	80%	85%	85%	85%	85%
People	Net Promoter Score (NPS)	N/A	Establish Baseline NPS	+1	+1	+1
	Employee Productivity Score	N/A	Establish Baseline	+1	+1	+1
	High performance culture (Culture audit and culture change surveys)	N/A	Baseline to be Determined	+2	+2	+2
Systems and Processes	Availability of communication system (Time in %)	99.60%	99.60%	99.60%	99.97%	99.97%
	Pipeline system uptime	95%	95%	95%	95%	95%
	Energy Efficiency Rating	N/A	N/A	Baseline to be determined	+10%	+10%
Reputation and Image	Brand Health Rating	N/A	N/A	Baseline to be determined	+5%	+5%
	Brand Leadership Rating	N/A	N/A	Baseline to be determined	+5%	+5%

Departmental Strategic Plans (DSPs) will be revalidated, and the monitoring tools updated. The monitoring will be a continuous process throughout implementation of Vision 2025 to ensure the optimistic outcomes. The success of the CSP monitoring will depend on adoption of the result-based management M&E framework applied systematically across the Department's portfolio and embedding of a culture which incentivizes the delivery of good quality monitoring and evaluation outputs corporate-wide.

APPENDIX I: Pipeline Infrastructure Sustainability and Enhancement Plan - Road Map

No.	Project	Facility	Project Timeline				Responsibility
			2021/22	2022/23	2023/24	2024/25	
1	Construction of truck loading facilities at KPRL - Completion of works	Jetty, KOSF and KPRL					GM (KPRL)
2	Integration of Line-5 meters to PS9 Hydrant Monitoring System	PS 9					GM (PO&M)
3	Rehabilitation of Port Reitz tanks and connectivity to Line 5/ KOSF/ New KOT	Jetty, KOSF and KPRL					GM (KPRL)
4	Development of LPG Bulk Import Handling and Storage Facilities	Jetty, KOSF and KPRL					GM (ID)
5	Replacement of SCADA System for the pipeline network	All					GM (PO&M)
6	Acquisition of Leak Detection System for the pipeline network	All					GM (PO&M)
7	Line 4 Capacity Enhancement – Partial Phase 2 (Upgrade to 500m3/hr)	Line 4					GM (ID)
8	Construction of an additional AGO tank at PS28	PS28					GM (ID)
9	Construction of truck loading support facilities at KPRL	PS 15					GM (KPRL)
10	Metered bypass at PS10 to Western Kenya	PS 10					GM (PO&M)
11	Replacement of electrical switchgear at PS 25	PS 25					GM (PO&M)
12	Eastern pipeline network capacity enhancement	Eastern Line					GM (ID)
13	Meter proving systems for PS 14 and PS28, PS8	PS 14, 28 & PS 8					GM (PO&M)
14	Procurement of spare transformers for PS14 & PS 1 and Lines 2 & 4	PS 14, PS 1 & Line 2&4					GM (PO&M)
15	Provision of alternative Power Supply at KOSF	PS14					GM (PO&M)
16	Replacement of ATGs at KOSF and KPRL	PS14&15					GM (PO&M)/ GM (KPRL)
17	Conversion of Jet A1 tank into a swing tank at PS 9	PS 9					GM (PO&M)
18	Line 4 capacity enhancement – Phase 3 (Upgrade to 750m3/hr)	Line 4					GM (ID)
19	Power supply upgrade at PS28	PS 28					GM (PO&M)
20	Rehabilitate the inactive KPRL tanks in Changamwe and upgrade the connectivity to new KOT	PS 15					GM (KPRL)
21	Construction of tanks and Inter-tank flowrate enhancement in Western Kenya Depots	Western Kenya Depots					GM (ID)
22	Conversion of Top Loading to Bottom Loading Facilities	All Depots					GM (PO&M)
23 ²	Construction of an additional Jet-A1 Tank at PS 9	PS 9					GM (ID)
24 ³	Construction of a new Western Kenya Pipeline (Nairobi - Eldoret; Sinendet-Kisumu)	Western Kenya					GM (ID)

2 Additional Jet A-1 tanks required by 2026/27. Project planning to commence in 2023/24.

3 New pipelines required by 2030. To be implemented in next plan period.

KPC VISION 2025

