



# KAKUZI

*Growing Together*

2022 ESG REPORT

*Growing Together*

For people, with purpose

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## About Kakuzi

**K**akuzi PLC, a distinguished Kenyan superfoods producer, is listed on the Nairobi Securities Exchange and London Stock Exchange. Our core activities encompass cultivating, processing, and marketing a diverse range of superfoods, including avocados, blueberries, macadamia, tea, livestock, and commercial forestry.

We operate across two distinct locations in Kenya, with our primary operations and headquarters located in the picturesque Makuyu of Murang'a County. On the other hand, our Kakuzi (Kaboswa) Tea Estate, finds its home nestled amidst the scenic Nandi Hills of Nandi County.

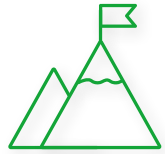
Kakuzi PLC is the leading avocado producer in Kenya, the primary single-estate macadamia producer, and the trailblazer in introducing commercial blueberries to Kenya, catering to both local and global customers.

As a long-standing superfood producer, Kakuzi brings decades of expertise to the table, making significant contributions to Kenya's food security and economic growth. Our operations are not just about generating substantial revenue, they are about trying to lift others as we grow. We try to play our part to improve the wider ecosystem of where we operate. This commitment to holistic growth is at the heart of Kakuzi's mission and vision.



In our pursuit of sustainability, we are committed to developing an agricultural portfolio that produces our crops responsibly by focusing on key issues such as water stewardship, measuring and reducing our carbon emissions, reducing waste products and we hope in time, being able to undertake additional activities to reduce atmospheric carbon dioxide.

# Who we are



## Vision

To be a global leader – your preferred producer and supplier of quality agricultural products.



## Mission

To consistently produce quality products, responsibly, sustainably and ethically.



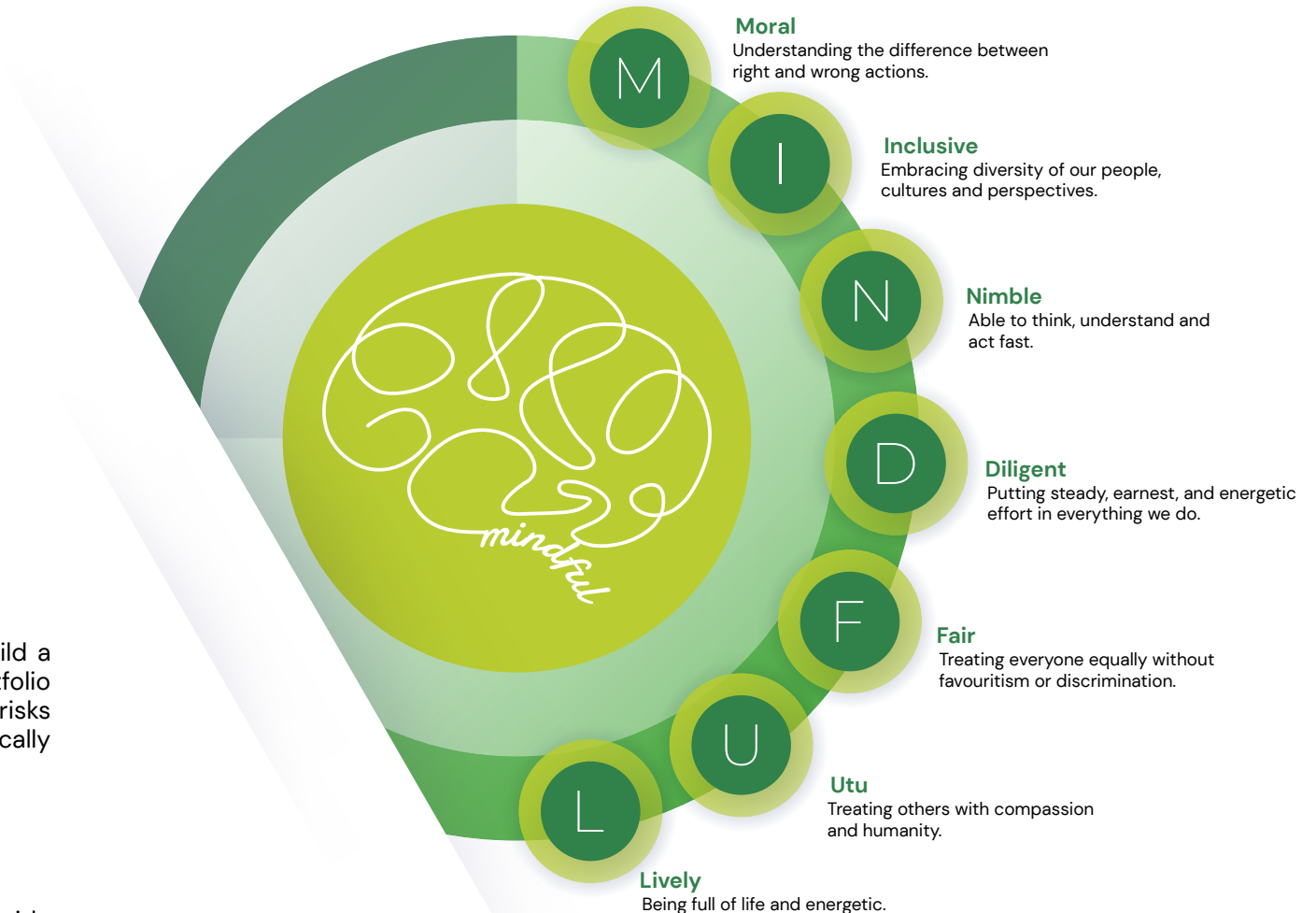
## Core Business

We continuously strive to build a sustainable agricultural portfolio that can mitigate weather risks which the sector has historically been subject to.



## Values

Our organisational values guide and inspire our relationships internally and externally with our customers, communities and partners.





**We grow  
locally, for  
people with  
purpose**



A proud Kenyan business that contributes towards development

# Growing Together



We invest in mutually beneficial enduring partnerships



We lift others as we rise



We Grow Crops



We Grow People



We Grow Community



We Grow Customers



We Grow Sustainably



We Grow Knowledge

## Shared Value



Economic empowerment



Community welfare



Education



Infrastructure



Strategic supply chain



Sustainable production



Climate action

**W**e embody a commitment to sustainable agriculture and community empowerment. Our journey is defined by a steadfast dedication to locally grown produce that serves a greater purpose, striving to enhance lives and fostering a brighter future for all.

Kakuzi's strategic growth plans are aligned to the national Agricultural Sector Transformation and Growth Strategy: Towards Sustainable Agricultural Transformation and Food Security in Kenya.

Our operations are closely integrated with the local communities and the environment. We are therefore dedicated to sustainably managing our businesses and building enduring community partnerships through:

- Economic empowerment
- Community welfare
- Education
- Infrastructure
- Strategic supply chain
- Sustainable production
- Climate action

# Kakuzi at a Glance



**4,065**  
head of Boran  
Beef Cattle



**2,800**  
employees  
**Ksh 650  
Million** Wages paid to  
employees in 2022



**SDG'S**  
UN Sustainable  
Development Goals



**1,244ha**  
of Sustainable  
Commercial Forestry



**1,300**  
Listed on the NSE  
1,300 Shareholders



**Human Rights**  
UN Guiding Principles on  
Business & Human Rights



**Blueberries**  
First Large Scale Blueberry  
Producer In Kenya



**Macadamia**  
Largest Kenyan Producer Exports  
Ksh 10 Billion per Year



**3,000**  
Small Holder  
Avocado Farmers



**Avocado**  
Largest Kenyan Producer Exports  
Ksh 2.8 billion in 2022



## About this Report

This report captures Kakuzi Plc's holistic approach to evaluating the Environmental, Social, and Governance (ESG) impact embedded within our business operations. Aligned with the UN Sustainable Development Goals (SDGs) framework, it underscores our commitment to sustainability. Delving into Kakuzi's journey throughout the financial year 2022, the report spans all business divisions. It not only showcases integrated initiatives but also illuminates the strides taken to align our operations with sustainability principles as a leading superfood producer. As a member of the United Nations Global Compact (UNGC), we are dedicated to community support, and environmental conservation which are pivotal aspects of our Growing Together Strategy.

In line with the Growing Together strategy, our commitment extends beyond conventional boundaries. We strive to not only conserve the environment but also make a tangible impact on the communities we operate in. This commitment takes centre stage as we navigate this complex terrain.

This report also showcases critical areas of operations across the business within the six adopted SDGs. The report has been developed in reference to the Global Reporting Initiative (GRI) framework, core option, as a standard of measure to capture impact, serving as our impact standard of measure. This framework enables us to capture impact, delineate our initiatives, and articulate our purpose.

Encompassing all dimensions of our operations, the report places a distinct emphasis on community involvement within both upstream and downstream value chains and evaluates the impact of our initiatives on the environmental, social, and economic realms. Within the contours of enumerating Kakuzi's supply chain impacts, sustainability pivots to focusing on human rights, fair labour practices, environmental progress, and robust corporate governance.





# Introduction

This report provides a comprehensive overview of Kakuzi’s Environmental, Social, and Governance (ESG) practices and risk management strategies for the year 2022. With a strong emphasis on our new brand purpose, MINDFUL, we delve into the impact of our operations on the communities in which we operate.

### Commitment to Sustainability Frameworks

Kakuzi is committed to aligning its business with key sustainability frameworks that guide our approach. Notably, we adhere to the principles of the United Nations Global Compact (UNGC), which are derived from essential guidelines such as the Universal Declaration of Human Rights (UDHR), the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Furthermore, as a locally listed company, we fully embrace the reporting guidelines set forth by the Nairobi Securities Exchange (NSE). These guidelines serve as an additional foundation for our approach to transparency and disclosure and for meeting the highest corporate reporting standards in the Kenyan market.

This robust commitment to international and local standards reinforces our dedication to ethical and sustainable practices, striving to foster trust among our stakeholders and enhancing our accountability in pursuing our sustainability objectives.

### Focus on Sustainable Development Goals (SDGs)

In our pursuit of sustainability, Kakuzi’s operations are aligned with six Sustainable Development Goals (SDGs):

These SDGs serve as a guiding compass for our initiatives, enabling us to create value for our stakeholders and contribute to the global agenda as we work towards the 2030 targets.

3 GOOD HEALTH AND WELL BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



13 CLIMATE ACTION



## Our New Brand Purpose

*Growing Together*

- We Grow Our People
- We Grow our Community
- We Grow our Customers
- We Grow Sustainably
- We Grow Knowledge
- We Grow Crops

**K**akuzi is aware that the path to progress is a continuous journey and one we must continuously reflect on. While we acknowledge that sustainability is a journey, our commitment to trying to do the right thing is unwavering. This commitment has culminated in our enduring brand purpose: 'Growing Together'. This brand purpose reflects our dedication to fostering growth and development for all stakeholders involved. We also recognise that at times some of our

stakeholders may not agree with what we do. As Kakuzi expands into new products and markets, we remain deeply rooted in Kenya and continue to prioritise our relationships with the local communities that have been integral to our success. By cultivating our products in Kenya, we not only deliver high-quality goods but also support local farmers and businesses, contributing to the sustainable development of the region.



# Word from the Leadership

## Message From The Chairman

As we expand our presence in the global markets, we remain steadfast in championing sustainable strategies, and fostering community development initiatives. The call for climate action and responsible agricultural practices has never been greater, and commitment to this cause, I hope, is captured in this public document. We believe in transparency to enable our stakeholders to know what actions we are taking and in turn provide us with critical feedback.

In 2019, we developed our first Environmental, Social and Governance (ESG) report, marking the inception of a comprehensive assessment of our practices and impact. We have continued to enhance our public reporting to meet the ever-changing landscape on public disclosures, both nationally and internationally. We seek to align ourselves not only with the UN Sustainable Development Goals (SDGs) but also with the UN Guiding Principles on Business and Human Rights, climate related disclosures on carbon emissions, water usages, waste and social performance data with specific reference to gender equality.

Last year, our objective to grow superfoods in a sustainable and responsible manner was brought into stark focus by the drought conditions experienced throughout the country. The decision to invest in climate-smart agriculture

enabled us to mitigate the impact of drought in our horticultural and macadamia nut operations. We are continuing with this strategy as we increase our areas under precision irrigation as well as a planned increase in our water storage capacity.

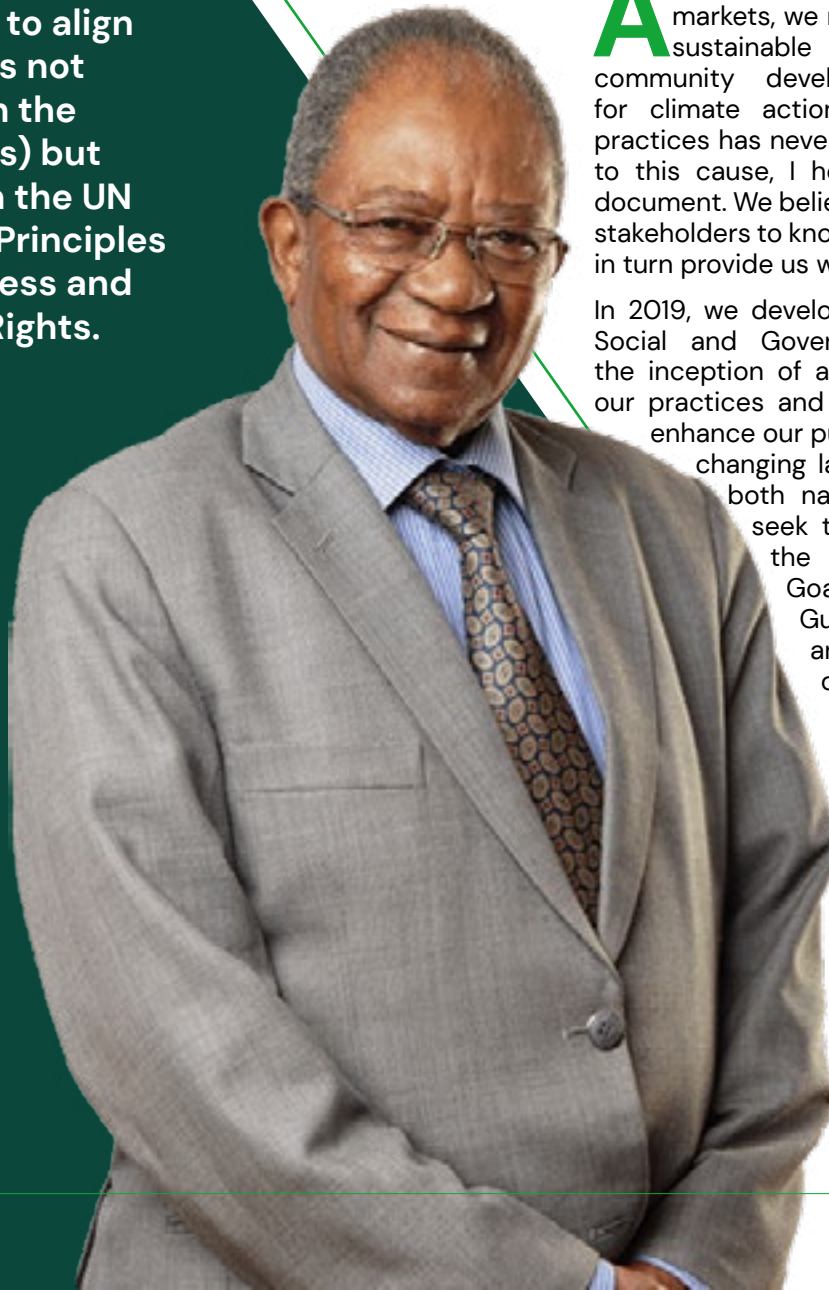
As a company, over time we have invested significant resources constructing 19 separate earth dams holding 12 million cubic metres of water. This has been achieved despite the fact that there is no flowing river on Kakuzi land. For the dams to fill with water, they must have well-managed water catchment areas. What we have undertaken as a company is to conserve the ecosystem in a productive and hopefully profitable manner through our livestock operations.

This practice is fundamental to our company's integrated approach to land management. It is important to note that, if there were no water catchment areas at Kakuzi, there would be no water in the dams which in turn would severely limit our capacity to undertake sustainable agricultural production. Our agricultural model is not unique but sadly the value of water catchments is too often overlooked or discounted. I, therefore, encourage you all to be ambassadors for climate-smart agriculture.

In 2023 we launched our new purpose clearly and concisely captured in the phrase Kakuzi Growing Together. As our operations grow, so do the opportunities we as a business have to provide innovative interventions that we believe give all of our stakeholders an opportunity to grow along side and in conjunction with us. As the Board Chair, I commit this ESG report to demonstrate our commitment to our cause, lifting others as we rise.



We seek to align ourselves not only with the UN (SDGs) but also with the UN Guiding Principles on Business and Human Rights.



**Nicholas Nganga**  
Chairman of the Board

## Message From Managing Director

In 2022, we continued to demonstrate our commitment to responsibly grown food production through our work and interventions on ethics, environmental stewardship, climate action and being a good corporate citizenship through our Kakuzi, Community Partnership programmes. We continued to carry out the foregoing through the framework of the United Nations Sustainable Development Goals (SDG's), in alignment with our published ESG reports.

Kakuzi PLC is much more than just products, it is absolutely about purpose. We make our money from the land, but we fundamentally believe that our value is generated by what we stand for; Our purpose, and critically what it is seen to stand for.

Our purpose of 'Growing Together' has to account for what the world wants from us, it has to

demonstrate our credentials transparently

and authentically, recognising our responsibility and obligation to wider society. Our purpose goes to the core of our organisation whether it's through our Kakuzi Community Partnership Programs which support education, sanitation, and environmental enrichment, or through our technical extension work of showing farmers how to grow the crops we grow, or our environmental stewardship programs which we practice daily to preserve and enhance our orchards.

In 2022, we continued to demonstrate our commitment to growing together, ethics, sustainability and good corporate citizenship practices through interactions with and involvement of key stakeholders. We continued to carry out the foregoing through the framework of the United Nations Sustainable Development Goals (SDGs), in alignment with our published ESG reports.

The year saw agriculture being confirmed as the dominant economic sector in Kenya, accounting for about 21 percent of the overall GDP. Data from the Economic Survey 2023 report shows that the industry would have performed better, but drought in most parts of the country severely affected agricultural production. However, at Kakuzi, our irrigation investments did mitigate the worst impacts of this drought.

As a company, we have aligned our strategic growth plans to the National Agricultural Sector Transformation and

Growth Strategy, as promoted by the strategy's theme: Towards Sustainable Agricultural Transformation and Food Security. We are working closely with government agencies and authorities such as the Agriculture and Food Authority (AFA) and Kenya Plant Health Inspectorate Services (KEPHIS), to expand our markets and our sustainably grown value-added range.

At Kakuzi, we are not just an agricultural producer, but a quality superfoods producer and a very large one at that. Last year, we were the largest producer of avocados in Kenya and probably now the largest single-estate macadamia producer. We were the first company to bring commercial blueberry production to Kenya, and if all goes to plan, this will expand considerably. If the commercial trials are successful an expansion into blueberries would bring further diversification to the business, enhancing profits and naturally creating additional value for both the company and shareholders.

Market diversification for Kakuzi is a key part of our strategy not only for export but also for the burgeoning regional markets. As a country, we are the 5th largest exporter of avocados in the world and it's important to note that by 2030, 50 percent of all fresh produce will be consumed in Asia.



As a result, Kenya needs to continue to increase the number of countries we can sell products, and we need to do this with favourable terms of trade. Having the combination of avocado, macadamia and hopefully blueberries as export crops being sent to America, Japan, Europe, China, the Middle East, and the UK, as well as a strong domestic value addition range, we believe, gives us the greatest opportunities to minimise risk and maximise returns.

Consumers question where their food comes from and how it is grown. Our ‘Farm to Fork’ pledge means that our consumers are reassured that the food they purchase from us has been grown responsibly. We see this market growing quickly for grass-fed beef, kabuzi, macadamia oil and nuts, as well as blueberries.



During the year, we became the first commercial exporter of African-grown avocados to China with a shipment of nine containers of quality export-grade avocados. Whilst the volumes are currently small, the development of this new market is critical to Kakuzi and Kenya. We will continue to engage trade partners in China, and other Far-East countries, to capitalise on our geographical advantage against the traditional South American suppliers to the Chinese market.

An essential priority for our company has been and continues to be the operationalisation of the UN Guiding Principles (UNGP) on Business and Human Rights. To strengthen human rights within Kakuzi, we have mainstreamed human rights in line with UNGP Human Rights Standards. Additionally, we appointed a renowned Jurist

Justice (Rtd.) Violet Mavisi as the Independent Lead of Kakuzi’s Operational Level Grievance Mechanism (OGM). The naming of Ms. Mavisi has provided impetus to our ongoing efforts to maintain an independently validated human rights management standards. During the year, our corporate community partnerships undertook interventions in education, sanitation, clean water, health, and road infrastructure.

During the year, we also received a global certification confirming that our avocado and blueberry farming operations adhere to a sustainable approach to water resources management. We received the GLOBALG.A.P. “SPRING” Certificate of Conformity, a farm-level certification that helps producers, retailers, and traders demonstrate their commitment to sustainable water management.

# 9

During the year, we became the first commercial exporter of African-grown avocados to China with a shipment of nine containers of quality export-grade avocados.

**Chris Flowers**  
Managing Director

# Corporate Governance and Integrity





# The responsibilities of the Kakuzi Board of Directors include:

## Upholding Governance Excellence

The Board of Directors at Kakuzi PLC is committed to upholding governance excellence. Our Board features a balanced mix of executive, non-executive, and independent directors. Each director brings a unique blend of skills, experience, and technical know-how, promoting diversity in gender, age, ethnicity, and professional backgrounds. This diversity strengthens our decision-making and reflects our commitment to good governance.

## Board Composition and Committees.

At Kakuzi PLC, our Board reflects this balance and diversity, with executive, non-executive, and independent directors contributing diverse skills, experience, and technical knowledge. To efficiently discharge their responsibilities, the Kakuzi Board has established several committees, each with a specific focus. These committees provide independent oversight and expertise in critical areas.

### Strategy:

Setting the strategic direction of the Company to guide its growth and development.

### Financial Reporting and Control:

Monitoring financial statements and compliance with reporting requirements to provide transparency and accountability.

### Corporate Governance:

Establishing and maintaining governance structures and systems to uphold good governance practices.

### Acquisitions and Disposals:

Overseeing major acquisitions and disposals aligned with the Company's goals.

### Internal Controls:

Reviewing the effectiveness of the internal control system for risk management.

### Board Membership and Committees:

Overseeing Board membership and the functioning of various committees, to align with Company objectives.



The Kakuzi Board conducts quarterly Board meetings that go beyond mere formalities. These gatherings are vital platforms for setting corporate governance pillars, charting strategic courses and scrutinising business performance. We take an active approach to endeavour to make our operations thrive ethically and sustainably, aligning with the best interests of our cherished shareholders and stakeholders.

### Ethical Conduct and Integrity

In our pursuit of governance and integrity, Kakuzi has policies and mechanisms to address ethical dilemmas and conflicts of interest. We have partnered with service providers, suppliers, UN Global Compact, and the Kenya National Commission on Human Rights (KNCHR) to implement the following policies, which enhance our core values and code of ethics:

- Code of Ethics: Signed by our employees and suppliers.
- Anti-bribery Policy: Signed by our employees and suppliers.
- Anti-facilitation of tax evasion: 19 senior managers trained.
- Anti-modern Slavery policy: Signed by our employees and suppliers.

In partnership with the Kenya National Commission on Human Rights, 160 managers and supervisors were sensitised and trained in human rights and business. These policies underscore our commitment to ethical and responsible business practices. We have also implemented various policies to enhance the effectiveness and adequacy of our governance, in order to comply with the Kenyan legal framework and international conventions. This commitment is in line with good governance practices and serves the interests of our stakeholders.

The Board of Directors at Kakuzi PLC comprises diverse directors with a wealth of experience. Our dedication to good governance is evident through our committees and adherence to essential governance policies. By focusing on diversity, transparency, and accountability, the Board endeavours to contribute to the Company's continued success and commitment to ethical and sustainable business practices. We remain steadfast in our pursuit of governance excellence, upholding the highest standards for the benefit of all our stakeholders.

**Code of Ethics:** Signed by our employees and suppliers.



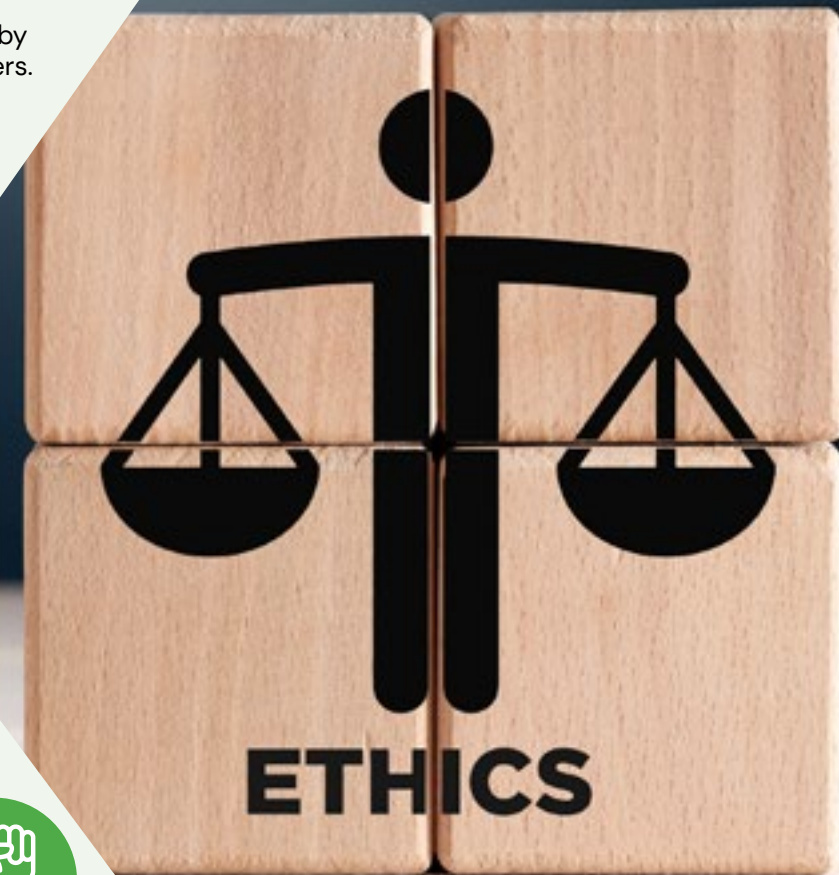
**Anti-bribery Policy:** Signed by our employees and suppliers.



**Anti-facilitation of tax evasion:** 19 senior managers trained.



**Anti-modern Slavery policy:** Signed by our employees and suppliers.



# Aligning Sustainability to Our Strategy

**A**t Kakuzi PLC, we are dedicated to managing our businesses sustainably and responsibly. We, therefore, adopted six of the 17 Sustainable Development Goals (SDGs) to help us accelerate development in the decade of action. We have integrated these goals into our day-to-day operations as part of our commitment to contribute to the SDGs, and in keeping our commitment to long-term agriculture. The goals are a commitment to Kakuzi to go above and beyond creating value for shareholders and positively impact the people and planet.



## Kakuzi, Community Partnerships



Our Kakuzi Community Partnership initiatives are guided by the UN Sustainable Development Goals (SDGs) that we have adopted. The adopted SDGs go a long way to apprise the KPIs that inform our sustainability journey.

During the year, we supported Global Handwashing Day, Nurses Week, Mater Cardiac Program, and through the Tabasamu program we supported learners from primary and secondary schools through sensitisation on menstrual health, peer pressure, depression, stress management, and drugs and substance abuse. Through this

program, we donated sanitary towels and bar soaps to the learners.

We worked with local suppliers and empowered female suppliers through training during the year. Local Purchase Order financing was given for Jiko Kisasa (modern cooking stove) construction materials for the 2nd and 3rd phases for female suppliers. 10 trained female builders were engaged in constructing energy-saving stoves in 300 households.

## Achievements in 2022

Material Topic	SDG	KPI	Impact
Community Action	<b>SDG 3</b> – Good Health & Well Being 	<ul style="list-style-type: none"> <li>To provide our staff, and in certain cases, immediate community members with the best health care services possible.</li> <li>Mainstream Occupational Safety and Health Act, 2007, within our operations.</li> <li>To enhance dignity among school-going girls and women.</li> <li>Enhance human rights within the Kakuzi supply and value chains.</li> </ul>	<ul style="list-style-type: none"> <li>Over 549(258M,291F) community members were reached. Services offered: Cervical, prostate cancer screening, HPV vaccine for young girls, COVID-19 vaccination, VCT, and nutritional assessment.</li> <li>Mater Cardiac Program for children from poor backgrounds with heart conditions – 25 employees sponsored.</li> <li>Construction of triage and 2-door sanitation facility at Ndula dispensary.</li> <li>Tabasamu topics – Menstrual health, peer pressure, stress management, substance abuse.</li> <li>Breast Cancer Awareness Month – 150 women benefited from breast and cervical cancer screening services.</li> <li>Global Handwashing Day was supported with 200 shirts 1.6 tons of food donated to over 900 Households</li> </ul>
Community Action & Supply Chain Management	<b>SDG 4</b> – Quality Education 	<ul style="list-style-type: none"> <li>Support learning institutions within and outside the Kakuzi area of operations.</li> <li>Enhance knowledge among our staff to strive to make them competitive and keep them up-to-date with industry knowledge.</li> <li>Support smallholder farmers within our supply chain and local community with extension services.</li> </ul>	<ul style="list-style-type: none"> <li>97 Schools received classroom furniture.</li> <li>1 School was renovated.</li> <li>6 BOM teachers were supported to reduce the pupil-teacher ratio and improve the quality of education.</li> <li>Academic scholarships for 3 top KCPE pupils from our internal schools.</li> <li>23 computers were donated to 15 institutions.</li> </ul>

<p>Respecting and Promoting Human Rights</p>	<p><b>SDG 5 – Gender Equality</b></p> 	<ul style="list-style-type: none"> <li>• Enhance the female quotient within Kakuzi staff through a process of continuous development.</li> <li>• Develop and deploy gender-sensitive policies.</li> </ul>	<ul style="list-style-type: none"> <li>• We have a total of 2,800 employees employed directly with 1,803 being male and 997 females.</li> <li>• We have 48 male 25 females in management level.</li> <li>• We have 50 women taking up supervisory roles.</li> <li>• We introduced an all-encompassing Human Rights Policy.</li> <li>• We put in place a resilient Human Rights Due Diligence system.</li> <li>• We instituted an independent Operational Grievance Mechanism (OGM).</li> </ul>
<p>Community Action &amp; Climate Action</p>	<p><b>SDG 6 – Clean Water &amp; Sanitation</b></p> 	<ul style="list-style-type: none"> <li>• We conserve water as much as possible by practising a combination of water catchment preservation methods and using technology to apply the correct amount of water to our crops.</li> <li>• Continuously harvest rainwater.</li> <li>• Continuously support local communities to access water, including learning institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• 12 institutions received rainwater harvesting systems and access to clean water improving hygiene.</li> <li>• 15 Schools ablution blocks safe disposal of water installed.</li> <li>• 1 School hand washing facility</li> </ul>
<p>Product Safety, and Quality, Community Action &amp; Supply Chain Management</p>	<p><b>SDG 8 – Decent Work &amp; Economic Growth</b></p> 	<ul style="list-style-type: none"> <li>• Improve the knowledge of smallholder farmers within our value chains.</li> <li>• Assist organised community groups to start beekeeping enterprises.</li> <li>• Increase the value of local purchases to Kshs. 50 million per year by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>• 4 Self Help Groups (SHGs) supported with 575 avocado tree seedlings and training.</li> <li>• 2 boda-boda sheds were constructed.</li> <li>• Employment of builders 33(23M,10F) to install 300 Households with double energy-saving stoves.</li> <li>• Engaged local suppliers and service providers.</li> <li>• 3 groups received beehives and training.</li> <li>• Kakuzi Primary School to Ithanga Kakuzi Hills Road and Sunset to Ithanga Road and Thangira culvert constructed to enhance mobility and livelihoods for communities</li> </ul>
<p>Community Action &amp; Climate Action</p>	<p><b>SDG 13 – Climate Action</b></p> 	<ul style="list-style-type: none"> <li>• Continuously measure our greenhouse gas (GHG) emissions.</li> <li>• Measurement, tracking and reduction of the Company's carbon emissions.</li> <li>• Continuously ensuring that at least 12% of our total land cover is covered with forest at any given time.</li> </ul>	<ul style="list-style-type: none"> <li>• 3 communities received over 300 tree seedlings for planting (demonstration on planting and information on seedling post care).</li> <li>• World Environment Day was supported with 50 tree seedlings,100 polo shirts and 5 waste collecting receptacles.</li> </ul>

# Our Value Creation Model



Environmental



Social



Governance

**Natural**  
Land | Water | Energy

**Intellectual**  
Produce quality

**Human**  
Employees & Communities that we work with

**Financial**  
Investments out in to ensure the best quality in produce

**Manufactured**  
Farms | Factories  
Cold rooms | Fleet



## Output

## Outcome

### Talent Management 03



### 04 Business Ethics



### 05 Efficient use of natural resources



#### Product safety

- Post-harvest handling
- Accreditations

#### Sustainable resource consumption

- Efficient water use
- Waste management
- Recycling

#### People

- Skills development
- Career progression
- Diversity management
- Community empowerment

#### Product quality

- Products that are responsibly, sustainably and ethically produced

#### Accreditations

- Rainforest Alliance
- FSSC 22000
- Global G.A.P.
- Halal Certification
- Diamond Mark of Quality

#### Customer value

- Consistency in quality and delivery

#### Investors

- Return on investments
- Share holder value

#### Employee welfare

- 2,800 employed directly (1,803 male and 997 female) & 10,000 indirectly
- Good health & wellbeing programmes
- Human rights programmes, assessment & continuous audits
- Operational grievance mechanism

#### Regulatory Compliance


- Taxes paid
- Continuous streamlining with all required regulations

#### Community Impact

- Ready market for 3,500 smallholder farmers
- Extension services
- Clean water and sanitation
- Education
- Environmental conservation
- Good health and wellbeing
- Improved infrastructure e.g., roads and schools

# Traceability





**T**raceability is a very important element in Kakuzi. It means that we can trace where the products came from all the way to the source. It also means we have a record to show how that particular product was grown, what fertilizer was used, and the pests and disease control measures that were taken.

To keep track of our products, we begin tracing when we receive a batch from the field. First, we identify that batch specifically by giving it a unique identifier. This unique number is put on every carton and remains there till the product is transported to the consumer.


Whenever there is an issue, consumers can quote the number, which we can trace back to the farm and the practices that were done on the farm.

Beyond the manual method, we have a system called Link Tracker, which captures several things from where the fruits were harvested to dates when they were packed. This system generates and stores in a systematic manner, both the farm and practices applied to the fruits.

Beyond our orchards, we work with smallholder farmers to trace the produce we receive from them. As expected, we cannot 100% know exactly what they have applied in the fields, but we can trace all the boxes to the farmer.

Whenever issues arise, we communicate with particular farmers and inform them exactly what is wrong with their produce. This practice benefits the farmer through the confidence they get when their products are delivered to the customer, and no issues are raised. It encourages smallholder farmers to stick to what is allowable by the pest control and produce board, in terms of the pesticides to use and the practices on the farm.

We understand traceability cannot be achieved fully if you are not in full control of the whole process from planting to selling. It is for this reason that Kakuzi takes pride in maintaining total traceability through the different phases of production.

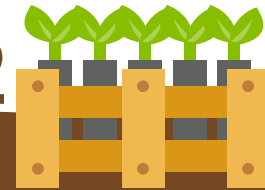


# 1 Seed germination

Seeds are grown in an arboretum with controlled entry to prevent the plants from getting diseases. Depending on the fruit maturity time, the seed germinates and grows to a level where it is pencil thick before it's moved to a nursery bed.



# 2 Nursery Preparation



After germination, the rootstock is transferred to a nursery. Depending on the type of fruit, those that require grafting like avocado and macadamia, are grafted and allowed to grow for the next 9 months.

# 3 Land Preparation

Land preparation is done simultaneously as the trees grow in the nursery. The land is ripped to enable the plants to have good penetration and leaf growth.



# 5 Transplanting

Once land preparation has been done and the seedlings are ready, they are planted in the orchard and an irrigation system is set at this point. Periodic irrigation happens twice a week.



# 4 Soil Testing

During land preparation, soils are tested before planting to address detected deficiencies and advice on requirements for liming and addition of nutrients.



# Kakuzi Fruit Production Process

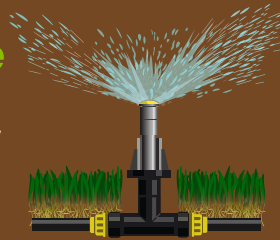
## 6 Fertilizer Application

The fertiliser programme entails the application of various fertilizers including nitrogen phosphorus, and potassium (NPK) and micronutrients, like zinc and boron.



## 7 Growth and Care

The young fruit-bearing plants require ongoing care, including regular watering, fertilisation, and pest and disease management. Pruning and training may be employed to shape the plant's growth and encourage fruit production.



## 8 Fruit Set and maturity

Successful pollination results in fruit set, where the fertilised flowers develop into young fruit. The fruit continues to ripen until it reaches maturity.

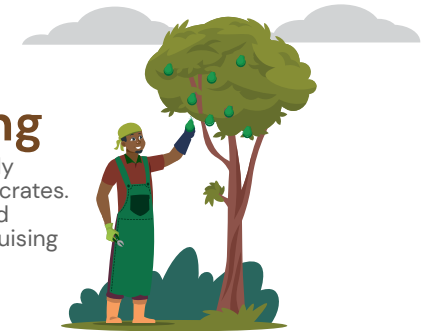
To determine maturity, we track moisture levels before harvesting

This is because moisture content or dry matter content is an element of maturity. For instance, when the moisture levels of the avocado are at 76% the avocados are mature and are ready to be harvested.



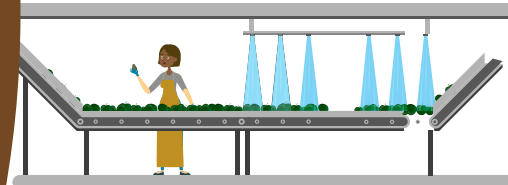
## 9 Harvesting

The fruits are manually harvested and put in crates. Avocados are handled gently to minimise bruising and maintain quality.



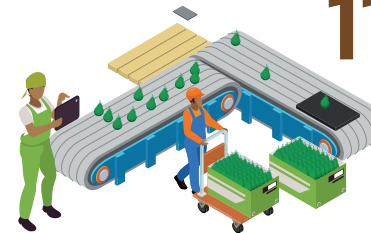
## 10 Post-Harvest Handling

After harvesting, fruits may undergo post-harvest treatments, such as washing, sorting, and packaging, to maintain quality.



## 11 Sorting, grading, packing

After sorting, grading is done by weight, and the fruits are packed. Grading is done by a mass sizer, which weighs individual fruits and delivers them to particular drop-off points where they will be packaged by size, placed in boxes, and later pallets ready for market.



## 12 Distribution

The mature fruits are then distributed to markets, grocery stores, or consumers, where they can be enjoyed as fresh produce.



# Material Topics



## Materiality

To assess what risks matter most within our business, we take part in a standard materiality assessment by engaging stakeholders to have confidence that we are effectively evaluating and measuring the risks and impact within our value chain.

As part of the process, questions are developed and shared with respective stakeholders, followed by deep dive sessions, where we investigate key issues of interest and significance to them. The process assists in prioritising topics to focus on by creating an inherent business case for endeavours that may have been previously dismissed as too costly or not having enough proof of results.

Kakuzi PLC regularly assesses stakeholder concerns and expectations and topics that present the greatest risks and opportunities for the business. Our materiality analysis helps us identify where we can provide the most value and drive our strategy and where we should focus our efforts, allocate resources, and direct our reporting.

Our approach to identifying our material topics uses existing guidelines and thought leadership, best practice examples from leading companies and lessons learned from past materiality assessments. It was also customised to reflect the context we operate in and our corporate culture.

The materiality matrix identifies the most important issues for us and our stakeholders. This helps us be aware of stakeholder concerns, expectations, and issues that present our business's greatest risks and opportunities. It's reviewed regularly by senior management to inform our external communication and reporting and to help us allocate resources where we can provide the most value to stakeholders. In line with the development of this report, a wide range of stakeholder engagements were conducted.

The following four steps were reported in our previous reporting year:



## Step 1:

### Identification of Potentially Relevant Topics

Important environmental, social and economic topics for Kakuzi and our stakeholders were identified using the below information sources to identify these topics:

External sources	Internal sources
<ul style="list-style-type: none"> <li>• Stakeholder engagement and consultation</li> <li>• Dialogue with growers, communities in which we operate, business community, industry associations, governments, regulators, investors and the media</li> <li>• Topics identified by sustainability leaders and peers</li> <li>• Relevant sustainability standards, guidelines, publications and thought leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Company business model, strategies and policies</li> <li>• Financial and non-financial disclosures</li> <li>• Enterprise risk management reports</li> <li>• Previous materiality assessments</li> </ul>

## Step 2:

### Prioritisation of Topics Important to Kakuzi and Our Stakeholders

Assessment of the potentially relevant topics identified in Step 1 to determine the ones important to Kakuzi and our stakeholders. The following criteria were used:

- **Importance to Kakuzi:** Matters that present the greatest risks and opportunities for Kakuzi’s ability to create long-term value and achieve our ambition.
- **Sample of assessment questions used:** How relevant are these topics to Kakuzi’s ability to create long-term value? How important is it for Kakuzi to conduct these activities or contribute to addressing these challenges to achieve its ambition? How does the topic support or hinder Kakuzi’s business strategy? To what extent does the topic impact Kakuzi’s value chain, i.e., supply chain, own operations, and customers?
- **Importance to stakeholders:** Concerns and expectations frequently raised by stakeholders about our Company, our industry, agriculture and food systems.

**Sample of assessment questions used:**

- How important are these topics to Kakuzi’s stakeholders?
- How important is it for them that Kakuzi conducts these activities or contributes to addressing these challenges?
- How frequently is the topic mentioned in our stakeholder consultations and surveys, featured in the media, or mentioned in relevant benchmark studies, publications, online platforms or elsewhere?

The questions above were answered through discussions with internal stakeholders and by using the following external studies and publications:

From the list of potentially relevant topics, eight were identified as important to Kakuzi and our stakeholders and located on the top right of the matrix (green box). All other potentially relevant topics evaluated were deprioritised or merged with the eight material topics.

Topic	Definition	SDG
Respecting and Promoting Human Rights	Upholding the Universal Declaration of Human Rights principles and United Nations Guiding Principles on Business and Human Rights.	3,4,5 and 6
Climate Action	Reduction of greenhouse gas emissions, removal of greenhouse gases from the atmosphere, and reduction of farmers’ vulnerability to the adverse effects of climate change.	13
Supply Chain Management	Issues related to labour, environmental practices, ethics, or corruption may result in regulatory fines and/or increased long-term operational costs for companies. Similarly, agricultural products companies may face reputational damage if their suppliers perform poorly on environmental or social issues. Companies can mitigate these risks and potentially increase consumer demand or capture new market opportunities by engaging with key suppliers to implement sustainable agricultural practices or source from certified suppliers.	5 and 8
Product Quality, Sustainability and Safety	Safe products for people and the environment at all value chain stages – including development, manufacturing, use and disposal.	3 and 8
Access and Affordability	Production of agricultural products that are affordable, accessible, and nutritious in line with the current economic situation.	8
Business Model Resilience	Technologies and solutions researched, developed and brought to market that address growers’ need to enhance productivity and quality and address the challenges posed by climate change.	5 and 8
Management of the Legal and Regulatory Framework	Good corporate governance practices and compliance with laws, regulations and Company standards.	8 and 13



## Step 3:

### Ranking of topics based on relevance to sustainable development

The eight topics identified in Step 2 were assessed using the following criterion:

**Relevance to sustainable development:**

Level of significant impact on global sustainable growth determined using The Global Risks Report 2021<sup>[2]</sup>

## Step 4:

### Classification of Topics as Material and Monitored

Finally, the eight topics that were identified as important to Kakuzi and our stakeholders and relevant to sustainable development were classified as:

- **Material topics:** Material topics are those classified as “high” in all three categories (column on the far right in diagram 2). For these topics, we have set goals in our Good Growth Plan, and we actively measure and evaluate our performance. These are also our material topics for GRI reporting.
- **Monitored topics:** Monitored topics are the remaining four that are important for us to be a responsible business. We regularly evaluate our performance in these topics to maintain the trust and confidence of our stakeholders. We annually report on our actions and progress in our ESG Report.





# Our Material Topics

Respecting and Promoting  
Human Rights



Product Safety,  
and Quality



Community  
Action



Climate Action



Supply Chain  
Management



# Progress on Our Material Topics

Kakuzi Material Topics	Our progress	Goals	Future Plans
<p><b>Material Issue 1:</b> <b>Respecting and Promoting Human Rights</b></p>	<p>At Kakuzi, we have passionately taken up the duty to respect human rights under the UNGPs and structured our approach around three key pillars. First, we have instituted a comprehensive Human Rights Policy as our guiding compass, setting clear directives for our actions. Second, we have implemented a robust Human Rights Due Diligence system, allowing us to proactively identify, prevent, and mitigate any potential adverse impacts that may occur along our journey. Third, we have established an independent Operational Grievance Mechanism (OGM), which provides a safe platform for individuals who may have suffered negative consequences</p>	<ul style="list-style-type: none"> <li>• To provide guidance on the internal governance and responsibilities around the company’s Human Rights Policy and Action Plan.</li> <li>• To raise internal awareness about Human Rights and other topical issues such as SH and SGBV</li> <li>• To promote access to the OGM and raise awareness on the supports and safeguards available.</li> <li>• To Understand our involvement with our salient issues and build actions around them.</li> <li>• To strengthen and build strategic partnerships with stakeholders.</li> <li>• To leverage on lessons learned as a source of continuous learning.</li> <li>• To try to listen and establish effective mutually beneficial solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption and implementation of a Gender Framework</li> <li>• Review and Update the Human Rights Policy in line with emerging priority areas.</li> <li>• Development of a Standard Operating Procedure for Vulnerable persons including Human Rights Defenders</li> <li>• To continue engaging our stakeholders and contribute to national advocacy efforts on business and human rights.</li> <li>• To continue providing transparency about the progress and the challenges we face.</li> </ul>



Kakuzi Material Topics	Our progress	Goals	Future Plans
<p><b>Material Issue 2:</b> <b>Product Safety, and Quality</b></p>	<p>We continue producing high-quality and safe products, placing utmost importance on product quality and safety while embracing sustainable practices. Our core focus areas of production include tea, macadamia, avocado, blueberries, forestry, and livestock.</p>	<p><b>Blueberry</b></p> <p>Increase blueberry production from current 10Ha to 300 Ha in a span of 10 years. This will allow the firm to diversify its product portfolio hence help to cushion it from unpredictable risks caused by changes in supply and demand at the market.</p>	<ul style="list-style-type: none"> <li>• Rain water harvesting from greenhouse roof tops and channeling the same to our dams for future use.</li> <li>• Breeding and using <i>Cryptolaemus</i> predator to control mealybug hence avoid the need for a chemical intervention. This will also help in striking a balance in the ecosystem.</li> <li>• Use of scarab scouting tool for real time pest and disease locations in the fields.</li> <li>• Use of biodegradable punnets as opposed to the current plastic ones.</li> <li>• Use of the latest technology in our cold rooms that lays emphasis on efficient cooling whilst not using ozone depleting gases.</li> </ul>
		<p><b>Macadamia</b></p> <p>To consistently produce quality macadamia products, responsibly, sustainably and ethically</p> <p>To reduce food loss and wastes (FLW) by 2% year on year until the year 2030 to support the UN SDG 12.3</p>	<ul style="list-style-type: none"> <li>• Invest in modern colour sorters to facilitate production of quality products efficiently and competitively.</li> <li>• Tap into sustainable available solar energy and bio fuels (from macadamia shells and other bio products).</li> <li>• Expand diversity into processing of value-added macadamia products.</li> </ul>
		<p><b>Avocado</b></p> <p>Increase production to 1200 hectares by end of 2026</p> <p>Ensure packing maturity fruits with average maximum moisture content of 76% Hass and 80% Pinkerton throughout the season</p> <p>Improved quality of fruits through better pest and disease monitoring regimes</p>	<ul style="list-style-type: none"> <li>• Avocado value addition through establishment of avocado oil processing plant</li> <li>• Use of modern automated soil moisture readers / sensors for irrigation decisions to regulate the amount of water available for the plant</li> <li>• Use of Scarab technology to optimize intervention.</li> </ul>



Kakuzi Material Topics	Our progress	Goals	Future Plans
<p><b>Material Issue 3: Community Action</b></p>	<p>We have strengthened our support for local communities, trying to create a positive and mutually beneficial partnership. Some of these initiatives are through road rehabilitation, school support through donations, and implementation of programs that look into the health and well-being of our communities.</p>	<p>Support in creation and development of sustainable communities</p>	<ul style="list-style-type: none"> <li>• Youth and community empowerment through skills transfer</li> <li>• Helping to provide better access to quality education.</li> <li>• School Infrastructure</li> <li>• Education scholarships for deserving students</li> <li>• Support employment of BOM teachers in local schools</li> <li>• Establish education mentorship programme for learners coming from the local communities.</li> <li>• Increase access to quality care and treatment for local communities through partnership with local Government health facilities</li> </ul>
<p><b>Material Issue 4: Climate Action</b></p>	<p>Our approach involves supporting environmental sustainability and biodiversity, continuously identifying the environmental impact of all our activities, and minimising and mitigating these responsibly.</p>	<ul style="list-style-type: none"> <li>• Progressively reduce emissions from all operations by 2% based on energy saving initiatives.</li> <li>• Focus efforts in including green energy sources in 2024 (solar lighting for factories)</li> <li>• Investing in new technology to optimize usage of water (increase area of coverage from the piloted area)</li> <li>• Reducing usage of conventional insecticides and focus more on IPM options across the farm (reduce herbicide usage by 50%)                             <ul style="list-style-type: none"> <li>• Increase circular economy in all operations (identify items or waste products for recycling)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Optimizing accuracy in data collection by use of smart technology such as sensors</li> <li>• Continuous auditing of all operations to identify opportunities for minimizing carbon emissions.</li> <li>• Capacity building for management on circular economy and sustainability to ensure awareness creation in the divisions.</li> <li>• Exploring renewable energy options available to us and how best to harness them.</li> <li>• Identifying and instituting energy saving initiatives specific for each operation.</li> <li>• Promoting and energy saving and sustainability culture by having competitions across divisions on carbon reduction and energy savings initiatives</li> </ul>
<p><b>Material Issue 5: Supply Chain Management</b></p>	<p>We integrated sustainability into our supply chain management where we require our suppliers to operate sustainably.</p>	<p>To have 50 million in local purchases by 2023</p>	<ul style="list-style-type: none"> <li>• Enhance local purchases and contractors' program.</li> <li>• Enhance surveillance of supply chain to ensure compliance with ethical practices, suitability and integrity.</li> </ul>



# 1 Respecting and Advancing Human Rights

In the area of business, even with the best efforts, policies and practices in place, adverse impacts may still occur. In light of this reality, we believe that prevention and remediation of adverse impacts have to be at the core of meeting our responsibility to respect human rights. Guided by the UN Guiding Principles on Business and Human Rights (UNGPs), we understand that businesses are expected to go beyond impact identification to proactively put in measures that prevent, mitigate, and address adverse impacts. Our company has been intentional about integrating such measures while continuously engaging stakeholders as a key element for continuous improvement.

Our Human Rights framework is structured around three pillars. First is our Human Rights Policy which outlines commitments and actions around our salient issues. Second, is the incorporation of a Human Rights due diligence process that entails the assessment of impacts, integration of actions and communicating on progress to stakeholders. Third is the development and implementation of an Independent Operational Grievance Mechanism as a means for persons who may be impacted by activities caused, contributed or linked to our business can raise complaints in order to get them addressed formally and consistently.

At the centre of our human rights strategy lies platforms of engagement with affected stakeholders in order to understand and respond to their concerns while integrating their feedback into our business approaches and decisions. We also engage, share insights and draw expertise from State actors, businesses, and Human Rights experts.

## Fostering Human Rights and Addressing Grievances

**A**t Kakuzi, we have adopted a Human Rights Policy as our guiding framework.

The policy enumerates our commitments and charts a roadmap to integrate human rights across operations. Underpinning our commitments are our continued support for gender equality, women's empowerment, and workplace protection.

Aligned with the United Nations Guiding Principles (UNGPs), our roadmap involves establishing robust human rights due diligence systems and implementing an Operational Grievance Mechanism (OGM) known as SIKIKA (be heard). SIKIKA is a means through which persons who may be

adversely impacted by activities caused, contributed or linked to our business can raise complaints in order to get them addressed formally and consistently.

SIKIKA consists of two separate components, each with its procedure. The components are differentiated by the type of impacts that are brought forth. SIKIKA 1 is a company-managed process that concerns impacts that may occur during the normal course of business operations that can best be handled and resolved by Kakuzi staff. It consists of a Grievance Officer, departmental Access Points, Investigation officers, a counselling team and a Grievance Committee.

SIKIKA 2 is an independent process for grievances that concern allegations of severe Human Rights impacts that have been caused by, contributed to, or are directly linked with Kakuzi and/or its business partners. It consists of a Head of the Independent Human Rights Mechanism (IHRM) responsible for adjudication, a Legal-Administrative Assistant, and an Independent Investigation team. A key element has been to understand how we are involved with each impact and, in consultation with affected parties, determine the appropriate action.



SIKIKI was designed collaboratively, engaging state and non-state actors, our surrounding community, and our employees. Through extensive stakeholder mapping and active listening, we gained a holistic understanding of our existing mechanisms and identified potential issues and impacts that the mechanism should address. We also drew upon best practices and guides from other successful mechanisms and the UNGPs to enhance effectiveness.

An important aspect of the UNGPs is that businesses are expected to integrate a continuous Human Rights due diligence process of assessment of impacts, integration of actions, tracking of actions and communicating on progress to relevant stakeholders. Kakuzi has implemented a process that focuses on tracking the effectiveness of actions over time. This emphasis on continuous improvement, process refinement, and regular policy review is an integral part of our approach.

We have undertaken three impact assessments on the intersection between Human Rights and Gender, Security and Employee welfare. The assessments have supported the company in identifying impacts and understanding how our business is potentially involved with each impact, and therefore, proactively develop plans of action. The UNGPs suggest prioritising actions based on the severity and likelihood of risks to people rather than from a business-centric risk perspective. We have subsequently identified our salient issues and developed a Human Rights Action plan. The Action Plan outlines our planned measures around each of the salient issues with actionable items, allocation of internal responsibility and timelines of implementation.

In the upshot, we acknowledge that none of these is a straightforward process. This journey has been about continuous learning, communication and listening. Understanding that in doing so, we may not always get things right, we are committed to disclosing our challenges and receiving feedback as a source of continuous learning.

**Kakuzi has implemented a process that focuses on tracking the effectiveness of actions over time.**

## Reflections on our 2022 Mainstreaming Human Rights Initiatives

In 2022, we initiated a transformative journey, introducing key initiatives centred around the integration of human rights. As we reflect on this journey, we recognise significant milestones, humbly acknowledging that our experiences provide ongoing opportunities for learning and improvement.

**Respecting human rights and addressing adverse impacts** – Valuing human rights has been embedded in our organisation’s core values and practises. Nevertheless, we acknowledge that despite our best efforts, adverse impacts may occur. This is why implementing a framework for the prevention, mitigation and addressing of impacts has been essential to address issues at their source, minimise harm and prevent them from escalating to more significant levels.

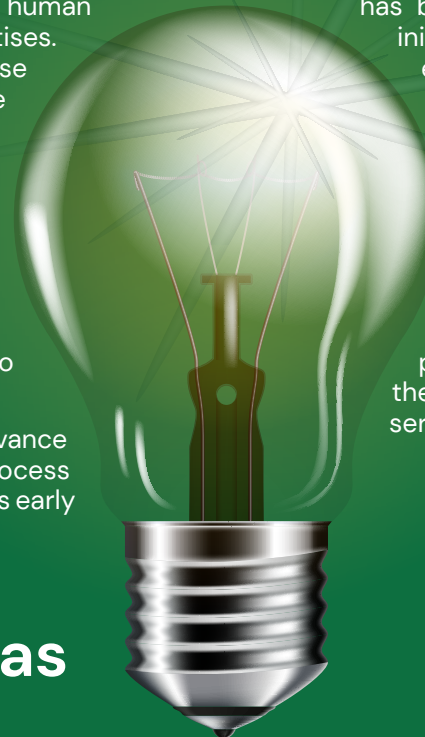
**The Process Matters** – Throughout our journey, we have discovered that managing a grievance is important, often surpassing the outcome. By involving the complainant in the process and maintaining open communication, we have tried to build this. Upholding the dignity of every individual involved has emerged as a cardinal approach to respecting human rights.

**Insights from Documentation** – Implementing a robust grievance mechanism entails thorough documentation. This documenting process enables accountability and provides valuable insights for the Company’s early

warning system. By analysing trends and identifying gaps, we can make informed strategic decisions and approaches that further strengthen our commitment to human rights.

**Stakeholder Engagement** – Engaging with stakeholders has been a significant aspect of our mainstreaming initiatives. We have learnt that stakeholder engagement is not always a straightforward process but a continuous journey of listening and learning. We can draw valuable lessons and continuously improve our practices by actively seeking and incorporating feedback from our stakeholders.

**Feedback and Strengthened Relationships** – Feedback from our stakeholders has been critically important and, at times, not always positive, highlighting the significant complexity of the human rights roadmap in the communities we serve.



“Valuing human rights has been embedded in our organisation’s core values and practises.”



## 2022 Milestones on Human Rights and Employee Safety in Our Operations

In our commitment to uphold human rights and advance a safe and inclusive workplace, Kakuzi has implemented various measures and initiatives. We understand that fostering a culture of respect and accountability is crucial to the well-being of our employees and the surrounding communities.



To guide our human rights strategies and enable their effective implementation, we have a dedicated Human Rights Manager with whom we have closely worked to help build employee capacity and boost their ability to understand human rights and their responsibilities.



We have community liaison officers who serve as crucial links between the Company and the communities around us. They actively raise and address issues related to the well-being of these communities, fostering positive engagement and collaboration.



To combat sexual harassment, we have implemented the Sexual Harassment Awareness and Reporting Programme (SHARP). It provides that incidents related to sexual harassment are handled confidentially, providing a safe space for individuals to report concerns and seek assistance.



In addition, we have established several committees focused on health and safety, gender, and village environments. These committees work together to identify and address relevant issues, contributing to a safer and more inclusive working environment.



Furthermore, we recognise the importance of union representation. The Kenya Plantation and Agricultural Workers' Union serves as a platform for unionised employees, giving them a voice and representing their interests.



## 2 Product Safety, and Quality

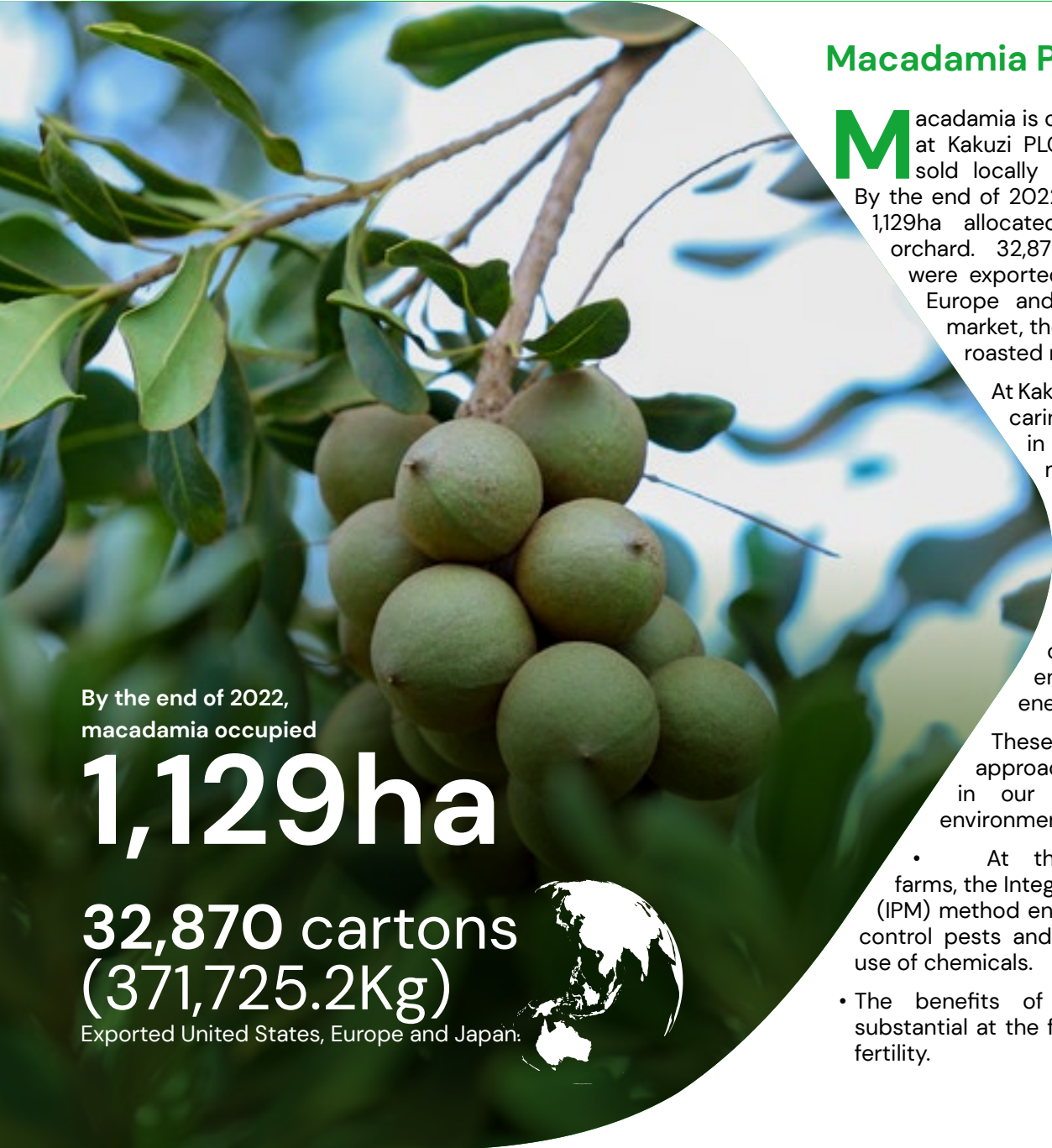
**K**akuzi PLC is committed to producing high-quality and safe products, placing utmost importance on product quality and safety while embracing sustainable practices. Our core focus areas of production include tea, macadamia, avocado, blueberries, forestry, and livestock.

We strive to minimise the environmental impact of our farming methods, enhance energy efficiency, and prioritise the well-being of our employees and local communities. By implementing sustainable practices and supporting the communities in which we operate, we strive to produce safe and nutritious agricultural products.

Our dedication to sustainability and responsible farming practices is unwavering as we continue to expand and diversify. We firmly believe that by prioritising environmental preservation, supporting local communities, and consistently delivering safe and high-quality products, we can positively impact the areas we operate.

### Production Overview

Products	2021	2022
Macadamia	492 tonnes	659 tonnes
Avocado (Own Estate)	8,468 tonnes	14,114 tonnes
Blueberry	42 tonnes	28 tonnes
Livestock	4,397	4,065
Tea	1,665 tonnes	1495t tonnes
Commercial forestry	1,217ha	1,244ha



By the end of 2022,  
macadamia occupied

**1,129ha**

**32,870 cartons  
(371,725.2Kg)**

Exported United States, Europe and Japan.



## Macadamia Production

**M**acadamia is one of the flagship crops at Kakuzi PLC that is exported and sold locally to the Kenyan market. By the end of 2022, macadamia occupied 1,129ha allocated to the macadamia orchard. 32,870 cartons (371,725kg) were exported to the United States, Europe and Japan. For the local market, the company sold 900 of roasted nuts.

At Kakuzi, we are committed to caring for the environment in the production of macadamia, and this commitment comes with a responsibility to engage in farming methods and processes that are innovative, minimise our impact on the environment and improve energy efficiency.

These are some of the approaches/steps we took in our strategy to mitigate environmental impact:

- At the Kakuzi macadamia farms, the Integrated Pest Management (IPM) method endeavours to effectively control pests and diseases with minimal use of chemicals.
- The benefits of husk compost were substantial at the farm, as it improved soil fertility.

- Where applicable, fertilisers were applied based on leaf and soil analysis results.
- Irrigation, done after thorough assessment and through effective and efficient micro-sprinklers in water management, was only done to improve yields.
- Power use was closely monitored and efficiently used throughout our operations to reduce emissions.
- Kakuzi used biodigesters and waste stabilisation ponds to manage liquid waste from processing facilities. On the other hand, hazardous waste was disposed of through the National Environment Management Authority (NEMA).
- To enhance forest sustainability, the company plants 1,500 trees annually.

In everything we do, we are mindful of our responsibility to do better, to create a sustainable future for the current and future generations by improving all aspects of macadamia growing and production.

In 2022, the company used the husks generated in 2021 as compost to reduce the use of fertilisers and add to the soil nutrient content; there was, consequently, a notable increase in yield in one of the targeted fields. Additionally, shells generated from the cracking plant were sold to local users as an alternative fuel source.

We also added value by roasting macadamia nuts sold to the local market.

## Avocado Farming

**A**vocado is a core crop at Kakuzi; in 2022, it occupied 997 hectares. Kakuzi grows three avocado varieties, including Hass, Pinkerton and Carmen, which comprise 79 per cent, 13 percent and 8 per cent of this area, respectively. Out of the total area under production (997ha), 719 ha produced mature avocados, while the remaining 278 ha produced immature avocados. This translated to 14, 114, 738 Kg of output in 2022. Every year, we expand the land marked for avocado production to an average of 60 hectares until the allotted land is used up.

We exported 527 avocado fruit containers of about 11.4 million kilograms to Europe and China during the year. In the future, however, through our agents, we will distribute the fruit to other neighbouring countries.

Of the 527 containers, 30 were from Kenyan smallholder farmers and outgrowers, the equivalent of 6.2 percent of the total fruit we received. As a superfruit, the demand for avocados is increasing globally and locally due to their health benefits; locally, we sold 3,669,193kg composed of sales of 2nd-grade oil to other processors.

We incorporated smallholder farmers, who have become essential to our avocado family, into our value chain. That's why, as part of our efforts in value addition, we are committed to helping them realise successful harvests to stay ahead of the ever-increasing competitive market. In pursuing avocado excellence, Kakuzi provides extension services to increase farmers' knowledge of how to grow and market avocados. In addition, we also market avocados on their behalf and offer free maturity tests to ascertain delivery of quality avocado fruits to the export market and that we maintain the reputation of the Kenyan avocado.

Besides avocado extension services, in the year under review, Kakuzi established an Avocado Academy which trains farmers to increase their knowledge base in avocado production. The training is done through social media platforms like YouTube using short topical videos to upskill their avocado knowledge. Farmers are taught best practices that explain topics ranging from seedling and harvest stages to export using easy-to-digest content. The Academy also uses Facebook to send texts instrumental in capacity-building. Using social media, the Academy trains farmers in Kenya and other countries who incorporate the key learnings on their farms to improve their avocado yields.

As a responsible business, Kakuzi extends its company values beyond its customers and employees and realises it has a crucial role in minimising its carbon footprint in producing avocados.

By the end of 2022, avocado occupied

# 997ha

We exported

# 527 avocado fruit containers

# weighing 11.4m kg





The planet's natural resources are fragile, so we have deployed industry-leading sustainability practices, like adopting climate-smart agriculture to preserve our farms' ecosystems.

Our resources are precious, and we recognise that the agriculture industry must work hard to incorporate sustainable practices to reduce the global environmental impact. Our activities strive to minimise the negative impact on the environment, our employees and the communities that live within our areas of operation.

In our commitment to actively combat climate change and reduce emissions, we have employed programmes such as indigenous tree-planting, preservation of forests and riparian areas, integrated pest management, waste management, rainwater harvesting, and rational water use. Food safety is also important to us, and through track and trace, we know how our avocados were grown and where they come from.



**Our activities strive to minimise the negative impact on the environment, our employees and the communities that live within our areas of operation.**

## Livestock Keeping

**K**akuzi PLC began livestock farming in 1982, rearing Boran cattle for beef production. The farm started with a few heads of cattle, but the number has grown over the years, and its beef quality has become unmatched. Kakuzi also produces genetics, with Boran cattle as the preferred breed.

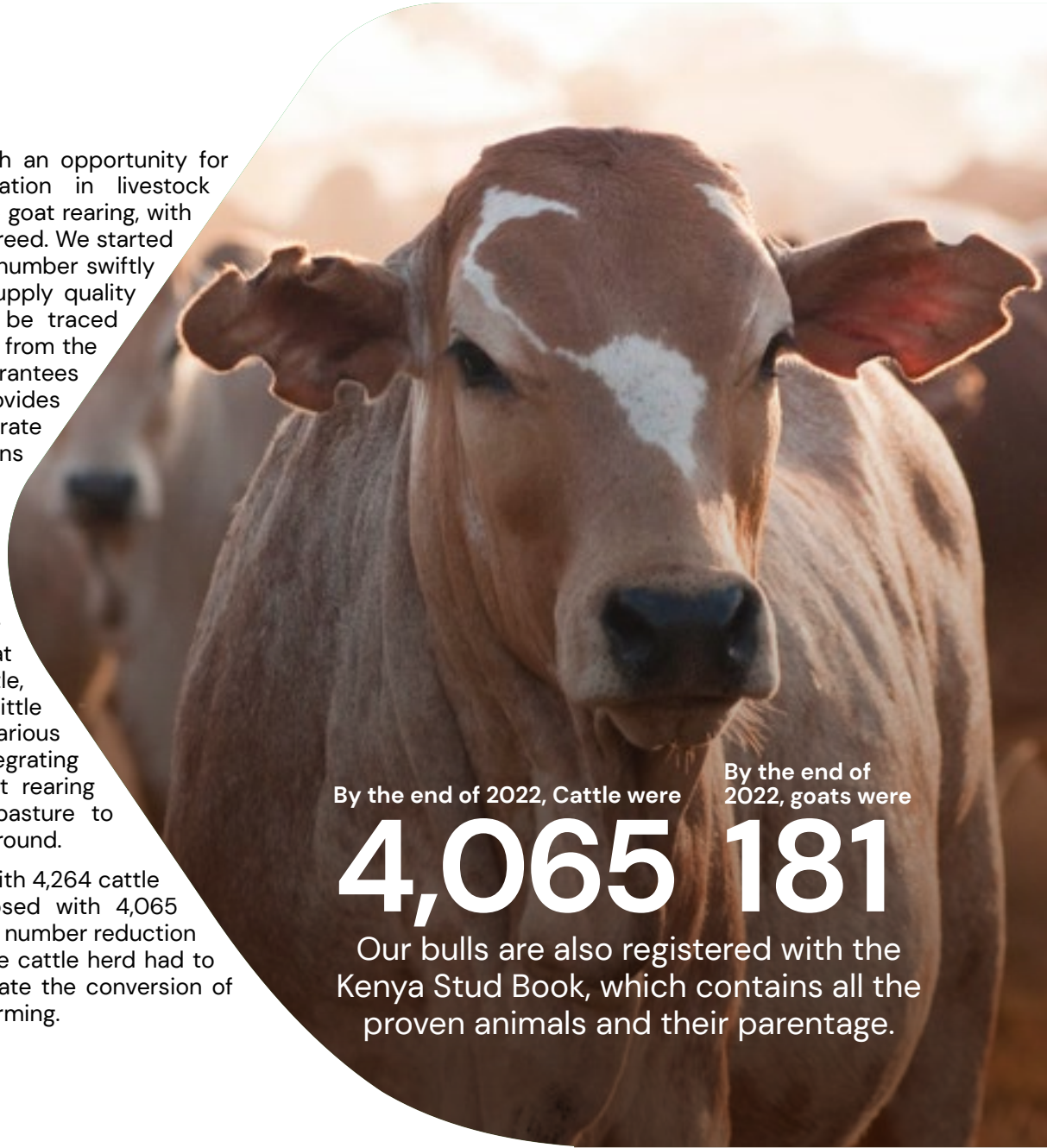
Livestock farming at Kakuzi is done in a ranch-based system. The Company's slaughterhouse provides cold-dressed carcasses to the Kakuzi Butchery. In alignment with SDG 8, Decent Work and Economic Growth, our products are accessible and affordable. The butchery is strategically placed by the roadside, making beef accessible to the locals in the area. The meat is also sold in Nairobi – for those who can't access the butchery – at a lower price than other industry players. We also empower locals by providing employment opportunities in our two ranch dairies. The ranches supply milk to staff, and any excess that is produced is sold locally.

Besides genetics and beef production, we focus on feed management, breeding and strategic disease prevention methods. Our bulls are also registered with the Kenya Stud Book, which contains all the proven animals and their parentage. Kakuzi is also a dedicated member of the Boran Cattle Breeders Society, which is dedicated to retaining and improving the Boran breed.

2022 presented us with an opportunity for growth and diversification in livestock farming, and we took up goat rearing, with Galla as the preferred breed. We started with 30 goats, and the number swiftly rose to 125. Now, we supply quality goat meat, which can be traced across the supply chain from the farm. Traceability guarantees meat quality, provides consumers with accurate information, and maintains safety.

We have also crossed Galla and Boer goats, known for their fast growth rate, guaranteeing unparalleled meat quality. Like Boran cattle, Galla goats thrive on little herbage and resist various veld diseases. Also, integrating cattle rearing with goat rearing provides a balanced pasture to support grazing all year round.

Kakuzi began the year with 4,264 cattle and 68 goats and closed with 4,065 cattle and 181 goats. The number reduction (in cattle) is cyclical; the cattle herd had to be sized to accommodate the conversion of grazing land to arable farming.



By the end of 2022, Cattle were **4,065** By the end of 2022, goats were **181**

Our bulls are also registered with the Kenya Stud Book, which contains all the proven animals and their parentage.



Besides quality products, sustainable and safe practices are core values of Kakuzi. Therefore, it is our objective that our products are safe for consumption and that the processes used to manufacture them are not harmful to the environment. And, in line with SDG 13, Climate Action, Kakuzi is reducing greenhouse gas emissions by practising natural veld grazing.

Grazing doesn't always offer easily fermentable herbage. Thus, natural veld grazing reduces methane, a greenhouse gas released from slow rumen fermentation. In addition, by using mobile night enclosures, livestock waste is evenly distributed, making it dry fast.

This limits wet waste, which increases methane production and other greenhouse gases. Further, veld grazing distributes cattle waste in the open air, making it dry fast, reducing moist waste accumulation. And to mitigate against environment degradation, we have planted trees to retain water catchment areas.



**It is our objective that our products are safe for consumption and that the processes used to manufacture them are not harmful to the environment.**

## Bees and Honey Production

Installation of beehives in our avocado and macadamia orchards is promoting the presence of bees that act as pollinators, produce honey and are indicators of a healthy environment. The bees are primarily for pollination purposes and honey production is secondary.

The bees are very crucial to our production. They are an indicator of a sustainable ecosystem. Under our Integrated Pest Management model (IPM), they help us to know whether other predators have been affected. Predators are insects that eat other insects in our orchards, and they are critical in management of our ecosystem. We use them as indicators of a sustainable environment.

In our avocado section, the threshold is three hives per hectare across all orchards, but currently we are at 2.3 hives per hectare, and we are progressing towards three hives per hectare. In the Macadamia section, we have around 700 hives across 1,000 hectares of macadamia orchards. Our target is 1,000 beehives by the end of the year, and in the next two years, to double that number. The hives are placed around tree shades and close to our orchards to assist in pollination.

In 2022, the weather was very conducive to the bees, and this resulted in production of quality honey which was superior than in the previous years. This is because warm weather favours bees unlike cold weather conditions. Under the macadamia section, we harvested 1,051Kg of honey while under the avocado, we harvested 1,238Kg of honey.

The honey we get is a byproduct and we usually sell it internally to our staff and partly externally through our forestry shop and the demand is actually high due to its quality.



Harvested Honey

**1,051 kg**

under the Macadamia section

Harvested Honey

**1,238 kg**

under the avocado section





## Community Support

### Case Study



### Mumbu-ini Self Help Group

#### Mumbu-ini Self Help Group

**1.5** | **17**  
**Years Old** | **Members**

In Makuyu, a group of men formed the Mumbu-ini Self-Help Group to build savings and help each other in times of financial stress. The group was aimed at improving their well-being, self-confidence and self-esteem and providing access to resources.

Mr Paul Njuguna Kamande, the self-help group deputy secretary, said the 25 members came together to save and borrow from one another rotationally, share knowledge and ideas and help each other in times of need.

“The group is about one-and-a-half years old with an active membership of 17 people. As members, we saw it wise to start an income-generating project and settled on this beekeeping project because it was manageable,” said Mr Kamande.

The project has assisted in sensitising members on the importance of bees and bee products, increasing household food security and income for the 17 active members, and improving the region’s biodiversity through improved pollination.

The group is self-supported in most of its activities. Through Kakuzi’s Community

Partnership Programme, in 2022, the Company continued to empower groups like Mumbu-ini Self-Help Group with knowledge and skills on socio-economic activities and capacity-building.

Mr Stephen Muriigi, a group member, stated that during public awareness initiatives organised by local administration officers, Kakuzi teams would attend and explain various programmes that benefitted communities. “We heard about Kakuzi’s beekeeping programme during a chief’s baraza. Kakuzi managers were present, and that’s when one of them explained to the gathering various partnerships they have with local communities for economic empowerment,” said Mr Muriigi.

After the meeting, the group submitted a proposal to Kakuzi about its beekeeping project, and the Company agreed to support them. “Before they could give us the modern beehives, they organised a seminar to educate us on beekeeping,” Mr Muriigi said.

Kakuzi also donated 17 beehives to the group members as part of its commitment to supporting communities to diversify their income.

Since the group’s partnership with Kakuzi, members have benefitted from practical training at the group’s apiary involving clearing bushes under the hives to control pests, learning how to plant hedges to inhibit bees from becoming more defensive, setting the hives against the wind and spacing them correctly.

The group has also been trained on regular hive cleaning, baiting and inspection. From the training, the group members hope there will be an increase in the colonisation of their hives in the next few months.

## Blueberry Farming

**B**lueberries are the newest crop in Kakuzi. We began farming this superfood, loaded with nutrients in 2019 on a 10ha piece of land.

Blueberry farming is done in 20 blocks of greenhouses in a controlled and protected environment. The fruit is grown in pots using drip irrigation through an automated system that continuously monitors the pH, electrical conductivity and amount of water. The requirements of each plant also controls irrigation.

From planting to harvesting, Kakuzi's products are safe for the people and the environment. We are augmenting our contribution towards SDG 3, Good Health and Well-being, by producing quality, nutritious products – key for healthy lives – through safe and sustainable processes.

Blueberries grow in vegetative and flowering phases, with different nutritional requirements. Therefore, water consumption and the automated system control the amount of fertiliser the crops receive. This move aims to align with SDG 6, Clean Water and Sanitation, where we focus on conserving water by using technology to apply the correct amount.

Blueberries have been linked to high fertiliser consumption, but using fertigation – application of fertiliser and irrigation water, Kakuzi has established the crop to have a minimal environmental impact. To lessen the environmental impact, we apply just enough fertiliser to meet the crop's nutritional needs. Additionally,, fertiliser application is informed by a report from the laboratory.

Stingless bees – harmless to humans – are placed in the greenhouse blocks during the crop's flowering phase. It's easy for the bees to get to the blueberries' stigmas and pollinate the flowers due to their small size while they are foraging for food. The colonies are moved from block to block during flowering, where five bees can pollinate one flower.

Honey bees are also used for pollination, but their hives have to be placed strategically around the blueberries so that they don't harm workers.

Blueberries are vulnerable and susceptible to climate change and don't perform well in unpredictable weather. Unfortunately, weather patterns have become unpredictable and are the main hindrance to agricultural production. Further, rainfall patterns are expected to shift as extreme events' frequency and severity increase, with temperatures projected to continue rising. With this in mind, we farm the fruit in greenhouses to monitor and control the environment in which it grows, to maintain high-quality produce.

Locally, blueberries are sold in East and Central Africa, and the international market is predominantly Middle Eastern countries. In 2022, we produced 28 tonnes, and 14,670 kilos were exported to Kuwait, while 13,330 kilos were sold in the local market.

With a growing market, the future seems bright for blueberry farming, and after the trial phase, Kakuzi plans to expand the project to over 100 hectares of commercial production.



In 2022, we produced  
**28 tonnes**  
 under the avocado section

**14,670 kg**  
 Exported to Kuwait



**13,330 kg**  
 Sold in the Local Market



## Tea Production

Our tea is produced at Kaboswa Tea Estate in Nandi Hills, a property of Kakuzi PLC but managed by Eastern Produce Kenya (EPK) Limited. Nandi Hills enjoys two wet seasons – the short rains during October and November and the long rains, beginning at the end of March to early June.

These rainy seasons keep the moisture in the ground for much of the year, and the teas produced are excellent in quality, bright and golden with outstanding flavour. The region enjoys ideal climatic conditions which makes it possible to pick tea all year round.

The area under tea production is 510 hectares of matured tea. In 2022, we produced over six million kilograms of green leaves. The high quality of our tea has been achieved over the years by retaining, applying sustainable production and harvesting techniques, and training our employees in harvesting mechanisms.

The tea is processed at Kaboswa Tea Factory, which is certified in – ISO 22000:2005 – Food Safety Management System, Rainforest Alliance, UTZ Certification, and KEBS certification.

The area under tea production is

**510 ha**  
of matured tea



# 3

## Our Community Initiatives, Kakuzi, Community Partnerships

**A**t Kakuzi, we believe in the power of community and the importance of fostering sustainable relationships with the people living in the areas surrounding our operations. Our community initiatives are designed to empower and support local communities, creating a positive and mutually beneficial partnership. Some of these initiatives are road rehabilitation, school support through donations, and implementation of programmes that look into the health and well-being of our communities.

# Our People

In 2022, we trained

**90**

staff members on mental health



## Employee Welfare

At Kakuzi, we consciously have made great strides to improve employees' well-being. We have implemented various measures to help employees navigate the balance between how they live and work. To improve employee welfare, we instituted several measures such as building nursery schools in the farms and a dispensary for the employees and their families. We have also built schools supported by the Company, employed public health officers, trained managers and public health officers (PHOs) on mental health awareness and counselling, and offered employee study loans.

In 2022, we trained 90 staff members on mental health and counselling (77 management and 13 PHOs). The training took two weeks, and all cadres of management and PHOs were trained.

We also refurbished schools such as Kakuzi Primary School, Kinyangi Primary School, and Kitito Primary School to assist our employees' children to study in a safe and clean environment. We equipped the schools with desks, books, and computers and employed Board of Management (BOM) teachers. Each school had two BOM teachers, and the Company paid their salaries.

## A Healthy Workforce

We recognise that good health is fundamental to employee well-being, to this end, we operate on-site dispensaries, to provide medical assistance to our employees. Additionally, we collaborate closely with public health officers to instigate comprehensive healthcare services. This partnership facilitated over 2,000 employee visits for preventive and curative care in the past year alone.

## Prioritising Mental Health

Kakuzi's commitment to employee well-being extends beyond physical health, and we have embarked on comprehensive training programs to address the crucial issue of mental health. We have 13 public health officers at Kakuzi who have all received mental health awareness and counselling training. This strategic initiative helps employees access crucial mental health support when needed, emphasising the importance of mental well-being in the workplace. As of last year, approximately 80 managers within the organisation underwent awareness training to better understand and support mental health initiatives. This collective effort contributes to a healthier, more compassionate workplace culture where employees feel valued and supported in their mental health journey.

## Our Employee Numbers

Gender	2020	%	2021	%	2022	%
Male	1,799	69	1,703	64	1803	64
Female	799	31	943	36	997	36
<b>Total</b>	<b>2,598</b>	<b>100</b>	<b>2,646</b>	<b>100</b>	<b>2800</b>	<b>100</b>

## Performance Management Program

Kakuzi's commitment to employee development is also exemplified through its Performance Management Program, which we have implemented internally. This long-standing initiative plays a pivotal role in evaluating and enhancing employee performance. In 2022, this program assessed approximately 2,000 employees, identifying performance gaps and areas for improvement. This program enhances employees' skills and effectiveness, contributing to their growth and productivity.

This has helped the management understand and measure the performance of employees in line with their job descriptions. It has enabled us to identify the gaps which translate into training needs. In 2022, 65 percent of employees were trained in this ongoing program.

The entire Board and Management have been trained on ESG and Sustainability. As a Company, we have deployed the policies, strategies and corporate governance, which are integrated into our leadership. We also trained five employees in partnership with the Kenya Association of Manufacturers (KAM) on regulatory compliance. Additionally, we trained 68 employees on the Data Protection Act in





## Employee Welfare

## Case Study

partnership with the Agricultural Employers Association.

## Kakuzi Employee Welfare: Mr. Tyrus Kinyua, Oldest Employee

Mr. Tyrus Kinyua joined Kakuzi as a Mechanic Welder in 1990 when he was only 27. He started in the Engineering Department, focusing on coffee production. He worked in the coffee division until he was transferred to Forestry in 2000, where he continued his work as a welder and mechanic. Later, he was transferred to Kitito Workshop, where he has been fabricating and welding machinery.

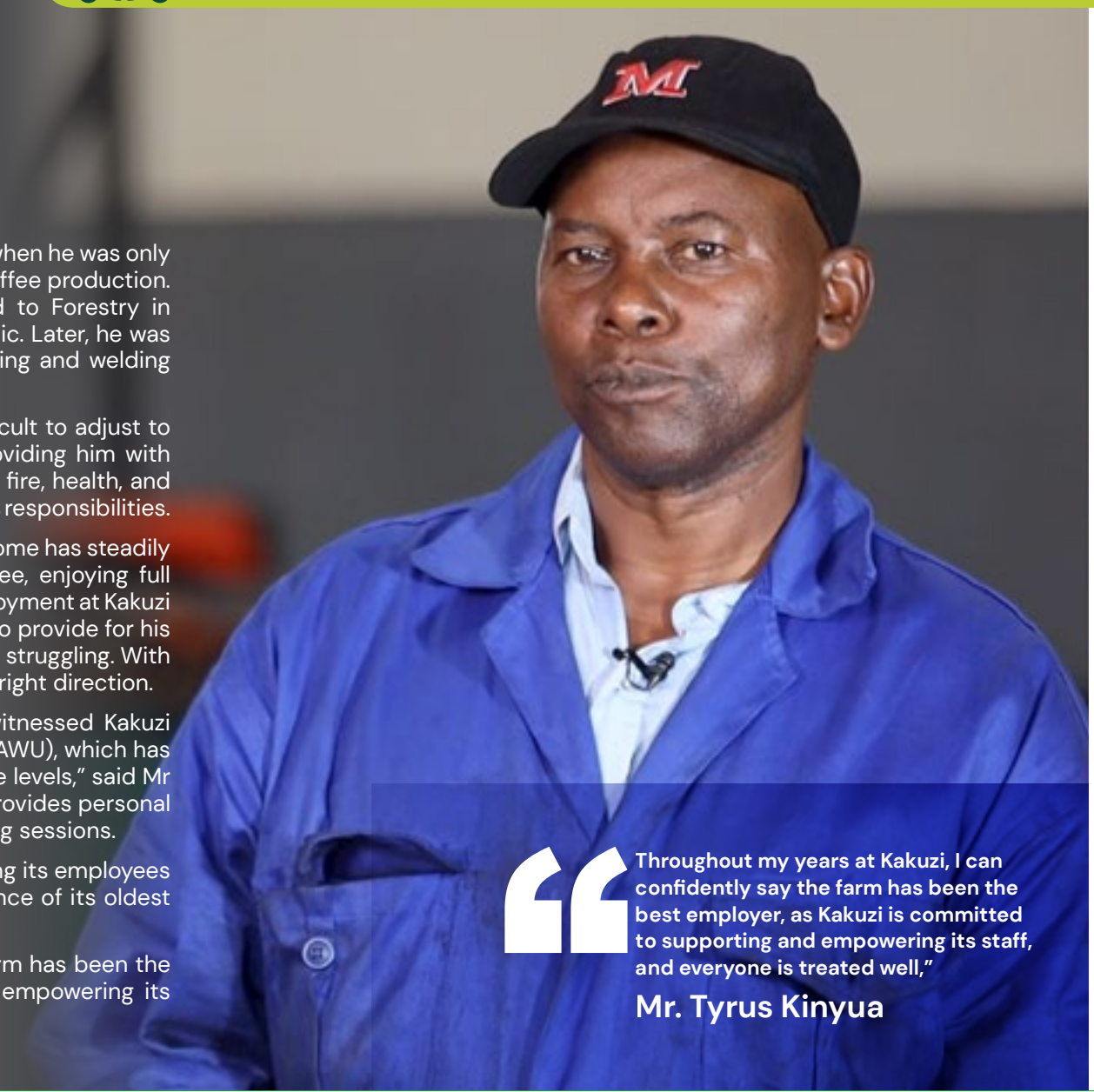
Throughout his employment journey, Mr Kinyua found it difficult to adjust to different departments. However, Kakuzi was supportive, providing him with training to quickly adapt to his new roles. He was trained on fire, health, and other safety measures so he was well-equipped to carry out his responsibilities.

Working at Kakuzi has transformed Mr Kinyua's life, whose income has steadily increased over the years. Now, he is a permanent employee, enjoying full benefits such as insurance products and a pension plan. Employment at Kakuzi has supported him through various life stages, enabling him to provide for his family and assist his children to receive an education without struggling. With the Company's support, Mr Kinyua has steered his life in the right direction.

Over the years, Kakuzi has transitioned for the better. "I witnessed Kakuzi join The Kenya Plantation and Agricultural Workers Union (KPAWU), which has significantly improved our welfare, safety measures and wage levels," said Mr Kinyua. Kakuzi prioritises the welfare and safety of its staff, provides personal protective equipment (PPEs) and conducts numerous training sessions.

The Company has established a strong reputation for retaining its employees and has consistently prioritised the well-being and sustenance of its oldest employees over the years.

"Throughout my years at Kakuzi, I can confidently say the farm has been the best employer, as Kakuzi is committed to supporting and empowering its staff, and everyone is treated well," said Mr Kinyua.



Throughout my years at Kakuzi, I can confidently say the farm has been the best employer, as Kakuzi is committed to supporting and empowering its staff, and everyone is treated well,"

**Mr. Tyrus Kinyua**

## Road Rehabilitations for the Communities

About three years ago, smallholder farmers in Ithanga struggled to transport their produce from their farms to the market. As a result, they failed to get opportunities to sell their produce. The main barrier was the impassable dilapidated Kahuruko–Sunset link road, the main market route. It was also the same road that children, every day, had to walk to get to school, forcing them to look for longer alternative routes.

But that is no longer the case as the 3.34km road has been rehabilitated. Now, it provides easy access to markets and public utilities for farmers and other community members who live in the area and need to get to shopping centres and amenities.

For more than 25 years, Kakuzi PLC has worked with local communities and authorities to rehabilitate dilapidated rural roads around the communities in which it works to improve access to services and economic opportunities for the residents.

As part of our efforts to ease movement and transportation, the Company has rehabilitated seven roads that have generated positive impacts beyond mobility.

The roads have made transport services easier and increased mobility for residents who do not own any means of transport. The economic impact is also felt as business people/farmers now have increased income opportunities because they are well-connected and have better access to the markets. Farmers no longer have difficulty transporting their goods to the market, and the market is flourishing as customers from other villages come to buy their produce.





## School Donations and Renovations

Education is an agent of change in communities that contribute to social stability and drive the economic growth of a society. In line with this, in 2022, our Corporate Social Investment (CSI) programme focused on five pillars aligned to Sustainable Development Goals (SDGs):



During the year, in line with SDG 4 - Quality Education - which calls for inclusive and equitable quality education and promoting lifelong learning opportunities for all, we continued to make investments to promote the availability of quality education to the local communities through furniture donations, improving quality of learning by supporting employment of six additional Board of Management (BOM) teachers, upgrading schools' infrastructure, interventions addressing challenges of water shortage, and provision of adequate sanitation facilities in learning institutions.

We donated 1,571 pieces of classroom furniture to 97 schools at a cost of Ksh3,994,709. We spent Ksh5,520,059 to renovate Kinyangi Primary School and an additional Ksh1,080,000 for

six more BOM teachers in Kinyangi, Kitito, and Kakuzi primary schools. We also donated 10,000-litre rainwater harvesting systems each, to 12 schools at the cost of Ksh3,189,210. We also put up 54 sanitation facilities in 15 schools for Ksh5,085,959.

Our interventions promoted school retention and smooth rollout of Competency-based Curriculum (CBC) and reduced the teacher-to-pupil ratio, improving the quality of learning. The projects improved students' concentration, learning and hygiene practices and offered solutions to water and sanitation problems the schools had been facing. In these schools, pupils, especially those in lower classes, benefitted from sanitation and hygiene lessons facilitated by Kakuzi PLC managers.

During the year, over 3,500 learners benefitted from good quality classroom furniture, with renovations undertaken at Kinyangi Primary School helping over 240 pupils. The additional six BOM teachers posted to Kinyangi, Kitito and Kakuzi primary schools greatly impacted over 600 pupils. More than 3,000 learners gained from our rainwater harvesting systems, and another 3,500 pupils are making the most of their institutions' improved sanitation facilities.

“  
During the year  
**3,500+**  
learners benefitted



We donated  
**1,571**  
pieces of classroom  
furniture to 97 schools



## Community Welfare

### Case Study



### Kinyangi Primary School

benefitted from sanitation facilities, furniture and classrooms facelift.

### Kinyangi Primary School Renovations

Kakuzi PLC continues to work with education stakeholders towards attainment of Sustainable Development Goal (SDG) 4 that calls for quality education for all.

In 2022, the education support programmes comprising infrastructure development and related works were undertaken at several public education facilities in Makuyu Sub-County in Murang'a as part of Kakuzi's corporate social investment.

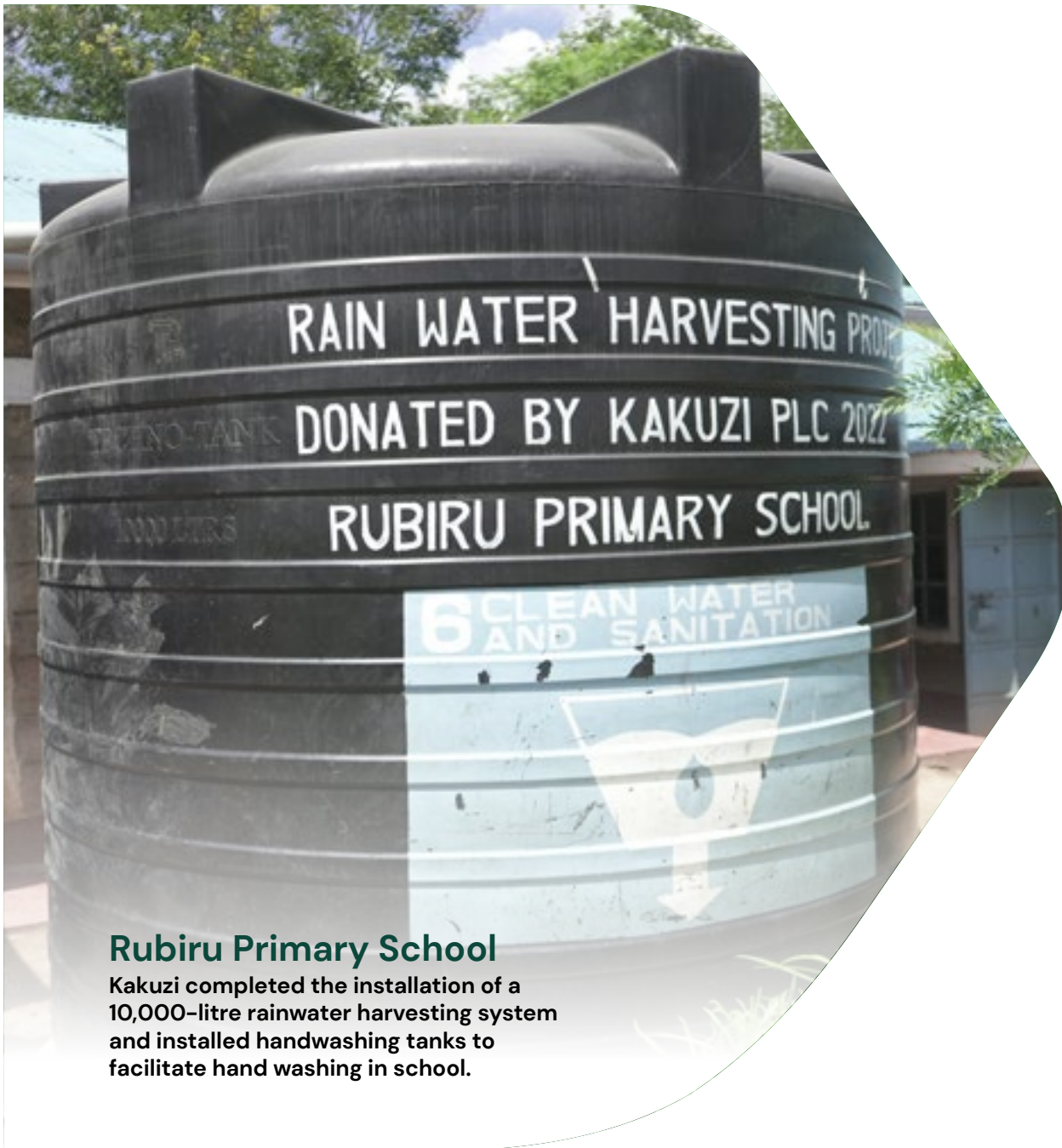
At Kinyangi Primary School, a Catholic Diocese of Murang'a sponsored public institution which sits on a 12-acre piece of land within Kakuzi, benefitted from sanitation facilities, furniture and classrooms facelift. The school has a pupil population of 240 and 10 teachers – two are BOM teachers sponsored by Kakuzi PLC and the other eight are from the Teachers Service Commission (TSC).

"For the last two years that I have been in this school, I have seen several challenges as well as opportunities. Before I joined, the school had stayed for two years without a headteacher because of numerous challenges the school was facing," said Mr Davis Gitonga, Kinyangi Primary School Headteacher.

After joining the school as the headteacher, he wrote a letter to Kakuzi PLC Managing Director Mr Christopher Flowers and informed him about the poor state of the institution requesting assistance from the firm. "He promised that we would walk the journey together."

"Kakuzi PLC started with sanitation facilities, tables and chairs for teachers, desks for pupils, and have renovated the entire school from PPI up to Class 8. They even gave our computer lab a facelift. Our girls are also getting sanitary pads from Kakuzi PLC. The company has also provided us with three desktops which we are using to teach our junior secondary school (JSS) class computer lesson," said Mr Gitonga.

And to promote the safety of Kinyangi primary school pupils, Kakuzi has employed female safety marshals who walk with the pupils to and from school. "Each and every morning, safety marshals accompany the children to school and in the evening, they also escort them back home," added Mr Gitonga.



### Rubiru Primary School

Kakuzi completed the installation of a 10,000-litre rainwater harvesting system and installed handwashing tanks to facilitate hand washing in school.

## Rubiru Primary School Donations

At Rubiru Primary School, the support from Kakuzi has provided a much-needed enabling learning environment for the learners and pupils who have started recording improved learning outcomes.

The school's headteacher Ms Margaret Muiyuro said availability of clean water used to be a challenge but Kakuzi PLC came to their rescue and provided them with water harvesting and storage facilities.

Kakuzi completed the installation of a 10,000-litre rainwater harvesting system and installed handwashing tanks to facilitate hand washing in school. This has benefitted over 400 pupils in the school with clean drinking water. "It is a welcome relief to pupils who have been carrying water and walking long distances with jerry cans to collect water and this is positively impacting learning outcomes in the school," said Ms Muiyuro.

The school has a population of 415 pupils, 13 teachers (two for junior secondary school), four supporting staff, a cook and a watchman.

Rubiru's BOM Chairperson, Ms Cherrie Mbatha Kioko, said the community has vowed to take care of Kakuzi's property as a way of reciprocating the support they are receiving from the agricultural firm. "The community has said that they are going to stand and take care of Kakuzi's property which borders the community. We shall protect Kakuzi against any theft and destruction of property, especially the Macadamia which are being planted near our area," said Ms Kioko. "We are very lucky to have bordered Kakuzi because it has taken care of us as a school and as a community."

## Clinic Services

At Kakuzi, we have two medical facilities run by qualified healthcare professionals, providing our employees and their dependants with free primary and curative healthcare. We run several social programs at the facilities to support our employees, the youth, and the wider community. We offer services such as Mother & Child Health (MCH), Voluntary HIV Counselling & Testing, Reproductive Health Program, Nutrition and Mental Health Awareness, Tabasamu Menstrual Hygiene Program, Stand Against Alcohol and Substance Abuse (SAASA) program, and Sexual Harassment Awareness Reporting and Prevention (SHARP). We also hold annual medical camps and sponsor medical camps with stakeholders to cater to the surrounding communities' healthcare needs.

In 2022, our health facilities offered curative services to 7,500 employees and dependants (3,700 males and 3,800 females). Under the Tabasamu program, we reached 2,900 employees (male and female). Last year, we also provided 1,437 sanitary towels to our female employees. We further visited eight schools and educated 1,854 boys and 1,931 girls. We donated sanitary towels to girls and gave the boys bar soaps.

This program aims to provide menstrual hygiene/health education, give access to safe and clean menstrual absorbents, make water, sanitation and hygiene infrastructure available, and offer safe disposal of menstrual absorbents. The program gives employees access to free sanitary towels and a supportive workplace environment for menstrual hygiene management.

We have also put in place a mechanism to handle work-related injuries. We follow the stipulated government procedures, and have two referral facilities where the Company has an MoU on how to deal with work-related injuries. In 2022, we reported 300 mild work-related injuries.



## Community Welfare

### Case Study

### Faith Nduta: Tabasamu Beneficiary

In 2022, Kakuzi realised its objectives for SDGs 3, 4, 5, and 6 through its education, economic empowerment, environmental management and sanitation initiatives.

To address Gender Equality and Social Inclusion (GESI), Kakuzi continued to chaperone Tabasamu, its Corporate Social Investment (CSI) programme, which is a menstrual hygiene initiative that empowers women and girls.

The programme has four pillars: Education and capacity building, provision of absorbents, provision of disposable methods for the absorbents and provision of water for menstrual hygiene. The Company also leverages Tabasamu to demystify the myths surrounding menstruation.

Faith Nduta, the founder of the Go Economic Empowerment Programme (GEEP KENYA), has been a Tabasamu beneficiary since its inception. The driving force behind her charity is “to alleviate poverty through empowering communities to increase the value of the available resources.”

“I learnt about the Tabasamu programme in 2019 when I approached and wrote a request letter to Kakuzi seeking support in a menstrual hygiene programme that we had. The programme has been very helpful, especially for the project

that we are doing on menstrual hygiene. We are supporting vulnerable women and girls, mostly from Gatanga Sub-County, by equipping them with menstrual hygiene packs,” said Ms Nduta.

Before she linked up with Kakuzi, most girls in her community would miss school every month – three to five days – due to a lack of sanitary towels and the shame revolving around menstruation.

“Once they miss school, some would reach out to men to support them with absorbents, and they would be prone to many things like pregnancies, leading to dropping out of school. We’re grateful for the Tabasamu programme because of the impact that we have made in our community,” she added.

Through Tabasamu and GEEP KENYA, girls from underprivileged families stay in school without interruptions or shame. Women understand that menstruation is natural, and they understand their cycles. They have also been empowered, and they get to teach and influence other women.

Anytime Ms Nduta reaches out to Kakuzi requesting support, GEEP KENYA receives 1,000 packets of absorbents per request. She is currently working with the larger Murang’a County to reach more girls. Currently, she supports between 2,000 to 2,500 girls and 200 vulnerable women in society.

GEEP KENYA provides Tabasamu products to 40 schools around Murang’a County and 15 self-help groups in her community.

Ms Nduta stated: “This programme has impacted the community, and I would urge many other people to come and join the Tabasamu programme so that we can collectively widen the scope and create more impact.”



We are supporting vulnerable women and girls, mostly from Gatanga Sub-County, by equipping them with menstrual hygiene packs

Faith Nduta



## Community Welfare

## Case Study



Through Tabasamu, Ms Gitau says absenteeism in school is a thing of the past, especially absence brought about by lack of sanitary towels.

## Thangira Umoja Secondary School in Makuyu.

### Tabasamu Beneficiary

In the first school term of 2021, Kakuzi donated 81 chairs for the then-candidates of Thangira Umoja Secondary School in Makuyu County. In 2022, Kakuzi PLC approached the school, intending to teach them about the Tabasamu programme. The visit from the Tabasamu team was welcome, and the school management was receptive and eager to embrace the programme.

The team talked to and counselled the students (boys and girls) on hygiene, reproduction, menstruation and taking care of their bodies. Although the school was started in 2007, Tabasamu was the first programme of its kind they'd incorporated into their day-to-day lives.

According to Ms Nancy Gitau, Head of Guidance and Counselling, the school received 2,000 sanitary towels, divided equally among 200 female students. All 338 students also received bars of soap.

Through Tabasamu, Ms Gitau says absenteeism in school is a thing of the past, especially absence brought about by lack of sanitary towels. The school has stocked up sanitary towels donated through Tabasamu, which are readily available when the female students need them.

"I appreciate Kakuzi for the much they have and continue to do for the school. We are happy to be associated with them," Ms Gitau said.

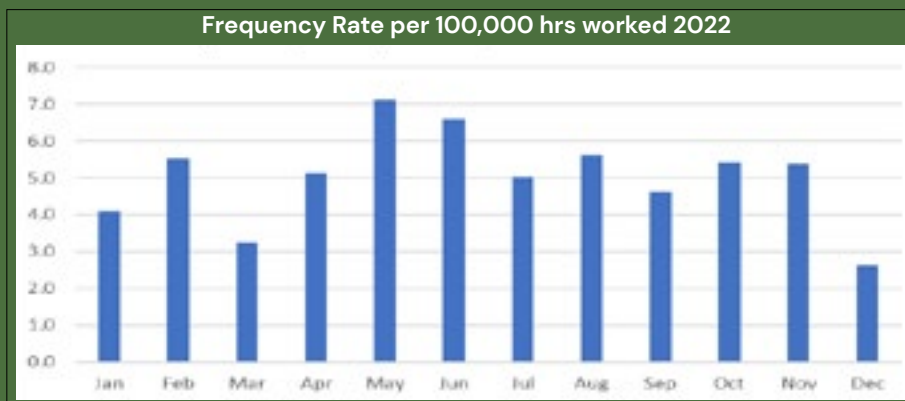
## Occupational Safety and Health.

As a company, we are prepared to meet the Occupational Safety and Health (OSH), and welfare needs of our employees in accordance with the law. That’s why, we have based our OSH policy on Kenyan and international legislation.

In 2022, we conducted our annual OSH audits, fire safety audits and fire appliances inspection, lifting equipment and pressure vessels inspection, electrical inspections, medical examinations, workplace general and specific risk assessments and first aid implementation through our health and safety advisors. This was complimented by a series of staff trainings on OSH, first aid, fire safety, and safe use of agrochemicals. This was to ascertain conformity to the Occupational Safety and Health Act, 2007, and the various applicable regulations and rules emanating from the Act. The audit involved all activities in the workplace and, in some cases, activities outside the workplace.

We also have a responsibility for employees’ safety concerning fire hazards from the work processes and activities and general fire safety in the workplace. As a result, we have applied appropriate fire prevention, precautionary and evaluation measures that comply with relevant fire legislation and recognise good practice standards. At Kakuzi, we do not expect our employees to fight fires. However, extinguishing can be undertaken if it is safe and an employee has been trained.

Month	Hrs worked	Accidents			Frequency Rate	Accidents per 100,000 hrs
		First Aid only	Over 3 days	Fatal		
Jan	464,832	14	5	0	4.1	100,000 hrs
Feb	470,784	22	7	0	5.5	
March	556,378	39	12	0	3.2	
Apr	604,582	26	4	0	5.1	
May	575,624	34	5	0	7.1	
Jun	560,602	37	2	0	6.6	
Jul	597,444	36	6	0	5	
Aug	515,896	25	6	0	5.6	
Sep	541,678	25	0	0	4.6	
Oct	516,102	21	6	0	5.4	
Nov	519,244	22	6	0	5.4	
Dec	490,442	11	3	0	2.7	



$[Total\ No.\ of\ accidents / Total\ No.\ of\ man\ hours\ worked] \times 100,000$

The table & graph shows the frequency rate data:

This is the number of accidents per 100,000 hours worked for each month. It is an indicator on general OSH performance in relation to the number of man-hours worked.

Our safety and health information, instruction and training helps us to create a safer working environment. We promote a positive safety culture, where safe and healthy working becomes second nature to everyone. We continue to review our work risk assessment from time to time to enable us to intervene with appropriate prevention and control measures to manage our OHS risks.

## Our Collaborations with Community Farmers

Our commitment to community farmers encompasses various product lines, including avocados, blueberries, macadamia, beekeeping and honey, and goat and beef production. Our partnerships have led to numerous positive outcomes.

One notable initiative is our support for local beekeeping groups. We share our technical expertise and facilitate access to vital market channels for these groups. By doing so, we empower local entrepreneurs and bolster the beekeeping industry.

Furthermore, we have been actively involved with smallholder farmers in avocado and macadamia farming. Although we do not mandate that these farmers sell their produce to us, we play a pivotal role in enhancing the quality of Kenyan avocados and macadamia nuts.

Type	Beneficiaries
Indigenous tree seedlings	300 community members were given indigenous tree seedlings.
Avocado tree seedlings	775 seedlings donated to local farmers.
Avocado farming	125 avocado farmers benefitted from training on avocado farming.
Beehives donated	52 hives donated. 85 members from 4 community groups trained on beekeeping.
Rainwater harvesting tanks	12 local schools benefitted from 12 10,000-litre water tanks for rainwater harvesting.
Jiko Kisasa	33 builders trained on the construction and maintenance of Jiko Kisasa.

Kakuzi provides extensive extension services and employs a full-time manager to assist registered farmers. These services have undoubtedly improved the livelihoods of these farmers, although exact figures and financial details remain confidential.

Looking ahead, we are constantly exploring opportunities to strengthen our community farmer partnerships further. While we do not have immediate plans to announce them, our commitment to sustainable supply chain practices and the support of local entrepreneurs remains unwavering. We are determined to continue innovating and expanding our community farmer program to make a lasting impact on the communities we work with.







# 4 Climate Action

At Kakuzi, we acknowledge the impact our operations have on the environment. Our approach involves supporting environmental sustainability and biodiversity, continuously identifying the environmental impact of all our activities, and minimising and mitigating these responsibly.

To accomplish this, we have planted indigenous trees which adapt well to the environment, provide many benefits to the local ecosystem, and require little care after they mature. Our beekeeping initiative has benefitted the communities and the Company due to increased crop yields caused by better pollination, enhancing conservation and sustainable use of our natural resources. The initiative has created livelihoods for the communities through their self-help groups, which the Company has continued to support by providing beehives and training. This has resulted in poverty reduction by creating jobs specifically for the youth.

We are ardent about capturing rainwater and have provided rainfall harvesting tanks to various schools and health facilities within our locality. We have embraced open days as a tool to reach out to stakeholders where we address socio-economic factors that contribute to a sustainable society. During farmer's days at county and local levels, we illustrate the importance of trees and how to plant and manage them. Our employees have been sensitised and trained on dam management to maintain and increase dam life and integrity, management of catchment areas and safety protocols.



## Environment Friendly Technology

With our expansion around production, we have invested in modern technologies that help us improve the quality of our production. Based on the UN sustainability standards, we have adopted cold chain facilities that are aiding us in reducing Greenhouse Gases (GHG) emissions.

We have invested in eight cold rooms, each capable of handling more than 40 metric tonnes per cycle, with up to six cycles a week during the avocado season, running from March to September which is the peak season for avocado production. The facilities have monitoring systems and a portal where the operating team can log in at any time to monitor the status of avocados, energy usage and manage stock levels.

Our investments have met sustainability requirements, such as reducing emissions by implementing the R44 that uses thermal storage. As a high-value asset, our energy consumption is a key determining factor of return on investment, and with the use of thermal storage in the cold room, we have noticed a positive turn in reducing energy requirements during production time in the daytime.

And by scientifically measuring our carbon footprint and understanding where emissions are being created, we can see where we can reduce them.

We have also invested heavily in irrigation and green technology-based systems to mitigate the worst impacts of drought. We have invested in the necessary irrigation capacity to irrigate our 1,600 hectares of macadamia, avocado and blueberry crops.

We have invested in **8** Cold rooms that Handle **40+MT**

## Summary 2022

1. Replaced 160Kw Jambo and Kihara irrigation

2. Replaced 75Kw Ndera irrigation

The Avo irrigation pumps can run for 1500 hours per year.		
Power saving Per motor:	Power saving in Kwh	Tonnes of CO2 equivalent (tCo2e)
1. 160Kw efficiency changes from 90% to 95.8%	98600Kwh	6.0639
2. 75Kw efficiency changes from 90% to 95.8%	98600Kwh	6.0639
<b>Total tonnes of CO2 equivalent reduction (12.1278 tCo2e/= per 197200Kwh)</b>	<b>197200Kwh</b>	<b>12.1278</b>

## Circular economy

Kakuzi PLC has implemented a circular economy to achieve Zero Waste policy. We utilise waste streams as secondary resource sources and recover waste for reuse and recycling, eliminating waste and pollution. This reduces the production of GHGs and ultimately regenerates nature.

### The various elements of a circular economy that we employ include:

Prioritising regenerative resources such as forestry. Waste is minimal, and regeneration is constant with continuous planting and replanting of commercial forestry, indigenous trees and bamboo to encourage carbon sequestration and environmental preservation.

Our periodic training and sensitisation strengthen the employees' knowledge base and, they are increasingly more mindful of the environment and minimising wastage.

We are increasingly incorporating digital technology in mapping (drones), data collection, crop scouting assessments (SCARAB platform), and weather monitoring (digital weather stations) for precision and decision-making tools. This minimises costs, time wastage and increases productivity.

We have teamed up with local companies that periodically collect sanitation fruit (fruit collected from the ground) for insect (BSF) rearing and non-exportable fruit for oil extraction. They in turn, create feed for livestock and fish and quality avocado oil for domestic and export markets, respectively.

All departments are encouraged to stretch the lifetime of materials in their control, to reuse and re-allocate or improvise whenever one use fails, e.g., Reusing potting sleeves, wooden pallets, crates and containers. These are eventually collected for recycling by NEMA-approved recyclers.

Macadamia processing produces husks and shells as waste products. Both of these wastes are used as a resource. Husks are composited in compost lots and reused in the macadamia fields to boost soil health, whereas shells are used to generate heat, which helps dry the nuts in preparation for cracking. Biomass as an energy source is abundant and versatile and reduces reliance on fossil fuels at the cracking plant. All other non-exportable produce is utilised in the feed sector. In avocado production, falling leaves and twigs decay on the base of the tree, creating a dense mulch that promotes water conservation, especially during dry seasons, thus minimising the water requirement. It also promotes a rich microflora that encourages better nutrient uptake and root hair development, translating to a healthier crop.



## Regenerative Agriculture

Regenerative agriculture involves farming practices that rejuvenate soil health. It comprises growing food and fibre while reducing Greenhouse Gas Emissions (GHGs), conserving water, replenishing waterways, growing healthier foods, reducing the use of synthetic inputs, and employing people within the communities to maintain the long-term vitality of the land. It is geared at restoring soil and ecosystem health, addressing inequality, and endeavouring to leave the land, waters, and climate in better shape for future generations.

At Kakuzi, we practice agroforestry across the farm by integrating trees and shrubs into crop and animal systems. Every management division must plant 500 indigenous trees annually and maintain the catchment sites in their division.

At our macadamia production sites, the macadamia husks are composted and taken back to the farm. This provides several environmental benefits, including improving soil health, reducing GHGs, recycling nutrients, and mitigating the impact of drought.

All our production divisions enhance soil health and leverage natural systems to manage pests and reduce the reliance on pesticides or other chemicals. This is done through practising Integrated Pest Management (IPM) strategies that combine biological, physical and crop-specific management strategies and practices to grow healthy

crops, minimising the use of pesticides.

We boost climate resilience by maintaining healthy soil with high organic matter that enhances water percolation, thereby minimising runoff, which reduces soil erosion during flooding. Due to the high water-holding capacity of organic matter, crops do not suffer from extreme drought.

At our mature orchards, we nourish the soil with permanent plant cover by reducing tillage, which allows organic matter buildup, preventing any weeds from growing intra-row. This prevents inter-row weeding, and only allows mowing.

We grow grass inter-row to reduce soil erosion, increase water retention, improve soil health, and increase biodiversity. The grass is routinely mowed to provide more organic matter. More research is underway on other viable cover crops suitable in the newly planted orchards.

Our livestock is free-range, and no supplemental feeding is done. This is because our cattle breed is well adapted to the local environment. Grazing controls bush while distributing dung evenly over a wide area, thus fertilising the grassland for more production while minimising methane production from the dung, which quickly dries up and becomes compost. This mitigates GHG production and minimises the hazards of fire in dry spells. As browsers, goats play a big role in controlling bushland, reducing overgrowth that may be hazardous. These domestic animals are a source of high-quality meat products and milk that is also consumed by employees for better health management.

All our orchards and water sources are surrounded by buffer-zones with indigenous trees and shrubs. These play a pivotal role in biodiversity maintenance, are beneficial insect habitats, and act as windbreaks. In riparian areas, they control water quality, maintain catchment areas, and mitigate flooding.



Every management division must plant **500** indigenous trees annually

## Water Management

About 70 percent of the world's freshwater consumption goes to agriculture, and as the population continues to grow, demand for food will only increase, putting even more pressure on our limited water resources, which stands at only 2.5 percent globally. Groundwater depletion threatens global food security thus, other water sources must be explored and optimised.

At Kakuzi, we have invested in irrigation systems and equipment to improve water use efficiency and delivery systems. Our pilot model leverages advanced technologies and uses sensors and computer-based applications to create and display precise field maps and crop scouting data. These data are collected from various sources, including GPS and mapping systems, sensors, remote sensing technologies such as satellite imagery, and computer or cloud-based platform, where it can be accessed and analysed to

extract insights and make informed decisions. It is mainly geared at increasing efficiency and productivity, reducing input costs, and improving environmental sustainability.

We practice precision irrigation to give the crop exactly what it needs at the right time, thus avoiding wastage. The crop water requirement (ETc) and the soil's infiltration capacity should be known to establish good water distribution in the soil profile. This is assessed in the various orchards over time, and this data is assessed for trends. If the flow rate is not matched to the infiltration capacity of the soil, runoff will occur. Sensors and tensiometers are used to monitor these aspects continuously. The use of calibrated micro sprinklers is key to achieving the desired results depending on the crop age and the extent of the crop's root zone.

In 2022, there was a marginal decrease of one percent in water usage for the same area, pointing to improved water management.

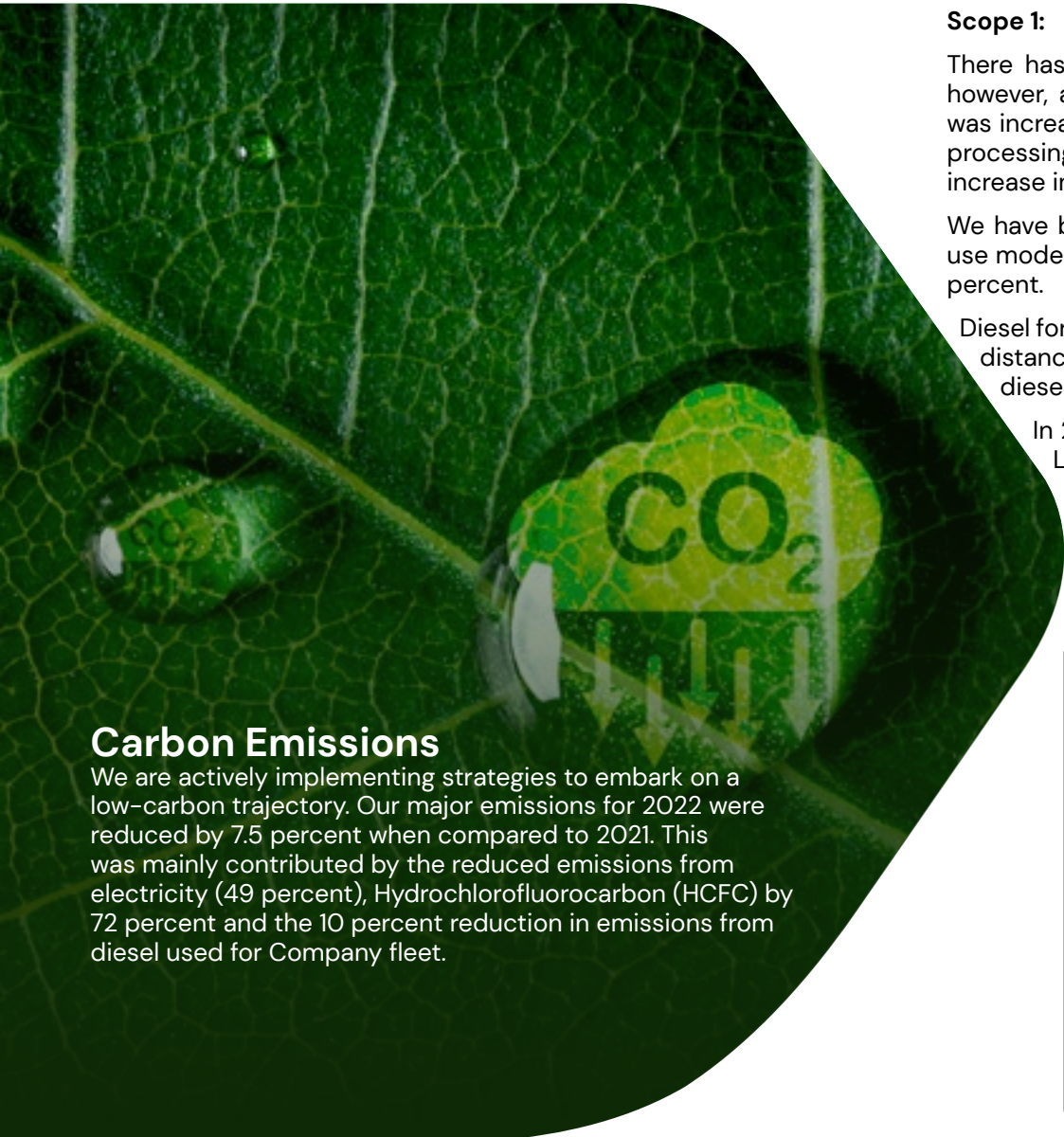
The area under active avocado production in 2022 was 870.71ha. During the year, the average production was 16tn/ha (Hass and Pinkerton combined). The amount of water used averaged 2.7 million cubic meters thus, for every cubic meter of water, we produced 5kg of fruit.

The area under active macadamia production was 855.15ha. The production was about 6.5 million kg on NIH (Not In Husk). Water used in the production and processing of this crop was equivalent to 171lt/1kg NIH.



The amount  
of water used  
averaged

**2.7M**  
Cubic Meters



## Carbon Emissions

We are actively implementing strategies to embark on a low-carbon trajectory. Our major emissions for 2022 were reduced by 7.5 percent when compared to 2021. This was mainly contributed by the reduced emissions from electricity (49 percent), Hydrochlorofluorocarbon (HCFC) by 72 percent and the 10 percent reduction in emissions from diesel used for Company fleet.

### Scope 1:

There has been a consistent reduction in diesel fuel used for electricity generation. It is, however, a challenge when electricity interruptions are frequent and longer. In 2022, there was increased production of the main crops – avocado and macadamia, and, therefore, more processing hours and longer storage before dispatch. This was the main cause of the slight increase in emissions.

We have been upgrading the old cold rooms and replacing them with new cold rooms that use modern technology. This has significantly reduced emissions from HCFC gas by up to 72 percent.

Diesel for the Company fleet reduced while petrol increased. This was because emissions per distance were less with petrol than with diesel. The Company fleet is minimising the use of diesel-powered vehicles where possible.

In 2022, 166ha of new development for macadamia and avocado were commissioned. Land preparation involved soil testing and amendments that include lime to achieve the ideal pH for these crops to grow and flourish.

### The Major Emissions

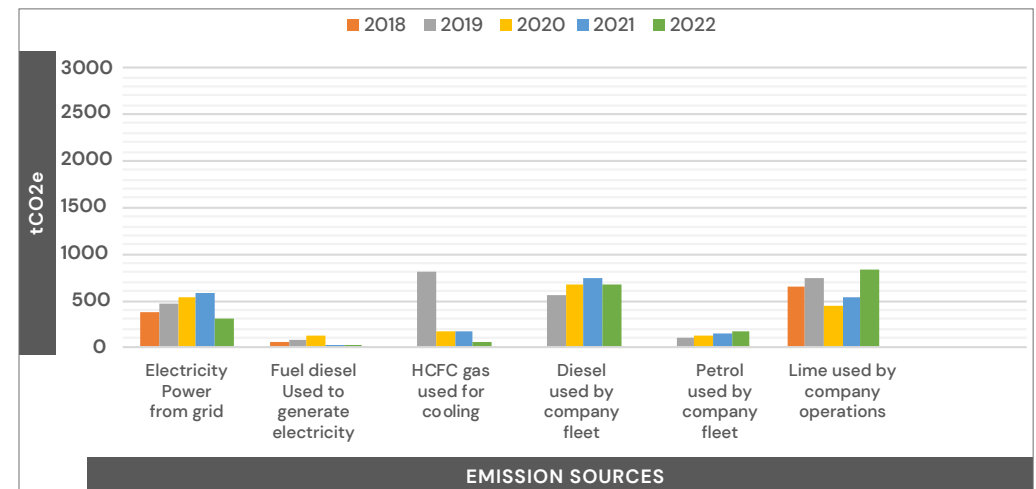
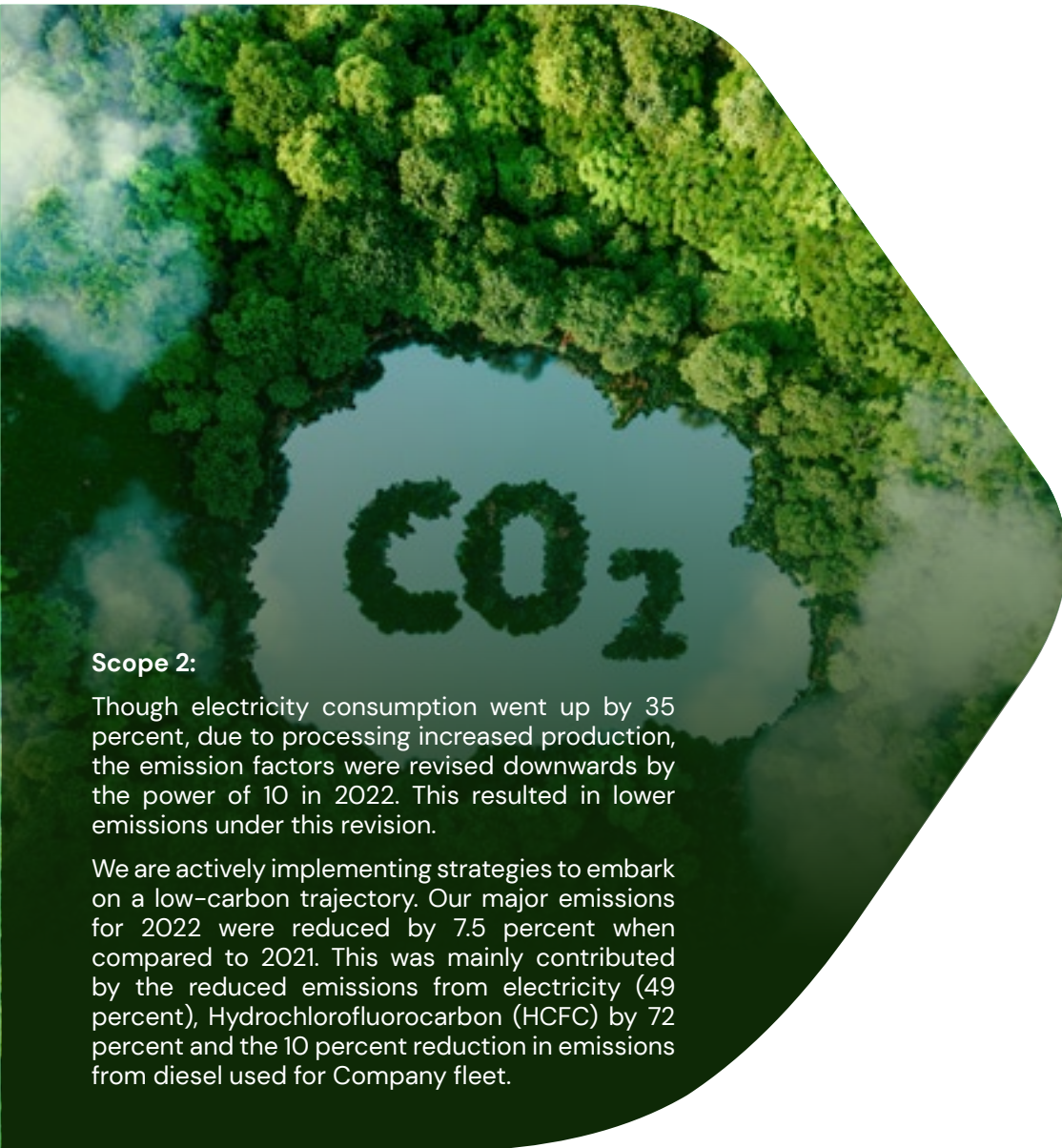


Fig 1: Kakuzi total scope 1 emissions and major sources of emissions



**Scope 2:**

Though electricity consumption went up by 35 percent, due to processing increased production, the emission factors were revised downwards by the power of 10 in 2022. This resulted in lower emissions under this revision.

We are actively implementing strategies to embark on a low-carbon trajectory. Our major emissions for 2022 were reduced by 7.5 percent when compared to 2021. This was mainly contributed by the reduced emissions from electricity (49 percent), Hydrochlorofluorocarbon (HCFC) by 72 percent and the 10 percent reduction in emissions from diesel used for Company fleet.

**FACTORY ELECTRICITY EMISSIONS**

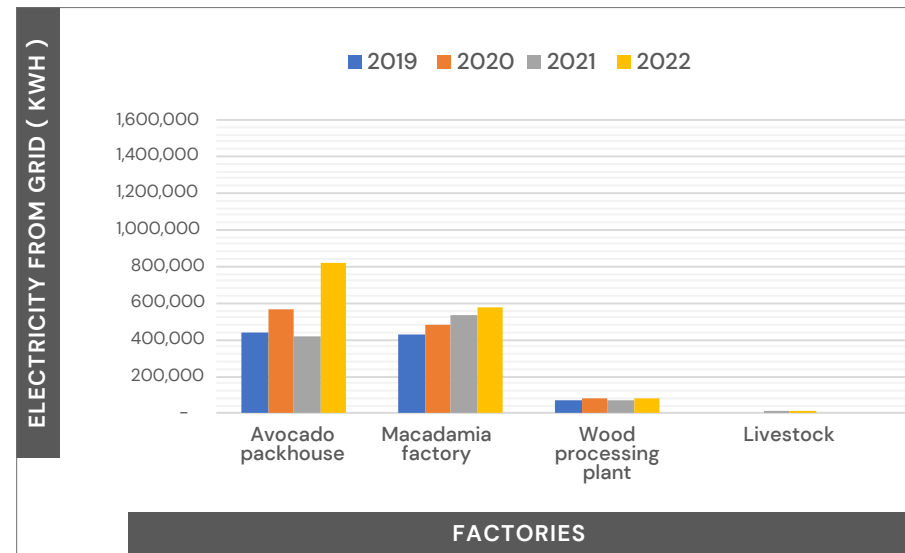


Fig 2: Kakuzi total scope 2 emissions and factory emissions from the various divisions

**FIELD ELECTRICITY EMISSIONS**

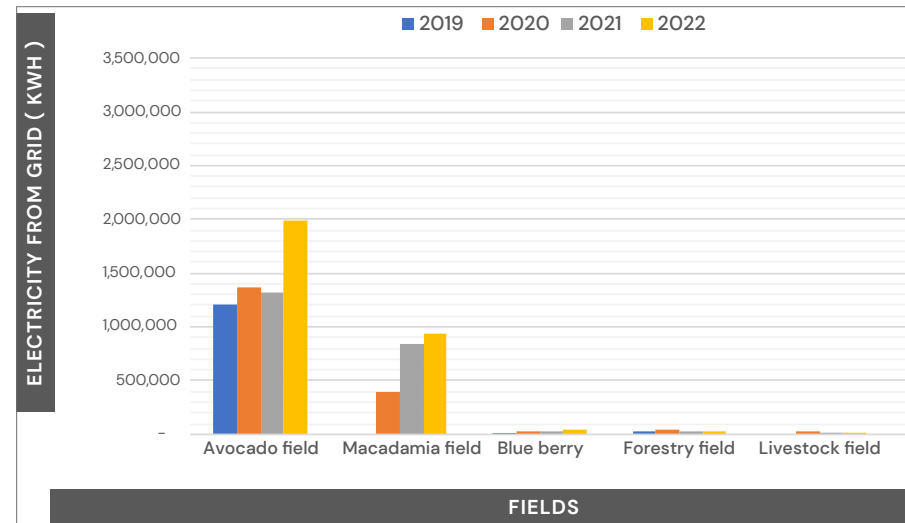


Fig 3: Kakuzi total scope 2 emissions and emissions from the various fields

**KAKUZI EMISSIONS TRAJECTORY**

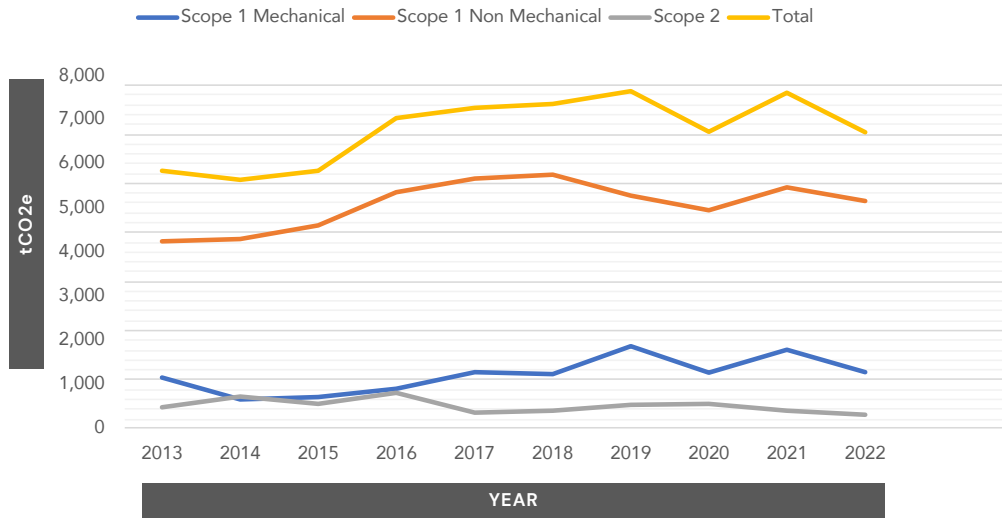


Fig 4: Totals as per scope 1 & 2

The trajectory of emissions in 2022 reduced due to the reduction in the heads of cattle by approximately 200 heads, a reduction of the emission factors from grid electricity by 43% (from 0.1076 to 0.0615) from 2021 to 2022 and a reduction in total emissions from diesel by 4% in the same period.

**TOTAL EMISSIONS PER OPERATION**

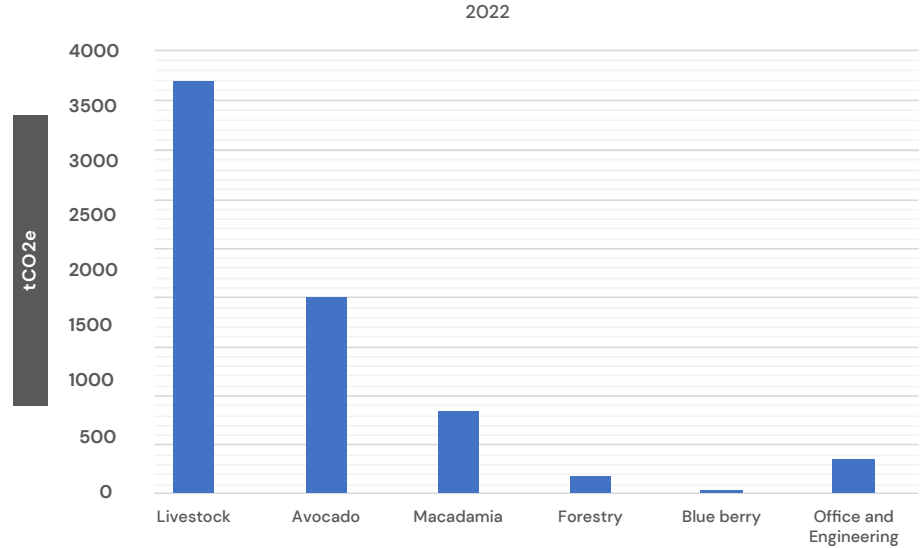


Fig 5: Total emissions per operation

Livestock numbers in 2021 were 4264 and in 2022 they were 4065. This is a significant reduction of approximately 200 heads and thus a respective emission reduction in 2022 of 654 tCO2e on livestock. Other operations that reduced their total emissions is the macadamia (both field and factory) on their diesel consumption achieving a combined reduction of 648 tCO2e.

**A COMPARISON OF THE TOTAL EMISSIONS PER OPERATION**

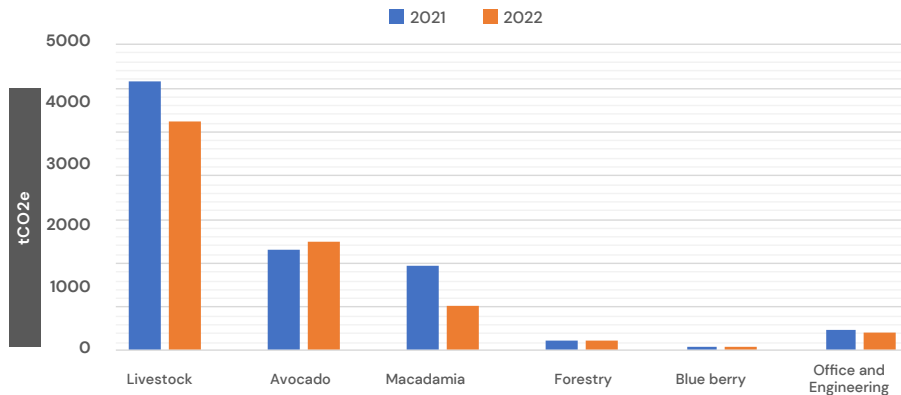


Fig: 6 A comparison of the total emissions per operation

**Scope 3:**  
We are gathering data for upstream and downstream processes, which is being processed.





# 5 Supply Chain Management

We integrated sustainability into our supply chain management. As a company, we require our suppliers to comply with certain practices that we observe – ethical practices, sustainability pacts and integrity (anti-child labour and anti-bribery policies). We then follow up to establish that the practices are being implemented.

In our labour practices, such as payment of wages, we try to establish that suppliers follow ILO regulations regarding aspects like overtime, freedom of association regarding the ease of joining and leaving trade unions, and employee representation. We source our suppliers from the local community. We also promote local entrepreneurs by training them on the business requirements of the Kenya Revenue Authority (KRA) and the government, such as tax registration. In 2022, over Ksh30 million was directed towards local purchases and contracts. During the year, we also trained 12 women entrepreneurs in general supplies.

We introduced a program called Adopt a Farmer, where our managers from the Macadamia department adopt a set of farmers to educate and show proper husbandry to macadamia farmers.

## Kakuzi's Commitment to Sustainable Supply Chain Management Partnerships



At Kakuzi, we are proud to share our ongoing efforts to strengthen our supply chain management while nurturing vital partnerships with community farmers. Sustainability is at the heart of everything we do at the Company, and we strongly emphasise ethical practices and integrity throughout our supply chain. This commitment extends to all our suppliers, both upstream and downstream. We firmly believe in aligning our values with those of our supply chain partners, which involves a comprehensive set of ethical guidelines.



One key initiative is ensuring that our suppliers adhere to these ethical guidelines. We initiate supplier relationships by requesting detailed information through questionnaires. Subsequently, we follow up to confirm that the practices outlined are being diligently upheld. Our standards encompass various aspects of labour practices, including fair wages, adherence to overtime regulations, freedom of association, and employee representation.

Additionally, we have taken steps to bolster local purchasing within our operational areas. We believe in empowering local entrepreneurs by providing them with the necessary training to meet government and business requirements, such as tax registration and VAT compliance. In addition to training, we offer contracts and outsource activities to these local suppliers, actively contributing to the growth of the local economy. Impressively, we invested KShs 30 million in local purchases and contracts in the previous year alone.



## Stakeholder Engagement Matrix

Stakeholder	Why we communicate	How we engage	Outcome
Farmers & Suppliers 	<ul style="list-style-type: none"> <li>To cascade and communicate on key Company alignment, including policies on various issues i.e., sustainability, procurement, ethics etc.</li> <li>To get feedback on the working environment and productive dialogue with suppliers.</li> <li>To constantly improve business processes so that pending bills are paid on time.</li> <li>To assist suppliers and incorporate environmental and social governance into operations to create a positive impact on the value chain.</li> <li>To get feedback on how to execute our engagement and processes better.</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Organised conferences</li> <li>Surveys</li> <li>Correspondences (invoices, LPOs, Memos), topical forums (e.g., changes in tax)</li> </ul>	<ul style="list-style-type: none"> <li>Service Level Agreements</li> <li>Memorandum of Understanding (MoUs)</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>To create a conducive working environment, where each employee is valued and can express their full potential.</li> <li>To nurture collaboration among our teams.</li> <li>To inform employees of career opportunities available.</li> <li>To get feedback on the working environment and productive dialogue with employees and their representatives.</li> <li>To endeavour to make all Company policies available to employees for their reference whenever required.</li> <li>To mainstream human rights at the workplace.</li> <li>To agree on terms and conditions of employment.</li> </ul>	<ul style="list-style-type: none"> <li>E-mail</li> <li>Face-to-face interactions</li> <li>Video conferencing</li> <li>Surveys</li> <li>Phone calls</li> <li>Messages</li> <li>Newsletters</li> <li>Internal platforms</li> <li>Management briefs</li> <li>Collective Bargaining Agreements</li> </ul>	<ul style="list-style-type: none"> <li>Understanding of our employees' needs</li> <li>Development of talent management strategy</li> <li>Ethics and human rights case reports for investigation</li> <li>Establishment of the Company's learning strategy</li> <li>Establishment of safety workplace environment guidelines</li> <li>Development of a Diversity, Equity and Inclusion Policy</li> <li>Implementation of CBA</li> </ul>

Stakeholder	Why we communicate	How we engage	Outcome
	<ul style="list-style-type: none"> <li>• To endeavour to have an open and transparent conversation with our investors.</li> <li>• To communicate our overall financial and non-financial performance.</li> <li>• To provide context and insights into our corporate results, business strategies, and sustainability initiatives.</li> <li>• To attract new investors to support and achieve a stable and diversified investor base.</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletters</li> <li>• Investor briefings</li> <li>• Emails, reports, presentations and letters</li> <li>• Annual General Meetings (AGM)</li> <li>• Information notices</li> <li>• Senior management meetings and calls</li> <li>• Participation in conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Fair market valuation of Kakuzi shares at the NSE</li> <li>• Enhanced liquidity of Kakuzi shares at the NSE</li> <li>• Favourable rates from Private Equity investors</li> <li>• Enhanced rating scores</li> </ul>
	<ul style="list-style-type: none"> <li>• To be transparent and accessible.</li> <li>• To endeavour to comply with relevant laws and regulations.</li> <li>• To raise awareness about the contributions to society by Kakuzi PLC as a responsible corporate citizen.</li> <li>• To share our views, hopes and concerns on the financial sector's evolution and instil public confidence.</li> <li>• Endeavour to have all public-related publications available online for easy access as well as an email for any query that needs to be addressed.</li> <li>• Utilise various communication channels to share Kakuzi's PLC story, its products, and services as part of brand positioning.</li> <li>• To support the roll-out of social projects and disbursement of state aid to beneficiaries.</li> </ul>	<ul style="list-style-type: none"> <li>• Media briefings</li> <li>• Information notices</li> <li>• Meetings</li> <li>• Social media handles</li> <li>• Email queries and website enquiries</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced brand positioning</li> <li>• Good media coverage</li> <li>• Improved business goodwill</li> <li>• Awards and recognitions</li> <li>• Sedex Responsible Business Awards</li> <li>• Avocado Industry Excellence Awards</li> <li>• Best growers' category: Nursery and Seedlings Awards</li> <li>• 1st Runners Up: Avocado Person of the Year: MD Chris Flowers</li> <li>• 1st Runners Up: Large Scale Orchards</li> <li>• 1st Runners Up: Large Scale exporter</li> </ul>

Stakeholder	Why we communicate	How we engage	Outcome
 <p>Media</p>	<ul style="list-style-type: none"> <li>• To share our corporate quarterly financial results, business strategies and sustainability progress.</li> <li>• To promptly answer queries about Kakuzi newsworthy information.</li> <li>• To update the media with Kakuzi information relevant to stakeholders.</li> <li>• Enhance top-of-mind awareness of the brand.</li> <li>• Build credibility in our brand and create awareness about our events and initiatives i.e., OGM, IHRAC.</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Media / press briefings</li> <li>• Kakuzi Financial and Sustainability reports</li> <li>• Corporate events and launches</li> <li>• Strategic partnerships</li> <li>• One on one engagement sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Improved media ratings</li> <li>• Enhanced PRVs</li> <li>• Increased media impressions</li> <li>• Seamless native advertising</li> <li>• Accurate positioning of the Kakuzi story, strategy and performance</li> <li>• Objective reporting about our brand</li> <li>• Reaching new customers</li> <li>• Enhanced competitiveness</li> </ul>
 <p>Regulators/ Authorities</p>	<ul style="list-style-type: none"> <li>• To endeavour to comply with all relevant laws and regulations.</li> <li>• To endeavour to have Kakuzi expertise and views integrated in the development and implementation of various relevant regulations and policies.</li> <li>• To support the development of business policies beneficial to the economy, the society and the environment.</li> <li>• To foster constructive dialogue around innovation.</li> <li>• To undertake joint programmes with relevant regulators and authorities.</li> <li>• To partner with governments to support the economic growth of the region and our countries sustainably and ethically.</li> <li>• To undertake joint programmes with county and local governments.</li> </ul>	<ul style="list-style-type: none"> <li>• Correspondences (letters, memos), topical forums (e.g., changes in tax)</li> <li>• Reports</li> <li>• Face-to-face meetings</li> <li>• Phone calls</li> <li>• Organised meetings/Conferences</li> <li>• Audits and Risk assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment with the regulatory landscape</li> <li>• Enhanced thought leadership</li> <li>• Increased conversation leadership on topical regulatory issues i.e., green finance, climate change etc.</li> <li>• Implementation of audit and risk assessment findings</li> </ul>



# Certifications



### FSSC 22000



This risk-based Food Safety Management System is implemented at the avocado packhouse and the macadamia processing factory. The Food Safety Management System (FSMS) endeavours to make the products (fresh avocados and dried macadamia nuts) safe for human consumption from receiving to dispatch.

Third-party certifications endeavour to assure that the product is fit for human consumption. The Company has a system that traces products from the farm to the warehouse. Our certification versions are GFSI benchmarked – the world’s most widely accepted benchmark documents for food safety programs.



### Diamond Mark of Quality

Our treated wooden poles have been granted the mark of quality based on the excellent performance of the product.

### Rainforest Alliance



Our avocado operations are Rainforest Alliance (RA) certified. This certifies that our agricultural practices are sustainable, and deliver value to the Company, workers and responsible supply chains.

### SMETA (Sedex Members Ethical Trade Audit)



Our blueberry, macadamia and avocado operations are SMETA 4-Pillar audited. This social audit enables us to demonstrate the supply chain’s working conditions, business ethics and environmental practices. The SMETA audit reports and validity can be accessed through the Sedex platform.



**GlobalG.A.P. add-ons**

At Kakuzi, our blueberry and avocado operations are GlobalG.A.P. certified. With such certification, we demonstrate our commitment to advancing good agricultural practices. We reassure our customers that our food products are produced with minimal detrimental impact to the environment, product safety with an integrated pest and disease program and that we take a responsible approach to worker’s health and safety and animal welfare.

**GlobalG.A.P. add-ons**

Our Good Agricultural Practices go beyond products. They are also about people’s welfare. We have a voluntary farm-level GRASP for social practices.

**SPRING**

At Kakuzi, we have implemented efforts to manage water risks and promote sustainable practices. We demonstrate this through the SPRING audit.

**Halal certification**



Our beef and beef products are Halal certified. The animals are slaughtered in a single cut, thoroughly bled, and the meat does not come into contact with the animals slaughtered. This guarantees that the beef and services meet the requirements of Halal certification. Our avocado packhouse processes are also Halal certified.

**Kosher**



Our macadamia factory has implemented the Kosher requirements. The Kosher system provides that the processing of the nuts does not render it non-kosher due to cross-contamination of equipment also used to process meat and dairy products. The nuts processed and packed comply with dietary guidelines set by traditional Jewish law.



## Kakuzi PLC Awarded at the Avocado Industry Excellence Awards



In 2022, Kakuzi PLC made an impressive mark at the Avocado Industry Excellence Awards, having been nominated in six categories across four segments. We secured two awards and achieved first runner-up positions in the remaining categories.

We emerged first in the Growers Category, winning the Large-Scale Orchards over 100 Acres Awards. The other awards won by Kakuzi PLC were 1st runners-up in the Growers Category, Nursery-Seedling Awards, 1st runners-up in the Exporters Category, Large Scale-200 Containers Awards and 1st runners-up in the Auxiliary Service Category, Packhouse Awards.

# 5

Number of Awards  
Kakuzi PLC Scooped  
at the 3<sup>rd</sup> Kenya  
Avocado Industry  
Excellence Awards

## Revenue & Taxation

In 2022, our revenue grew because of increased production volumes of quality export-grade avocado fruits as well as other products which experienced reasonable sales. Our avocado exports grew to 2.8 million cartons from 1.68 million cartons in 2021. The higher volume was due to an 'on' avocado season after the 'off' season experienced in 2021. Our macadamia business was satisfactory, with production increasing from 609 tons of total kernel to 870 tons.

As a result, we posted improved numbers posting a Kshs845.8 million net profit for the financial year ended 31st December 2022, which represented a 62 percent after-tax profit growth. The year also saw the company record higher sales from forestry, livestock, and blueberry departments in the local market.

## Condensed Consolidated statement of profit or loss and other comprehensive income

	December 31st 2022	December 31st 2021
	Shs'000	Shs'000
<b>Sales</b>	<b>4,434,211</b>	<b>3,296,414</b>
Profit before fair value gain in non-current biological assets and income tax	1,108,065	333,435
Fair value gain in non-current biological assets	113,559	138,121
Profit before income tax	1,221,624	471,556
Income tax expense	(375,820)	(151,820)
<b>Profit for the year</b>	<b>845,804</b>	<b>319,736</b>
Other Comprehensive Income: Items that are not reclassified to profit or loss: Remeasurement of post-employment benefit obligations (net of tax)	(5,176)	6,038
<b>Total comprehensive income</b>	<b>840,628</b>	<b>325,774</b>
Earnings per share (Shs): Basic and diluted earnings per ordinary share	Shs 43:15	Shs 16.31



# KAKUZI

*Growing Together*