

## 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

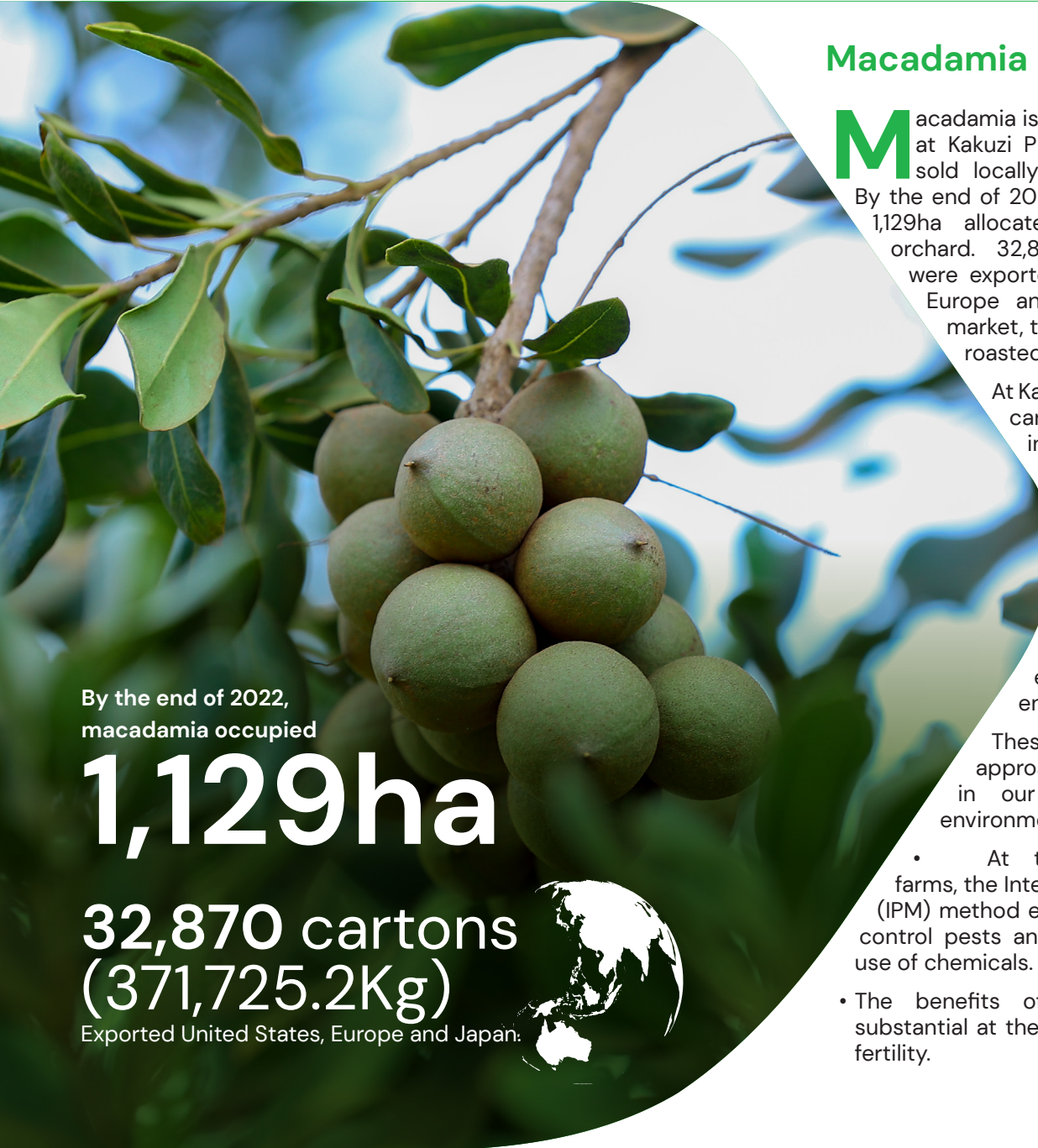
**K**akuzi PLC is committed to producing high-quality and safe products, placing utmost importance on product quality and safety while embracing sustainable practices. Our core focus areas of production include tea, macadamia, avocado, blueberries, forestry, and livestock.

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:

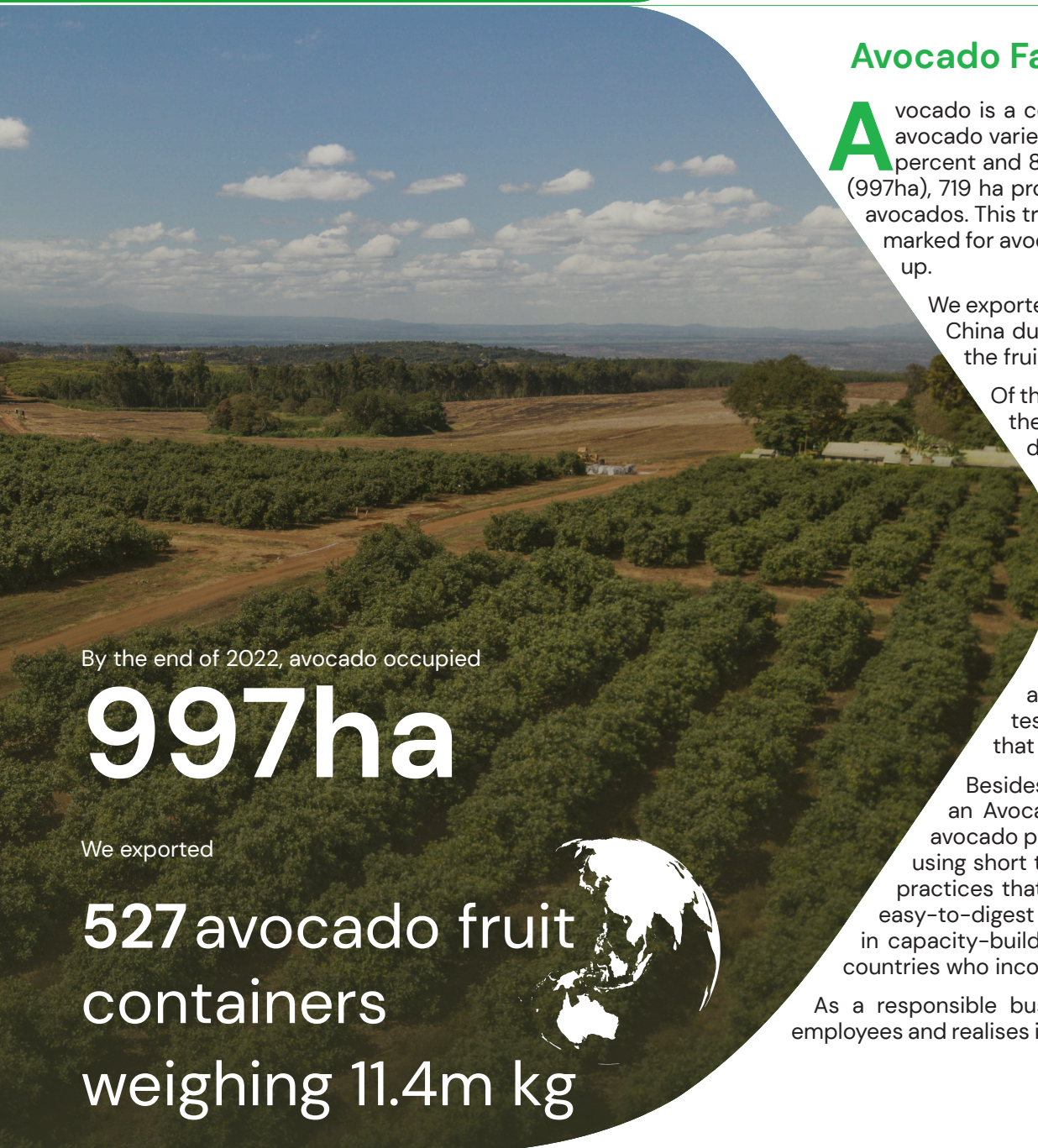
- At the Kakuzi macadamia farms, the Integrated Pest Management (IPM) method endeavours to effectively control pests and diseases with minimal use of chemicals.
- The benefits of husk compost were substantial at the farm, as it improved soil fertility.

- 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.



By the end of 2022, avocado occupied

**997ha**

We exported

**527 avocado fruit containers**  
**weighing 11.4m kg**



## 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.



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.



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## 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.

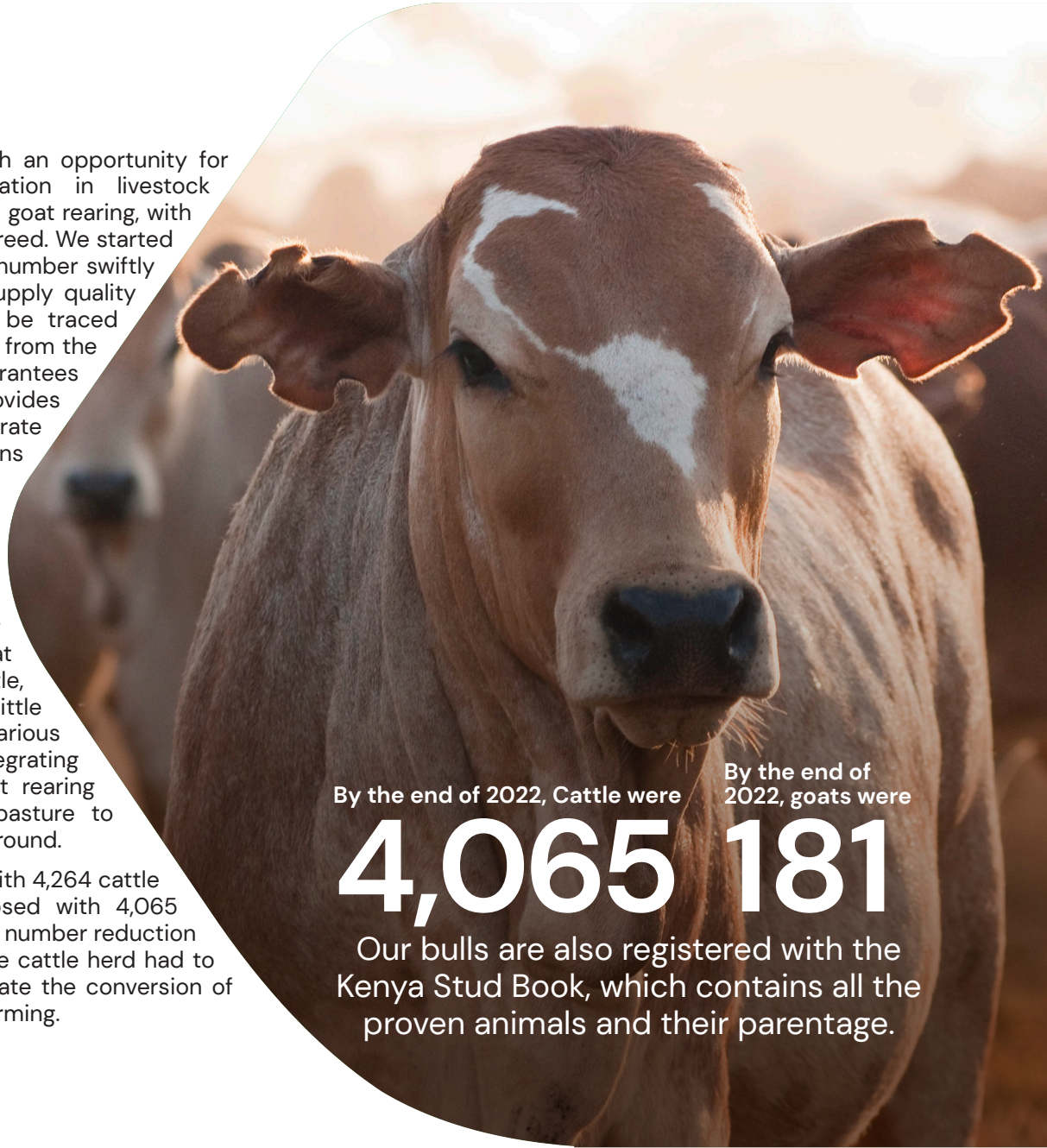
Livestock farming at Kakuzi is done in a ranch-based system. The Company's slaughterhouse provides cold-dressed carcasses to the Kakuzi Butchery. In alignment with SDG 8, Decent Work and Economic Growth, our products are accessible and affordable. The butchery is strategically placed by the roadside, 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.



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## 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.



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**28 tonnes**  
 under the avocado section

**14,670 kg**  
 Exported to Kuwait



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