



# Corporate Governance & Integrity

**Kakuzi's Commitment to Excellence**



Throughout 2023, Kakuzi PLC maintained a robust Board structure, to see to it that the company’s strategic direction was overseen with the utmost diligence. With regular Board meetings held, including a dedicated Strategy Day, the Board actively participated in setting the course for the organisation’s future while entrusting the day-to-day operations to the Executive Management team.

**The Governance Framework**

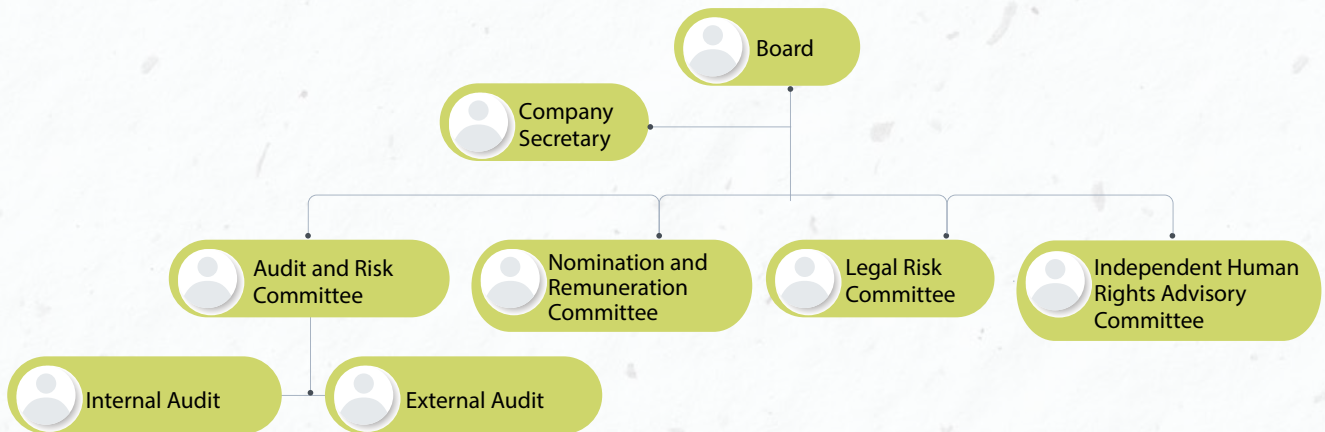
Kakuzi PLC operates within a well-defined governance framework aimed at facilitating effective oversight, decision-making, and accountability. This framework involves:

- Delegating authority to strategic committees
- Enabling the Board to set the company’s strategic direction
- Entrusting day-to-day operations to the Executive Management, headed by the Managing Director

Key to this structure are;

- The Board’s three committees
- One independent advisory committee to the Board

Each committee is tasked with reviewing specific areas to support the Board in fulfilling its duties efficiently. The structure of the relationships between the Board and the Board’s Committees is illustrated below:



The Board is composed of Directors, elected by shareholders, with the Managing Director leading the Executive Management team. This governance model creates a balanced approach to governance, with careful consideration given to:

- Composition
- Size
- Independence of the Board

This fosters transparency, accountability, and alignment with shareholder interests.

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### **Board Composition and Committees**

Kakuzi's Board operates with three committees and one independent advisory committee, each entrusted with specific mandates to enhance governance effectiveness. Throughout 2023, these committees played a pivotal role in reviewing matters ranging from financial reporting to stakeholder engagement. Notably, the committees spearheaded initiatives to strengthen risk management systems, oversee sustainability strategies, and foster Company, Community Partnerships (CCP).

### **Board Diversity**

Diversity within Kakuzi's Board remains a top priority, aimed at enriching decision-making processes with varied perspectives and insights. Efforts were made throughout the year to enhance diversity in terms of gender, ethnicity, age, and professional background. In 2023, Kakuzi appointed a female director to the Board. Currently, the gender representation at the board level stands at 12.5%, and we look forward to increasing this number.

### **Stakeholder Engagement**

Engaging with stakeholders is paramount to fostering transparency, accountability, and trust. Throughout 2023, the company actively solicited feedback and addressed stakeholder concerns through various mechanisms.

### **Ethics and Compliance**

Kakuzi is unwavering in its commitment to upholding ethical standards and compliance with relevant laws and regulations. The company publishes its key reports, including by independent subject matter experts, covering Business and Human Rights, independent governance audits and key policies. A comprehensive Independent Operational Level Grievance Mechanism and Whistleblowing Policy serve as channels for reporting misconduct or wrongdoing, reinforcing the company's dedication to ethical conduct.

### **Risk Management**

We continue to employ robust risk management frameworks to identify, assess, and mitigate risks related to corporate governance, people and integrity. Regular reports from the Audit and Risk Committee provided insights into emerging risks and the effectiveness of risk mitigation strategies. The Board remained vigilant in overseeing risk management practices, enhancing the company's resilience in the face of evolving challenges.

### **Transparency and Accountability**

Transparency and accountability are foundational principles of our corporate governance framework. The company endeavours to maintain clear communication with stakeholders, sharing key deliberations and decisions made by the Board. Through regular reporting and disclosure, Kakuzi provides all stakeholders with information about governance activities.



### Our Approach to ESG Driven Agricultural Practices

Drawing on the combined knowledge of its management team, Kakuzi recognises the critical importance of operating a purpose-driven business.






Our commitment extends beyond mere profitability to fostering meaningful growth within the communities where we operate, alongside responsible environmental stewardship. This ethos is underpinned by robust governance practices that align our actions with our values and contribute to sustainable development.

 <b>Environmental Stewardship</b>	 <b>Social Impact</b>	 <b>Governance</b>
<p>Under the environmental pillar, Kakuzi PLC focuses on identifying and minimising environmental impacts while complying with legislation. Our efforts include climate-smart agriculture to address climate change, measuring and mitigating our carbon footprint, conducting regular environmental audits, sustainable water management, regenerative agricultural practices for soil health, and comprehensive waste management. Through these initiatives, we aim to promote environmental sustainability, biodiversity conservation, and community well-being.</p>	<p>Kakuzi PLC’s social pillar focuses on employee welfare, health and safety, capacity development, education, and economic empowerment. Key initiatives include fair employment practices, providing primary healthcare, promoting education through schools and scholarships, and empowering local communities through economic initiatives like beekeeping, training avocado and macadamia small-holder farmers, road rehabilitation, school renovations, and support through the Tabasamu programme. Stakeholder engagement plays a crucial role in addressing various social issues and promoting sustainable development.</p>	<p>Kakuzi PLC emphasises robust governance practices overseen by its diverse Board of Directors. Committees such as the Audit and Risk Committee and Nomination and Remuneration Committee aid in oversight. Notably, the Independent Human Rights Advisory Committee assists the Board to comply with global human rights standards. Kakuzi has implemented various governance policies, including a Code of Ethics and an Anti-bribery Policy, to uphold integrity and ethical conduct. Kakuzi’s governance framework underscores its commitment to transparency, accountability, and responsible business practices.</p>





# Key ESG Achievements in 2023

ESG PILLAR	IMPACT	SDG
 <b>ENVIRONMENTAL</b>	100% of macadamia husks were composted, contributing to soil fertility.	
	100% of macadamia shells were processed into energy or recycled into other purposes.	
	Waste reduction of 14% was achieved in 2023 through efficient management practices.	
	A 20% reduction in water consumption was achieved within Kakuzi's Macadamia Division.	 
	Approximately 14% of waste was repurposed, contributing to a reduced environmental footprint.	
	Indigenous trees covered 300 hectares.	
 <b>SOCIAL</b>	Renovated Kitito Primary School.	 
	Donated 395 pieces of classroom furniture and installed rainwater harvesting systems in 4 schools.	
	Distributed over 2,000 sanitary towels to girls through the Tabasamu programme.	 
	Conducted free medical camps benefiting 727 individuals (238 male, 489 female) in Gikono, Kinyangi, and Makuyu areas.	
	Donated medical equipment to Maragua sub-county hospital and Gikono dispensary maternity unit.	
	Constructed a rainwater harvesting facility at Mutithi dispensary.	
	Trained 101 youth (66 male, 35 female) in Jiko Kisasa construction and maintenance.	
	In 2023, over 1,000 households were fitted with energy-saving stoves.	
Conducted performance reviews for 52% of managerial staff, with 32% female and 68% male representation.		
Noted an over 11 basis points improvement in employee satisfaction indices.		
 <b>GOVERNANCE</b>	Achieved a 12.5% women representation at the Board level.	
	Reviewed the succession planning and diversity policies of the Board.	





# Value Creation Model

