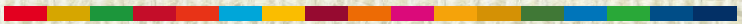


**2021**

Kakuzi ESG Report



# GROWING COMMUNITIES, RESPONSIBLE VALUE CHAINS





# GROWING COMMUNITIES, RESPONSIBLE VALUE CHAINS



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## the report

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All the content herein, including images and reports, are accurate to the best of our knowledge and as captured during interactions with the various stakeholders that contributed to the ESG report. Any inaccuracies should be brought to the attention of the Kakuzi corporate office for consideration. The report is not intended for commercial use, and no commercial rights or financial/otherwise royalties can accrue from mention/image in the report.



## About Kakuzi

**K**akuzi is a Public Limited Company (PLC) cross-listed in the Nairobi Securities Exchange (NSE) and London Stock Exchange (LSE). The Company, is listed as an agricultural Company engaging in the cultivation, processing and marketing of avocados, blueberries, macadamia, tea, livestock and commercial forestry.

The Company is a leading superfood producer with decades of experience supporting food security and economic development in Kenya by generating revenue, enhancing livelihoods and improving living standards for employees, customers, community and shareholders.

# About Kakuzi PLC

Growing Communities, Responsible Value Chains



## Mission

**Our mission** is to consistently produce quality products, responsibly, sustainably and ethically.



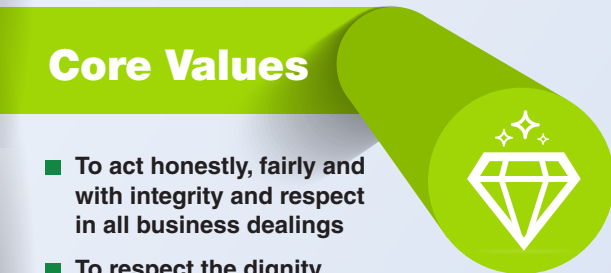
## Vision

**Our vision** is to be a global leader – your preferred producer and supplier of quality agricultural products.



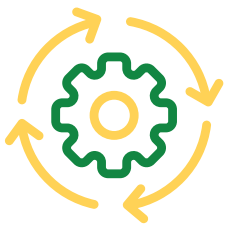
## Community

**Our community** is made up of both internal and external stakeholders. Our employees and their families, some of whom reside in our villages, form our internal community. Our external community comprises our business partners and communities around Kakuzi that we support.



## Core Values

- To act honestly, fairly and with integrity and respect in all business dealings
- To respect the dignity and well-being of all those people who work for us
- To support environmental sustainability and biodiversity conservation
- To respect and contribute to the communities that are in and around our business
- To ethically produce safe and quality products consistently



This report covers all aspects of the Company's operations with a strong focus on how it has involved communities within the upstream and downstream value chains, including assessing the impact of the Company's initiatives and activities on the environmental, social and economic aspects.



## About this report

This report represents our holistic approach to enumerating our Environmental, Social and Governance (ESG) impact across our business. The report also highlights our commitment to sustainability, aligned with the UN Sustainable Development Goals (SDGs) framework.

This report details Kakuzi's ESG progress for the financial year 2021. The report covers all the business divisions, including showcasing the integrated initiatives the Company has undertaken in aligning operations with best-in-class sustainability principles as a superfood producer. This report also showcases critical areas of operations across the business within the six adopted SDGs. We have developed this report in reference to the Global Reporting Initiative (GRI) framework, core option, as a standard of measure to capture impact, enumerate our initiatives and forecast our ambitions for the future.

This report covers all aspects of the Company's operations with a strong focus on how it has involved communities within the upstream and downstream value chains, including assessing the impact of the Company's initiatives and activities on the environmental, social and economic aspects.

As part of enumerating the impacts of the Company, supply chain sustainability has been pivoted to promote human rights, fair labour practices, environmental progress, and corporate governance. The COVID-19 pandemic also has been highlighted, including the obvious dangers the business has had to overcome within the supply and value chains. To make resilience, agility and sustainability a reality, we have been able to mainstream transparency in how we conduct our business to protect human rights across the different divisions of the Company.



This report details Kakuzi's ESG progress for the financial year 2021. The report covers all the business divisions, including showcasing the integrated initiatives the Company has undertaken in aligning operations with best-in-class sustainability principles as an agricultural company.

# Introduction

## Shared opportunity to promote community development and human rights

**A**t Kakuzi PLC, we have been supporting the needs of the local communities and contributing to their programmes and initiatives, while ensuring that human rights are respected and safeguarded and that violations are mitigated wherever they arise.

During the reporting period, our mandate was centred around human rights and meaningful community engagement grounded in the UNGPs (UN Guiding Principles). The development and deployment of various human rights (UNGPs, UN Declaration of Human Rights, United Nations Global Compact) frameworks speak to SDGs 3- Good health and wellbeing, 5-Gender equality, and 8-Decent work and economic growth respectively. Within the Company, we intentionally promote the enjoyment, realisation, and fulfilment of human rights by charting an intentional path that meets the needs within and outside the supply and value chain. Human rights integration by the Company has entailed three areas of focus: (i) formulation/review of internal policies to enable effective implementation of human rights standards, including development of a Human Rights Policy, (ii) setting up of a human rights due diligence process that includes undertaking Human Rights Impact Assessments

and (iii) development of an Operational Grievance Mechanism. These initiatives have been undertaken against a backdrop of robust stakeholder engagement and building the capacity of employees and the community to understand human rights.

The rationale for the framework is grounded in our desire to see human rights realized in law and practice (company operations). We believe we have effectively embraced the opportunity to promote human rights by welcoming 3rd parties to appraise our structures to ensure they are responsive and meet international human rights standards.

Also, of importance to the effectiveness of running the programmes has been the 'Tone at the Top'. Commitment and communication by the Company's senior managers signal the importance of the process and builds the confidence of stakeholders.

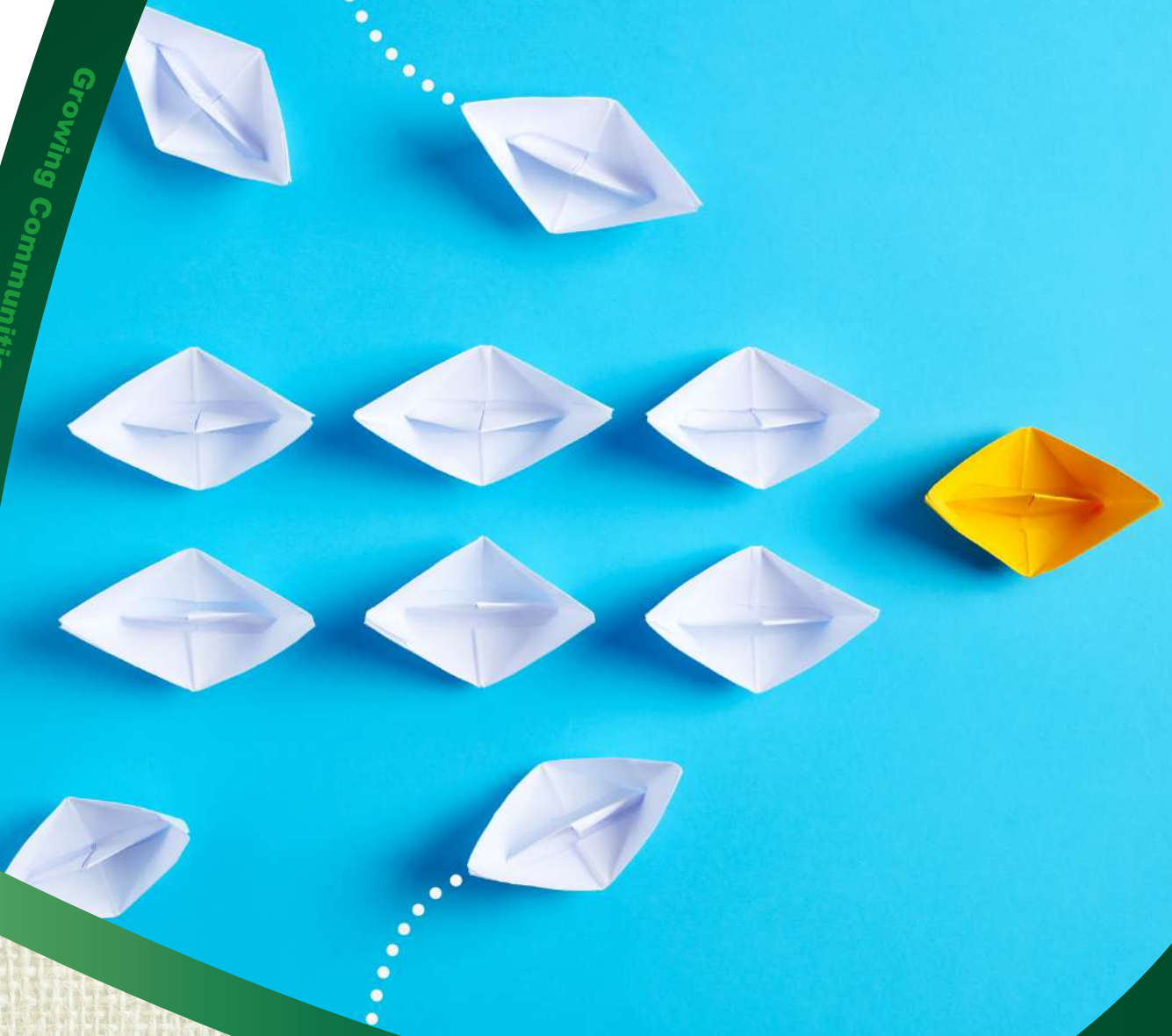
**We believe we have effectively embraced the opportunity to promote human rights by welcoming 3rd parties to appraise our structures to ensure they are responsive and meet international human rights standards**



**During the reporting period our mandate was centred around human rights and meaningful community engagement that is grounded in the UNGPs. The development and deployment of various human rights (UNGPs, UN Declaration of Human Rights, United Nations Global Compact) frameworks speak within SDGs 3- Good health and wellbeing, 5-Gender equality, and 8-Decent work and economic growth respectively.**



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# Word

from the Leadership





# Chairman of the Board: Nicholas Nganga

**E**merging from the COVID-19 pandemic, we are coming from the cusp of one of the most unprecedented events in our lifetime. We are aware that as a superfood producer, Kakuzi is a key contributor to people's well-being and livelihoods, the country's economic development and food security within Kenya and the region.

The values we hold as a Company are fundamental to our business and go beyond our agricultural operations into the work we do with communities, the welfare of our employees and our long-term environmental sustainability. Our business does not and cannot operate in isolation as we are part of the wider ecosystem in Murang'a County and beyond.

In the year, we have continued the focus on our six SDGs. Our work in education has further enhanced learning opportunities for the 5,000 children attending schools located within our boundaries and we will continue to expand these initiatives in the coming years.

In health, we continue working alongside other organisations to provide invaluable preventive, promotive and curative health for vulnerable communities. Our work in environmental sanitation has delivered new facilities to 18 schools directly benefiting over 6,000 learners. And finally, efforts to ensure our operations are enriching environments continue through our tree planting and water catchment preservation initiatives.

Under the guidance of our Independent Human Rights Advisory Committee (IHRAC) we have operationalised the UN Guiding principles on Business and Human Rights. This has culminated in the launch of one of the region's first Independent Operational level Grievance Mechanisms that is aligned to the UN Guiding principles on Business and Human Rights.

The need to protect our environment, reduce our carbon footprint and ensure our agricultural operations provide a sustainable supply of superfoods which are grown responsibly has never been greater.

As our operations grow, so do the opportunities we as a business have to provide innovative interventions that we believe provide real stakeholder value.

I commit our third ESG report to you as a demonstration of our commitment to this cause.



**We believe that by embodying the rallying call of the SDGs, "Leaving no one behind," we ensure that communities are mainstreamed within our value chain, human rights are protected and standards of living are constantly improved.**



# Managing Director: Chris Flowers

In 2019, Kakuzi PLC became the first listed Kenyan agricultural company trading on the NSE (Nairobi Securities exchange) to release its Environmental, Social, and Governance report.

As a Company, we are demonstrating some of the best agricultural practices, environmental protection and enrichment, and the social well-being of our employees and surrounding communities.

During the year, the journey to access the China market started. The China fruit market is very advanced as far as the consumption of agricultural commodities including superfoods such as avocado is concerned. The regulatory entry process was stringent, and the consumers are incredibly discerning and quality conscious. However, we were up to the task and committed to maintaining the Kakuzi quality consistency for all our exports to China, among other markets.

As a Company, we support the 10 principles of UN Global Compact on human rights, labour, environment and anti-corruption, and we have been implementing them. We have also made the Global Impact and its principles part of our strategy, culture and day-to-day operations. We are further engaging in collaborative projects which advance the broader development goals of the UN, particularly the SDGs.

As a result, we appointed an Independent Human Rights Advisory Committee (IHRAC) chaired by former Attorney-General Githu Muigai. With the appointment of the committee, we became one of the first corporate organisation in sub-Saharan Africa to constitute and establish such an independent advisory panel benchmarked against the UNGPs. By doing so, we joined a growing list of global focused institutions progressively adopting the UNGPs.

Kakuzi PLC also has an Operational Grievance Mechanism (OGM) called SIKIKA which is a systematic, transparent, non-judicial process for receiving, investigating, and addressing Kakuzi-related grievances from affected communities, employees, farmers who supply avocados through the Company's economic empowerment programme, and other relevant stakeholders.

At Kakuzi PLC, we ensure that sustainability is part and parcel of everything we do. Our policy is to be sensitive to the impact of agribusiness on the environment and to protect and enhance our biodiversity.

As part of this journey, we have been monitoring and measuring our carbon footprint resulting from production and processing activities to manage the carbon emissions and be able to identify where we can minimise any negative impact on the environment. We have invested in water security through the historical construction of 19 dams to harness rainwater and ensure responsible water use. We have installed water



**During the year, the journey to access the China market started. The China fruit market is very advanced as far as the consumption of agricultural commodities including superfoods such as avocado is concerned. The regulatory entry process was stringent, and the consumers are incredibly discerning and quality conscious.**

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meters to capture, monitor and document our water footprint. On waste management, we do this as per the waste avoidance, reduction, reuse and recycling policy and practices backed by waste management plans that include documents and records of the origin of the waste, volume, and disposal means.

As a responsible corporate citizen, we have been involved in many community projects ranging from economic empowerment to health, education, clean water and sanitation, environment conservation and climate action. For instance, in 2021, we provided more than 2,500 pupils with 1,510 furniture in 28 different learning institutions. We also provided sanitation facilities to about 6,000 pupils. During the year, the rehabilitation of Kakuzi Primary School was a major plus for us. The project saw the school's environment receive a significant facelift and, in the process, improved the quality of education at the school. On water, we facilitated water projects that are now benefiting local communities.

On our economic empowerment corporate social investment initiatives under the model of local partnerships, we continue to make avocado seedlings available to community members. In 2021, over 29,000 quality Hass avocado seedlings were sold to farmers. Kakuzi PLC continues to empower communities with knowledge and skills on avocado production and offer free maturity testing for smallholder farmers with a view to address quality concerns and better farmers' income. Another initiative is the beekeeping programme where we donated bee hives to several self-help groups as part of our support to diversify the community's income.

We have started a range of value addition to our products that target the local market. We are now producing high-quality macadamia nuts for the local market. We have a range of different meat products and we are looking at expanding these to make sure we have a greater presence in the local markets.

Finally, our success could not have been possible without the unwavering support of the Board members, who provided invaluable guidance, the management team, and members of staff for their dedication and commitment. To the community, thank you for working closely with us to ensure our mutually beneficial relationship continues. I also want to thank the national and county governments that continue providing us with an optimal operating environment.



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**29,000**

**In 2021, over 29,000 quality Hass avocado seedlings were sold to farmers. Kakuzi PLC continues to empower communities with knowledge and skills on avocado production and offer free maturity testing for smallholder farmers with a view to address quality concerns and better farmers' income.**

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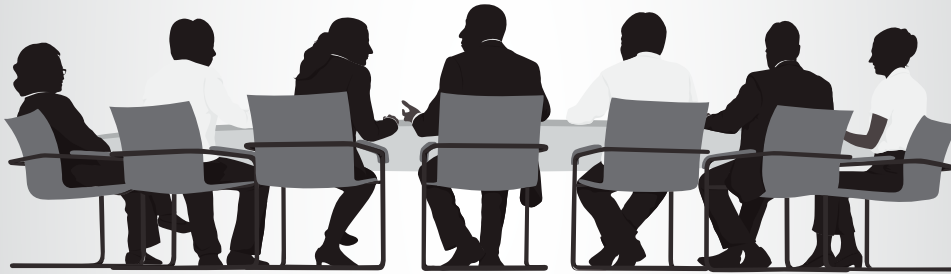
# Corporate Governance and Integrity



# The board and its role

**A**s a Company that is on a mission to consistently produce quality products responsibly, sustainably and ethically, Kakuzi PLC has a Board that ensures that the organisation is on the right path to achieve those objectives. The Kakuzi Board consists of the Chairman, who has non-executive responsibilities, five non-executive directors and two executive directors. The Board meets quarterly and is responsible for establishing the corporate governance pillars, setting the strategic direction, reviewing business performance and guidance to the management of Kakuzi.

The Kakuzi Board is responsible for ensuring that Corporate Governance works by developing policies that are responsive and forward looking to the needs of shareholders and stakeholders. Kakuzi's vision to be a global leader - your preferred producer and supplier of quality agricultural products - is boldly carried through various committees, ensuring separation of roles between the Board and Management and the policies and practices in respect of corporate governance matters. Members of the Board clearly understand what the organisation expects of them regarding the allocation of individual responsibilities.



**Kakuzi's vision to be a global leader - your preferred producer and supplier of quality agricultural products - is boldly carried through various committees, ensuring separation of roles between the Board and Management and the policies and practices in respect of corporate governance matters.**

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# Independent Human Rights Advisory Committee (IHRAC)

This committee was established in 2020 and is chaired by former Attorney-General Githu Muigai. Kakuzi is one of the first corporate organisations in sub-Saharan Africa to constitute and establish such an independent advisory platform benchmarked against the United Nations Guiding Principles on Business and Human Rights. The committee is responsible for providing independent advice to Kakuzi Board of Directors to ensure sustainable compliance with global human rights principles, including UNGPs and UN Declarations on Human Rights.

The IHRAC has been vital in giving oversight to the implementation of the Human Rights strategies, particularly in development and implementation of the companies independent Operational Level Grievance Mechanism, called SIKIKA. In the reporting mechanism, the SIKIKA team presents to the IHRAC the challenges, progress, and outcomes faced in effectively and efficiently implementing their mandate. In response, IHRAC gives advise on how these can be met within the UN Guiding Principles. Being a panel of experts, the IHRAC has also been involved in validation of the Human Rights Policy, and design and implementation of the SIKIKA procedures and public reporting.

## Members of the IHRAC

- Prof Githu Muigai
- Grace Madoka
- Dr Brenda Achieng
- Andrew Ndegwa
- Gina Din Kariuki









**The committee is responsible for providing independent advice to Kakuzi Board of Directors to ensure sustainable compliance with global human rights principles, including UNGPs and UN Declarations on Human Rights.**

# Aligning sustainability to our strategy

**O**ur strategy at Kakuzi is anchored on facilitating social and economic transformation in Kenya by sustainably producing quality products for the local market, while engaging and supporting smallholder farmers in the region.

## Key Sustainability Highlights

As part of our commitment to contribute to the SDGs, and in keeping with its commitment to long-term agricultural sustainability, Kakuzi has adopted six of the 17 goals and integrated them in its day-to-day operations. The goals are a commitment to Kakuzi to go above and beyond creating value to shareholders, and positively impact the people and planet.

| SDG   | KPIs  |
|---|---|
| <b>3</b> GOOD HEALTH AND WELL BEING<br>        | <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 schoolgoing girls and women.</li> <li>Enhance human rights within Kakuzi supply and value chains.</li> </ul> |
| <b>4</b> QUALITY EDUCATION<br>               | <ul style="list-style-type: none"> <li>Support learning institutions within and outside Kakuzi area of operations.</li> <li>Enhance knowledge among our staff to ensure they are competitive and up-to-date with industry knowledge.</li> <li>Support smallholder farmers within our supply chain and local community with extension services.</li> </ul>                                       |
| <b>5</b> GENDER EQUALITY<br>                 | <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>   |
| <b>6</b> CLEAN WATER AND SANITATION<br>      | <ul style="list-style-type: none"> <li>Ensure we conserve water as much as possible by practicing a combination of water catchment preservation 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>                   |
| <b>8</b> DECENT WORK AND ECONOMIC GROWTH<br> | <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>  |
| <b>13</b> CLIMATE ACTION<br>                 | <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>   |



**6**  
 As part of our commitment to contribute to the SDGs, including leaving no one behind, Kakuzi has adopted six of the 17 goals and integrated them in day to day operations.

# 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



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Output

Outcome



**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**

- 2,500 employed directly & 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

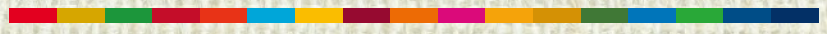
**Community Impact**

- 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

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# Macadamia farming



# Overview

**M**acadamia is a core strategic crop at Kakuzi PLC, and in 2021 it occupied 1,032 hectares. The Company only processes and supplies macadamia nuts from its orchards since they are within its control, making it easy to collect, monitor and keep relevant data.

Kakuzi PLC believes in the “Farm to Fork” concept, with traceability at its core. The Company traces the movement of its macadamia through steps in the organisational chain, from farm to consumer, and vice versa.

Being one of the flagship products, macadamia nuts are both exported and sold locally to MSMEs for processing into other by-products. Kakuzi PLC has invested in state-of-the-art machinery to process and sell assorted macadamia products to the local market via retailers.

## Macadamia output (production) in 2021

|   |  |
|---|--|
| <b>NIH</b><br>(Nut in Husk)<br>4,533,165.9kgs | <b>SKR</b><br>(Saleable Kernel Recovery)<br>492,440kgs |
|---|--|

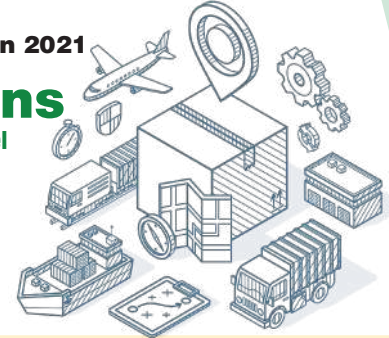


## Macadamia nuts exported in 2021

**47,803 cartons**  
A carton contains 11.34kgs of kernel

### Export markets

**USA, Germany, Middle East and Japan**



## Macadamia products sold in the local market

**Commercial grades i.e. - commercial whole, commercial half, industrial whole and industrial half, as well as the insect damaged, chicken feed, powder and wrinkled immature.**



# At the farm

## Fertiliser management

Fertiliser is applied based on leaf and soil analysis results, and minimal tillage is applied. The soils in the macadamia orchards are only ‘touched’ during planting and weeding to ensure they eliminate soil erosion. The orchards have grass which provides natural crop cover to minimise evaporation. This enables the Company to carry out less irrigation.

The macadamia husks which constitute 50 percent of weight of harvested nuts are composted and once ready, they are taken back to the orchards as organic matter, contributing to soil health and helping retain moisture.

## Irrigation management

A macadamia tree can grow naturally without irrigation. The only reason Kakuzi PLC does irrigation is because once a macadamia tree is irrigated, it produces more yields by over 10 percent which is good for the business.

The irrigation requirements are calculated based on evaporation, rainfall and soil moisture data. A

combination of data (daily tensiometer readings, weekly average evaporation and daily rainfall records) are used to determine the frequency and the volume of irrigation to be applied to the macadamia plant. Micro-sprinklers are used to deliver water to all macadamia trees.

The Company has 19 dams divided into holding and irrigation dams with a total of approximately 12 million cubic metres to harness rainwater for future use in the farm’s orchards.

## Macadamia farmers under contact programme in 2021

The Company has an ongoing macadamia community project dubbed ‘Let’s grow macadamia together’, where managers from Kakuzi’s macadamia division provide guidance to contact farmers. In 2021, there were 10 contact farmers.

The farmers were given free seedlings to plant, and the managers have been helping them manage as well giving them technical information that they require in order to benefit from macadamia farming.



**The company has 19 dams divided into holding and irrigation dams with a total of approximately 12 million cubic metres to harness harvesting for future use in the farm’s orchards.**

# The Journey of a Macadamia nut, from Kakuzi hills to markets



## 1 Planting

Since 2007, Kakuzi has planted macadamia orchards on more than 1,000 hectares in the Kakuzi Hills. Production reached 454 tonnes in 2020 against 290 tonnes in 2021.



## 2 Canopy management

Canopy management or pruning is important because the trees need sunlight to penetrate for optimal flowering, which means more fruits. At Kakuzi, the quality of yields after pruning has been done is significantly higher because the trees regenerate and are able to produce better nuts in terms of size, and aids in control of pests and diseases.



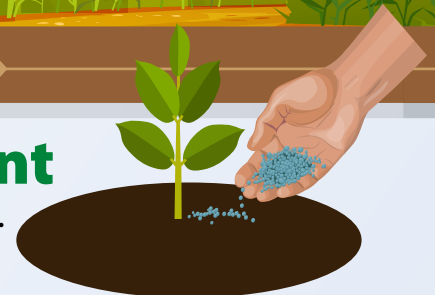
## 3 Pest and Disease Control

Pests are a great risk and at the same time, we need to adhere to the regulations on controlling them. The Integrated Pest Management (IPM) method we use ensures that we are able to meet these two objectives.



## 4 Fertility Management

Fertilisers are applied based on leaf and soil analysis results. This ensures that we feed the soil to feed the plant.



## 7 Export

Packed nuts are placed in controlled rooms in preparation for shipping in specific containers.



## 6 Quality Assurance

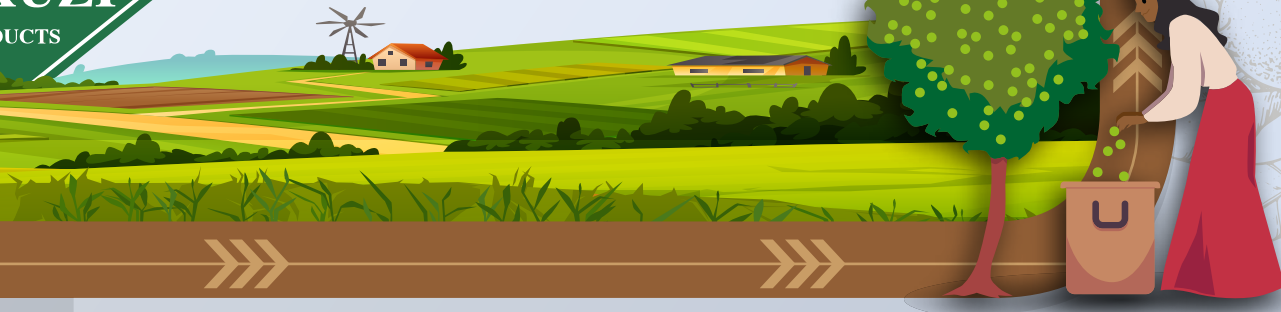
The nut in husk has a moisture content of about 25%, and it has to be dried and cured to reduce its moisture content to about 1.5%. Drying is done in nut in shell drying bins, and curing is accomplished by heating the nuts to 104-122° F (40-50° C). Quality control is essential in the orchard to produce nut clusters and collect them in a timely manner (and as cost effective as possible). During processing, machines are essential to remove both the husks and the hard shells, but observation is provided throughout by quality inspectors.



## 5 Harvesting

Macadamia nuts are harvested by hand and fallen nuts picked. The harvested nuts are fed into large hoppers and then into a dehusker made of double rollers that strip the outer husk away.

QUALITY  
KUZU  
PRODUCTS



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# Materiality





**A**s part of assessing what risks matter most within our business, we took part in a standard materiality assessment by engaging stakeholders to ensure that we effectively evaluate and measure the risks and impact within our value chain.

As part of the process, questions were developed and shared with respective stakeholders followed by deep dive sessions, where we investigated key issues that were of interest and significance to our stakeholders. The process was important because it assisted us 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. We reviewed the materiality matrix for the previous financial year during the reporting period. This revised materiality describes the methodology of the original assessment and the 2021 review. Our approach to identifying our material topics was designed using existing guidelines and thought leadership<sup>1</sup>, best practice examples from leading companies and lessons learned from past materiality assessments. It was also customised to reflect the context in which we operate and our corporate culture.

The materiality matrix identifies the issues that we and our stakeholders see as most important. This helps us to stay alert to stakeholder concerns and expectations, and issues that present the greatest risks and opportunities for our business. 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.

We conducted the following four steps:



**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. During the reporting period, we reviewed the materiality matrix for the previous financial year.**



<sup>1</sup>Among other publications, we used: GRI Standard 101: Foundation 2016, Global Reporting Initiative, page 10; The International <IR> Framework, IIRC, 2013, page 18; Materiality in <IR>, Guidance for the preparation of integrated reports, IIRC & IFAC, November 2015, page 13;

## Materiality

### Step 1: Identification of potentially relevant topics

First, we identified important environmental, social and economic topics for Kakuzi and our stakeholders. We used the following information sources to identify these topics:

| External sources  | Internal sources   |
|---|--|
| <ul style="list-style-type: none"> <li>■ Stakeholder engagement and consultation</li> <li>■ Ongoing 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



**From the list of potentially relevant topics, eight topics were identified as important to Kakuzi and our stakeholders, and thus 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.**















Second, we assessed the potentially relevant topics identified in Step 1 to determine the ones that were important to Kakuzi and our stakeholders. We used the following criteria:

- 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, 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 topics were identified as important to Kakuzi and our stakeholders, and thus 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   |
|--|---|---|
| <b>Respecting and Promoting Human Rights</b><br>              | Upholding of the principles set out in the Universal Declaration of Human Rights and United Nations Guiding Principles on Business and Human Rights.  | 3,4,5 and 6<br> |
| <b>Climate Action</b><br>                                     | 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<br>           |
| <b>Supply Chain Management</b><br>                            | 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<br>     |
| <b>Product Quality, Sustainability and Safety</b><br>       | Safe products for people and the environment at all stages of the value chain – including development, manufacturing, use and disposal.   | 3 and 8<br>   |
| <b>Access and Affordability</b><br>                         | Production of agricultural products that are affordable, accessible, and nutritious in line with the current economic situation.  | 8<br>          |
| <b>Business Model Resilience</b><br>                        | Technologies and solutions researched, developed and brought to market that address growers' need to enhance productivity and quality as well as address the challenges posed by climate change.  | 5 and 8<br>   |
| <b>Management of the Legal and Regulatory Framework</b><br> | Good practices of corporate governance and compliance with laws, regulations and Company standards.   | 8 and 13<br>  |

## Materiality

### Step 3: Ranking of topics based on relevance to sustainable development

Third, we assessed the eight topics identified in Step 2 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 that have been 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 the purpose of GRI reporting. The four material topics are:

- Climate action
- Product quality, sustainability and safety
- Supply chain management
- Respecting and promoting human rights
- Monitored topics: Monitored topics are the remaining four topics 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.



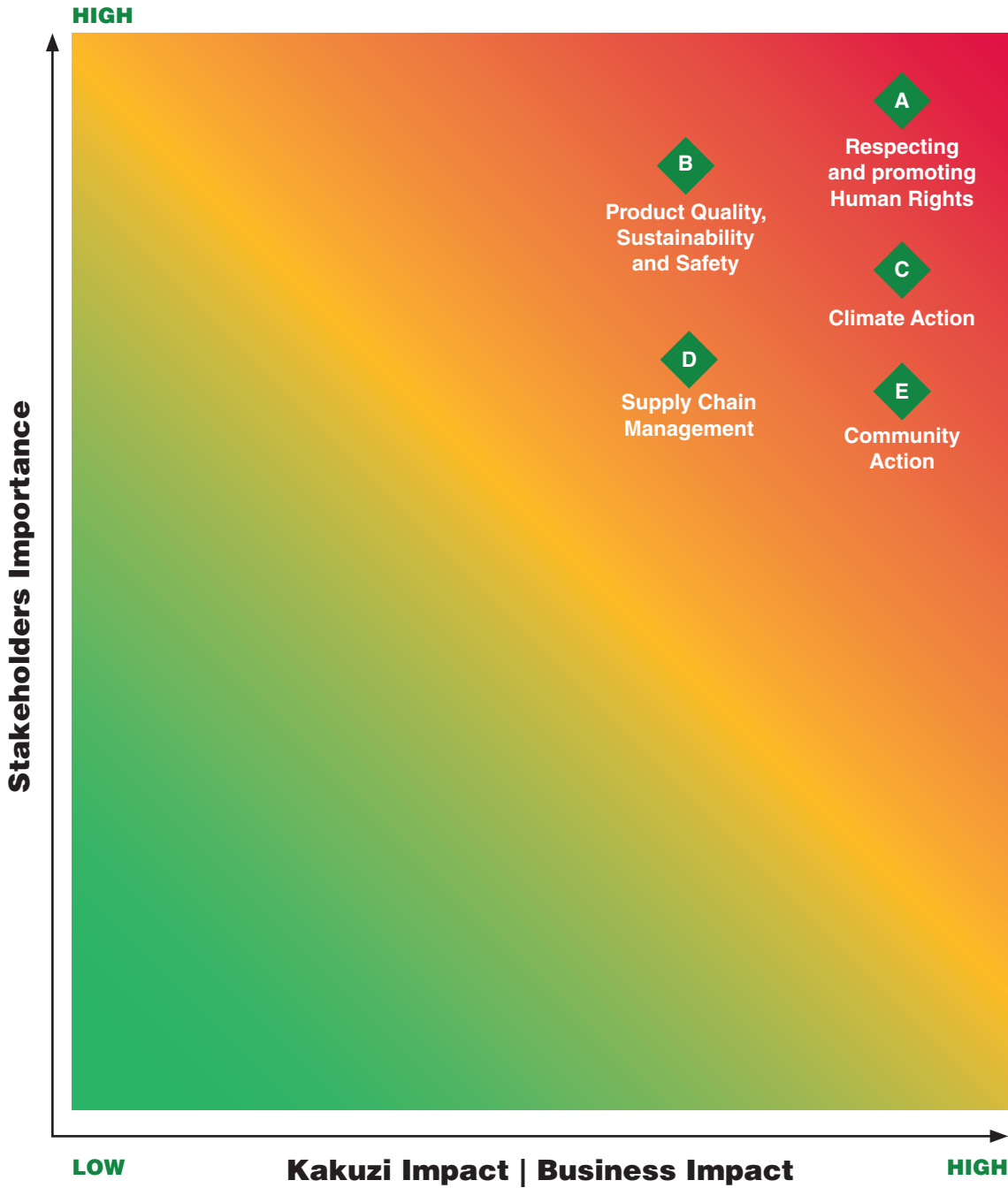
**Monitored topics are the remaining four topics that are important for us to be a responsible business. We regularly evaluate our performance in these topics to maintain the trust and confidence of our stakeholders. We annually report on our actions and progress in our ESG Report.**



<sup>2</sup> The Global Risks Report 2021, 16th Edition, World Economic Forum, fig 2, p. 12, <https://www.weforum.org/reports/the-global-risks-report2021>

# Kakuzi Materiality Matrix

Growing Communities, Responsible Value Chains



- A. Respecting and promoting Human Rights**
- B. Product Quality, Sustainability and Safety**
- C. Climate Action**
- D. Supply Chain Management**
- E. Community Action**
- F. Access and Affordability
- G. Business model and Resilience
- H. Management of Legal Regulatory Frameworks



Material Issue 1

# Respecting and Promoting Human Rights





**H**uman right and gender equality are at the core of the 2030 Agenda for sustainable development. To strengthen human rights within Kakuzi, the company has mainstreamed human rights in line with UNGP Human Rights Standards. In 2020, we established a Gender and Human rights division that would oversee human rights issues across the business augmenting our contributions towards SDGs 3 and 5. During the reporting period, Kakuzi PLC employed a full-time relationship manager responsible for managing the Company's relationship with the community. The relationship manager consequently streamlined reporting transparency and developed structures to report and respond to grievances from the community.

In line with this materiality, continuous horizontal and vertical stakeholder engagements have been implemented touching on human dignity, adequate health, collective bargaining and access to education. Also, in line with the

Diversity Equality and Inclusion (DEI) mandate, by positioning women empowerment in our supply chain, protection of women at the workplace, and confidential whistleblowing mechanisms.



During the reporting period, Kakuzi PLC employed a full-time relationship manager responsible for managing the Company's relationship with the community. The relationship manager consequently streamlined reporting transparency and developed structures to report and respond to grievances from the community.

**3** GOOD HEALTH AND WELL BEING



**5** GENDER EQUALITY



In 2020, we established a Gender and Human rights division that would oversee human rights issues across the business augmenting our contributions towards SDGs 3 and 5.

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# Human Rights Policy

The Human Rights Policy was developed to speak to the Company's commitment to respect Human Rights and embed the responsibility to all business functions. Due to the commitments made by this policy, the IHRC in collaboration with external stakeholders subsequently revised four other major policies including the recruitment and selection policy, the anti-sexual harassment policy, the disability policy and grievance resolution amongst others.

The Human Rights policy was developed in line with the UNGPs principles and the need to focus on areas that will enable the Company achieve the most meaningful progress toward the realisation of Human Rights. In addition, the policy was also reviewed by IHRAC and other external

stakeholders during the reporting period. The following key issues formed the pillars of the policy:

- Spurring public corporate commitments to respect Human Rights.
- Increasing transparency on Human Rights performance through benchmarking and public reporting.
- Driving the development of the internal architecture (e.g., policies, procedures and staffing) to prevent, mitigate, and remedy.
- Expanding the scope of risk beyond risks to the business to include a broader set of risks to rights holders.



The Human Rights policy was developed in line with the UNGPs principles as well as the need to focus on the areas that will enable the Company achieve the most meaningful progress toward the realisation of human rights.



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# Operational Grievance Mechanism

The platforms were established after extensive stakeholder consultations and multiple direct engagements with local communities to explain the two distinct grievance procedures of Kakuzi's Operational Grievance Mechanism (OGM) 'SIKIKA' Tier I and II.

OGM is a systematic, transparent, nonjudicial process for receiving, investigating, and addressing Company-related grievances from affected communities, workers, farmers who supply avocados through Kakuzi's economic empowerment programme, and other relevant stakeholders. In Kiswahili, Kakuzi's OGM dubbed SIKIKA, means "to be heard".

The overall objective of SIKIKA is to enhance Kakuzi's existing processes to respect Human Rights, provide access to remedy for those

impacted by Kakuzi's operations or business relationships and to strengthen relationships with all its stakeholders. The OGM's approach is focused on identifying early resolution and remedy for grievances through a transparent process of fact finding and respectful dialogue aimed at mutually-agreed outcomes.

SIKIKA's robust procedures are designed to provide all participating stakeholders a fair process and reasonable opportunities to present their case. Where a particular party may face certain risks or disadvantages vis-à-vis others, SIKIKA will provide appropriate safeguards and support to ensure a fair and safe process for all. In line with enhancing accountability, SIKIKA has an Independent Monitor that ensures the processes are fully aligned to the effectiveness criteria of the UN Guiding Principles..



**The overall objective of SIKIKA is to enhance Kakuzi's existing processes to respect human rights, provide access to remedy for those impacted by Kakuzi's operations or business relationships and to strengthen relationships with all its stakeholders.**

## OGM Tier I

Tier 1 is a company-managed process that concerns impact that may occur during the normal course of business operations that can best be handled and resolved by Kakuzi staff. During the reporting period, Tier I received over 400 complaints related to labour, safety and health, work-related injuries, sexual harassment, pollution, living and working conditions. About 98% of the complaints have been resolved through collaborative approaches. The outcomes will be more evident later in 2022 as the Company continues to track, monitor and measure effectiveness against the UNGP criteria of: legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, a source of continuous learning, and engagement and dialogue.

**400**

**During the reporting period, Tier I has received over 400 complaints related to labour, safety and health, work-related injuries, sexual harassment, pollution, living and working conditions.**

| Grievance issues      | Incidences | Remediation   |
|-----------------------|------------|---|
| Labour                | 7          | Fair labour practices, training, town hall sessions   |
| Safety and health     | 15         | Training and capacity building, PPEs,   |
| Work related injuries | 38         | Compensations, Operation Safety and health (OSH) Training, provision of PPEs  |
| Sexual harassment     | 1          | Reporting to law authorities i.e., police, termination, medical attention, counselling, therapy   |
| Operational           | 6          | Provision of technology, retraining, staff reassignments, training  |
| Social                | 12         | Counselling, whistle blowing mechanisms, reporting to HR, rehabilitation, wellness programmes   |
| Human rights          | 169        | Reporting mechanism established under Tier 2 to which the grievances were transferred for investigation and remedy. UNGPs have been mainstreamed and external audits included in the mechanism. |
| Environmental         | 5          | Adoption of new/alternative technology, sustainability mainstreaming.   |

## OGM Tier II

Tier 2 consists of a Head of the Independent Human Rights Mechanism (IHRM) responsible for adjudication, a Legal-Administrative Assistant and Independent Investigators. Grievances handled by this tier concern allegations of severe human rights impacts that have been caused by, contributed to, or are directly linked to Kakuzi and/or its business partners. Tier 2 is set to be established in March 2022.

# Our People

**K**akuzi PLC has ensured the safety, health and welfare of its employees as far as it is reasonably practicable, and in accordance with the law and in line with SDG 5-Gender equality, SDG 8-Decent work and economic growth, and SDG 4-Quality education. The Company operates health and safety programmes through the Health and Safety Committees in each workplace. There are several workplaces in the farm and that help in safety inspections to ensure that workers are operating in healthy and safe environments. The Company regularly conducts health and safety risk assessments.

Employees have the right to freely organise, voluntarily and collectively negotiate their working conditions as established in the International Labour Organisation (ILO) Convention 87 and 98 and in line with the national laws.

The Company respects the rights of all employees to form and join trade unions and bargain collectively. Also, during the reporting period, female employees increased by 5 percent as a result of the Company's security department undergoing a shift to increase the number of female watch keepers and female lead watch keepers.

The Company has signed a recognition agreement and a CBA with the Kenya Plantations and Agricultural Workers Union (KPAWU). Kakuzi has adopted a positive approach towards the trade unions' activities and an objective attitude towards their organisational activities.

Kakuzi PLC aims to engage in fair employment practices and aims to maintain a workplace free from any kind of discrimination, harassment or intimidation, and respect for Kenyan labour laws and the Collective Bargaining Agreement (CBA).

**5%**

The Company respects the rights of all employees to form and join trade unions and bargain collectively.

Also, during the reporting period, female employees increased by 5 percent as a result of the Company's security department undergoing a shift to increase the number of female watch keepers and female lead watch keepers.



| Employee Numbers |       |     |       |     |
|------------------|-------|-----|-------|-----|
| Gender           | 2020  | %   | 2021  | %   |
| Male             | 1,799 | 69  | 1,703 | 64  |
| Female           | 799   | 31  | 943   | 36  |
| Total            | 2,598 | 100 | 2,646 | 100 |



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# Capacity Development

**E**nhancing staff capacity is a crucial determinant of Kakuzi's success, as they are often the "face" of the Company to customers and stakeholders. Maintaining a well-trained, well-qualified workforce is a critical function of individual managers and Kakuzi. Management analysis and development is a key ingredient in designing and deploying staff development programmes that have tremendously helped improve the overall organisational productivity.

From Kakuzi's ability to identify short and long-term performance interventions that are practical and appropriate, our staff have expertise in organisational development, team functioning, and training.

In developing a fit-for-purpose workforce, we have pivoted training and sensitisation as an entry to improve productivity and create awareness many different topics. Employees are inducted in matters of Sexual Harassment Awareness Reporting and Prevention (SHARP), health and safety and safe working procedures. During the reporting period, all employees received training on health and safety, 1,906 employees received workplace discipline training, all employees received training on human rights and 736 on reproductive health.

| Training                                  | No. of employees who received the training |
|---|--|
| SHARP                                     | All employees                              |
| Working at height                         | 833  |
| Grievance mechanism                       | All employees                              |
| Reproductive health                       | 736  |
| Menstrual hygiene                         | 1,619                                      |
| Accreditation audits                      | 657  |
| Alcohol and substance abuse               | All employees                              |
| Gender-based violence                     | All employees                              |
| Fire Safety training                      | 805  |
| First aid                                 | 800  |
| Food safety/hygiene                       | 1,002                                      |
| General supervisory & management training | 541  |
| General operational training              | 1,198                                      |
| Industrial relations                      | 155  |
| Anti-bribery and corruption               | 385  |
| Security procedures                       | 160  |



**1,906**

During the reporting period, all employees received training in health and safety, 1,906 employees received workplace discipline training, 526 on human rights and 736 on reproductive health.



Growing Communities, Responsible Value Chains



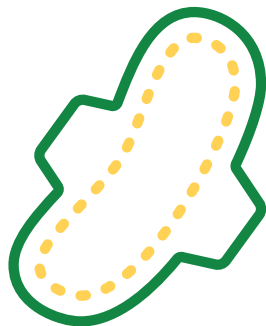
## Material Issue 2: **Community Action**

|   |                                |                              |   |
|---|--------------------------------|------------------------------|---|
| <b>3</b> GOOD HEALTH AND WELL BEING<br> | <b>4</b> QUALITY EDUCATION<br> | <b>5</b> GENDER EQUALITY<br> | <b>6</b> CLEAN WATER AND SANITATION<br> |
|---|--------------------------------|------------------------------|---|



In 2021, Kakuzi continued with its Corporate Social Investment (CSI) programmes with initiatives covering education, economic empowerment, environmental management and sanitation, consequently realising our objectives for SDGs 3, 4, 5, and 6.

To address Gender Equality and Social Inclusion (GESI), the Company continued with the Tabasamu programme, a menstrual hygiene initiative that empowers women and girls. The programme has four pillars: Education and capacity building, Provide access to absorbents, Provision of disposable methods for the absorbents, and Provision of water for menstrual hygiene. During the reporting period, Kakuzi distributed over 5,800 sanitary towels to 2,572 schoolgirls. The Company is leveraging Tabasamu to demystify the myths around menstruation.



**5,800**

**During the reporting period, Kakuzi distributed over 5,800 sanitary towels to 2,572 schoolgirls. The Company is leveraging Tabasamu to demystify the myths around menstruation.**



**5** GENDER EQUALITY

## Public Utilities and Safety

**30**  
 To promote safety of schoolgoing children, Kakuzi PLC has employed female safety marshals who walk with the students to and from school. The programme began with six women and currently has more than 30 safety marshals augmenting our offering to SDG 5.

To promote safety of schoolgoing children, Kakuzi PLC has employed female safety marshals who walk with the students to and from school. The programme began with six women and currently has more than 30 safety marshals augmenting our offering to SDG 5. The safety marshals are community members who live in the surroundings and are known by the parents and students. Safety measures include uniforms and reflector jackets that make them easily recognisable to the children. As part of Kakuzi's continued effort to ease movement and transportation for the communities around its operations, the Company rehabilitated Kahuruko-Sunset Road. This is a 3.34km stretch that opened up the area and now provides access to shopping centres and amenities for communities living in Ithanga.



**Kshs 5.6m**

As part of Kakuzi's continued effort to ease movement and transportation for the communities around its operations, the Company rehabilitated Kahuruko-Sunset Road. This is a 3.34km stretch that opened up the area and now provides access to shopping centres and amenities for communities living in Ithanga.

## Case study

# The rehabilitation of Kahuruko-Sunset Road

**F**or many years, before 2021, residents complained of the poor state of the public road which they claimed made their businesses suffer due to lack of customers pushed away by the dilapidated link road. Children also had to seek alternative routes to school which were long. The road too was dangerous for the young ones who were supposed to use the road on a daily basis.

Pius Kioko Mule, a businessman in Nduu-ndune, observed that many of his colleagues deserted the area following the poor state of the road. He noticed that it became hard for business people or farmers to make profits as buyers opted to buy farm produce from other villages which were well connected.

“Following the rehabilitation of the road, our businesses have started to thrive and we hope to make better profits. Thanks to Kakuji PLC who rehabilitated the Kahuruko – Sunset Road,” said Mr. Mule. He is in the process of expanding his venture as the business environment thrives. “By the look of things, in the near future I will be setting up a wholesale shop,” he said.

He added that the rehabilitated road had eased movement for the locals and opened up opportunities, and they can even transport

agricultural produce to urban markets with ease. “The road is facilitating marketing of farm produce and some local residents who produce fresh produce are easily accessing the markets,” Mr. Mule said.

Bernard Matheka Mutiso, a village elder and a farmer, said since the rehabilitation of the road, he is now able to access the nearby Ithanga market with ease where he sells his farm produce.

“I’m now making money from my bananas. Once I harvest them, it takes me a few minutes to reach Ithanga market where I sell them. The cost of production and transportation has also reduced since I’m able to access farm inputs locally – hardware and wholesale shops are now operational in the area and we are happy because we no longer travel to Kenol or Thika towns to buy some of the farm inputs,” said Mr. Mutiso.

The 3.34km stretch has opened up the area and provided access to shopping centres and amenities for communities living in the area.

Kakuji PLC Community Relations Manager Rachel Karimi said rehabilitation of the road was part of the Company’s social responsibility initiative aimed at easing movement and transportation for the communities around their operations.

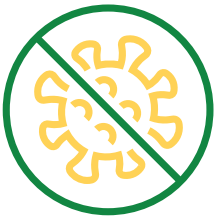


**Following the rehabilitation of the road, our businesses have started to thrive and we hope to make better profits. Thanks to Kakuji Plc who rehabilitated the Kahuruko – Sunset Road,”** said Mr. Mule.





Kakuzi Primary School before renovation.



## Education

**The Company donated classroom desks to Maranjau GK Prison, facilitating the correctional facility to offer education programmes effectively to over 300 inmates, and also supporting the facility to adhere to COVID-19 public health guidelines of social distancing.**

In line with contributing to SDG 4, Kakuzi PLC continued to donate school furniture to various institutions within Murang'a County. The Company donated classroom desks to Maranjau GK Prison, facilitating the correctional facility to offer education programmes effectively to over 300 inmates, and also supporting the facility to adhere to COVID-19 public health guidelines of social distancing.

Further, during the reporting period, Kakuzi Primary School got a facelift and structural rehabilitation, benefiting over 400 pupils, including donating 1,510 desks to 28 learning institutions that support more than 2,500 learners within Murang'a County. These efforts went a long way to provide a much-needed learning environment for students.

Also, in line with accelerating action on SDG 6, Kakuzi constructed 72 sanitation facilities in 18 learning institutions, including establishing rainwater harvesting projects in 12 schools by deploying our water harvesting technology. In line with supporting the community to get their lives and livelihoods back from effects of the COVID-19 pandemic, Kakuzi donated handwashing stations to 36 learning institutions. Further, 1,700 reusable facemasks and eight thermo guns were distributed to 54 schools.



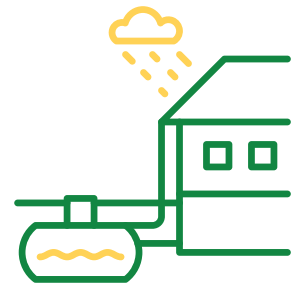
**400 pupils**

**Kakuzi Primary School got a facelift and structural rehabilitation, benefiting over 400 pupils, including donating 1,510 desks to 28 learning institutions that support more than 2,500 learners within Murang'a County**



**72**

**Also, in line with accelerating action on SDG 6, Kakuzi constructed 72 sanitary facilities in 18 learning institutions, including establishing rainwater harvesting projects in 12 schools by deploying our water harvesting technology.**



## Case study

## Kakuzi Primary School



Kakuzi Primary School after renovation.

**K**akuzi Primary School is a public institution sponsored by the Catholic Diocese of Murang'a and is located within Kakuzi PLC sitting on 11.9 acres. The school was established in 1958. By 2021, the school had 382 pupils, seven teachers and about 155 parents. During the year, Kakuzi PLC renovated dilapidated infrastructure at the institution following recommendation from public health, public works and Ministry of Education inspectors.

Repair works started in November 2020 targeting three classrooms, the staffroom and the head teacher's office. In February 2021, phase two commenced targeting classrooms, the kitchen, and the storage area, which improved the school's environment, and significantly boosting the quality of education.

"Since its inception, the school had never been renovated. The classrooms' walls had big cracks and in 2019, every crack was becoming wider and wider. As the school head, I reported the matter to the Ministry of Education; the ministry sent public health and public works officials who came and assessed the situation

and found that the institution was not in good condition.

They recommended that the school be closed and renovations be done as soon as possible," said Mr. Eshbon Mwangi, Kakuzi Primary School head teacher. He added: "When the school's board wrote to Kakuzi PLC management for assistance, they came to our rescue and renovated our institution."

The Company also donated teachers' furniture and students' desks. Due to the COVID-19 pandemic, the Company issued re-usable face masks, hand washing tanks, built an ablution block and ensured the school had clean running water.

"During the pandemic, the school did not report any COVID-19 case due to interventions by Kakuzi PLC," said Mr. Mwangi. And as a way of promoting safety in schoolgoing children, Kakuzi PLC created a footpath that eased movement for the pupils. Further, the Company employed safety marshals who walk with the pupils to and from school. As a safety measure, the marshals are members of the community who live in the surrounding area and are known by the parents and pupils.



**The Company also donated teachers' furniture and students' desks. Due to the COVID-19 pandemic, the Company issued re-usable face masks, hand washing tanks, built an ablution block and ensured the school had clean running water.**



**Material Issue 3:**

# Climate Action





**K**akuzi PLC has adopted a broader outlook on sustainability issues, ensuring that agricultural engagements are continuously decoupled from environmental impact in line with the SDG 13- Climate Action.

The main risk in agricultural production is weather patterns which are becoming unpredictable over time, increasing the volatility of crop and livestock yields. The frequency and severity of extreme events is increasing as temperatures are projected to continue rising, and rainfall patterns are expected to shift more than they have already.

Kakuzi PLC has scaled climate-smart agriculture to sustain agriculture under a changing environment, which is a major priority in the current development sphere. Kakuzi has constructed a series of dams to harness rainwater. Taking advantage of rainwater is the most viable and nature-friendly way to make use of the water resource and reduce competition with other users during the dry season. Rainwater is trapped in 19 dams, holding approximately 12,000,000 cubic metres which is enough to meet the water requirements of Kakuzi PLC.

In 2021, Kakuzi was certified by National Sanitation Foundation (NSF) Certification UK, which provides certification services in the food and agricultural sector worldwide. The Global G.A.P. "Spring" (Sustainable Program for Irrigation and Groundwater Use) certification attests to the fact that the Company promotes sustainable practices on its expansive farms with a view to preserving the environment. "Spring" incorporates a wide range of criteria to assess sustainable water management on the farm; these



**12,000,000m<sup>3</sup>**

**Taking advantage of rainwater is the most viable and nature-friendly way to make use of the water resource and reduce competition with other users during the dry season. Rainwater is trapped in 19 dams, holding approximately 12,000,000 cubic metres which is enough to meet the water requirements of Kakuzi PLC.**

include legal compliance of water sources and withdrawal rates, monitoring of water consumption, producer impact on sustainable watershed management, best practices in water management, source water protection and measures to demonstrate continuous improvement in water management.



**In 2021, Kakuzi was certified by National Sanitation Foundation (NSF) Certification UK, which provides certification services in the food and agricultural sector worldwide.**





# Carbon Footprint

**Electricity from the grid:** Due to the increase in areas under irrigation for both macadamia (85ha) and avocado (44ha) over the years, as new developments are rolled out, power usage has increased in tandem. Weather related factors such as prolonged droughts are also to blame for the increased irrigation and thus high power consumption. Slightly longer storage of fruits in the packhouse especially due to logistical challenges at the height of COVID-19 and soon after the Russia crisis, also played a role in more power usage.

**Fuel diesel for electricity generation:** the accuracy of data collection and record keeping has continued to improve following capacity building initiatives at all levels of management. This has enabled proper allocation of emissions that initially were lumped into one, such as diesel for electricity generation and diesel for transportation by company fleet.

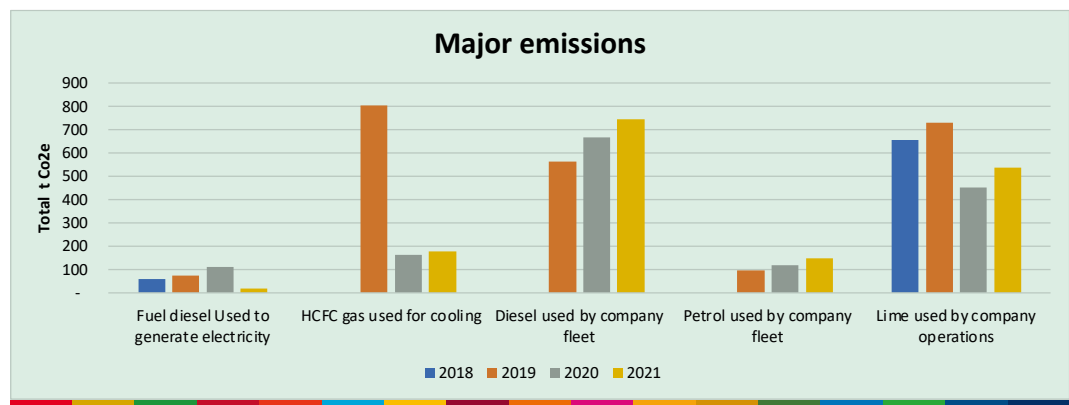
**HCFC gas for cooling:** this has significantly reduced since the investment in new, more energy saving and sustainable cooling systems

and cold rooms. The slight increase was due to the extended storage time due to the above-mentioned issues

**Diesel used by company fleet:** this is mainly due to pest control operations by tractors. Due to the weather changes, there were increased pest invasions, and minor pests becoming major pests thus necessitating control that was initially not a consideration.

**Petrol used by company fleet:** this includes all company-owned vehicles. There were additional new management staff over time due to the expansion of production areas and immature areas coming into production.

**Lime used by company operations:** during land preparation for new development areas, soil analysis has indicated the need for lime to ensure reduction of soil pH to the recommended levels ideal for seedling planting. Soil amendment with lime is recommended by the laboratory where soil analysis are done and is retested to achieve the desired level.





## Irrigation

Irrigation requirements are calculated based on evaporation, rainfall and soil moisture data. Usually, a combination of daily tensiometer readings, weekly average evaporation and daily rainfall records are used to determine the frequency and the volume of irrigation to be applied to the crop. The mode of irrigation utilises micro sprinklers – which are efficient and effective in water management.

## Fertiliser Management

Fertiliser application is guided by soil testing and plant testing regularly in a year to give an idea of what the crop requires at any given time. Application of fertiliser at any time is informed by a report from the laboratory.

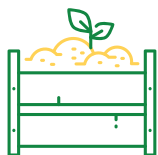


Growing Communities, Responsible Value Chains



## Circular economy

At Kakuzi, the waste generated is managed according to the Global International Industry Practices (GIIP) in circular economy. The Company has implemented measures to control and limit the amount of waste generated by developing and deploying environmental and waste management policies. At the farm, waste storage, treatment and disposal practices do not pose health or safety risks to employees and ecosystems.



The waste management policy includes documenting origin of waste, volume and safe means of disposal. The waste produced is segregated at source to facilitate re-use, recycle and composting.

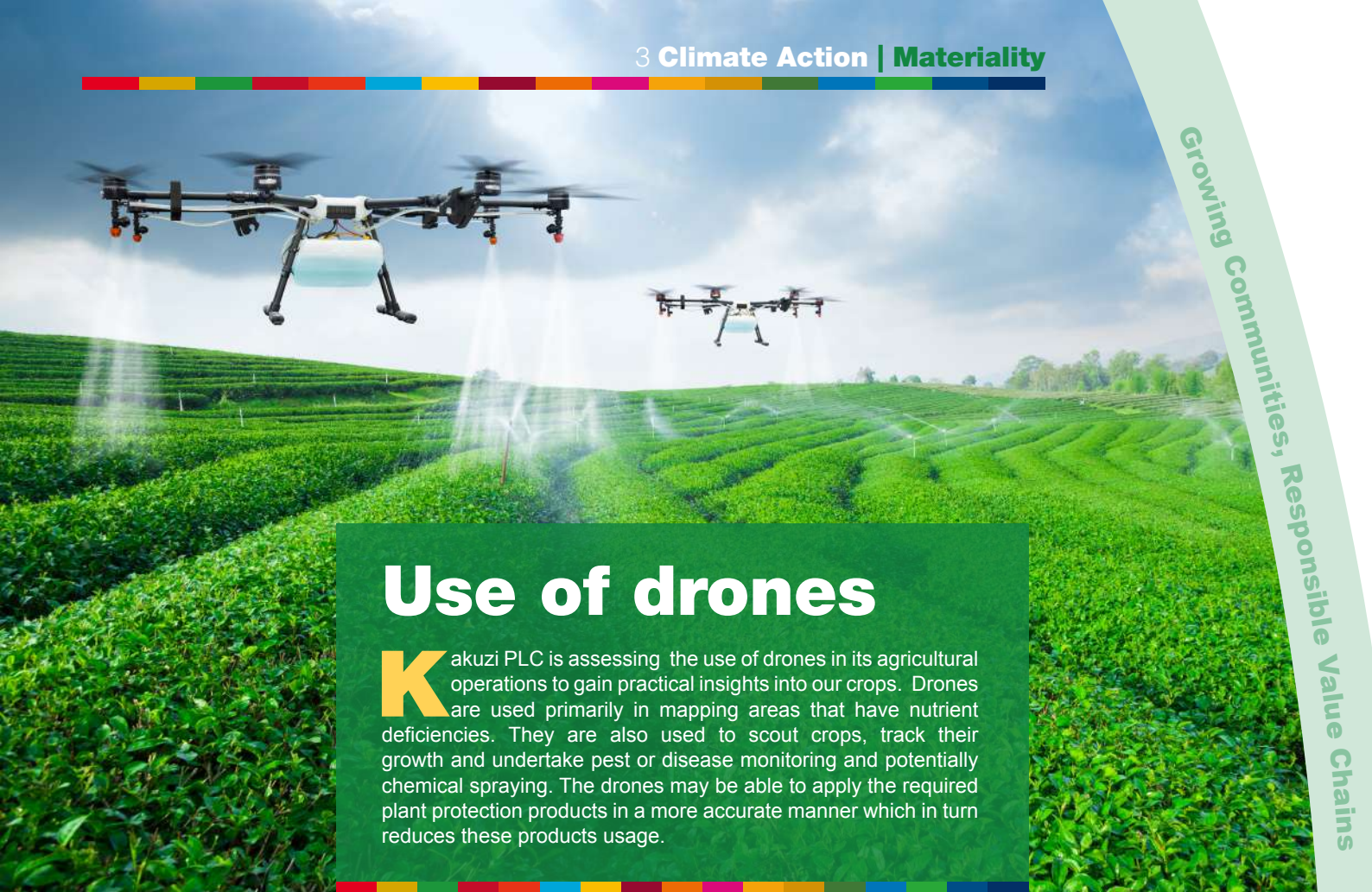
The waste management policy includes documenting origin of waste, volume and safe means of disposal. The waste produced is segregated at source to facilitate re-use, recycle and composting. Kakuzi prioritises product suppliers that minimise waste associated with their products and that access used packaging and containers for recycling. For instance:

- a) Macadamia husks are composted and returned to the farm. This adds to the soil nutrient and reduces the use of fertilisers. The shells are used as fuel at the macadamia factory and in internal road repairs to manage excess dust.
- b) Liquid waste. Kakuzi PLC uses biodigesters and waste stabilisation ponds to manage liquid waste from processing facilities. To ensure that the Company breaks down the waste, the constructed wetland is designed and built to allow ultraviolet (UV) rays from natural sunlight to penetrate. The Company also introduced essential microorganisms and water plants to optimise the efficiency of the system.



- c) Avocado and Macadamia pruning waste. These are chipped and put back into the soil to rebuild the soil's organic matter, capturing atmospheric carbon in the soil.
- d) Hazardous waste (fertiliser bags and ex-chemical containers). These are collected, documented and disposed of through the National Environment Management Authority's (NEMA) approved waste handlers.





## Use of drones

**K**akuzi PLC is assessing the use of drones in its agricultural operations to gain practical insights into our crops. Drones are used primarily in mapping areas that have nutrient deficiencies. They are also used to scout crops, track their growth and undertake pest or disease monitoring and potentially chemical spraying. The drones may be able to apply the required plant protection products in a more accurate manner which in turn reduces these products usage.

## Reforestation

**T**he Company has reduced the use of papers in its offices to ensure that resource decoupling is a culture in the organisation's operations. All divisions have reforestation requirements to ensure that at least 3 percent of their crop cover is trees. Each business division is required to plant 500 indigenous trees per year.

**3%**

All divisions have reforestation requirements to ensure that at least 3 percent of their crop cover is trees

**500 trees**

Each business division is required to plant 500 indigenous trees per year.



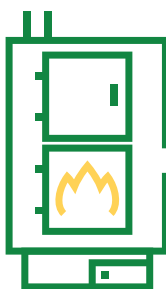


## Jiko Kisasa

**T**his is an initiative that Kakuzi PLC introduced in the community. It is a sustainable and affordable way of cooking which has health benefits, saves money, is faster, and produces less GHG emissions (Carbon dioxide). The first phase of the project was implemented in 2021 and targeted 300 households that were fitted with double stoves. Through the initiative, 33 artisans were trained from the local community with aspects of sustainability. They are currently making a living from the skills they acquired from the training.

**300**

The first phase of the project was implemented in 2021 and targeted 300 households that were fitted with double stoves. Through the initiative, 33 artisans were trained from the local community with aspects of sustainability.



## Case study

Growing Communities, Responsible Value Chains

# Kakuzi's new cooking Jiko Kisasa transforming lives in communities

**J**iko Kisasa is a Corporate Social Investment (CSI) programme of Kakuzi PLC to the community and Kenyans to modernise cooking from the old meko (three cooking stones) to a new efficient means. Over the years, Kakuzi has been at the forefront of empowering the locals around its vicinity through various projects and has taken major steps to conserve the environment by replanting trees and encouraging the community through sensitisation and mobilisation programmes to combat the climate change crisis.

As part of its core agenda to combat climate change, Kakuzi approached the German Agency for International Cooperation (GIZ) to facilitate training on making of an energy solution dubbed "Jiko Kisasa", a cooking utility developed from the old school meko normally used in rural homes.

The improved firewood cooking stove is better and with double cooking areas that make cooking efficient and eases the use of firewood which reduces the smoke that's emitted.

Since the programme's introduction in 2021, Jiko Kisasa has been a major step toward the promotion of alternative cooking methods that are clean, safe, economical, and energy-saving around Kakuzi.

The trainer, Mary Wanjiru, is thankful that she is making an impact and Kakuzi continues to support her to train the community through their welfare groups on how to develop the Jiko Kisasa.

"Following my passion for the environment, I envisioned a way to touch lives in my community, and I'm thankful to Kakuzi for their support throughout the programme. The skill is also transforming lives as it has become an income earner for the trainees who are now enabled to build for clients," said Mary.

The roll-out phases entailed the provision of the Jiko Kisasa in households around the areas in Makuyu. The first phase, which was rolled out late last year saw 300 households receive a ready-to-use Jiko Kisasa which they embraced.



Jiko Kisasa has been lauded as a better means of cooking and more locals have shown interest in acquiring it. This prompted Kakuzi PLC to roll out the second phase of installations that commenced on July 7.

According to the Community Relations Officer, Rachael Karimi, the programme benefits families health-wise and is helpful to the trained men, women, and youth who consider it as an alternative source of income.

"This initiative is aligned with a pilot we conducted that involved the community members. After seeing the process and difference in performance, they were eager and willing to be a part of it. It has not only assisted in reducing smoke-causing diseases but also eased the budgeting for their firewood purchases," said Rachael.

The second phase rollout was done in 300 households equipping them with the installations in their kitchens, bringing the total to 600 households which benefit from Jiko Kisasa.



**Following my passion for the environment, I envisioned a way to touch lives in my community, and I'm thankful to Kakuzi for their support throughout the program. The skill is also transforming lives as it has become an income earner for the trainees who are now enabled to build for clients,"** said Mary.

Continues >>>

## Case study

>>>

With the energy-saving Jikos, the users claim improved lives as it reduces the number of times they have to source firewood, exposure to smoke due to its low emissions, and shortened cooking time.

“I have reduced the number of times I go to the hospital. Jiko Kisasa is less smoky and my eyes no longer itch like they used to before. Concerning the firewood budget, I use KShs 200 worth of firewood for two weeks while the old cooking stove would consume firewood in two days, at most four. This jiko has eased my cooking as it is efficient and my food vending business has grown immensely. Thanks to Kakuzi, Jiko Kisasa is the new norm,” said Hellen Mumbi.

Besides distributing the jikos to households, Kakuzi, in partnership with GIZ, has also

facilitated training of community members on energy-saving jiko installation. The first and second phase had 41 builders trained.

Kakuzi rolled out this initiative with an aim to transform the lives of the society, equip them with skills and empower the women to adopt a new means of cooking other than the old meko.

# 41

**Besides distributing the jikos to households, Kakuzi, in partnership with the GIZ has also facilitated training of community members on energy-saving jiko installation. The first and second phase had 41 builders trained.**







**Material Issue 4:**  
**Product Safety,  
and Quality**

|  |   |
|--|---|
| <b>3</b> GOOD HEALTH AND WELL BEING<br> | <b>8</b> DECENT WORK AND ECONOMIC GROWTH<br> |
|--|---|

Growing Communities, Responsible Value Chains



By consistently producing quality safe products sustainably and ethically, the Company has established a credible Food Safety Management System (FSMS) that has been ringfenced by Hazard Analysis Critical Control Points (HACCP) principles and Prerequisite Programmes (PRPs) that ensure food products consistently meet consumer food safety requirements.

**K**akuzi food safety objectives are hinged on the establishment and review of the food safety policy and food safety training of our internal personnel, stakeholders and interested parties.

As an agricultural company, Kakuzi has instituted systems that ensure food safety and quality are established throughout the value chain through a process of track and trace. By consistently producing quality safe products sustainably and ethically, the Company has established a credible Food Safety Management System (FSMS) that has been ringfenced by Hazard Analysis Critical Control Points (HACCP) principles and Prerequisite Programmes (PRPs) that ensure food products consistently meet consumer food safety requirements. The FSMS has been recognised by International Standards Organisation (ISO) under ISO 22000:2018 (E), and the ISO /TS 22002-1:2009.

Through the development of a Food Safety Policy, we have mainstreamed the Food Safety (FSSC 22000) additional requirements of relevant applicable FSSC 22000 version and other related standards by ensuring our food safety system is supported by our business objectives in line with the identification, evaluation and elimination of potential food safety hazards and implementation of effective hygienic conditions. Ensuring commitment,







compliance and communication (3Cs) on the importance of meeting the Company’s food safety requirements, Kakuzi has also developed robust programmes with both suppliers (smallholder farmers) and established internal product quality and safety controls that require interested parties to mutually agree on customer requirements relating to food safety, as well as statutory and regulatory requirements relating to FSMS.

Through food safety team meetings and management reviews for continual improvement, the Company has ensured the availability of necessary resources needed for implementing the FSMS by ensuring competencies of persons and supporting relevant management roles contributing to FSMS within all product value chains.

The Company also maintained its Kenya Bureau of Standards (KEBS) certification for all its products as well as Halaal certification for livestock. Other certifications include Rainforest Alliance (RA) and GLOBAL Risk Assessment on Social Practices (GRASP)

Kakuzi fosters a work ethic and food safety culture which strives to continually improve its FSMS through periodic reviews. This policy shall therefore be a framework for setting and reviewing the objectives of our food safety principles.

## Production overview

|   | Products             | 2020          | 2021         |
|---|----------------------|---------------|--------------|
|  | Macadamia            | 454 tonnes    | 492 tonnes   |
|  | Avocado (Own Estate) | 10,893 tonnes | 8,468 tonnes |
|  | Blueberry            | 13 tonnes     | 42 tonnes    |
|  | Livestock            | 4,449         | 4,397        |
|  | Tea                  | 1,735 tonnes  | 1,665 tonnes |
|  | Commercial forestry  | 1,210 ha      | 1,217 ha     |



Macadamia traceability involves documenting and linking the production, processing, and distribution chain. The Company also uses package labelling and issues package lists and Certificates of Authenticity (CoA), which contain unique production codes for every package it sells to consumers.

## Macadamia

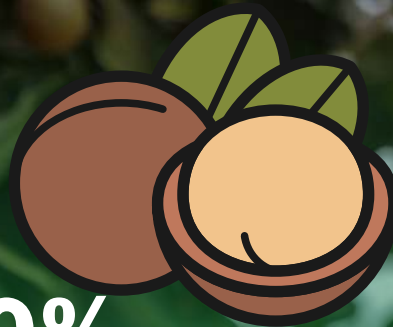
**K**akuzi believes in the “Farm to Fork” concept, with traceability at its core. The Company traces the movement of its macadamia products through steps in the organisational chain, from farm to consumer, and vice versa.

Macadamia traceability involves documenting and linking the production, processing, and distribution chain. The Company also uses package labelling and issues package lists and Certificates of Authenticity (CoA), which contain unique production codes for every package it sells to consumers.

Kakuzi PLC successfully underwent various socio-environmental and food safety audits including Sedex Members Ethical Trade Audit (SMETA), where the Company was named the winner of the Best Supplier Health & Safety/ Labour Programme at the Sedex Responsible Business Awards, and Kosher certification for Macadamia.



Growing Communities, Responsible Value Chains



70%

*The macadamia factory has a cracking capacity to process 2 tonnes of macadamias per hour. Seventy percent of macadamia is waste, and to curb the waste, Kakuzi PLC has come up with innovative and sustainable ways of waste management.*

## Case study

Growing Communities, Responsible Value Chains

# Managing Macadamia waste

**T**he macadamia nuts are enclosed by a hard, woody shell that in turn, is protected by a green-brown fibrous husk that splits open as the nut matures. The dried shells are very hard and are typically removed by cracking machines that have steel rollers or rotating knives.

The macadamia factory has a cracking capacity to process 2 tonnes of macadamias per hour. Seventy percent of macadamia is waste, and to curb the waste, Kakuzi PLC has come up with innovative and sustainable ways of waste management.

At Kakuzi, the management uses the 3Rs of waste management principles: reduce, reuse, or recycle. At the macadamia factory, the nuts are used as a source of renewable energy and husks are used as manure in the farm's orchards. "This adds to the soil nutrients and aids in the minimisation of use of artificial fertilisers. The shells are used as fuel at the macadamia factory and in internal road repairs."

The waste from the farm's macadamia trees comes in three levels;

## 1. De-husking

This is where the green outer covering of the nut is removed. That green covering constitutes 50 percent of the entire product, generating the largest volume of waste. "We are able to turn 100 percent of the husks into compost manure that we channel to our orchards and fields where other crops are grown." The husks enrich soil content, and also reduce the need to use chemical fertilisers cutting down on cost of production.

## 2. Cracking the shells

The cracked shells are used as fuel to run boilers and the excess is sold to local users with similar drying facilities. The use of these shells as an alternative fuel has enabled the Company to cut down on cost of overall use of energy and at the same time competitively sustain production.



## 3. Waste water

During the entire process of macadamia processing, water is discharged from the plant. The waste water is fed to a bio-digester which is part of a natural purification process. The bio-digester breaks down liquid and semi-solid waste before it is released into a system of constructed wetlands and ponds. In this system, pollutants become nutrients for micro-organisms which pass them up the food chain.



**We are able to turn 100 percent of the husks into compost manure that we channel to our orchards and fields where other crops are grown."**

Growing Communities, Responsible Value Chains



Kakuzi has also employed the use of stingless bees due to their small size which makes it easy for them to get into contact with stigmas while foraging for food, efficiently pollinating the blueberries.



## Blueberries

**B**lueberry is a new crop in Kakuzi. The Company began farming it in 2019 and the production is done in a 10ha piece of land. However, plans are underway to expand this significantly within the next 10 years.

In 2021, blueberry production nationwide was approximately 43 tonnes. Out of these, 4,468 kg were exported and the local market received the remaining 37,536 kg. The local market encompasses countries within East and Central Africa, while the export market is predominantly the Middle East countries.

Blueberry production is done in greenhouses in a controlled and protected environment. There are 20 blocks of greenhouses where blueberries are grown in pots by drip irrigation. The Company uses an automated irrigation system which allows the plant to receive water according to set programmes and guidelines. The guidelines contain information on PH, electrical conductivity and volume of irrigation water. With the automated system, irrigation is controlled according to the requirements of each plant.

Similarly, the automated system is further used to control the amount of fertiliser

used depending on the stages of growth of the blueberries. During this process, there are two phases: the vegetative phase and the flowering phase which have different nutritional requirements and water consumption. Fertiliser is applied through the irrigation system in a process called fertigation. This means that water is applied together with fertiliser since the blueberries are grown in substrate.

Kakuzi has also employed the use of stingless bees due to their small size which makes it easy for them to get into contact with stigmas while foraging for food, efficiently pollinating the blueberries.

These bees are harmless to people. They are put in blocks and because of their nature, are able to pollinate the flowers. About five of them can get into a blueberry flower and pollinate it. The colonies are shifted from block to block any time there is flowering. Still, honey bees are also used but their hives are placed strategically around the blueberry zones to ensure that they do not harm workers.

# 43 tonnes

**In 2021, blueberry production nationwide was approximately 43 tonnes. Out of these, 4,468 kg were exported and the local market received the remaining 37,536 kg.**



# Commercial Forestry

**P**lanting of commercial trees started in 1992 and gained momentum in 1995. Kakuzi PLC specialises in eucalyptus trees for commercial purposes.

The farm has a forestry nursery and procures seeds especially for eucalyptus trees from South Africa, while for the indigenous trees, the Company obtains most of the seeds within the farm and procures others from Kenya Forestry Research Institute (KEFRI).

The forestry department has enabled the Company to maintain a sustainable supply of properly protected timber, transmission poles, pallets, door frames, doors, fencing poles and gates which are very durable. The plantation forests are also monitored against a forestry management plan to ensure replanting in felled areas is done.

So far, commercial forestry covers 1,570ha. For the indigenous cover, Kakuzi PLC has undertaken a lot of enrichment in a continuous process to protect sensitive environments.

In 2021, Kakuzi PLC harvested 23,000m<sup>3</sup> of wood which was distributed in various products. The Company treated 6,257m<sup>3</sup> and sold 5,600m<sup>3</sup>. For timber, the Company produced 2,165m<sup>3</sup>, and sold 1,600m<sup>3</sup> in the local market. The remaining quantity was used internally, specifically in the production of avocado export pallets. They produced 7,195 pallets. The Company also did charitable work through the Corporate Social Responsibility (CSR) by donating desks, lockers and chairs to schools. All that the commercial forestry department produces is consumed locally.

To ensure forestry sustainability, Kakuzi PLC has been distributing seedlings to the community especially schools. Internally, employees through the kitchen garden initiative are taught how to propagate trees and maintain them.

Kakuzi's pressure-treated power and utility poles have a proven resistance against decay and insect attack. The poles are treated with odourless tanalith preservatives. They are clean and non-oily. Sustainably grown treated poles are a cost-effective alternative to other products, are easy and safe to handle.



**To ensure forestry sustainability, Kakuzi PLC has been distributing seedlings to the community especially schools. Internally, employees through the kitchen garden initiative are taught how to propagate trees and maintain them.**

## 1,570ha

So far, commercial forestry covers 1,570ha. For the indigenous cover, Kakuzi PLC has undertaken a lot of enrichment in a continuous process to protect sensitive environments.

Growing Communities, Responsible Value Chains



## Livestock



**125**

During the reporting period, Kakuzi PLC started rearing goats to supply quality meat that can be traced across the supply chain from the farm. It started with 30 goats and currently there are 125 goats.

**K**akuzi's involvement in livestock keeping is mainly in beef production and is conducted in a ranch-based system.

In 2021, an exciting opportunity emerged from the livestock operations, which Kakuzi believes will continue producing affordable, quality beef and strengthen this section of business. The Company produces beef and genetics.

The preferred breed is Boran cattle. This type of cattle performs well in such an area producing high-quality beef. A Boran cow is medium in size with a short head, small ears, loose dewlap and a large hump above the shoulders. They can be horned or polled. They vary in height from 114cm to 147cm tall, and in weight bulls weigh approximately 500kg to 850kg.

Kakuzi PLC focuses more on feed management/ ranch management, breeding, planned and strategic disease prevention mechanisms.

In 2021, the Company opened with 4,500 animals and closed the year with 4,200 animals. The reduction in numbers is cyclical but given

the conversion of grazing land to arable farming the cattle herd size will be sized to accommodate this diversity.

During the reporting period, Kakuzi PLC started rearing goats to supply quality meat that can be traced across the supply chain from the farm. It started with 30 goats and currently there are 125 goats. Traceability helps in guaranteeing the quality of meat, providing accurate information to consumers, and maintain safety.

The Company runs two small ranch dairies which supply milk to staff, with the excess sold locally. The slaughterhouse provides cold-dressed carcasses to the Kakuzi Butchery and is for sale to local markets including Nairobi. Kakuzi's bulls are registered with the Kenya Stud Book and the Company is an active member of the Boran Society of Kenya.

Livestock play a critical role in ensuring that water catchment areas are retained. The Company has also planted trees so that the livestock do not degrade the environment.



# Avocado

In 2021, the productive avocado orchards at Kakuzi PLC entered their bi-annual production cycle resulting to an output of 8.5 million kilograms. Smallholder avocado farmers produced about 0.5 million kilograms, making a total of 9 million kilograms.

During the year, the Company exported 1.9 million, 4kg cartons of avocado fruits with the local market consuming one million kilograms.

For the export market, all fruits that Kakuzi PLC sold were packed in cartons. Usually, the cartons are of two different sizes. The big fruits from size 10 - 24 are packed in the 4kg cartons, while the smaller fruits from size 26 - 32 are packed in the 10kg cartons. For the local market, the Company sells in bulk in kilograms.

The bi-annual bearing in avocado production was expected, with an 'on-year' yield higher than 'off-year' yield. After the 2020 bumper harvest, 2021 production was in 'off-cycle'. From the field operations perspective, the 'on' and 'off' year challenges at Kakuzi are under active management through effective canopy management strategies on the mature avocado crop. Such canopy management strategies help mitigate this bi-annual bearing natural phenomenon as much as possible.

The Company has a thriving new immature avocado development area (about 373 hectares), with production expected in the coming seasons. Land preparations for a new avocado crop were also underway in a crop area previously under pineapple production.

During the year, the engagement of smallholder avocado farmers continued to be an essential strategic community empowerment programme for the Company. The programme is a commitment to invest in a sustainable supply of quality avocados through improved agronomic practices, technical assistance, and improved market access.

Kakuzi reaches the farmers through extension services via field extension officers, Kakuzi avocado training open day with practical training, and roadshows.

To ensure that avocados are sustainable, the Company has ensured alignment with best-in-class standards. Kakuzi PLC collaborates with the UK-headquartered Carbon Trust, an expert partner for businesses, governments and organisations worldwide - helping them decarbonise and accelerate to Net Zero.

As part of Kakuzi's work with the Carbon Trust to establish its carbon footprint, they have carefully detailed all of Kakuzi's inputs and corresponding

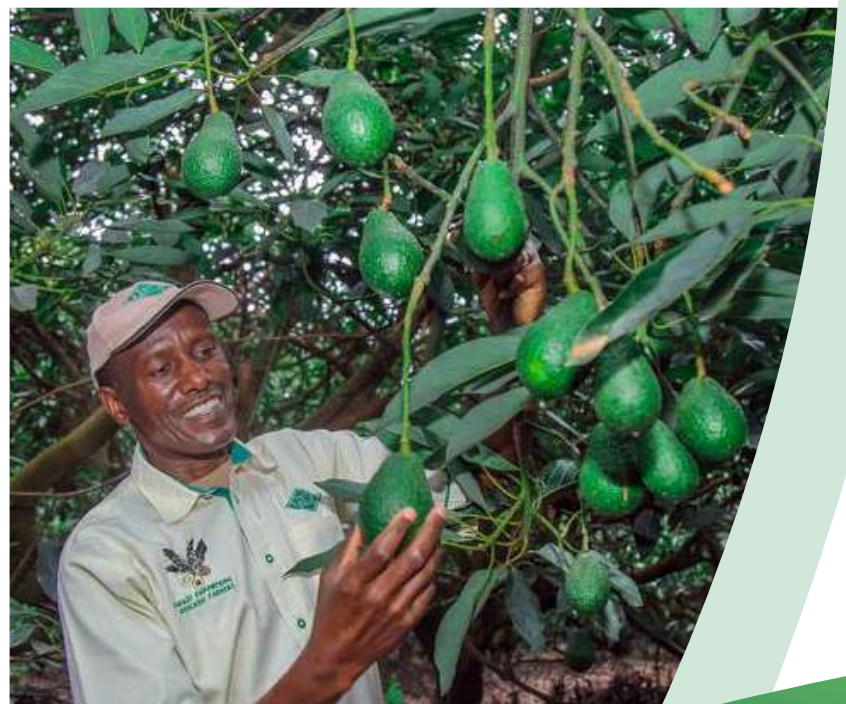
## 1.9m

During the year, the Company exported 1.9 million, 4 kilo cartons of avocado fruits with the local market consuming one million kilograms.

emissions. Irrigation plays a part in this as Kakuzi needs power to pump water. From Kakuzi's numbers, based on the Rainfall and Evapotranspiration data for a mature avocado crop, the Company applies 1,500 m<sup>3</sup> of irrigation per hectare per annum in an average year.

At Kakuzi PLC, there are 19 earth dams which store approximately 12 million cubic metres of water. This water is from rainfall that falls on the Kakuzi's environmental catchments and is held in the farm's valley by the earth dams until the dry season. By capturing the rain water, the Company does not extract water from fragile ecosystems or compete for resources with other users.

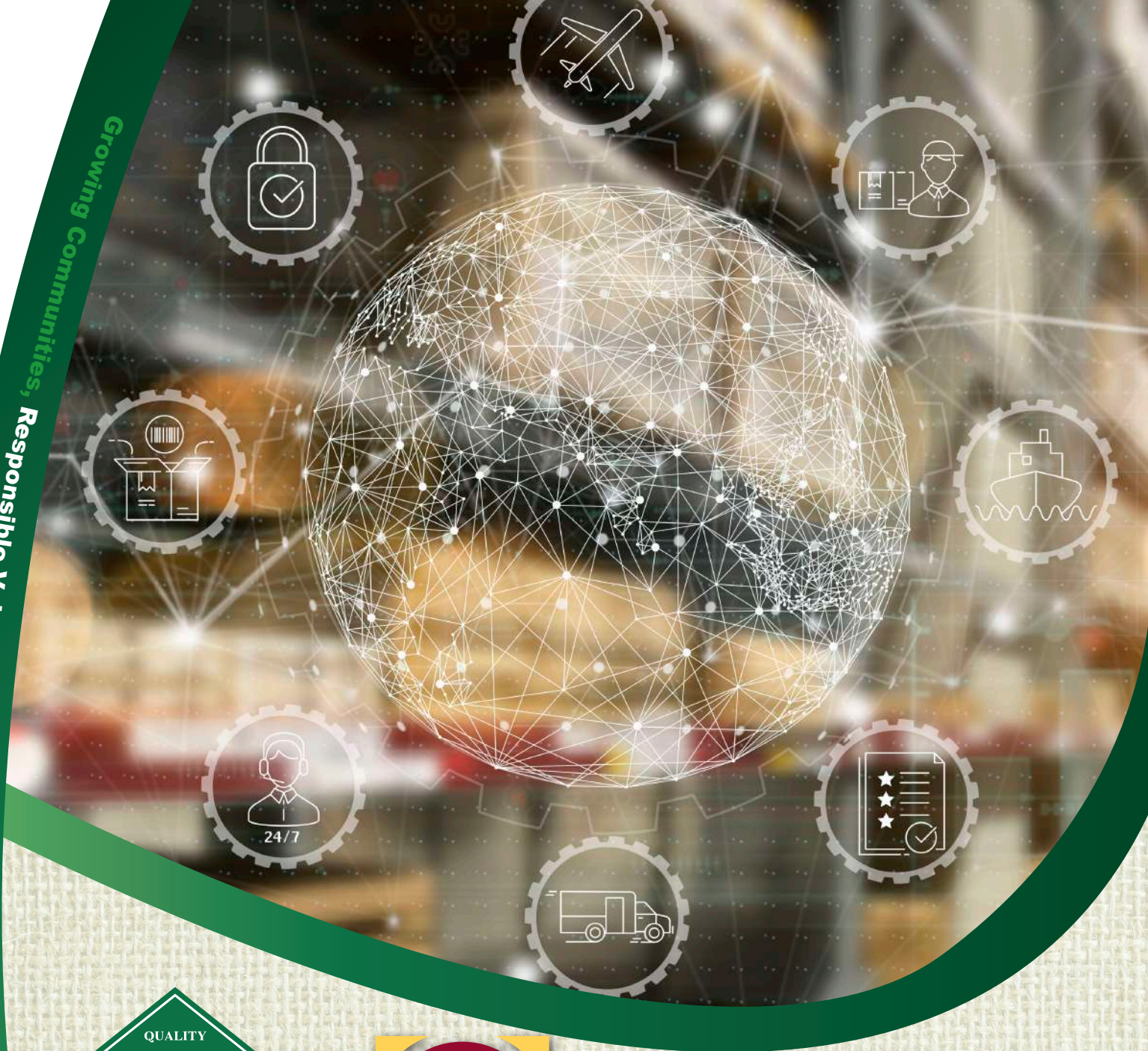
During the year, the Company went further to seek process certification for the avocado farming practices. Kakuzi PLC, received the GLOBAL G.A.P. "Spring" Certificate of Conformity, a farm-level certification that helps producers, retailers, and traders demonstrate their commitment to sustainable water management.



For the export market, all fruits that Kakuzi PLC sold were packed in cartons. Usually, the cartons are of two different sizes. The big fruits from size 10 - 24 are packed in the 4kg cartons, while the smaller fruits from size 26 - 32 are packed in the 10kg cartons. For the local market, the Company sells in bulk in kilograms.

Growing Communities, Responsible Value Chains

Growing Communities, Responsible Value Chains



**Material Issue 5:**  
**Supply Chain Management**

|                              |  |
|------------------------------|--|
| <b>5</b> GENDER EQUALITY<br> | <b>8</b> DECENT WORK AND ECONOMIC GROWTH<br> |
|------------------------------|--|



**T**he Kakuzi avocado smallholder programme focuses on the economic empowerment of smallholder avocado farmers through sharing skills and knowledge on avocado growing and overall good agricultural practices. During the reporting period, Kakuzi Avocado Smallholder 3,500 Farmers programme enjoyed a payment of KShs 57.9 million and access to the growing international market.

As part of Kakuzi's out-grower development programmes, Kakuzi PLC has positioned itself as the prime exporter of quality Hass variety of avocados, while providing free maturity testing

services during the harvest periods. The services ensure compliance with quality standards and enhance the value of Kenyan produce in the global market.

**Kshs 57.9m**

**During the reporting period, Kakuzi Avocado Smallholder 3,500 Farmers programme enjoyed a payment of KShs 57.9 million and access to the growing international market.**



**As part of Kakuzi's out-grower development programmes, Kakuzi PLC has positioned itself as the prime exporter of quality Hass variety of avocados, while providing free maturity testing services during the harvest periods.**

## Case study

# Why Avocado is 'gold' for Mzee Wainaina



**L**ucas Wainaina, from Thangira village of Makuyu in Murang'a County, has been an avocado farmer for the past 12 years, and has no regrets for venturing into this unique farming.

Mzee Wainaina became a full-time farmer after retirement where he started with mangoes and other food crops such as maize and beans before shifting to avocado farming after he realized the potential the fruit had, and made a deliberate effort to invest heavily in the fruit by securing more space in his five acre farm. "I have come to realize that avocado farming is actually a godsend venture due to the higher returns I have been getting lately from the investment," said Mzee Wainaina.

His initial avocado trees were Fuerte variety which is an older variety in Kenya and is often seen as the standard avocado. "I initially started with Fuerte variety and I only planted five trees which dried up except one. At that time, Kakuzi had not introduced avocado farming," he said.

In 2012, when Kakuzi PLC initiated the integration of smallholder farmers into their business with a goal of empowering them economically, Mzee Wainaina joined a local group which the company helped organise. "That's when I realized avocado farming would be more profitable than mangoes. Kakuzi introduced me to Hass variety," he added.

Presently, he has over 200 Hass variety avocado trees which occupy about three acres of his land. This has placed him in an advantage position as this type of variety is the most popular avocado for export since it enjoys a good market in Europe as compared to other varieties. The fruit's prominent features is that it turns dark purple when ripe.

Mzee Wainaina has also been enjoying free extension services guaranteeing him better crop husbandry and output translating to more production and more money in his pocket. He added that the firm has a fully-fledged smallholder department that has extension officers who visit his farm regularly, offering training sessions in line with Kakuzi's best standards.

"The extension services are a broad range of activities – since I have matured trees and others are young. Even when I was starting up, they helped me to get seedlings from their nurseries: guided me through the process from planting, harvesting, post-harvest, and marketing, and they are always available to offer assistance," he said. He has also been able to tap into Kakuzi's already established export market.

In 2021, Mzee Wainaina was among 3,500 smallholder farmers who received an early Christmas gift following a KShs 31 million bonus pay-out by Kakuzi PLC for quality Hass avocado fruits earlier delivered to the firm.

Every season, Mzee Wainaina delivers three pickups full of avocado fruits with each carton fetching him a minimum of KShs 300. Sorted fruits are packed into cartons of either 4kg or 10kg. "First payment is made a week after delivering the fruit and at the end of the year, I do get a bonus which is always good money," he said. Kakuzi, usually pays farmers a farm-gate price on delivery of the fruits, packs and sells the fruits and then shares the resultant profit (bonus) with farmers.



Mzee Wainaina is set to add more avocado trees. "Every season I will be adding a few more trees targeting high returns because Hass avocado market is growing each day and when a big company like Kakuzi embraces this opportunity by planting hundreds of its acres under Hass avocado due to stability of the variety market and high returns, then, why not me?"

## 31 million



**In 2021, Mzee Wainaina was among 3,500 smallholder farmers who received an early Christmas gift following a KShs 31 million bonus pay-out by Kakuzi Plc for quality Hass avocado fruits earlier delivered to the firm.**

Growing Communities, Responsible Value Chains



# Stakeholder Engagement Matrix

| Stakeholder   | Why we communicate  | How we engage   | Outcome  |
|---|---|---|--|
| <b>Farmers &amp; Suppliers</b><br> | <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 ensure business processes are constantly improved to ensure pending bills are paid on time.</li> <li>To assist suppliers and incorporate environmental and social governance into operation to ensure our interaction positively impacts 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 Understandings (MoUs)</li> </ul>  |
| <b>Employees</b><br>             | <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 ensure all Company policies are 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> |

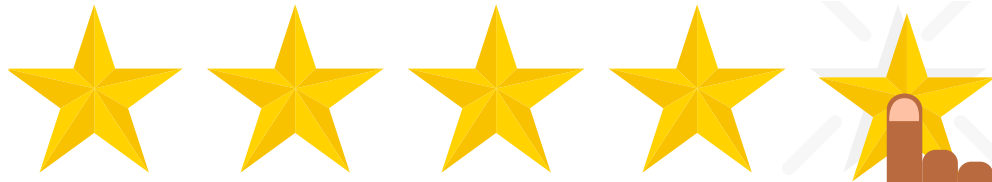
## Stakeholder Engagement Matrix

| Stakeholder  | Why we communicate   | How we engage   | Outcome   |
|--|--|---|---|
| <b>Investors</b><br>      | <ul style="list-style-type: none"> <li>To ensure 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, 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>Favorable rates from Private Equity investors</li> <li>Enhanced rating scores</li> </ul>  |
| <b>General Public</b><br> | <ul style="list-style-type: none"> <li>To be transparent and accessible.</li> <li>To ensure compliance with relevant laws and regulations.</li> <li>To raise awareness about the contributions made 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>Ensure all public-related publications are 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                             <ul style="list-style-type: none"> <li>■ Sedex Responsible Business Awards</li> <li>■ Avocado Industry Excellence Awards</li> <li>■ Best growers category: Nursery and Seedlings Awards</li> <li>■ 1st Runner-Up: Avocado Person of the Year: MD Chris Flowers</li> <li>■ 1st Runner-Up: Large Scale Orchards</li> <li>■ 1st Runner-Up: Large Scale exporter</li> </ul> </li> </ul> |

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| Stakeholder  | Why we communicate   | How we engage  | Outcome  |
|--|--|--|--|
| <b>Media</b><br>                    | <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 that is of relevance to stakeholders.</li> <li>Enhance top of mind awareness of the brand.</li> <li>Build credibility in our brand and creating 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> |
| <b>Regulators/ Authorities</b><br> | <ul style="list-style-type: none"> <li>To ensure compliance with all relevant laws and regulations</li> <li>To ensure Kakuzi expertise and views are 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 in a sustainable and ethical manner.</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>Alignments 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>   |

# Accreditations



## RAINFOREST ALLIANCE

Our tea estate in Nandi Hills has socio-environmental management systems and processes covering ecosystem conservation, wildlife protection, fair treatment and good working conditions for workers, integrated waste management and good community relations.



## FSSC 22000

The Avocado Packhouse and Macadamia Cracking Plant have established Food Safety Management systems to handle avocados and macadamia from the field through to dispatch ensuring the product is fit for human consumption. Systems are in place to ensure that there is full traceability back to the farm.



## HALAL CERTIFICATION

Our beef products are Halal certified.



## DIAMOND MARK OF QUALITY

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

## GLOBAL G.A.P.

With the Global G.A.P standard we can reassure our customers that our food products are produced with minimal detrimental impact to the environment with little use of chemicals and that we take a responsible approach to worker health and safety and animal welfare.





# Awards and recognitions

## Kenya Avocado Industry Excellence Awards

**K**akuzi PLC won four awards at the 2021 Avocado Industry Excellence Awards (KAEA). The awards won were in the Growers, Nursery and Seedlings Awards categories. This was in recognition for efforts made in ensuring a perfect avocado seedling from the onset of the planting to germination, growth and transplanting.

In addition, the recognition for the grower's category was as a result of the company's collaboration with local farmers to grow quality avocados for local and international markets.

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[www.kakuzi.co.ke](http://www.kakuzi.co.ke)