



KAKUZI

Growing Together

Fostering Sustainable Development

Balancing Socio-economic Growth
with Environmental Stewardship

2023

KAKUZI ESG
REPORT



Inside the report

About Kakuzi

KAKUZI

Growing Together

4

Kakuzi at a glance



7

About this report



8

Note from the
Leadership

► **Message from the Chairman**
Nicholas Nganga, MBS
pg 9

► **Message from the Managing
Director**
Chris Flowers
pg 11



09

Corporate
Governance
and Integrity

► The board and its role
pg 15

► Key ESG Achievements
in 2023
pg 17

► Value Creation
Model
pg 18

18

Materiality

- Overview pg 21
- Kakuzi Production Overview pg 27
- Internal- Employee welfare pg 41
- Management & Traceability pg 41

Awards and
Recognitions
pg 66

Tax Compliance
pg 67



About Kakuzi PLC

Kakuzi PLC is a leading Kenyan superfood producer, with its shares listed on the Nairobi Securities Exchange and London Stock Exchange. The company has established itself as a key player in the market, cultivating, processing, and marketing a wide range of products, including avocados, blueberries, macadamia nuts, tea, livestock, and commercial forestry.

Kakuzi is committed to sustainable agriculture and community empowerment. Its operations are closely integrated with local communities and the environment, sustaining businesses and building partnerships through economic empowerment, community welfare, education, infrastructure development, sustainable production and climate action.

At Kakuzi PLC, we are dedicated to managing our businesses sustainably and responsibly. Therefore, we adopted six of the 17 Sustainable Development Goals (SDGs) to help us accelerate development in this decade of action. These are good health and wellbeing; quality education; gender equality; clean water and sanitation; decent work and economic growth; and climate action.

We have integrated these goals into our day-to-day operations as part of our commitment to these SDG's as we endeavour to go above and beyond. Hopefully by doing so positively impacting both people and the planet.

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



13 CLIMATE ACTION



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Vision

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



Mission

To consistently produce quality products responsibly, sustainably and ethically.



Core Business

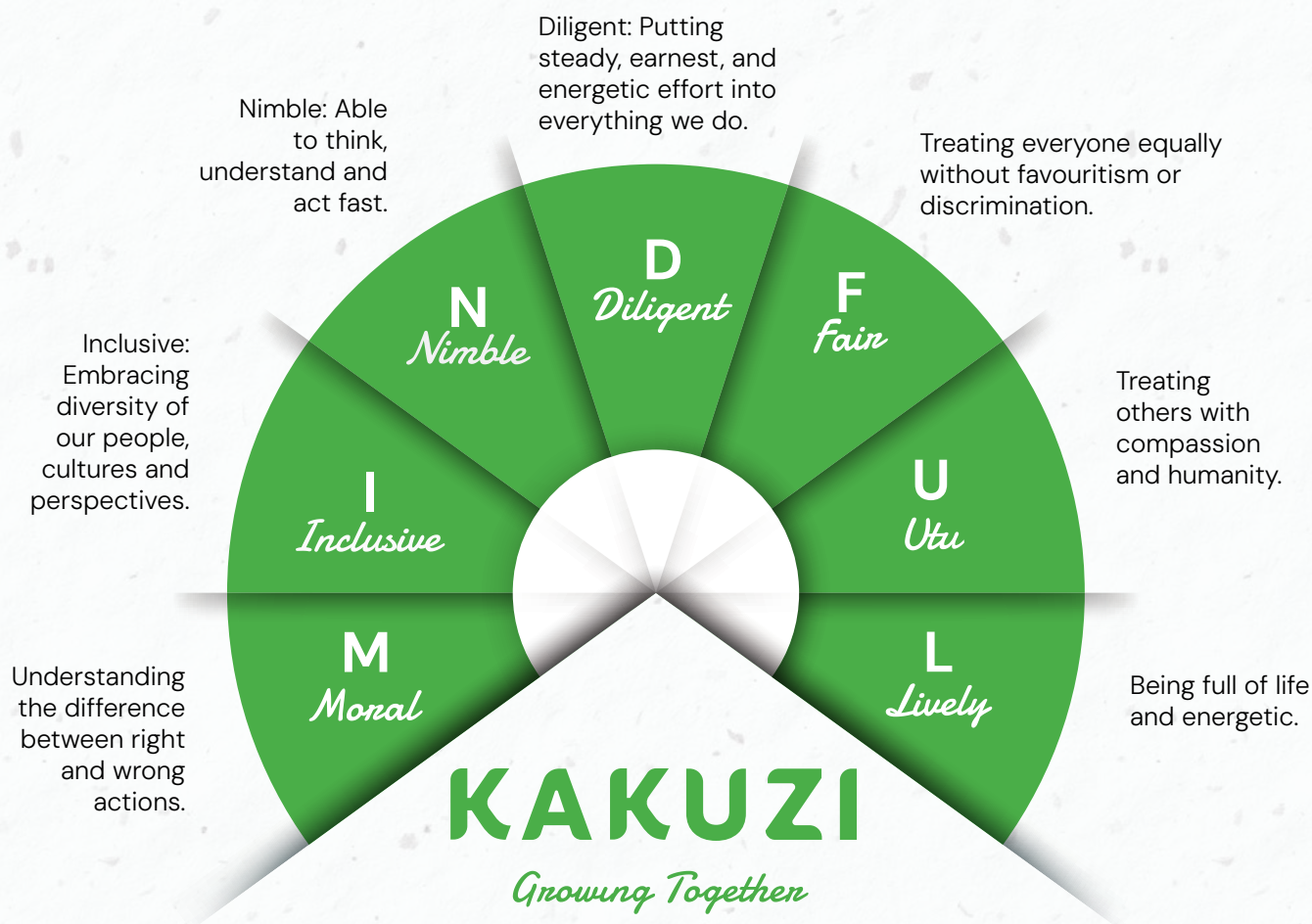
We continuously strive to build a sustainable agricultural portfolio that can mitigate the weather risks that the sector has historically been subject to.



Mission

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





Our Strategic Drivers

Growing through value addition to enhance Food Security

In recent years, Kakuzi has made significant progress by diversifying its product range and enhancing the value of its offerings. Notable achievements include:

- Introduction of a variety of ready-to-eat macadamia products under the Kakuzi brand. These tasty offerings not only promote healthy eating but also showcase the company's dedication to responsibly grow food in Kenya.
- Development of a Kakuzi Farm Market strategically located along the Nairobi-Nyeri highway. Serving as both a retail hub for the new value-added products and a convenient pit stops for travellers, this venture is a testament to Kakuzi's commitment to meet evolving consumer needs.
- Additionally, we established a restaurant within the farm market called the "Boran Barn" in partnership with local entrepreneurs.
- Unveiling our own Macadamia Oil Extraction Plant. This strategic move helps to address a key issue of food security for Kenya.

Our strategic growth plans are aligned with the National Agricultural Sector Transformation and Growth Strategy 2019-2029: Towards Sustainable Agricultural Transformation and Food Security in Kenya.



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Kakuzi Environmental, Social Governance (ESG) Reporting Milestones

We continue to solidify our sustainability agenda through consistent reporting and transparency.

2019



We laid the cornerstone for responsible practices by publishing our inaugural ESG impact report communicating our progressive action towards climate action, community, respecting and promoting human rights and governance and integrity.

View the Report [Here](#)

2020



We fully embraced sustainability and ESG reporting, aligning ourselves with the comprehensive ESG framework, which focused on future-proofing agriculture.

View the Report [Here](#)

2021



We showcased our commitment to nurturing communities and fostering a responsible value chain through the establishment of the United Nations-aligned operational Grievance Mechanism (SIKIKI) and Sexual Harassment Awareness, Reporting and Prevention (SHARP) program.

View the Report [Here](#)

2022



Our 2022 ESG report, "Growing Together, For People with Purpose," underscored our commitment to community growth, market and product diversification, as well as environmental conservation.

View the Report [Here](#)

2023



Our latest ESG report themed, focuses on how we have been able to strike a balance between socio-economic growth and environmental stewardship through our production activities.



Kakuzi at a glance



About this report

This report showcases our continuous dedication to sustainability, transparency, and responsible business practices in what we do. As we adapt to the ever-changing world of agriculture, our focus remains on reaching our objectives in a way that minimises negative impacts to the environment and attempts to provide positive social change. We believe that we do not have all the answers and thus by constantly seeking new ideas and working together with others, we can collectively learn, ultimately bringing benefits to everyone involved. The report is aligned to the United Nations Global Compact principles, the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) standards.



Note from the Leadership



Message from the Chairman

I am pleased to present our fifth Environmental, Social, and Governance (ESG) report. Our commitment to sustainable agricultural practices, good governance and strong community linkages, through our Company, Community Partnership programs is unwavering. As we grow our Company it is imperative that we continue to develop these and other sustainability credentials.

Since we began our ESG reporting five years ago we have been engaged in a process that focuses on the future while consciously reviewing our current operations, so they do not compromise the ability of future generations to meet their needs. This is the essence of sustainability, and we must continuously re-engineer our operating policies to echo this commitment which positions Kakuzi as a sustainable agribusiness.

Last year (2023), we embarked on a transformative journey with the launch of our new corporate purpose, encapsulated in the phrase 'Kakuzi Growing Together'. This branding process allowed us to redefine our brand values, philosophies, and related pillars which collectively provide us with our license to operate.

Importantly, it signified our dedication to not only meet market demands, but also to address sustainability initiatives which foster support from local communities and other stakeholders. As our operations expand, so should the opportunities for all stakeholders to thrive alongside us under this diversification and economic inclusion strategy.

Developing an agricultural portfolio that responsibly grows our range of superfoods is central to our commitment to sustainability. We continuously focus on critical issues such as water stewardship, carbon emissions reduction and waste minimisation. Moreover, we are actively exploring additional initiatives to mitigate atmospheric carbon dioxide in the future.

We understand that sustainability is an ongoing journey requiring unceasing reflection and action. While we acknowledge the challenges ahead, our resolve to do what is right is steadfast. We continue to progressively embrace six of the 17 Sustainable Development Goals (SDGs) to accelerate our progress, leveraging them as a framework to drive development in this critical decade of action.

At Kakuzi, we recognise the importance of collaboration and collective action in effecting meaningful change. That's the main reason why we consistently track, measure and present our Environmental, Social and Governance impacts in such a detailed report.

We remain deeply committed to engaging with all stakeholders, including our employees, local communities and government bodies for the continued development of the resources entrusted to us. We do this for the betterment of both present and future generations.

As the custodian of our corporate governance policies, my Board of Directors pledges to uphold the values and principles enshrined in this ESG report.

At Kakuzi, our ESG journey is a collective effort, spanning from the Board of Directors to the management, staff members and our business partners. Your role in this journey is invaluable, and we appreciate your commitment and support.

Nicholas Nganga
Chairman

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
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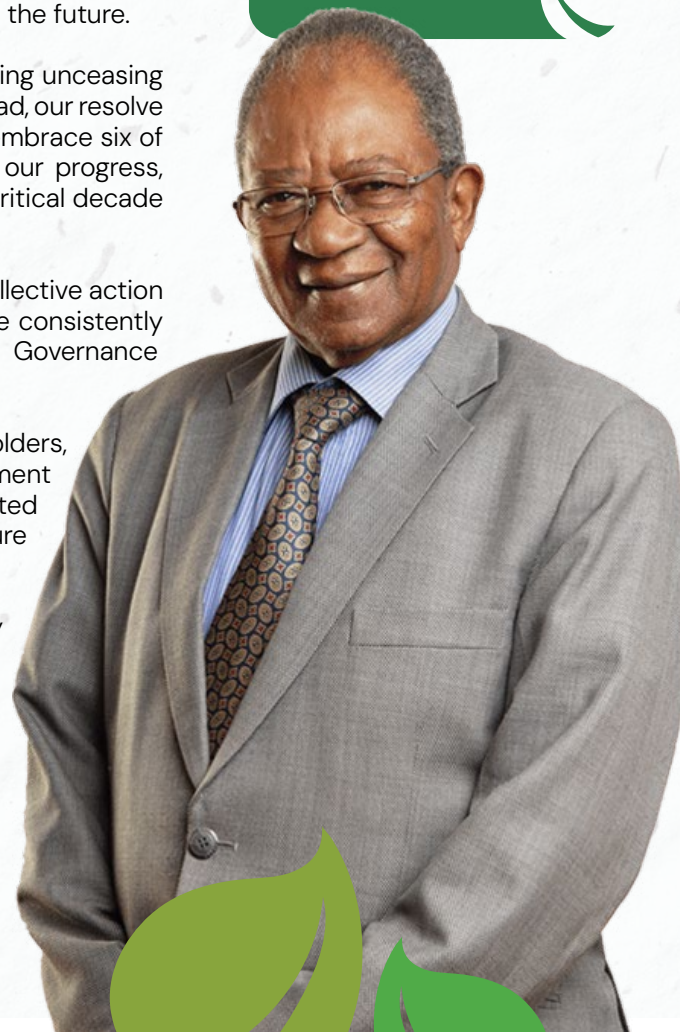
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13 CLIMATE
ACTION



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Message from Managing Director

As we reflect on Kakuzi PLC's 2023 sustainability journey we are mindful of the challenges our planet faces where we as an agribusiness must play our part to mitigate them.

This report is a demonstration of our dedication to this purpose. We believe that we don't have all the answers to the many challenges being faced by agribusinesses but, by being transparent we are better placed to harness advice from others in this journey of continuous improvement.

As the report illustrates, we have adopted a holistic approach to enumerate and report our Environmental, Social and Governance (ESG) impact across our operations.

During the years under review, we continued to demonstrate our commitment towards Business and Human Rights best practices, guided by the UNGP's and the four principles of the UN Global Compact which applies to our employees, surrounding communities, those with whom we conduct business, service providers and contractors.

Our internal and independent Human Rights processes were appraised by an International Expert against the strict criteria laid down the effectiveness criteria of the UNGP's. This independent report was published on the Company's web site and importantly lists their findings as well as areas of continuous improvement.

With regard to climate action, Kakuzi PLC has continued to make efforts to set up practices which enable the company to mitigate any negative environmental impact as part of our climate action commitments. As a result of this, Kakuzi PLC became the first agricultural business in Kenya to report its carbon emissions for Scope 1 and 2 publicly in 2022, and in 2023 our Scope 3 emissions were calculated by the UK's Carbon Trust and have been included in this report.

Kakuzi's remains committed to our water stewardship programs so we don't use fragile water systems to irrigate our orchards. We currently capture 12 million cubic metres of wet season rainwater in our 19 earth dams, the plans to expand this storage by another 1 million cubic metres are already in place. We also maintained our international accreditations to assist us in maintaining best practices.

Our commitment to community and stakeholder relations continued to be demonstrated in 2023 through our Company, Community Partnerships. One of our leading programs was the energy saving cooking stove construction program which has now reached over 1,000 households.

In the year one of our key focus areas was training. We conducted training exercises ranging from health and safety, anti-sexual harassment, business and human rights to general supervisory training, totalling 95,000 individual working days, representing 13% of the 711,000 labour days the company worked.

In 2023, we also conducted our second employee satisfaction survey that interviewed some 2,000 employees,

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the summary of which is available on our website. We were pleased with the level of constructive comment that came out of this process and whilst we have areas of improvement, we noted that the various programs run by Kakuzi such as SIKIKA, Stand Against Alcohol and Substance Abuse (SAASA), SHARP, TABASAMU, MCH clinics, family reproductive health, and voluntary HIV sensitisation and resting programs, were well received and effective.

Kakuzi's technical department has also been working closely with the Kenyan Government and commercial sector players to expand the use of integrated pest management and technology in agriculture. To date, we have been able actively engaged in pest management initiatives through partnerships with the Centre for Agriculture and Bioscience International (CABI), the Kenya Plant Health Inspectorate Service (KEPHIS), and the Pesticides Control Products Board (PCPB). A key project, "Managing Scale Insects in Fresh Fruits in East Africa," aims to enhance pest control and market access by improving surveillance of scale insect pests in key fruit-producing counties, supporting compliance with Sanitary and Phytosanitary (SPS) export requirements for the European Union (EU) and China. Additionally, Kakuzi benefits from PCPB's expedited registration process for pest control products, which simplifies and accelerates the availability of essential solutions for emerging pests and minor crops.

It's clear that as we progress the use of Artificial Intelligence (AI) undoubtedly has a role to play in the company's operations, and strategies are already in place to invest in AI-linked Ag-tech solutions as part of the company's commitment to increasing its operating efficiencies.

At Kakuzi PLC, we remain committed to lowering carbon emissions, enhancing water conservation, improving environmental stewardship, and producing quality superfoods responsibly.

Chris Flowers
Managing Director



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Corporate Governance & Integrity

Kakuzi's Commitment to Excellence



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

The Governance Framework

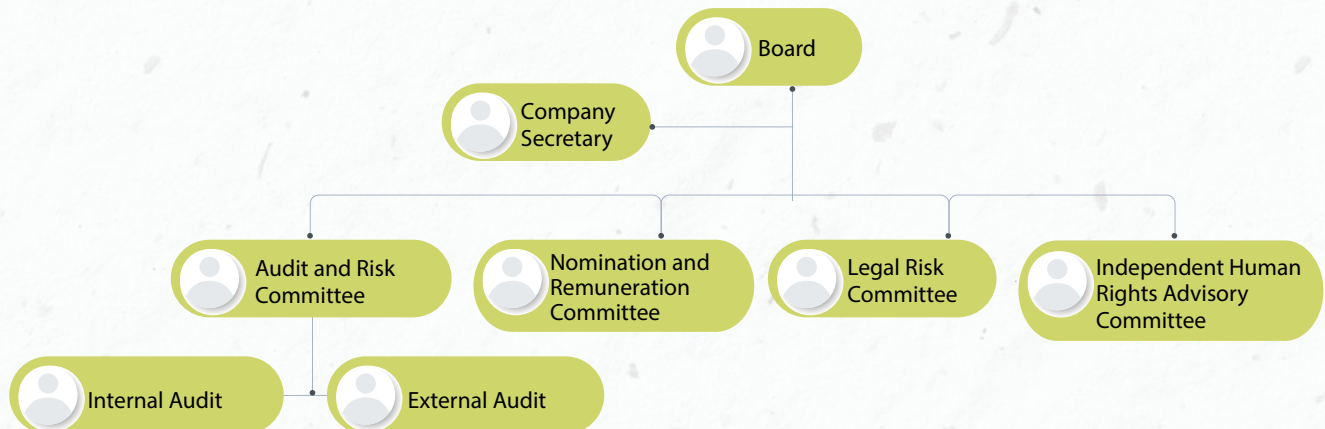
Kakuzi PLC operates within a well-defined governance framework aimed at facilitating effective oversight, decision-making, and accountability. This framework involves:

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

Key to this structure are;

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

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



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

- Composition
- Size
- Independence of the Board

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



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



Board Composition and Committees

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

Board Diversity

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

Stakeholder Engagement

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

Ethics and Compliance

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

Risk Management

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

Transparency and Accountability

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



Our Approach to ESG Driven Agricultural Practices

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

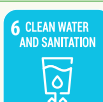
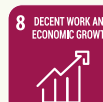
Our commitment extends beyond mere profitability to fostering meaningful growth within the communities where we operate, alongside responsible environmental stewardship. This ethos is underpinned by robust governance practices that align our actions with our values and contribute to sustainable development.

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





Key ESG Achievements in 2023

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



Value Creation Model







Materiality



To assess what risks matter most within our business, we conduct a standard materiality assessment. This process involves engaging stakeholders to attempt to effectively evaluate and measure the risks and impacts within our value chain.

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 ESG strategy and where we should focus our efforts, allocate resources, and direct our reporting.

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

Our materiality analysis helps us identify where we can provide the most value and drive our ESG strategy and where we should focus our efforts, allocate resources, and direct our reporting.

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



Step 1: Identification of Potentially Relevant Topics



Step 2: Prioritisation of Topics Important to Kakuzi and Our Stakeholders



Step 3: Classification of Topics as Material





Step 1: Identification of Potentially Relevant Topics

Important environmental, social and governance topics for Kakuzi and our stakeholders were identified using the following information sources.

External sources	Internal sources
- Stakeholder engagement and consultation - Dialogue with growers, communities in which we operate, business community, industry associations, national and county government, regulators, investors and the media - Topics identified by sustainability leaders and peers - Relevant sustainability standards, guidelines, publications and thought leadership	- Company business model, strategies and policies - Financial and non-financial disclosures - Enterprise risk management reports - Previous materiality assessments



Step 2: Prioritisation of Topics Important to Kakuzi and Our Stakeholders

An assessment of the potentially relevant topics identified in Step 1 was conducted to determine which ones are important to Kakuzi and our stakeholders. The following criteria were used:

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

From the list of potentially relevant topics, seven were identified as important to Kakuzi and our stakeholders and located on the top right of

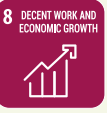
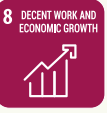
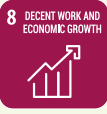
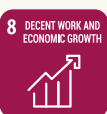


From the list of potentially relevant topics, seven were identified as important to Kakuzi and our stakeholders and located on the top right of the matrix (green box).





the matrix (green box). All other potentially relevant topics evaluated were deprioritised or merged with the identified material topics.

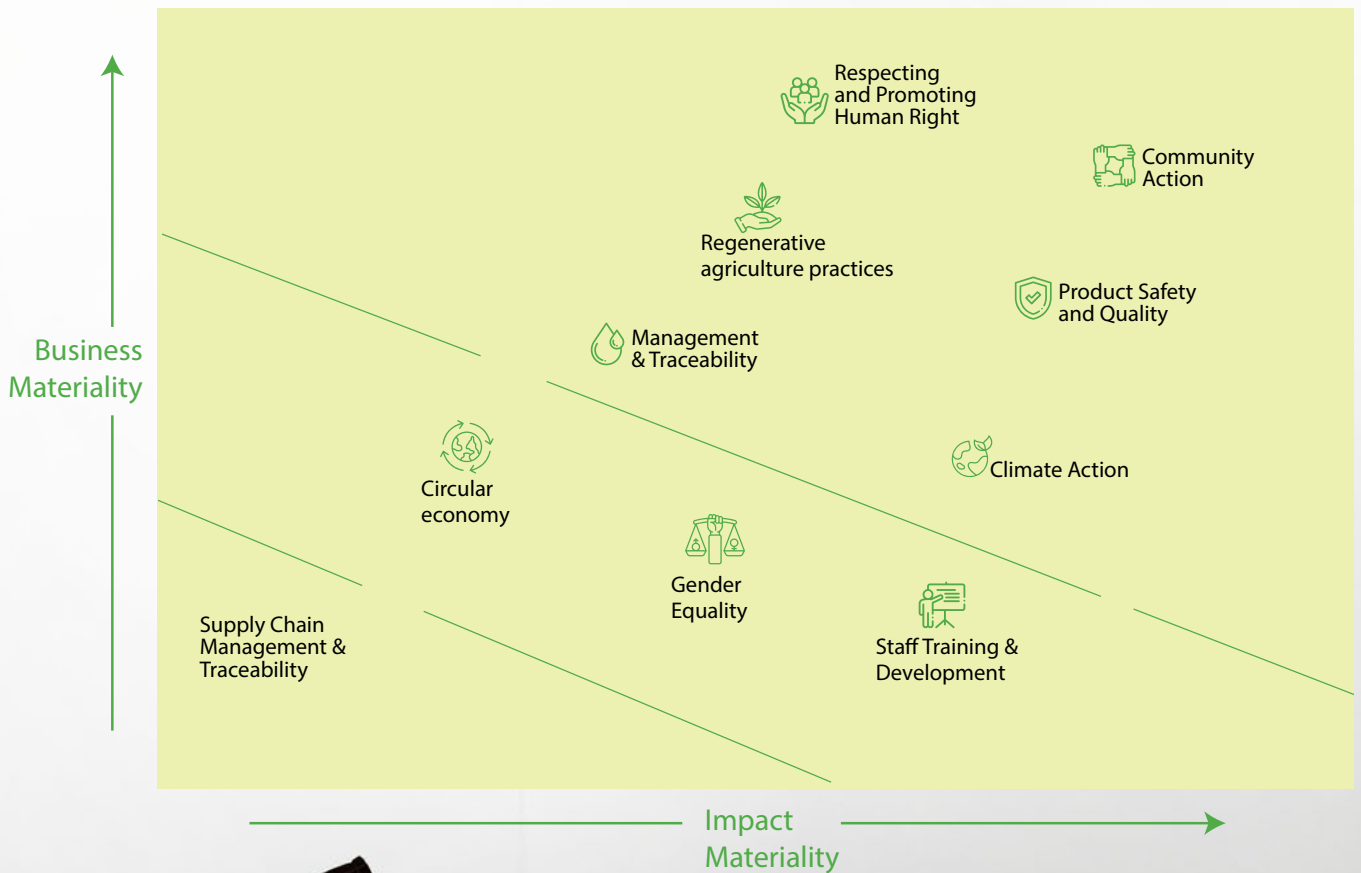
Topic	Definition	SDG
Respecting and Promoting Human Rights	Upholding the Universal Declaration of Human Rights principles and United Nations Guiding Principles on Business and Human Rights.	   
Climate Action	Reduction of greenhouse gas emissions, removal of greenhouse gases from the atmosphere, water stewardship, and environmental protection.	
Supply Chain Management	Issues related to labour, environmental practices, ethics, or corruption may result in regulatory fines and/or increased long-term operational costs for companies. Similarly, agricultural companies may face reputational damage if their suppliers perform poorly on environmental or social issues.	 
Product Quality, Sustainability and Safety	Safe products for people and the environment at all value chain stages – including development, manufacturing, use and disposal.	 
Decent Work	Good job creation in our rural setting.	
Business Model Resilience	Technologies and solutions researched, developed, and brought to the market to enhance productivity and quality for growers, addressing the challenges posed by climate change.	
Management of the Legal and Regulatory Framework	Good corporate governance practices and compliance with laws, regulations and Company standards.	 





Step 3: Classification of Topics as Material

Finally, out of the seven topics that were identified as important to Kakuzi and our stakeholders five were considered as the most material, which are of high impact to our business continuity. The same has been mapped out in the materiality matrix below.



Material Issue 1: Product Safety and Quality

We have implemented mechanisms to promote product safety and quality throughout the value chain.

Every year, the company conducts a supplier risk assessment to determine if suppliers meet the quality and the safety standard requirements. For the suppliers who provide raw materials like avocado, the company has a technical extension service for partner growers. The trained extension officers pass on knowledge to these growers on the quality and safety requirements demanded by the international markets. The company also conducts inspections of key input products, such as the packaging material for both avocado and macadamia nuts.

Additionally, the company conducts first-party audits on key suppliers. The audit involves the company's team members visiting the supplier and undertaking a first-hand inspection. Kakuzi may also require a third-party audit. This is where Kakuzi needs a certification verifying that the supplier meets the set standards to supply such products.

In the production stage, soil analysis is also conducted to determine the levels of nutrients in the soil, as well as control the quality of the end product. Since Kakuzi relies heavily on irrigation, we have a series of dams to harness rainwater. Additionally, we have an integrated pest management system that monitors pest populations in the field on a daily basis, and this guides us on how best to use biological pest or other pest control measures.

We maintain various international and national standards which cover employment standards, environmental standards, food safety, water stewardship and religious requirements.

Every year, the company conducts a supplier risk assessment to determine if suppliers meet the quality and the safety standard requirements.



Various Products Certification Standards

Logo	Certification standards
	FSSC 22000 – This risk-based Food Safety Management System is implemented at the avocado packhouse and the macadamia processing factory. The Food Safety Management System (FSMS) endeavours to make the products (fresh avocados and dried macadamia nuts) safe for human consumption from receiving to dispatch. Third-party certifications endeavour to assure that the product is fit for human consumption. The Company has a system that traces products from the farm to the warehouse. Our certification versions are GFSI benchmarked – the world’s most widely accepted benchmark documents for food safety programs.
	Diamond Mark of Quality – Our treated wooden poles have been granted the mark of quality based on the excellent performance of the product.
	Rainforest Alliance – Our avocado operations are Rainforest Alliance (RA) certified. This certifies that our agricultural practices are sustainable and deliver value to the Company, workers and responsible supply chains.
	SMETA (Sedex Members Ethical Trade Audit) – Our blueberry, macadamia and avocado operations are SMETA 4-Pillar audited. This social audit enables us to demonstrate the supply chain's working conditions, business ethics and environmental practices. The SMETA audit reports and validity can be accessed through the Sedex platform.
	Halal certification —Our beef and beef products are Halal certified. The animals are slaughtered in a single cut and thoroughly bled, and the meat does not come into contact with the slaughtered animals. This guarantees that the beef and services meet the requirements of Halal certification. Our avocado packhouse processes are also Halal certified.
	Kosher —Our macadamia factory has implemented the Kosher requirements. The Kosher system ensures that the processing of the nuts does not render them non-kosher due to cross-contamination of equipment also used to process meat and dairy products. The nuts processed and packed comply with dietary guidelines set by traditional Jewish law.
	GlobalG.A.P. add-ons – At Kakuzi, our blueberry and avocado operations are GlobalG.A.P. certified. With such certification, we demonstrate our commitment to advancing good agricultural practices. We reassure our customers that our food products are produced with minimal detrimental impact to the environment, product safety with an integrated pest and disease program and that we take a responsible approach to workers’ health and safety and animal welfare. Our Good Agricultural Practices go beyond products. They are also about people’s welfare. We have a voluntary farm-level GRASP for social practices.
	SPRING – At Kakuzi, we have implemented efforts to manage water risks and promote sustainable practices. We demonstrate this through the SPRING audit.



Kakuzi Production Overview

Kakuzi PLC's diverse agriculture portfolio also includes forestry, livestock, arable, and blueberry operations. Additionally, the tea operations in Nandi Hills also contribute to the business ESG footprint.

Below is a comprehensive breakdown of output from each of our production divisions.

Products	2021	2022	2023
Macadamia Production	492 tonnes	659 tonnes	600 tonnes
Avocado Production	8,468 tonnes	14,231 tonnes	14,140 tonnes
Tea Production	1,665 tonnes	1,495 tonnes	1,817 tonnes
Blueberry Production	42 tonnes	28 tonnes	12 tonnes
Livestock Production	4,397	4,065	4,506
Commercial Forestry	1553ha	1,591ha	1,600 ha
Boma Rhodes Hay Bales Production	55,798	268,255	134,927





Avocado Farming

The area dedicated to avocado production has increased by 24%, growing from 798 hectares to 987 hectares over the past five years. This expansion is driven by our conversion from pineapple to avocado production.

These varieties have helped the company extend the harvesting seasons from April to September, with Pinkerton and Carmen being early-maturing fruits whose season starts in February. This has enabled Kakuzi to produce much more fruits for both local and international markets.

During the year, the company undertook internal maturity testing at its Quality Control Room within its Global GAP-certified Packhouse in Makuyu to ensure that it complied with the prescribed maturity and related market access standards. The avocado production is Halal, SMETA, GLOBAL GAP, GRASP, SPRING and Rainforest Alliance certified, while the avocado packhouse is FSSC 22000 and halal certified.

This has helped Kakuzi's avocados to secure a favourable position in the international market for quality production. The company is committed to maintaining this status through a strict adherence to phytosanitary, environmental, social, and governance standards across all its operations.

Through the extension services department, Kakuzi provided free maturity testing services to smallholder farmers to ensure that only avocado fruits with a minimum dry matter standard of 24% were harvested. Additionally, the department has been training smallholder farmers on good agricultural practices, economically empowering them and their households, ultimately strengthening the country's economy.

In the avocado orchards, Kakuzi has implemented sustainable farming practices to minimise environmental impact. These practices include efficient water management, soil conservation, integrated pest management, and responsible use of chemicals. Kakuzi ensures full control over the entire value chain, providing complete traceability and delivering a high-quality product from seedling to plate.

We continue to explore sustainable solutions, such as using biological products for pest and disease control and implementing pruning techniques for more efficient operations. In 2023, through trials led by the Technical Department, we increased the exportable portion of the avocado, known as the pack-out, from 80% to 85%. We also work closely with various government bodies to undertake product trials to assist the national avocado industry.

Case Study: Free extension services lead to more production and income for Mr Murigi

As the avocado craze swept through the Mt. Kenya region a few years ago, Francis Murigi from Makuyu in Murang'a County made a strategic shift to Hass avocado farming. This variety enjoys a competitive export market and offers favourable pricing, motivating farmers like Murigi to capitalise on its potential.

His avocado journey started in 1997 on a two-acre piece of land he had bought at Punda Milia in Makuyu. He started by planting five Fuerte avocado seedlings, an old variety in Kenya that is often seen as the standard avocado. Only two survived, and the rest were destroyed by goats. "I initially started with the Fuerte variety, and I only planted five trees. Only two survived. At that time, Kakuzi had not introduced the avocado farming programme for smallholder farmers," Murigi said.

When the two trees matured and started producing fruits, he discovered their huge economic potential. Brokers were moving from farm to farm looking for matured fruits, and farmers who had ventured into farming earlier were reaping the rewards. "I decided to add more trees (the same variety)," he said.

However, he lamented that, despite the promising benefits, and after literally labouring to take care of the trees and even grafting them with the new Hass variety, he had no profits to show because there were people who were more informed than him who took advantage of his lack of knowledge.

"I used to sell the fruits to brokers at a throwaway price. Later I came to learn that they were making a killing. They took advantage of me," he said. This changed when Murigi joined the Kakuzi avocado smallholder programme four years ago. This initiative aims to economically empower avocado smallholders by teaching them improved agronomic practices, technical assistance, and international market standards. "That was when I realised that avocado farming would be more profitable than the food crops, I was planting," he said.

He added that since joining the Kakuzi programme, he has been enjoying free extension services, which have translated into better crop husbandry and output, resulting in more income from avocado farming. Further, Kakuzi extension officers have been visiting his farm regularly, offering training sessions in line with the international market requirements.

Currently, Murigi has a total of 40 Hass variety trees which he has integrated with other food crops like maize and beans in his farm. Thirty of these trees are mature and actively producing fruits. In 2023, he harvested about 14,140 tonnes of fruits, which he delivered to Kakuzi. "These avocado trees are a godsend because of the high returns I have been getting lately from the investment," said Murigi.

"Payments are made in two instalments; the first payment is made within seven days of delivery of fruits while the second payment (bonus) is paid at the end of the year. This is advantageous to me as I am assured of a steady income twice a year," he said. The second payment is a profit share and is market related.



14,140 tonnes

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Macadamia Production

Spanning over 1,356 hectares of fertile land, these orchards are increasing in their production as they mature. To improve production and reduce pest pressure a process of using an organic compost has been deployed. Macadamia husks are combined with other farm waste and composted on site. Once the correct level of decomposition has been achieved, this compost is taken back to the orchards to enrich the soil.

The nut shells are also not wasted, these find a new purpose as fuel for boilers or are sold within the local community as biofuel.

The dry season in Makuyu necessitates the use of irrigation to maximise macadamia yields. Approximately 30% more yield is achieved through the careful use of irrigation. By implementing effective water conservation techniques like rainwater harvesting and dam storage, we can avoid the depletion of rivers and precious groundwater resources. With a focus on precision and innovation, we have been able to reduce our water consumption by 20% within Kakuzi's Macadamia Division.

Through embracing the principles of a circular economy, we are constantly looking for ways to maximise resource utilisation and minimise waste in our macadamia production processes. So far, we have successfully repurposed macadamia waste and converted damaged kernels into animal feed. This not only generates additional revenue streams but also helps repurpose waste and promote environmental sustainability.

We remain committed to teach aspiring farmers the techniques to grow the same crops we do but importantly, what they need to do if they want to access high value markets. Currently we work with three local self-help groups to promote quality macadamia production in the surrounding communities.

Our macadamia division employs 600 to 700 workers, with a significant majority being women. We prioritise employee well-being through our comprehensive training programmes covering health, safety, substance abuse awareness, and sexual harassment awareness and prevention.



Case Study: Food Security Enhancing sustainability through Macadamia Oil Production



Edible oil production from Kenyan grown crops can boost food security but importantly reduce our dependence on imported edible oil. Given the scale of macadamia cultivation in Kenya the ability for this to become a major source of healthy edible oil is undeniable.

Process of Macadamia Oil Production

The process of macadamia oil production involves a series of carefully orchestrated steps, starting with the selection of the correct kernels and ending with the final packaging of the extracted oil. Through cold pressing and filtration, Kakuzi PLC ensures that only the highest-quality oil reaches consumers, emphasising purity and premium product standards.

Significance of Macadamia Oil Production

Beyond the tangible benefits of revenue generation, the production of macadamia oil holds strategic importance for Kakuzi PLC and we believe, Kenya.

Import substitution, reducing 'food miles', healthier oil sources and potentially providing better incomes for local farmers for their macadamia nuts could have a significant impact on rural communities. We believe in time that Kakuzi can assist farmers' groups to produce their own oil and enter the market as a complement to what is already produced. Economic empowerment and community development driven by a thriving macadamia industry is an aspiration we hold.

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Bees and Honey Production

By strategically placing beehives within the orchards, Kakuzi not only supports vital pollination processes but also generates additional income through honey production.

Bees play a crucial role as pollinators, ensuring the success of crop yields and contributing to environmental conservation. The presence of active bee populations serves as an indicator of a healthy ecosystem, and promotes food security.

Through engagement with local communities, Kakuzi promotes sustainable beekeeping practices while empowering communities through expertise, training, and donated beehives. These efforts contribute to environmental conservation and economic empowerment, aligning with Kakuzi's ethos of responsible agricultural practices.

In addition to traditional methods, Kakuzi plants sunflowers around the beehives, providing alternative food sources for bees during avocado non-flowering periods. This innovative approach ensures hive retention and promotes biodiversity within the orchards.

**3,000
kilograms**

Plans are underway to expand the beekeeping operation to 1,000 hives and production to 3,000 kg of honey by December 2024.





Blueberry Production at Kakuzi

Kakuzi's blueberry production endeavours have seen significant advancements, particularly with the introduction of new blueberry varieties aimed at enhancing yield and quality. The transition from the initial cultivar (Stella Blue) to newer varieties has proven fruitful, with yield and quality targets being met and promising projections for growth in 2024.

Cultivation practices have evolved to ensure optimal conditions for blueberry plants, with cultivation taking place under polytunnels. This system allows for greater control over environmental factors, resulting in higher yields of superior-quality fruit.

Innovative practices such as hydroponic cultivation in pots minimises water usage, with rainwater also being utilised in the irrigation process. Stringent sorting and packing procedures ensure food safety and quality.

In terms of market distribution, exports account for 65% of production, with the remaining 35% serving the local market and neighbouring regions, including Nigeria, Ivory Coast, and Eastern and Central Africa.

As we continue to grow, we are refining our blueberry production processes, and we remain dedicated to fostering sustainable practices and delivering premium-quality products to both local and international markets.

65%
of production

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Commercial forestry

Kakuzi manages a diverse range of forestry activities across 1,600 hectares of commercial forestry and 300 hectares under indigenous trees. The main trees planted are *Eucalyptus grandis*, which serve as the core component of our operations. Annually Kakuzi harvests and replants approximately 70 hectares of blue gum, ensuring sufficient volume for production while maintaining sustainability.

Kakuzi's forestry products include sawn timber and sustainability grown round poles, which are used for various applications such as building construction, furniture manufacturing, and fencing. Additionally, the company engages in community partnerships through its Company Community Partnership (CCP) programme, producing furniture for local communities.

Impact

6,000 to 7,000 cubic meters of round poles are sold annually and 1,000 to 1,500 cubic meters of sawn timber are sold annually and sustainably grown.

Our strategic approach to environmental sustainability in commercial forestry includes planting *Eucalyptus* away from water sources and enriching riparian areas with indigenous species. This practice not only mitigates the *Eucalyptus*'s water consumption impact but also contributes to biodiversity conservation. Additionally, our forestry operations support local communities by providing employment opportunities, particularly during peak seasons when up to 500 employees are directly employed. Additionally, the company engages in community development initiatives, such as the Nginye Valley reforestation project, which aims to enhance indigenous forests and important water catchments.

500 employees

Additionally, our forestry operations support local communities by providing employment opportunities, particularly during peak seasons when up to 500 employees are directly employed. Additionally, the company engages in community





Livestock Keeping

In 2023, we maintained a relatively constant number of cattle with average sales of 800 heads. The growing demand for our livestock products has prompted us to enhance our grazing conditions. By ensuring feed availability year-round, we are committed to maintaining a healthy herd, which is essential for our continued success.

We recognise that our livestock herd is the largest contributor to our carbon footprint, however, the importance of this venture to our operations requires us to continue and mitigate this through our other agricultural operations.

Our livestock operations play a crucial role in maintaining water catchment areas for all our dams, which serve as a water source for our main crops. Additionally, livestock helps create a balanced ecosystem by ensuring that both plant and animal populations are in harmony. We employ mobile night enclosures, known as mobile bomas, to evenly distribute cattle manure across the land. This practice improves soil fertility, soil health, and biological diversity.

We undertake livestock breeding, ensuring that all our animals are born and raised on the farm. To ensure sustainability, we maintain an equal annual number of births and sales. From birth to slaughter, we track our animals through a robust record-keeping system. This system includes assigning an ID number to each animal for easy identification and recording of all actions taken. We maintain a computer system to facilitate easy traceability.

As part of our value addition efforts, we established an eatery called the "Boran Barn." In partnership with local entrepreneurs, this only sells our own grass-fed meat.

800
cattle heads

In 2023, we maintained a relatively constant number of cattle with average sales of 800 heads.



Tea Production

During the year, Kakuzi maintained 510 hectares under tea production, sustaining the same area as in 2021 and 2022. Our performance indicators and targets for the tea division were achieved and surpassed, particularly in areas related to environmental conservation, workforce productivity, fleet efficiency, crop yield, and social programmes.

In our commitment to enhancing workforce productivity, we established a grievance reporting mechanism to address employee concerns. During the year, we planted 1,568 indigenous trees in tea fields to control soil erosion and minimise soil disturbance.



510
hectares

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Material Issue 2: Community Action

Partnerships (CCPs) to reflect the participatory nature of the work being undertaken. Through both a needs assessment and requests received, we were able to determine development needs for the communities, creating mutually beneficial partnerships helping to build relationships and goodwill.

The program is aligned with the UN Sustainable Development Goals (SDGs), including SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 6 (Clean Water & Sanitation), SDG 8 (Decent Work & Economic Growth), and SDG 13 (Climate Action). We also invested heavily in community roads and bridges, which are important for connecting people and improving access to services.

Education – Quality Education (SDG 4)

Within the farm, we have three public primary schools: Kitito, Kakuzi, and Kinyangi. During the year, we renovated Kitito Primary School to create a conducive learning environment for pupils in both the primary and junior secondary sections of the institute. This school has a population of over 300 pupils.



To improve the quality of education, we also supported all three schools with six additional teachers, aiming to reduce the teacher-pupil ratio. Additionally, we donated 395 pieces of classroom furniture to the schools and constructed 10,000-liter rainwater harvesting systems in each school.

During the year, we established a school sponsorship programme for retention of deserving students from the local community to help promote their transition and retention from primary to secondary school. Currently, we have 15 children in this program, which has significantly improved their access to educational resources, and offered them additional academic support. In this 4 years academic scholarship, Kakuzi will continue to provide financial support and closely follow the students' welfare through mentorship.

Additionally, we launched a mentorship program to support both the learners at the farm's three public primary schools and others in the community, helping them achieve their full potential.

Throughout the year, we donated 395 pieces of classroom furniture—including desks, tables, and seats—to 18 schools within Murang'a County. This contribution has directly supported the educational process, fostering an environment conducive to achieving educational goals. We also donated 12 computers to six educational institutions to bolster computer literacy and streamline office operations.

To improve the pupil-to-teacher ratio and enhance the learning experience, we supported the Boards of Management at Kitito, Kinyangi, and Kakuzi Primary Schools to hire an additional six teachers.



Additionally, our Safety Marshal program continued successfully, with 30 female Safety Marshals, seeing to it that school children travel safely to and from school.

Through our Tabasamu programme, we offered menstrual health talks and donated more than 2,000 sanitary towels to girls to address challenges associated with access to absorbents, which has been identified as a barrier to education for school-going girls from vulnerable families.

Case study: Kakuzi PLC Renovates Kitito Primary School



Kitito Primary School, located in the Ithanga/Kakuzi Sub-County of Murang'a County, serves 295 pupils. In November 2023, Kakuzi PLC undertook a significant initiative to revamp the school's facilities, demonstrating a commitment to enhancing educational standards and supporting Sustainable Development Goal 4—Quality Education.

The comprehensive renovation involved a complete overhaul of the classrooms, sanitation facilities, and library. This upgrade is the latest in a series of school improvement projects by Kakuzi PLC, following similar renovations at Kakuzi and Kinyangi Primary Schools over the past two years.

The primary objective of the renovation was to transform Kitito Primary School into a more conducive learning environment. By improving the physical infrastructure, Kakuzi PLC aims to elevate the quality of education and foster an environment where pupils can thrive academically and personally.

Ms. Immaculate Keige, Headteacher of Kitito Primary School, highlighted the significance of the support: "We are very grateful to Kakuzi for their assistance. The school was initially in a poor state, but Kakuzi stepped forward to transform our institution and enhance our facilities, creating a better learning environment for our pupils."

The renovation of Kitito Primary School is expected to have a lasting impact on the local community, providing students with a high-quality educational setting and contributing to the overall development of the area. The project not only improves the school's physical conditions but also fosters a greater sense of community involvement and pride.



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Health – Good Health & Well-being (SDG 3)

In partnership with the Ministry of Health, we organised free medical camps in three locations: Gikono, Kinyangi, and Makuyu. These camps provided health education, preventive and curative services, including cervical and prostate cancer screening, COVID-19 vaccination, HPV vaccination, and nutrition assessment for the local communities. A total of 727 people (238 male and 489 female) benefitted from the different services offered during the outreach. We also donated medical equipment to the Maragua Sub- County Hospital and Gikono dispensary maternity unit. Additionally, we constructed a rainwater harvesting facility at Mutithi Dispensary, and the water was piped to the maternity wing.

3 GOOD HEALTH AND WELL-BEING



Case study: Upgrade of Gikono Dispensary maternity wing

The health status of expectant mothers before and after delivery, as well as the health of their newborns, will now be easily monitored following the upgrade of the Gikono Dispensary maternity wing by Kakuzi Plc.

The health facility located in Maragua Sub- County, Murang'a County, has been in existence for the past 10 years but has been lacking a functional maternity wing, locking out Kimorori/Wempa ward residents from accessing such essential services.

Last year, Kakuzi donated a delivery couch, autoclave machine, digital baby weighing scale, and suction machine, among other essential equipment, to improve service delivery and work towards minimising home births.

Gikono Dispensary Nurse Incharge Margaret Maina said they were in dire need of equipment.

"We wrote a proposal and presented it to Kakuzi and other donors. Luckily, Kakuzi responded, delivering essential equipment, including delivery sets and delivery beds," said Margaret.

After receiving the equipment, Margaret informed the county administration of the need for their assistance in opening the maternity wing.

"With that information, the county found that we are almost ready for maternity services. Presently, the county is discussing deploying more nurses and other staff at the facility to facilitate our operations and provide services to the community," said Margaret.

She said that the maternity wing was likely to serve a large population because the nearest facility with maternity services is Makuyu Health Centre, which is more than 20 kilometres away. "We have a large population. It might also not be enough. We might have to expand it in the future."



Gikono Dispensary Nurse Incharge Margaret Maina said they were in dire need of equipment.



Economic Empowerment – Decent Work & Economic Growth (SDG 8)



8 DECENT WORK AND ECONOMIC GROWTH



The company organised a financial literacy and entrepreneurship training for youth operating charcoal kilns in Kinyangi. This training aimed to equip them with skills to sustain their charcoal business. Additionally, Kakuzi continued to connect the youth with markets and supplied them with raw materials for the charcoal project.

During the year, we trained 101 youth (66 male and 35 female) from the local communities, whom we had identified through the local administration, on how to construct and maintain Jiko Kisasa. The five-day training was spearheaded by trainers from GIZ, and 40 households were fitted with double-energy-saving jikos. Cumulatively, Kakuzi facilitated skills transfer to 101 youth (66 male and 35 female) from the local community and fitted over 1,000 households with double-energy-saving stoves.

In line with Decent Work & Economic Growth (SDG 8), the company organised financial literacy and entrepreneurship training for five self-help groups. Mentorship forums were also conducted on Kakuzi's procurement processes to advance opportunities for local female entrepreneurs to supply Kakuzi with goods and services. In total, the company spent Kshs. 51 million in payments to local suppliers and contractors.

This report is a demonstration of our dedication to this purpose. We believe that we don't have all the answers to the many challenges being faced by agribusinesses but, by being transparent we are better placed to harness advice from others in this journey of continuous improvement.



Internal– Employee welfare

Employee empowerment initiatives

Kakuzi PLC remains steadfast in its commitment to the welfare and well-being of its employees. In 2023, we took significant strides to create a supportive and thriving work environment by conducting an Employee Satisfaction and Engagement Survey. This initiative aimed to capture the sentiments and experiences of both unionisable and management staff. By closely examining aspects such as work conditions, communication, leadership, and overall satisfaction, we seek to continuously improve our policies and practices. We have therefore come up with several initiatives to enhance employee welfare.

Through our menstrual health and hygiene programme, Tabasamu, we are working to equip society with knowledge on menstrual health and hygiene to help break taboos and end the stigma surrounding menstruation. As part of the programme, female employees also have access to absorbents.

We also have the 'SAASA' (Stand Against Alcohol and Substance Abuse) programme, which is a mental health program aimed at helping address alcohol and substance abuse in our community through training and counselling.

Occupational Safety and Health

At Kakuzi PLC, the safety and health of our employees are paramount. During the reporting period, we trained 7,307 employees.

Work-related injuries

In 2023 a total of 7,307 employees were trained on Health and Safety. Reporting of accidents and incidents as well as investigating these if they occur is critical to a robust safety culture.



In 2023, we reinforced our commitment to providing a safe and healthy work environment through comprehensive initiatives and programs.

Work-related injuries in 2023

Type of injury	About	Total
Insect stings and bites	Biological hazards related i.e. insect stings and bites.	1
Cuts and fractures	Cuts and fractures from trip and fall, motor bikes, debris on the farm and tools used for manual work.	7
Soft tissue injuries	Soft tissue injuries- from trips and falls, machinery, bicycle and motorbikes, farm equipment.	34
Trauma to the eye	Trauma to the eye from foreign objects.	3
Sprains	Sprains largely from trips and falls.	6
Total		51



To enhance employee safety and reduce the risk of injuries, Kakuzi has implemented a comprehensive mitigation approach:



1. Injury Prevention Training: Regular safety training sessions are conducted to educate employees on best practices for preventing injuries. This includes proper handling of tools and machinery, safe driving practices for motorbikes, and techniques to avoid trips and falls.



2. Safety Equipment: Provision of personal protective equipment (PPE) such as gloves, safety goggles, helmets, and appropriate footwear to protect employees from various hazards. Regular inspections and maintenance of this equipment ensure its effectiveness.



3. Workplace Safety Audits: Routine safety audits and inspections are carried out to identify and address potential hazards on the farm. This includes checking for debris, ensuring proper maintenance of machinery, and addressing any uneven ground that could lead to trips and falls.



4. Emergency Response Plan: An established emergency response plan is in place, including first aid training for staff and clear procedures for responding to injuries. This ensures quick and effective action in case of an accident.



5. Maintenance of Equipment and Infrastructure: Regular maintenance and repair of farm equipment, machinery, and infrastructure to prevent accidents caused by faulty or worn-out equipment. This also includes maintaining clean and safe work areas to minimize the risk of cuts, fractures, and soft tissue injuries.



6. Health and Safety Policies: Implementation of robust health and safety policies, including guidelines for reporting hazards, safe work procedures, and protocols for handling biological hazards like insect stings and bites.



7. Employee Feedback and Involvement: Encouraging employees to report safety concerns and participate in safety initiatives. Their input helps in identifying potential risks and developing effective solutions to enhance workplace safety.



Our Employee Numbers

According to the survey done, as shown by the table below, the level of employee satisfaction was good which explains the high number of employees retained. This is after we recorded overall average of 83% satisfaction. This was a significant improvement from an overall satisfaction level of 72% in the last satisfaction survey conducted in 2021.



83%

Kakuzi recognises that training has a direct impact on the company's productivity and performance.



43

Overall Employee Numbers

Gender	2020	%	2021	%	2022	%	2023	%
Male	1,799	69	1,703	64	1,803	64	1,556	65
Female	799	31	943	36	997	36	706	35
Total	2,598	100	2,646	100	2,800	100	2,262	100

Employee numbers and turnover

Kakuzi employed an average of 2,262 people in 2023, of which 21 left the company during the year, representing 0.8%. Out of the 21 employees, 15 left when they reached the age of retirement, which is 60 years in Kenya. Kakuzi continues to focus on maintaining a supportive work environment and ensuring smooth transitions for employees nearing retirement.

Staff training

Kakuzi recognises that training has a direct impact on the company's productivity and performance. Through training, Kakuzi employees get a better understanding of their responsibilities and receive the knowledge and skills they need to undertake their work. During the reporting period, we trained 7,307 employees.



Material Issue 3: Respecting and Promoting Human Rights



Our work to embed the UN Guiding Principles on Business and Human Rights continued in the year with the following work streams:

- Development of the Human Rights Policy, that outlines our commitment and action around significant issues.
- Incorporation of a Human Rights Due Diligence process, which involves the assessment of risks to people.
- Development and implementation of an Independent Operational Level Grievance Mechanism that supports individuals who may be affected by activities associated with our business.

The company's Human Rights Policy applies to employees, the surrounding community, and service providers, among other stakeholders. As a company, we take allegations of retaliation seriously and investigate them thoroughly, with referral to an independent expert or organisation where necessary.

We also hold in high regard freedom of opinion and freedom of expression.



We are committed to engage with employees and communities in order to hear, understand and respond to issues or concerns. Our independent human rights mechanisms publish regular reports to highlight the issues being raised and how they have been responded to. These can be found [here](#).



Material Issue 4: Climate Action

In 2023, Kakuzi continued to make efforts to set up processes and practices that enabled the company to reduce negative environmental impacts and increase operational efficiency as part of its commitment to environmental management.



Regenerative Agricultural Practices and Use of Technology

In our orchards, we undertake regenerative agriculture practices, such as minimising soil disturbances, promoting organic matter through the use of compost, pruning, and planting a cover crop in new development areas. Our livestock department also facilitates depositing organic manure evenly as it employs the use of mobile night enclosures (bomas). These mobile bomas also help in making the cattle and goats trample on tough and less nutritious grass and ensure that manure is distributed evenly across the grazing lands.

We use cutting-edge technology to calculate irrigation needs in our avocado and macadamia orchards, using data on evapotranspiration, rainfall, and residual soil moisture. Once the exact amount of irrigation is calculated the water is then applied using state of the art micro jets which accurately place the water in the tree root zone.

Experiments are on-going with cloud-based technology to further improve the accuracy of these systems. We are also exploring the use of drones to distinguish between irrigated and non-irrigated areas, enhancing our irrigation management.

We use cutting-edge technology to calculate irrigation needs in our avocado and macadamia orchards, using data on evapotranspiration, rainfall, and residual soil moisture.





Waste Management and Circular Economy

We have implemented measures to control and limit waste by developing and deploying appropriate environmental and waste management policies. Our waste storage, treatment and disposal practices minimise health or safety risks to our staff and ecosystem. The waste produced is segregated at source to facilitate re-use, recycling, and composting. Any hazardous waste is collected, documented and disposed of through the National Environment Management Authority's (NEMA) approved waste handlers.

We compost our macadamia husks and return them to the farm, enriching the soil with nutrients and reducing the need for other fertilisers. The macadamia shells are also used as fuel at the macadamia factory and in internal road repairs to manage excess dust.

We use biodigesters and constructed wetlands to manage liquid waste from processing facilities.

We compost our macadamia husks and return them to the farm, enriching the soil with nutrients and reducing the need for other fertilisers.





Case study: Circular economy – Use of Macadamia shells in boilers

The use of cracked macadamia shells as fuel to run boilers has reduced Kakuzi's overall energy consumption.

The Kasioni plant was set up in 2016, and in the first few years, the company struggled to make sure that the boiler was operating as required. "We had a huge labour force, just to attend to the boiler, but when we automated it and started using macadamia shells to run the boilers, we noticed efficiency," said Susan Njenga,

The shells are collected and dried to reduce their moisture content, which facilitates efficient combustion. They are then burnt in a boiler to generate heat, which is used to produce hot water for drying the nuts. The nuts are transferred via a series of conveyors to a drying facility. The heat used for drying them comes from the burning of macadamia shells, which is a byproduct of the processing operation.

To maintain the quality of macadamia nuts, Susan explains that all drying steps are controlled by a computer system. This system allows for precise regulation of the temperature and humidity.

Since the shells are a byproduct of the processing operation, they represent an economically viable option for fueling boilers, potentially reducing operational expenses. Susan adds that by using the shells, Kakuzi effectively manages and utilizes a waste product from its primary operations. "This has helped us to reduce the environmental impact of waste disposal and contributes to a more circular economy by turning waste into a valuable resource," she says.

Additionally, the overall carbon footprint has been reduced, helping the company contribute to environmental sustainability efforts. Apart from the macadamia cracking facility, several staff members who have boilers in their houses are using the shells. Moreover, the shells are also used on pathways within Kakuzi. The excess shells are sold to local users with similar drying facilities.

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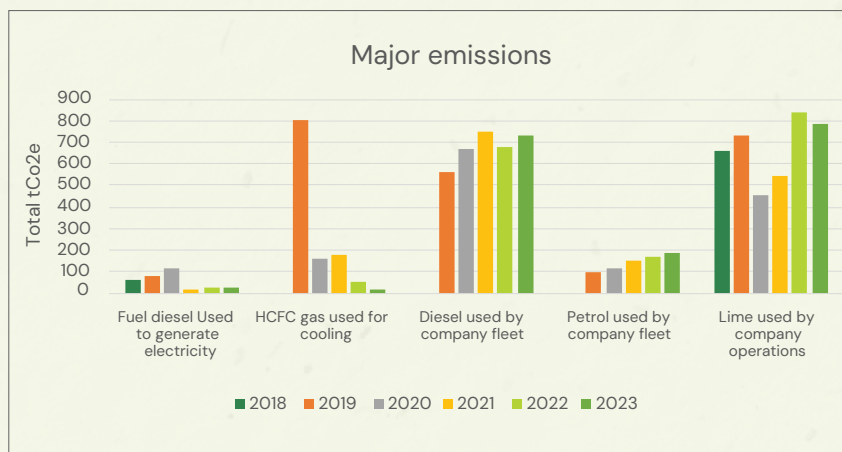
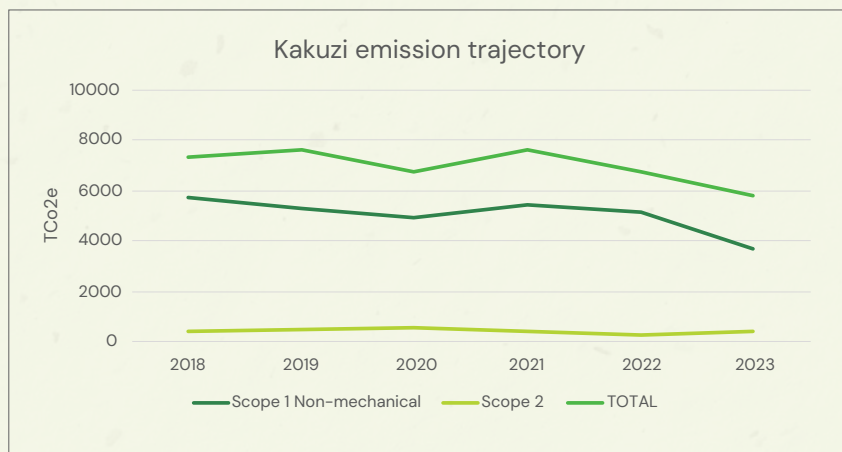


Kakuzi's Approach to Climate-related Risks

Our commitment to climate action is further demonstrated by the consistent measuring of our carbon footprint through our operations with a view to reducing emissions. We collect data from fuel consumption, electricity usage, tractor and machinery usage on a monthly basis. .

Kakuzi Plc has made significant strides in reducing its carbon footprint in 2023. Despite some challenges, the company has managed to decrease its carbon dioxide emissions, improve energy efficiency, and implement strategies that have led to a reduction in total tCO₂e. However, the company is still in the process of finalizing its Scope 3 emissions data.

Scope 1



Carbon Dioxide Emissions

Kakuzi PLC has successfully reduced its carbon emissions for Scope 1 and 2 over the past two years. This achievement, however, was slightly offset by an 11% increase in emissions from diesel used for electricity generation, a consequence of more frequent power interruptions.



Kakuzi Plc has made significant strides in reducing its carbon footprint in 2023. Despite some challenges, the company has managed to decrease its carbon dioxide emissions, improve energy efficiency, and implement strategies that have led to a reduction in total tCO₂e.



We made a significant breakthrough by reducing CO₂ emissions by 74% through the adoption of new technology in the cold rooms. The Hydrochlorofluorocarbons (HCFC) normally used in traditional cooling systems is 1,810 times more potent than carbon dioxide emissions. Despite a 20% increase in avocado production in 2023, which necessitated increased usage of pest control interventions, diesel and petrol for transportation, the overall emissions trend is encouraging.

Lime application has increased as a result of the planting of an additional 112 hectares of macadamia trees and 60 hectares of avocado trees. This action was taken to amend the soil based on the findings from a soil analysis conducted prior to planting.

Scope 2

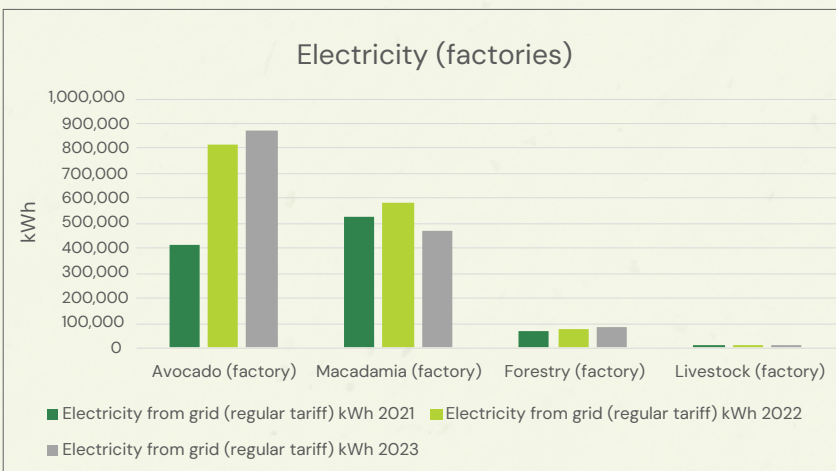
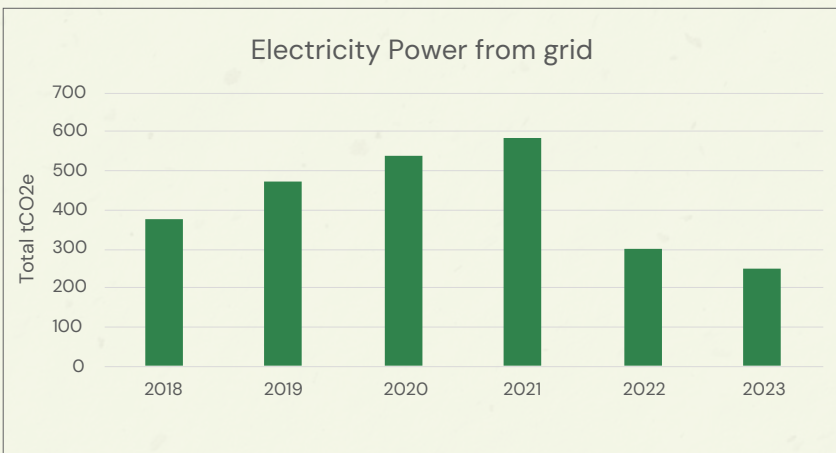
Energy Efficiency



74%

We made a significant breakthrough by reducing CO₂ emissions by 74% through the adoption of new technology in their cold rooms.



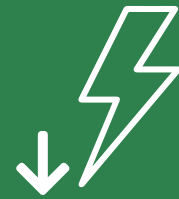
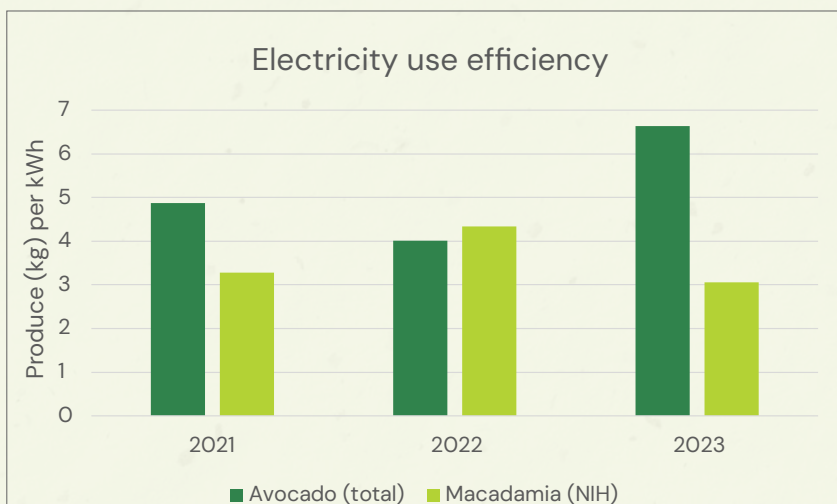
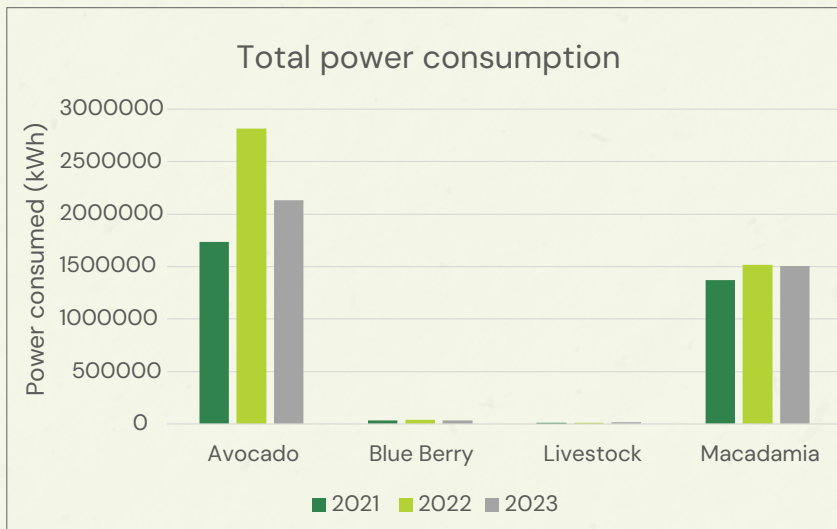
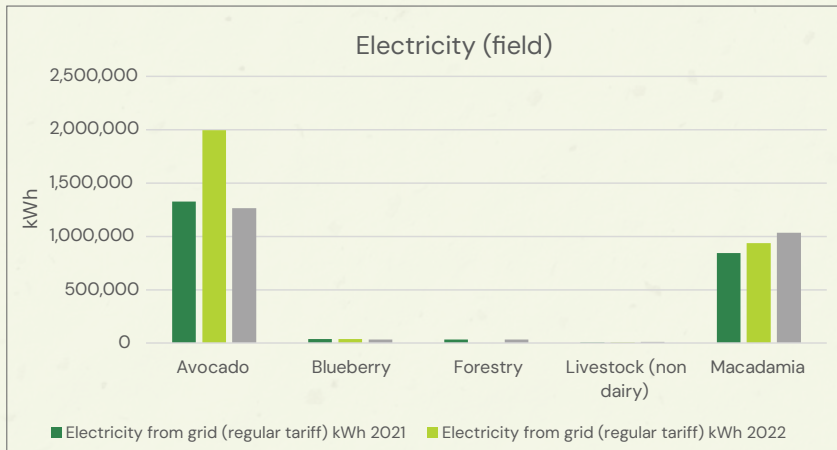


During the reporting period, the main office, avocado field, macadamia factory, blueberry field, and engineering department demonstrated significant achievements in energy conservation, achieving reductions of 39%, 37%, 19%, 16% and 18%, respectively compared to 2022.

In 2023, numerous sensitization forums highlighted the significance of energy conservation and the responsibilities of individuals in this effort. Participants were encouraged to adopt practices such as turning off lights and computers when not in use and replacing traditional lighting with LED alternatives.



This cultural shift towards energy saving appears to have yielded positive results, as evidenced by an overall reduction in power consumption of 763,477 kWh, which translates to a 16% decrease from 2022 to 2023. Additionally, a similar reduction in emissions has been observed. Since 2022, emission factors have been adjusted downward due to Kenya's energy mix, which is predominantly renewable, relying heavily on hydroelectric and geothermal generation.

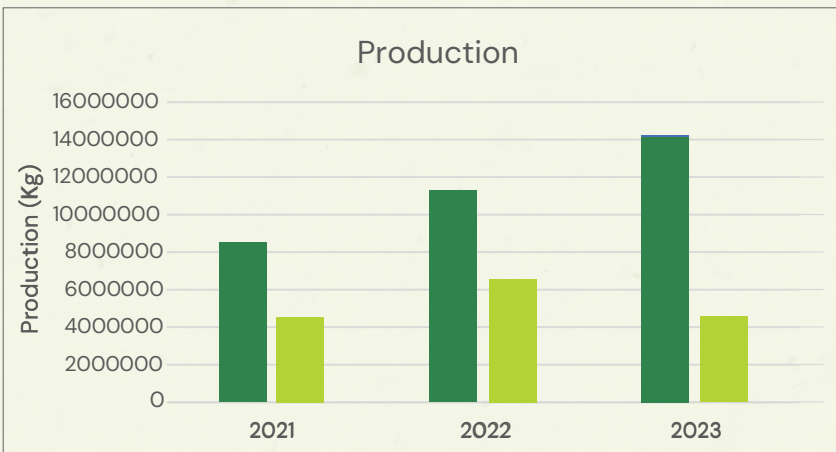


763,477 kWh

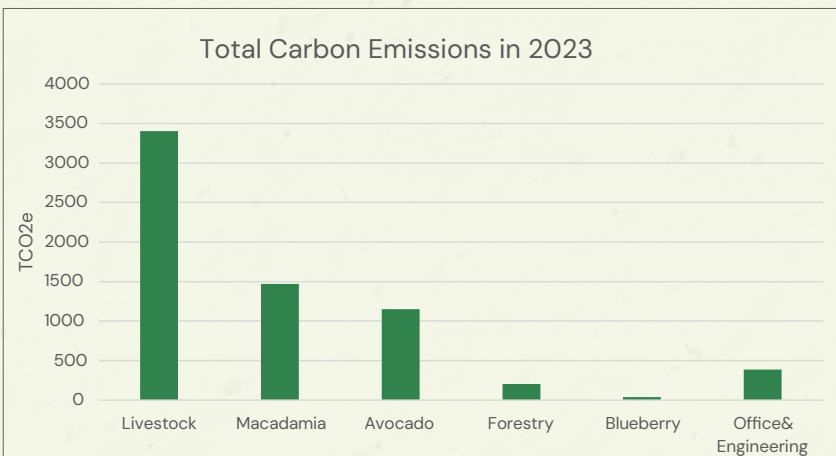
This cultural shift towards energy saving appears to have yielded positive results, as evidenced by an overall reduction in power consumption of 763,477 kWh, which translates to a 16% decrease from 2022 to 2023.

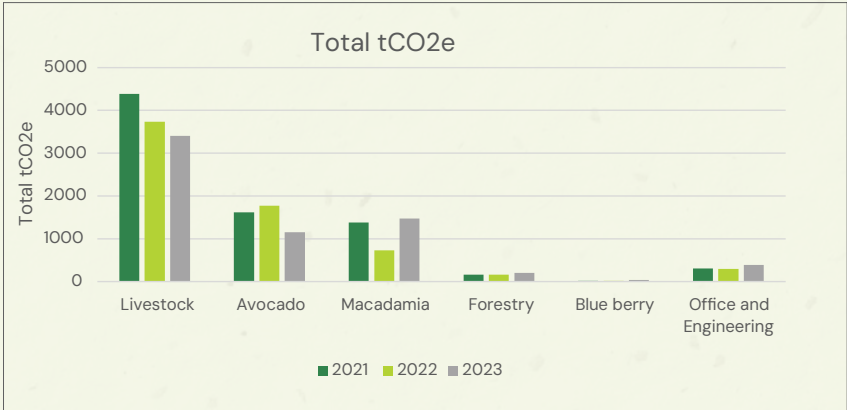


- In the packhouse, we have made significant strides in energy efficiency by commissioning new cold rooms that utilize thermal storage technology. This innovative system allows for ice to be produced during periods of low power demand, which can then be used later, thereby optimizing energy usage. In 2023, we constructed an additional two cold rooms, recording an impressive 50% reduction in energy consumption for our cold storage needs.
- Meanwhile, in the avocado fields, we have upgraded the water transfer canals between dams, which has led to a notable decrease in both time and energy expenditure. The implementation of gravity transfer systems eliminates the need for power, further contributing to our energy savings. We are also in the process of installing new, more efficient pumps and upgrading existing ones with soft starters. This ongoing initiative has successfully lowered power consumption from 4,458,884kWs to 3,810,437kWs and factories , aligning with our commitment to sustainable agricultural practices.



The effective area under avocado production for 2023 was 928.87 hectares, resulting in a total avocado production of 14,153,026 kg. This represents an increase of 58.16 hectares in production compared to 2022. The average yield for the year was 15.2 tons per hectare, combining both Hass and Pinkerton varieties.



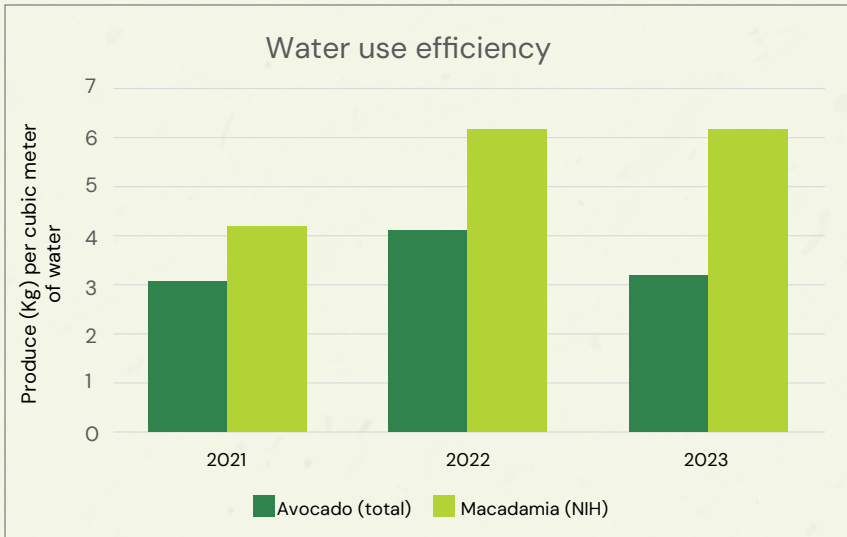


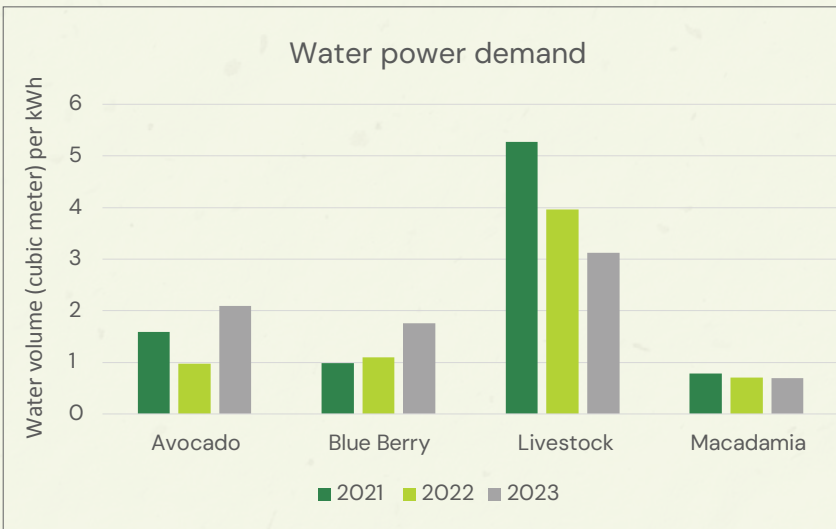
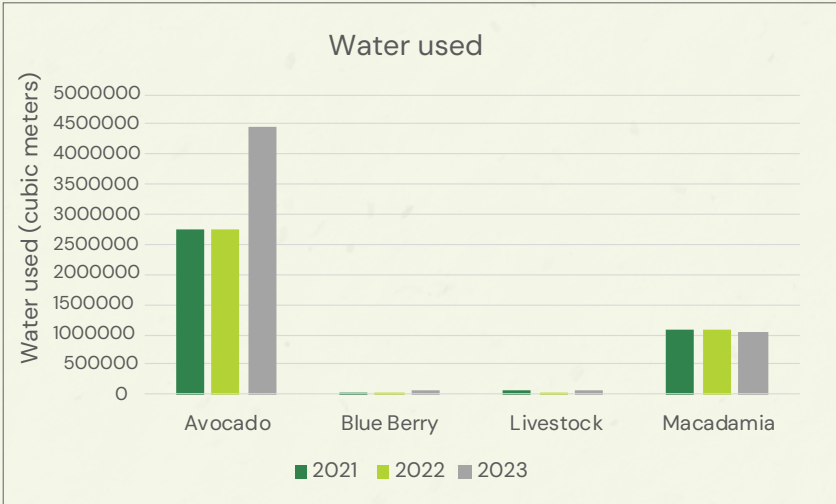
Energy conservation strategies and new cooling technologies resulted in a 35% emission reduction in avocado operations.

The macadamia operations experienced a notable increase in emissions, primarily attributed to the expansion into new development areas covering 112 hectares. These remote locations require regular irrigation for maintenance, necessitating additional power for water transfer. In contrast, emissions from the forestry, blueberry, engineering, and main office operations remained largely stable during this period.

Energy conservation strategies and new cooling technologies resulted in a 35% emission reduction in avocado operations.

Water Use





It is important to note that there has been a general increase in water consumption across all operations, largely due to erratic rainfall patterns that have been concentrated within just a few days each year.

It is important to note that there has been a general increase in water consumption across all operations, largely due to erratic rainfall patterns that have been concentrated within the year. This uneven distribution of rainfall has necessitated additional irrigation efforts to meet the water requirements for our crops.

When comparing total water consumption over the past three years, we see a significant rise: in 2021, where we consumed 4,093,648 m³; in 2022, consumption slightly decreased to 4,060,949 m³; however, in 2023, total water consumption surged to 5,752,933 m³. This trend underscores the increasing need for irrigation to compensate for the inconsistent rainfall and contribute to the sustainability of our agricultural practices.

Scope 3

We are in the process of finalizing our Scope 3 emissions data, which includes 15 categories of emissions. These categories cover a wide range of activities, from the production and transportation of assets to waste treatment and business travel.



Kakuzis' Approach to Climate Risks – Climate-related in accordance with recommendations by the task force (TCFD)

Our Response to TCFD Disclosures– Climate Risk Management

Introduction

Kakuzi's primary activity is agriculture and thus, climate change is pertinent to Kakuzi Plc. The Company is experiencing the impacts of climate change, to varying degrees, and is aware that without local and global intervention, this will only increase. As such, we are cognisant that financial flows should be directed towards climate adaptation, aligning with the Paris Agreement's objective to limit the global temperature increase to within 2°C above pre-industrial levels. As science progresses, our understanding of the impact of climate change will evolve and influence how the Company mitigates and adapts to these risks. The transition may, in due course, present opportunities and the Company continues in its efforts to work collaboratively and dynamically at a local and global level.





Governance

The Kakuzi Board is responsible for establishing the corporate governance pillars, setting strategic direction, reviewing business performance and supervising the management of its operations. The Board has also oversight of Environmental, Social, and Governance matters that are central to our sustainability strategy; it sets the strategy for the management of climate-related risks and opportunities; the Board, also, monitors the implementation of this strategy. Climate-related risks are identified, assessed and managed in the same way as other material risks that could impact the Company's operations. The responsibility for implementing the strategy and developing detailed individual initiatives and targets is devolved to Management.

To support the implementation and adoption of the Company's climate-related financial disclosures (CFD) programme, a focus group has been established. The focus group is a cross-functional team which considers key CFD matters. The focus group discusses a variety of topical environmental matters including practical initiatives to support the Company's climate resilience activities. The focus group reports to the Board Audit & Risk Committee through the Company's risk maps. This provides oversight at an operational level and helps to identify, quantify and prioritise risks and opportunities.

Strategy

So as to capture the risks and opportunities, the Company has considered the potential risks and opportunities that climate change may present. The Company has categorised the risks and opportunities by potential impact and likelihood, based on management's assessment, and on whether the risks were physical or transitional. The risks and opportunities were then analysed over three set timeframes, as set out below.

Short Term	0 – 3 years
Medium Term	3 – 10 years
Long Term	10+ years

These timeframes are broadly aligned with the Company's forecasting and planning cycles, including longer term planning cycles which is an essential part of bearer crop agricultural investment.

To support the implementation and adoption of the Company's climate-related financial disclosures (CFD) programme, a focus group has been established. The focus group is a cross-functional team which considers key CFD matters. The focus group discusses a variety of topical environmental matters including practical initiatives to support the Company's climate resilience activities.



The risks and opportunities identified by the Company are summarised in the table below.

Risk	Impact	Mitigation
Changes in weather patterns <i>Physical Risk (Chronic)</i> Time Horizon: Medium to Long term	• Uneconomic yields and returns • Changes in pests and diseases, including more widespread occurrence • Shifting of growing seasons and impact on market supply and pricing • Increased capital expenditure and operating costs • Negative impact on natural ecosystems (loss of biodiversity) • Drought and flood risks • Crop and soil health, including increased agrochemical requirements • Changing working environment for labour force • Damage to property, plant and equipment and resulting disruption to operations	• Continue to diversify crops and varieties including advice, support and training to smallholder farmers • Enhance biodiversity through interplanting and rewilding • Continue to enhance farming practices, including relating to soil health and integrated pest management • Invest in and expand sustainable energy supplies • Invest in technologies to increase energy efficiency and reduce resource consumption, as well as those to monitor and forecast changing weather patterns
Increased frequency and intensity of extreme weather events <i>Physical Risk (Acute)</i> Time Horizon: Short to Long Term	• Increase in price volatility • Damage to property, plant and equipment, including crops, resulting in disruption to operations and increased maintenance costs • Soil erosion • Damage to local and community infrastructure • Disruption to supply chains and the resultant impact on operations	• Expansion of reservoirs to capture rainwater, providing resilience against drought • Crop and business insurance, where available • Diversifying supply chains and trading routes • Planting erosion-prevention crops
Community and workforce disruption <i>Transitional Risk (Policy and legal)</i> Time Horizon: Short to Long Term	• Physiological impact of climate change on labour productivity • Psychological stresses due to loss of livelihoods, including displacement of communities • Increased employee health and safety regulations and associated costs of providing clinics • Increased threat of community conflict	• Employee welfare support • Monitor working practices • Community partnership projects and climate change awareness forums to increase their climate resilience • More engagement with local enterprises to support local economies



Green technologies <i>Transitional Risk (Technology)</i> Time Horizon: Medium to Long Term	- Investment in sub-optimal technologies - Operational adapt challenges - Resistance to new technologies and mechanisation from workforce and communities, leading to increased costs of implementation - Obsolescence of existing assets and infrastructure - Threat of theft - Potential higher operating costs - Investment in climate change adaption and resilience by suppliers could lead to higher operating costs	- Investigate potential decarbonization solutions and cost reduction, including appropriate security measures - Increase efficiencies in the use of water, energy and agrochemicals, as well as reduced waste - Reduce reliance on unstable external energy supplies
Regulatory changes <i>Transitional Risk (Policy and legal)</i> Time Horizon: Short to Long Term	- Restrictions on use of business-critical inputs, including land, energy, water and agrochemicals - Investment in climate change adaption and resilience by suppliers could lead to higher costs - Inflationary impact of carbon taxes and tariffs across the supply chains - Increased compliance costs - Potential barriers to market due to lack of solutions - Disparity in regulations between markets could create barriers to trade - Obsolescence of existing assets and infrastructure - Misalignment of regulations and the business' commercial and operational ability to adapt	- Disparity in regulations between markets could create market opportunities - Consideration and adoption of climate-friendly inputs - Investigating potential decarbonization solutions - Encourage restoration of local ecosystems and biodiversity
Access to inputs from suppliers <i>Transitional Risk (Market)</i> Time Horizon: Short to Long Term	- Supply/demand imbalance for inputs, such as water, fertilizers and energy, impacting availability and cost - Disruption of supply from smallholder farmers	- Promote regenerative agriculture practices to improve soil health and reduce the use of agrochemicals and composting - Enhance procurement policies and collaboration with key suppliers - Invest in green energy to reduce reliance on the grid and fossil fuels
Changing customers supply chain policies <i>Transitional Risk (Market)</i> Time Horizon: Short to Long Term	- Risk to reputation, if sustainability policies and certifications are not met - Loss of access to markets and customers - Increased operational and compliance costs - Obsolescence of existing assets	- Invest in people and systems to ensure compliance with evolving policies - Collaborate with suppliers and customers to foster sustainable policies throughout the supply chain - Explore lower-carbon options to reduce Scope 3 emissions



Many of the possible risk mitigation measures noted above could also present potential opportunities to the Company's business. The main potential opportunities identified are:

- New revenue streams and enhanced profitability through diversification of crops and markets.
- Improved yield and more resilient harvests following a review of agronomic practices, including enhanced biodiversity through interplanting, mulching and rewilding, replanting with more climate-resilient varieties and enhanced farming practices.
- Reduced costs and less reliance on unstable external energy and water supplies by investing in sustainable energy and water supplies and technologies.
- Commercialization of infertile land e.g. installing solar fields on redundant land; and establishment of poly tunnels for intensive hydroponic based crop production systems Lower carbon emissions and costs via cooperation across the value chain.

Detailed quantitative modelling of climate impacts on the Company's operations is required to deepen our understanding of the potential materiality, scope and financial impact of the identified risks and opportunities. This assessment may also reveal additional risks and opportunities. The Company intends to do this analysis in due course.

The impact of the risks and opportunities identified will vary depending on which of the climate scenarios outlined within the UN's Intergovernmental Panel on Climate Change (IPPC) Representative Concentration Pathways (RCP's) transpire. The risks and opportunities that the Company identified have not yet been modelled in line with the RCP's.

The Company anticipates that the following may affect different RCP's:

- Rainfall patterns, including when rainfall occurs and changes in the amounts and severity. This may impact seasonal crop growth patterns, crop yields and levels of pests and diseases.
- Heat levels, such as prolonged heat and higher temperatures can also have a significant impact on crop yields and levels of pests and diseases as well as employees' health and ability to work.
- Prolonged periods of drought similarly impact yield and levels of pests and diseases and ultimately the survival of the crop
- The occurrence of more extreme weather events will impact crops and yields and may adversely impact critical infrastructure at the Company and within our supply chains.

Climate-related risks and opportunities have a significant impact on the Company's business strategy and sustainability. Climate change considerations are monitored and are integral to the Company's strategic decision-making process. The short-term risks and opportunities identified are relevant to the operational forecasting cycle, with medium and longer-term risks and opportunities pertinent to the Company's strategic planning.



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Risk Management

Climate-related risks are identified, assessed and managed in the same way as other material risks that could impact the Company's operations. The categories of risks considered and detailed in the table above are based on guidance issued by the Task force on Climate related financial disclosures (TCFD). The materiality and relative significance of climate-related risks is determined by considering a risk's likely impact on business sustainability and resilience, financial resources and social impact in the short, medium and long term. Management of risks may include mitigation, transfer, acceptance or control.

Existing and emerging regulatory requirements related to climate change (e.g. limits on emissions, carbon tax, regulatory energy saving requirements) have been considered by the management in the compilation of the CFD disclosures. External experts and consultants are engaged to advise where relevant, for example, site level water risk assessments, soil sequestration studies and carbon emissions reporting. Analysis and any recommendations, where relevant, are considered by management.

Metrics and Targets

The Company's management captures and monitors site-level climate data, such as rainfall and temperature, generating trends and highlighting potential changes in the climate. The Company reports the energy savings initiatives that it has installed and further energy savings initiatives that it is investigating for implementation in the next five years. This reduces the Company's reliance on GHG emitting fuels. Since 2015, the Company has measured its Scope 1 and 2 emissions, along with water use and waste. In 2023, the Company undertook its first Scope 3 footprint, measuring emissions throughout the value chain. Refer to section on Material Issue 4: Climate Action above.

Once the Company conducts its quantitative modelling of the climate-related risks and opportunities identified, further Key Performance Indicators (KPIs) may be established and reported. The Company's existing site-level climate data will help inform quantitative modelling. The Company will then endeavour to generate plans and targets to improve the KPIs, to mitigate the impact of the identified risks and harness the opportunities. Carbon sequestration is expected to form an integral part of the carbon balance calculations. The Board and Management are still evaluating metrics and targets against the risks and opportunities identified. We, however, strive to be transparent as we gather more data and set KPIs against the various variables.

5 Years

The Company reports the energy savings initiatives that it has installed and further energy savings initiatives that it is investigating for implementation in the next five years.



Material Issue 5: Management & Traceability



Kakuzi conducts its own due diligence before engaging suppliers. This includes verifying compliance with labour standards, environmental regulations, and social responsibility principles. The company requires suppliers to fill out a supplier self-evaluation form that covers the social environment, health and safety, food safety, and quality. The supplier's ethical code of conduct form covers the environment, health and safety, anti-bribery and anti-corruption, and employee welfare issues.

There is also a code of Ethics for Business in Kenya, which was developed jointly with Federation of Kenyan Employers (FKE), Kenya Association of Manufacturers (KAM), and the UN Global Compact. Kakuzi requires that key suppliers subscribe to this code.

Traceability

From farm to fork, Kakuzi has full control over the entire value chain, ensuring complete traceability and high-quality products.

Kakuzi has employed backward traceability; for instance, in the case of avocado and macadamia orchards, the company is able to retrace its steps if a concern is raised about a particular export consignment. Kakuzi traces back to the particular block or farm where the product came from and identifies the exact fertilisers and other products used in the growing process.

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Social, environmental and economic risks in the supply chain

During its operations, Kakuzi faces various risks, including environmental risks and the impacts of climate change.

Potential environmental risks are mainly from climate change, impacting temperatures and rainfall, to soil health and water resource management. We recognise that some of these issues are beyond our control but we must play our part to reduce, reuse and recycle. Our agricultural activities are continuously appraised to fulfil this commitment.

From a social perspective, Kakuzi is committed to meeting high standards of social responsibility, particularly regarding employment conditions. Customers and stakeholders are quite correctly interested in learning more about the employment policies and practices at Kakuzi. To promote transparency, Kakuzi publishes its key policies on the Company web site as well as conducting various due diligence processes which are aligned with international ethical standards.

Kakuzi collaborates closely with unions on collective bargaining agreements (CBAs) to ensure fair wages and working conditions for its employees. Kakuzi strives to pay wages that exceed minimum legal requirements and are in line with industry standards.

Political risks, such as political unrest, also challenge Kakuzi's operations. Economic factors, including rising production costs and exchange rate volatility, further complicate the business environment. Market volatility and evolving customer preferences add to the complexity, requiring Kakuzi to adapt its strategies to remain competitive and meet changing demands.

Partnerships to support and enhance the supply chain

Kakuzi's commitment to partnering with smallholders, both within and outside Murang'a County, extends for the long term, with a focus on securing an economic future for future generations. This approach enables Kakuzi to directly engage with and support smallholder farmers. In 2023, Kakuzi furthered this commitment by forming partnerships with local suppliers, particularly emphasising support for female suppliers. These partnerships resulted in Kakuzi making purchases from local suppliers totalling KShs 150 million.

Additionally, Kakuzi's collaborative efforts include the establishment of the Boran Barn, featuring a restaurant and butchery operated by outsourced partners. This initiative further engages the local community, including "mama mboga" vendors selling fruits and vegetables at the farmers' market, creating a sustainable ecosystem of support and collaboration.



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Stakeholder Engagement Matrix

Stakeholder	Why we communicate	How we engage	Outcome
Farmers & Suppliers	- To cascade and communicate on key Company alignment, including policies on various issues, i.e., sustainability, procurement, ethics, etc. - To get feedback on the working environment and productive dialogue with suppliers. - To constantly improve business processes so that pending bills are paid on time. - To assist suppliers and incorporate environmental and social governance into operations to create a positive impact on the value chain. - To get feedback on how to execute our engagement and processes better.	- Face-to-face meetings - Organised conferences - Surveys - Correspondences (invoices, LPOs, Memos), topical forums (e.g., changes in tax)	- Service Level Agreements - Memorandum of Understanding (MoU)
Employees	- To create a conducive working environment where each employee is valued and can express their full potential. - To nurture collaboration among our teams. - To inform employees of career opportunities available. - To get feedback on the working environment and productive dialogue with employees and their representatives. - To endeavour to make all Company policies available to employees for their reference whenever required. - To mainstream human rights in the workplace. - To agree on terms and conditions of employment.	- E-mail - Face-to-face interactions - Video conferencing - Surveys - Phone calls - Messages - Newsletters - Internal platforms - Management briefs - Collective Bargaining Agreements	- Understanding of our employees' needs - Development of talent management strategy - Ethics and human rights case reports for investigation - Establishment of the Company's learning strategy - Establishment of safe workplace environment guidelines - Development of a Diversity, Equity and Inclusion Policy - Implementation of CBA



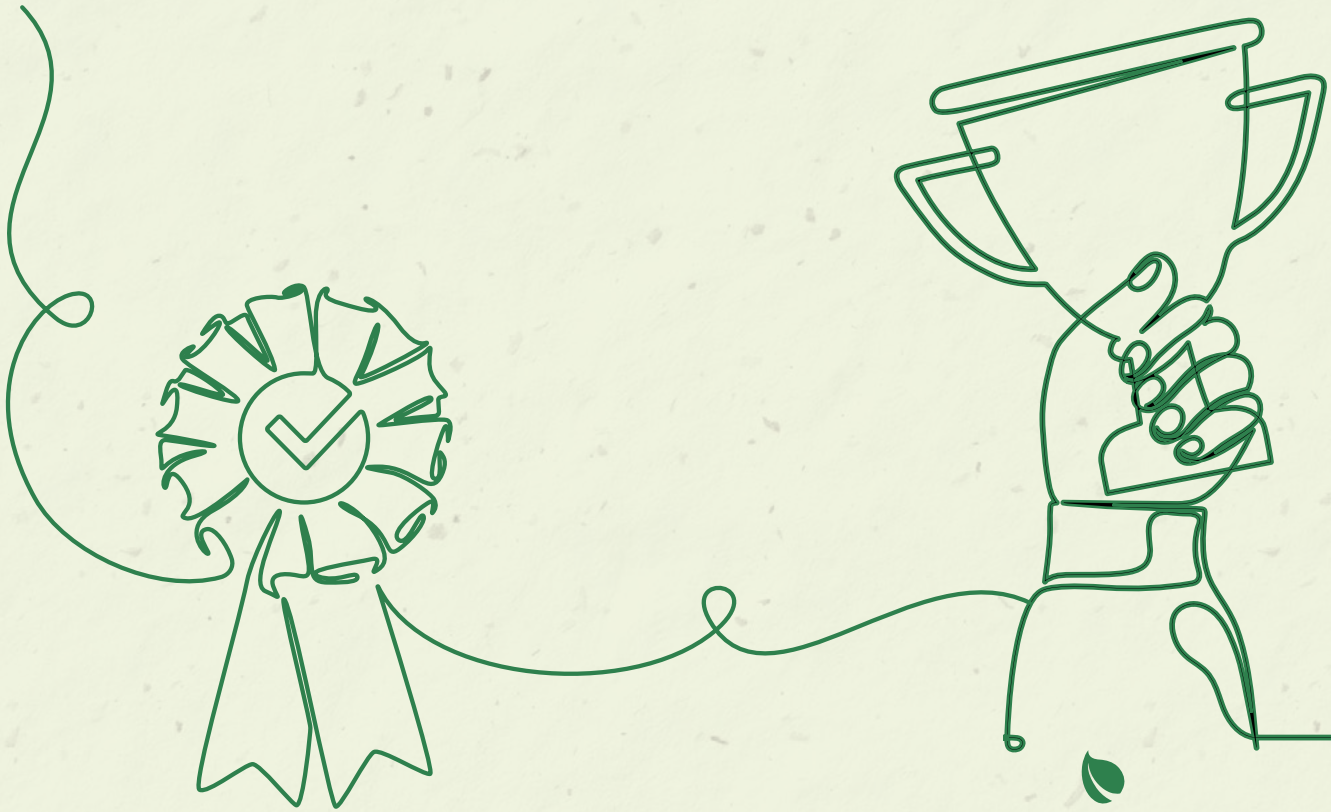
Investors	• To endeavour to have an open and transparent conversation with our investors. • To communicate our overall financial and non-financial performance. • To provide context and insights into our corporate results, business strategies, and sustainability initiatives. • To attract new investors to support and achieve a stable and diversified investor base.	• Newsletters • Investor briefings • Emails, reports, presentations and letters • Annual General Meetings (AGM) • Information notices • Senior management meetings and calls • Participation in conferences	• Fair market valuation of Kakuzi shares at the NSE • Enhanced liquidity of Kakuzi shares at the NSE • Favourable rates from Private Equity investors • Enhanced rating scores
General Public	• To be transparent and accessible. • To endeavour to comply with relevant laws and regulations. • To raise awareness about the contributions to society by Kakuzi PLC as a responsible corporate citizen. • To share our views, hopes and concerns on the financial sector's evolution and instill public confidence. • Endeavour to have all public-related publications available online for easy access as well as an email for any query that needs to be addressed. • Utilise various communication channels to share Kakuzi's PLC story, its products, and services as part of brand positioning. • To support the roll-out of social projects and disbursement of state aid to beneficiaries.	• Media briefings • Information notices • Meetings • Social media handles • Email queries and website enquiries	• Enhanced brand positioning • Good media coverage • Improved business goodwill • Awards and recognitions » Sedex Responsible Business Awards » Avocado Industry Excellence Awards » Best growers' category: Nursery and Seedlings Awards » 1st Runner-Up: Avocado Person of the Year: MD Chris Flowers » 1st Runner-Up: Large Scale Orchards » 1st Runner-Up: Large Scale exporter
Media	• To share our corporate quarterly financial results, business strategies and sustainability progress. • To promptly answer queries about Kakuzi newsworthy information. • To update the media with Kakuzi information relevant to stakeholders. • Enhance top-of-mind awareness of the brand. • Build credibility in our brand and create awareness about our events and initiatives i.e., OGM, IHRAC.	• Interviews • Media / press briefings • Kakuzi Financial and Sustainability reports • Corporate events and launches • Strategic partnerships • One on one engagement sessions	• Improved media ratings • Enhanced PRVs • Increased media impressions • Seamless native advertising • Accurate positioning of the Kakuzi story, strategy and performance • Objective reporting about our brand • Reaching new customers • Enhanced competitiveness



Regulators/
Authorities

- To endeavour to comply with all relevant laws and regulations.
- To endeavour to have Kakuzi's expertise and views integrated into the development and implementation of various relevant regulations and policies.
- To support the development of business policies beneficial to the economy, the society and the environment.
- To foster constructive dialogue around innovation.
- To undertake joint programmes with relevant regulators and authorities.
- To partner with governments to support the economic growth of the region and our countries sustainably and ethically.
- To undertake joint programmes with county and local governments.
- Correspondences (letters, memos), topical forums (e.g., changes in tax)
- Reports
- Face-to-face meetings
- Phone calls
- Organised meetings/ Conferences
- Audits and Risk Assessments
- Alignment with the regulatory landscape
- Enhanced thought leadership
- Increased conversation leadership on topical regulatory issues, i.e., green finance, climate change, etc.
- Implementation of audit and risk assessment findings





Awards and Recognitions



Awards Nomination



Kakuzi Plc received five nominations for the Kenya Avocado Industry Excellence Awards 2023. These awards, organised by the Avocado Society of Kenya, acknowledge individuals and companies that have made significant contributions to the Kenyan avocado industry.

With these nominations, Kakuzi demonstrated its leadership in the industry, having been recognised in various categories, including Avocado Person of the Year 2023, Large Scale Orchards more than 200 Acres, Large Scale Exporter more than 200 Containers, Growers Nursery–Seedlings, and Auxiliary Services. As a listed Kenyan agricultural company trading on both the Nairobi Securities Exchange and the London Stock Exchange, Kakuzi continues working to guarantee the quality, integrity and sustainability of locally produced avocados. The Company remains committed to enhancing Kenya's reputation as a top avocado-producing nation in Africa.

Kakuzi Plc, having received five nominations in the Avocado Industry Excellence Awards, went ahead and won five prestigious awards. These were Avocado Person of the Year 2023, Large Scale Orchards, Large Scale Exporter, Growers Nursery–Seedlings, and Auxiliary Services Categories.

Awards Won

Kakuzi Plc, having received five nominations in the Avocado Industry Excellence Awards, went ahead and won five prestigious awards. These were Avocado Person of the Year 2023, Large Scale Orchards, Large Scale Exporter, Growers Nursery–Seedlings, and Auxiliary Services Categories.

We secured first place in the large-scale orchards category for properties exceeding 200 acres, as well as claiming the top spot in the other mentioned categories. These wins were attributed to significant growth in avocado sales within the year due to increased exports to Europe and China, with sales reaching their peak levels. Additionally, Kakuzi planted 13,542 seedlings during the short rain season as part of its avocado orchard expansion strategy.



Tax Compliance

At Kakuzi, we prioritise a transparent approach to tax management by strictly adhering to all applicable laws and ensuring timely tax payments. We do not engage in tax avoidance strategies; instead, we fully comply with all tax-related regulations. To stay informed on both local and international tax laws, we regularly update our knowledge and occasionally consult external tax experts and auditors for guidance on complex tax matters.

We keep ourselves updated with international market regulations since they have unique legal and regulatory frameworks that govern how businesses operate. As a business, we understand that non-compliance can lead to penalties, damaged reputation, or even expulsion from the market.

The Finance Act 2023 brought about new changes that required us, as a company, to adapt our accounting and tax compliance systems. This involved investing in new technology, training staff, and altering our business processes. Additionally, the Income Tax amendment disallows expenditures or losses for which invoices are not generated through the Electronic Tax Invoice Management System (eTIMS). This requirement compels us to strictly adhere to the system to ensure we can claim all eligible deductions. This means that we have to strictly adhere to the system or risk not being able to claim tax deductions for our supplies.

Meanwhile, we closed the year on a stable footing despite a difficult market climate compounded by increased costs of production. We recorded a pre-tax profit of Kshs. 664 million (2022: Kshs. 1.221 billion). The pre-tax profit drop was mainly attributed to a Kshs. 354 million pre-tax losses from our macadamia operations (2022: Kshs. 635 million profit). However, the avocado operations performed well, recording a pre-tax profit of Kshs. 1.4 billion (2022: Kshs. 0.8 billion).



The Finance Act 2023 brought about new changes that required us, as a company, to adapt our accounting and tax compliance systems. This involved investing in new technology, training staff, and altering our business processes.

Consolidated Tax Performance on Income and Expenses

Financial Statement Performance	2023 KShs. '000'	2022 KShs. '000'
Profit before income tax	663,982	1,221,624
Income tax expense	210,465	375,820



Appendix

There are 15 Scope 3 categories. The table below is ranked as per the available data between 2021–2023.

- Emissions typically fluctuate in line with volumes, particularly in categories 9–12
- Emission factors also change year-on-year as our global understanding of emissions and technology/methodology change and/or improve

Category 1: calculates emissions generated from goods and services purchased. Category 1 is split into two categories: production-related goods and services (1a) and non-production related goods and services (1b). Agrochemicals (including fertilizers) generate approximately 35% of our Category 1a emissions

99% of our Category 1a emissions are based on weight-based data. Weight-based data is considered more accurate than spend-based data, as spend-based emission factors are based on industry averages at global scales and fewer options/categories. Weight-based factors are typically higher than their spend-based equivalents. As a result, our emissions are likely to increase as we increase the availability of weight-based data.

Category 2: calculates emissions generated by the production and transportation of assets purchased in the reporting year. Major capital purchases, such as tractors, sprayers, irrigation systems etc, are typically bought sporadically and therefore, Scope 3 emissions from Capital Goods can fluctuate significantly from year to year

Category 3: calculates emissions generated by the extraction, production, refining, heating/cooling and transportation & distribution of fuels and electricity purchased in the reporting year, before they are received and used on site (as included in Scope 1 or Scope 2). These losses are inherent in energy distribution networks and vary by region and efficiency of the transportation & distribution system.

Category 4: calculates emissions generated by transportation and distribution services, as well as warehousing costs, carried out in the reporting year.

Category 4 considers either the amount spent on transportation/warehousing services, or the number of kilometres an item has travelled, such as delivery of purchased goods from the supplier to our operations or the amount of fuel used

Category 5: calculates emissions generated by the treatment, disposal and composition of waste

Category 6: calculates emissions generated from business travel, including hotel stays.



Category 7: calculates emissions generated by the transportation of employees between their homes and their place of work, in their own transport

Category 8: calculates emissions from the production and operation of assets that are owned by a third party and leased to the company

Category 9: is the first downstream category of Scope 3 and calculates emissions from the transportation, storage and distribution of products between from the “farm gate” and the end user, via processors/manufacturers, if necessary. Cat 9 also considers emissions from storing goods in distribution centres and retail (or similar) and the temperature requirements (e.g. chilled vs ambient).

Category 9 should only include transportation that is paid for and arranged by a third party. If we are paying for or carrying out the transportation in our own vehicles, the associated emissions should be **included** in Category 4. Currently, all transport from the farm gate is considered Cat 9 and further research/enquiry is needed to determine whether the emissions should be moved to Cat 4.

Category 10: calculates emissions from the processing of intermediate products (products that require further processing, transformation or inclusion in another product before use by the end consumer) by downstream customers/manufacturers.

Category 11: calculates emissions generated by the end user of the final product. This includes storing and cooking products.

Category 12: calculates emissions generated by the treatment and waste disposal of final products at the end of their life (including both packaging and product waste). End-of-Life treatments can include landfilling, incineration and recycling. The end-of-life calculation considers the disposal of products throughout the value chain, including those lost during transit or retail. It does not consider products that have been consumed.

Category 13: calculates emissions from the production and operation of assets that are owned by the company and leased to other entities (i.e. where a member of the company is a lessor), such as leasing out their machinery, land, buildings or equipment (etc)

Category 14: is Franchises – Not applicable

Category 15: calculates emissions associated with investments held by company



GHG Scope	Category	Total Emissions (t CO2e) 2021	Total Emissions (t CO2e) 2022	Total Emissions (t CO2e) 2023	% of scope 3	Comments
Scope 3	1a: Purchased goods and services (product)	4598	5546	7407	26	Mostly relates to the emissions from the production of fertilizers and agrochemicals
	1b: Purchased goods and services (non-product)	1284	1395	1212	6	
	2: Capital goods	0	0	0		To re-check accuracy
	3: Fuel and energy related activities	874	432	502	3	Relates to the extraction, production, and transportation of fuels and energy purchased. Impacted by electricity emission factors for the year of reporting
	4: Upstream transportation and distribution	493	502	299	3	
	5: Waste generated in operations	35	45	36	0.16	To review due to the inclusion of macadamia shells that we use for energy.
	6: Business travel	1400	1429	1337	6	To review
	7: Employee commuting	0	0	0	0	100% of employees walk to work. Managers drive Kakuzi-owned cars thus included in Scope 1 & 2 fuel for transport
	8: Upstream leased assets	0	0	0	0	ok
	9: Downstream transportation and distribution	5978	9321	9748	34	Based on data from Halls for avocado and end markets for macadamia and timber. Avocadoes are responsible for 94% of these emissions mainly due to refrigerated transport. To be reviewed
	10: Processing of sold products	729	556	677	3	Emissions from avocado ripening and macadamia, processing and further processing of timber
	11a: Use of sold products (Direct)	0	0	0	0	
	11b: Use of sold products (Indirect)	26	36	41	0	This is mainly due to refrigeration
	12: End-of-life treatment of sold products	2581	3406	3483	14	Emissions from waste of avocado (skin and stones) and disposal of packaging
	13: Downstream leased assets	0	0	0	0	N/a
	14: Franchises	0	0	0	0	N/a
	15: Investments	0	0	0	0	N/a
	Total Scope 3 emissions (t CO2e)	17998	22668	24742		



This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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