



Chai Bulletin

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| GLOBAL LEADER IN QUALITY TEAS |

“Farmers First” principle to drive value for tea farmers

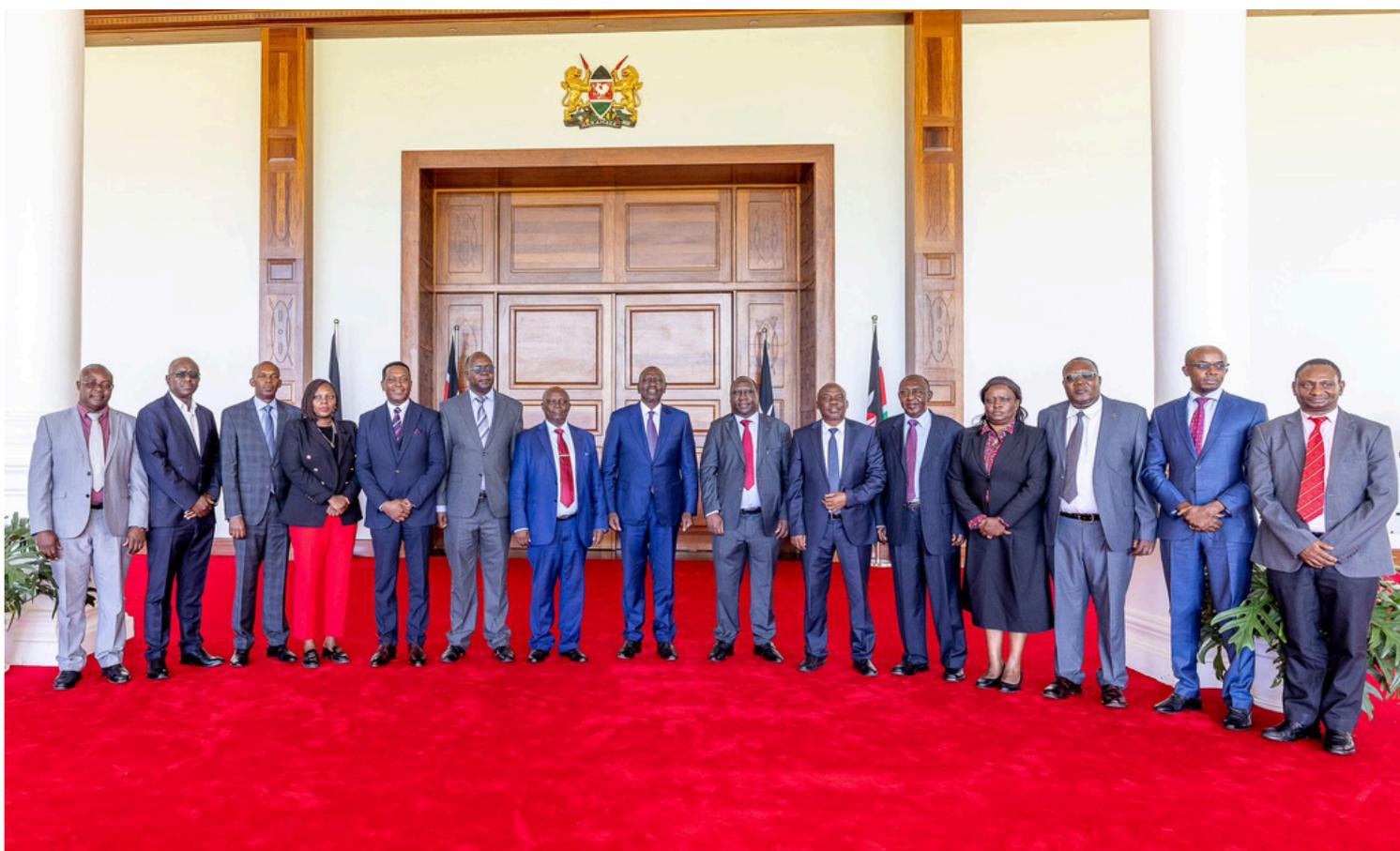
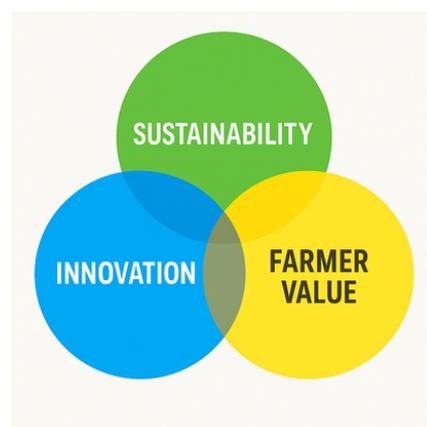
KTDA has adopted a more farmer-focused strategic outlook driven by the new board chairman Chege Kirundi in what is projected to unlock more value for tea growers. The ‘Farmer First’ focus will cut across all strategic business units in the Agency including its subsidiaries with all operations oriented to creating more value for the over 700,000 tea farmers.

Mr. Kirundi has noted the business fundamentals outlined when KTDA was established in 1964 as a parastatal and privatized in 2000 have changed and the business must respond to the new business environment.

To achieve this, the board is developing new policies and updating the old ones to make

sure farmers benefit from their tea investment. Most importantly, Mr. Kirundi stressed the business must embrace sustainability in all its business pillars. The chairman who assumed office in February has challenged management to re-engineer processes from farm practices, manufacturing and marketing of tea. This will include adoption of newer tools like artificial intelligence, data analytics as well diversification with sustainability cutting across all areas.

The new outlook is meant to position the Agency to meet current and emerging threats including climate change, volatile commodity prices, market concentration and competition from other beverages.



President William Ruto in March hosted KTDA leadership led by Chairman Chege Kirundi and GCEO Wilson Muthaura in March at Statehouse Nairobi. Among the issues discussed include marketing, reviewing taxes, subsidized fertilizer and expansion of new market for Kenya teas.



6 more factories in Aberdare region set for cheaper power

Six more factories in the Aberdare region are set to enjoy cheaper, more stable electricity supply as KTDA Power completes a project to extend the existing KTDA-owned power network.

The interconnection initiative, which is in the final stages is meant to extend the existing network of 33 kV & 11 kV transmission lines to supply electricity to the six extra tea factories in the Aberdare Region (Nyeri, Murang'a and Kiambu) to enhance captive consumption.

Currently there are three small hydroelectric power plants (SHPs) in the region which supply electricity to 10 factories within this zone using a captive grid network and the surplus fed to the national grid.

The six factories will utilise this surplus power to power their operations and reduce their operation costs with electricity being one of the major cost centres for factories.

Energy reliability and cost reduction have been long standing challenges in tea processing operations which led KTDA to explore alternative power sources leading to development of small hydropower

projects which are jointly owned by several factories and KTDA. Further, a number of factories, with the technical support of KTDA Power and KTDA MS have set up solar farms to augment their power supply. These factories are in areas without adequate hydropower resources. Solar systems for another seven factories

are currently in different stages of implementation. These efforts are part of a broader strategy to address the high cost of energy, which eats into farmers' earnings. The projects are expected to lead to improved electric energy supply, stable power and a considerable reduction in costs for farmers within the KTDA ecosystem in the medium term.



Gura Small Hydropower (SHP) plant in located in Nyeri County.

Factories Face Delicensing Over Tea Hawking, CS Kagwe Warns

Agriculture Cabinet Secretary Mutahi Kagwe has warned factories involved in tea hawking they risk delicensing as the Ministry moves to curb the vice that has remained a blot on the industry.

Mr. Kagwe said the hawking of green leaf—where farmers sell to unregistered buyers or processors—undermines the integrity of the tea value chain and robs farmers of their rightful earnings.

“Factories found perpetuating the hawking of green leaf will be delicensed in accordance with the Tea Act, 2020. This malpractice compromises quality and must stop,” he said. The Tea Board of Kenya will lead enforcement efforts, with action focused on independent processors operating outside the legal framework. The Tea Act imposes stiff penalties, including fines of up to Ksh5 million and jail terms for offenders.

The Ministry says hawking prioritises quantity over quality, flooding the market with poor-grade tea and ultimately depressing auction prices.

Counties such as Bomet, Kericho, Kisii, and Nyamira have emerged as hotspots for the illegal trade, accounting for over a third of green leaf sold outside the formal system.

The government now plans to roll out stricter monitoring and registration rules to stamp out the practice.



Exploring innovative branding initiatives for farmers' benefit



France Ambassador to Kenya Arnaud Suquet (centre) with Equity Bank founder Dr. James Mwangi (right) and Kiru Tea Factory Vice Chairman John Kariri during the event held at the factory



Royal Media Services Chairman S.K. Macharia (second from left) discusses matters tea with Murang'a Governor Irungu Kang'ata during a ceremony to explore unique branding of Murang'a County teas.

The County government, French Embassy, Equity Bank and tea factories are collaborating to brand Murang'a teas by obtaining Geographical Indication Intellectual Property that will enhance value for the benefit of farmers.

What is Geographical Indication (GI)

Geographical Indication (GI) is a type of intellectual property that identifies a product as originating from a specific place, where its quality, reputation or other characteristics are essentially linked to its geographic origin. It helps protect the distinctiveness of regional products—like Murang'a Tea—from misuse or imitation. GIs also promote rural development by adding value to local products and supporting producers' livelihoods.

Strong shilling, weak demand dampen bonus outlook

Final payment rates (popularly known as bonus) for farmers affiliated to KTDA face a decline following a drop in average prices at the Mombasa Tea Auction and a strong Kenyan Shilling that has significantly pulled down exchange rates.

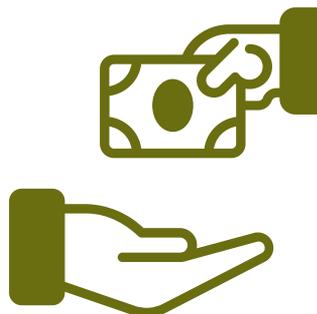
Preliminary data covering the first nine months (July 2024 - April 2025) of the current financial year indicates a downturn in key performance indicators compared to the same period last year.

The USD/KSh exchange rate that buoyed earnings last year has come down considerably from the highs of Ksh160 to settle at about Ksh129-130 per US Dollar. Given that a significant portion of Kenya's tea is sold in US dollars, this drop in exchange rates has a significant knock on the earnings from tea exports.

Sales data from the Mombasa Tea Auction further shows the prices obtained for teas from KTDA-managed factories have averaged below prices for a similar period last year (July-February).

This decline in auction prices, coupled with a slow growth in the volume of teas sold, further dampens revenue prospects for the year.

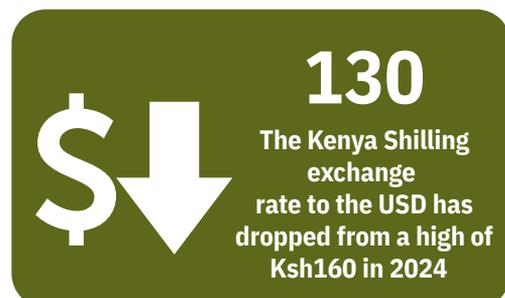
Tea exports to Sudan and Russia have faced hurdles due to ongoing conflicts slowing down purchases in these key markets.



KTDA-managed factories reported an aggregate record second payment of Ksh57 billion in the last financial year (2023/24), driven by a favourable exchange rate, stable tea prices, and increased volumes sold.

Despite these challenges, KTDA remains committed to supporting farmers through various efficiency measures, including continued investment in value addition, cost management initiatives, and market diversification efforts aimed at enhancing tea earnings.

KTDA will continue monitoring market conditions and keep farmers informed of any significant developments. The final second payment will be determined based on the full-year financial performance, and the agency urges farmers to plan accordingly in light of the prevailing market realities.



130
The Kenya Shilling exchange rate to the USD has dropped from a high of Ksh160 in 2024



Pictorial



DIAR- KTDA Foundation won accolades for Best Corporate Foundation/Best Social Investment and Best Climate Action Catalyst! This was during the 7th Edition of the National Diversity and Inclusion Awards and Recognition (DIAR) Gala Dinner. The DIAR event, with its theme "Awarding Investors in People, Planet Guardians and Champions of Prosperity for Posterity," provided a powerful platform to celebrate impactful initiatives.



KTDA Zone 6 team bagged major accolades at the Agricultural Society of Kenya Embu Show scooping the top prize in eleven major categories.



The Kenya Tea Packers Limited (Ketepa) in Kericho hosted a delegation of senior Egyptian military officers in a visit sponsored by the Kenya Defence Forces (KDF). Egypt is one of KTDA's key markets



Farmers from Kimunya Tea Factory in Kirinyaga County visited KALRO-TRI on a knowledge exchange tour focused on enhancing Good Agricultural Practices (GAPs) in tea farming. The aim was to understand tea clones and their attributes, identifying suitable clones for planting, replacing moribund tea bushes, improving tea nutrition and soil fertility, adopting good manufacturing practices, and exploring opportunities in value processing, value addition, product diversification, and tea health and nutrition.



Agriculture CS Mutahi Kagwe (right) and KTDA Holdings Chairman Chege Kirundi when they visited the Chai Trading Company warehouses in Miritini, Mombasa to assess progress in addressing challenges in Kenya's tea sector. Chai Trading, a wholly owned subsidiary of KTDA, plays a key role in enhancing the industry's global footprint.



Kenya in charm offensive for new tea markets

Kenya is pushing to unlock the Chinese and Iranian markets for tea, with President William Ruto and Agriculture Cabinet Secretary Mutahi Kagwe holding high-level engagements to secure trade agreements and promote Kenyan tea exports.

President Ruto in mid-May held a meeting with a delegation led by Zhang Chaobin, Chairman of Fuzhou Benny Tea Industries in Nairobi, to explore opportunities for expanding the access of Kenyan tea in the Chinese market.

Benny Tea is one of China's top three companies in tea production and retail supply chain, specializing in specialty teas. The engagement aligns with KTDA's strategy that has seen the Agency seek to develop more speciality teas to grow to new markets and diversify from Black CTC tea.

"Benny Tea Industries is looking at fulfilling their annual requirements of orthodox tea from the Kenyan market. The chairman also committed to invest in modern orthodox tea production factories in selected tea-growing counties, as well as improving value addition of Kenya's orthodox tea," The Presidency said in a statement.

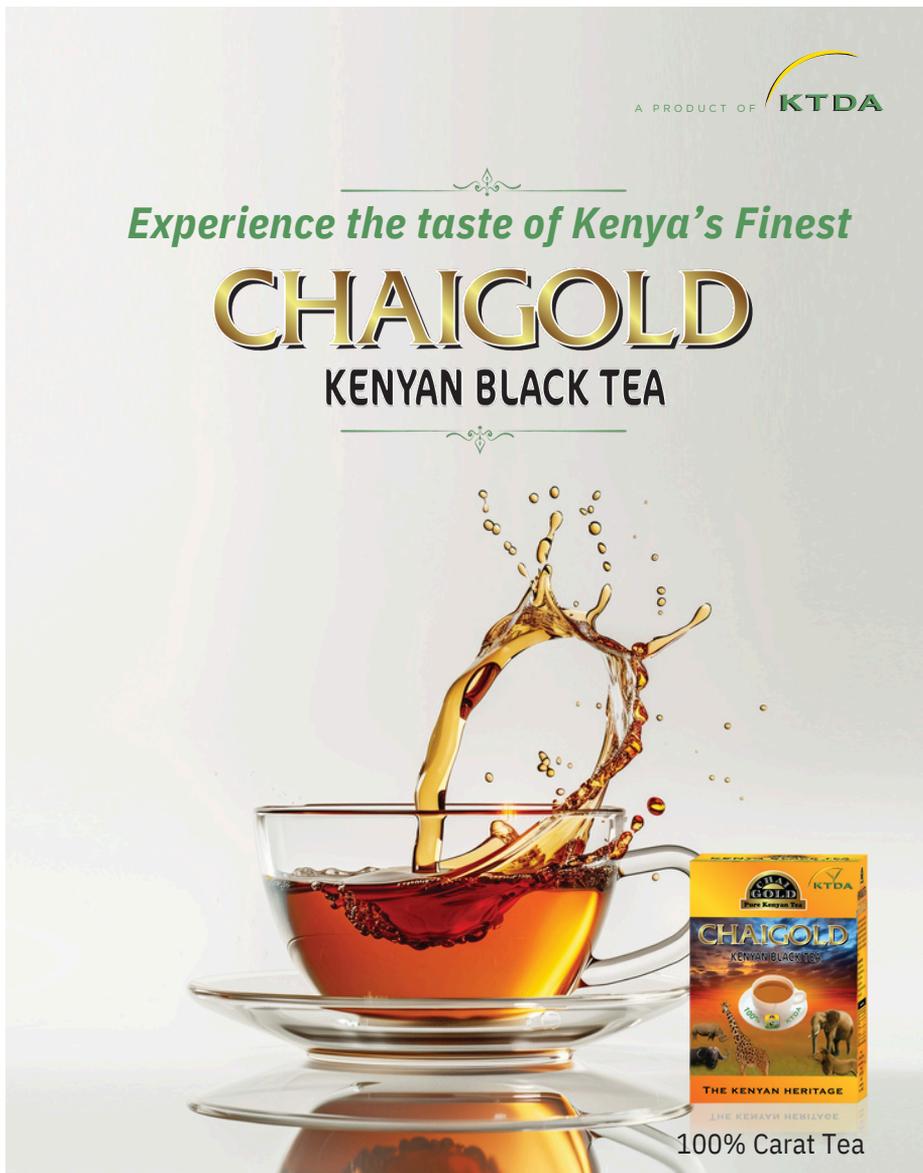
Separately, CS Kagwe met an Iranian delegation to explore export of Kenya's tea to Iran following a break in trade flow. The meeting focused on resumption of exports to Iran which is a key global market for black orthodox tea.

KTDA has been ramping up production of black orthodox tea and a resumption in exports to Iran will provide a boost for tea farmers pockets.

The discussions also focused on exploring expanded trade opportunities not only with Iran but across the broader Middle Eastern and Central Asian regions.



President William Ruto (right) with Zhang Chaobin, Chairman of Fuzhou Benny Tea Industries



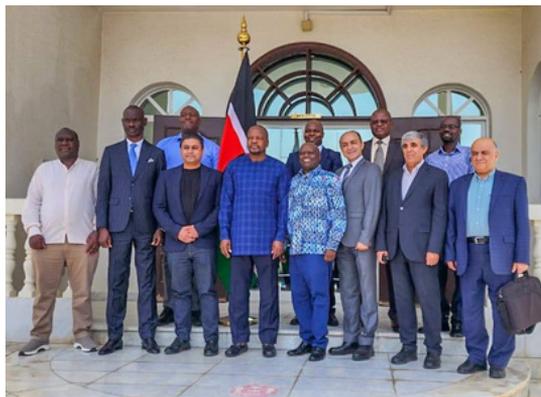
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Kenyan delegation led by Agriculture CS Mutahi Kagwe and KTDA Chairman Chege Kirundi during the talks with Iran on export of Kenyan tea

