



#GoSustainable Report
Bio Sustainability Report 2.0




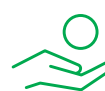




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Foreword by the CEO

Bio Foods aspires to be the best company for its employees, farmers and customers whilst protecting Kenya for future generations. In our second Sustainability Report, which covers the period from July 2020 to June 2021 we proudly share the results of last year's sustainability journey. We have made some impressive, industry-leading steps across the organisation, including:

-  A commitment to pay our staff the Kenyan Living Wage meaning our entry-level staff wage is 197% of the Kenyan minimum wage;
-  Reducing our carbon footprint by 22% despite an increase in production;
-  Increasing our solar capabilities to cover over 80% of our roof, ensuring we are using renewable off-grid energy to the maximum;
-  Paying 100% of private medical insurance premiums so that all staff can afford private medical cover, whatever their job grade;
-  Heavy involvement in the design of the new post-consumer waste tariffs that will shortly launch across Kenya;
-  Further investment in farm incentives to guarantee that only the highest milk quality is purchased.

Sustainability is at the heart of everything we do. We want to be leaders in Kenya in this field, demonstrating that it is possible to have a highly successful business whilst protecting the environment, ensuring our customers are only buying the safest and cleanest products, and supporting our employees in their growth and development as the brand grows.

We have achieved so much already, but we will not stop there; we already have many more exciting projects in the pipeline!

Tom Jansen, CEO

01.

Conscious Manufacturing.

Contributing to SDGs:





POWER AND FUEL

Already in Place

- Energy-efficient lighting across 85% of our premises
- Cold room sensors to ensure cooling facilities are functioning efficiently
- Solar water heating system
- Boiler pipe insulation to avoid unnecessary heat loss

Projects During the Reporting Period

- We have now installed our second phase of solar to increase solar capacity up to 343 KWP. This unit now covers over 80% of our roof and has reduced our power consumption by over 25%, at times oversupplying power!
- We have commissioned a new boiler which has been manufactured by a global leader to our exact specifications. This new boiler is capable of running on LPG, natural gas and IDO. Despite the new boiler being a larger unit than our current set-up, we are hopeful our fuel consumption will decrease due to the new unit's high levels of energy efficiency. The unit will also support us as we grow as a business - as production increases the boiler efficiency per litre of the product we produce will also improve.



FUEL CONSUMPTION
UP BY ONLY
3.7%



SALES VOLUMES
UP BY
8.3%



- We have been working hard on our delivery zones and route optimisation. These improvements have led to only a 3.7% increase in liquid fuel consumption despite an 8.3% rise in sales volume levels.
- We have installed tracking systems on all our vehicles, including our milk trucks. This technology will enable us to better monitor and manage our fuel consumption, onboard refrigeration and driver behaviour over the coming 12 months.

Plans Ahead

- We are keen to spend the next six months tweaking our production timings to coincide better with our solar output. This will enable us to make the most of our renewable energy source. We hope one day it will be made possible to feed our excess power onto the KPLC grid.
- We will shortly be installing a new load-on-demand chiller, the main machinery used to cool both our milk tanks and our ten refrigeration and freezer units. We estimate that this new machine will cut our energy consumption by approximately 15%.
- We will be offering our factory line managers the chance to attend Certified Energy Management Courses. These courses will help arm managers with a greater understanding of how they can support our sustainability improvements.
- Working closely with our tracking software partners, we will continue to optimise our delivery routes to minimise kilometres driven. This software will also help us ensure that all our vehicles are being driven safely and with fuel efficiency in mind.
- We are looking forward to installing our new boiler and witnessing the energy savings and lower emissions this new machinery is designed to provide.



WATER

Already in Place

- We operate an effluent treatment plant on-site at Bio HQ. This machinery ensures all our effluent water is correctly managed before it is returned to the Nairobi water system. Using this system removes any harmful bacteria before the water enters the city council system, protecting the Nairobi community. We hope to raise awareness of the importance of businesses taking responsibility for their effluent water to ensure companies are not polluting our water systems.
- We have also installed a closed-loop water system for our UHT autoclave machine. This enables us to recycle up to 60,000 litres of water a day.

Projects During the Reporting Period

- We have managed to cut our water consumption by 9.1% despite a rise in production for the period. We have achieved this by conducting awareness training and ensuring leaks are dealt with promptly.

Plans Ahead

- We are installing additional high-pressure hoses both within our factory and outside for daily truck cleaning to minimise excess water use where possible.

WASTE

We have partnered with Taka Taka Solutions for the past five years to manage our waste as efficiently as possible. This year we produced 26,280 kilograms of waste; 96.8% of this waste was recycled. Furthermore, all our hazardous waste is collected by a specialist collector to ensure any toxic byproducts are correctly disposed of.



26,280
KILOGRAMS OF
WASTE PRODUCED



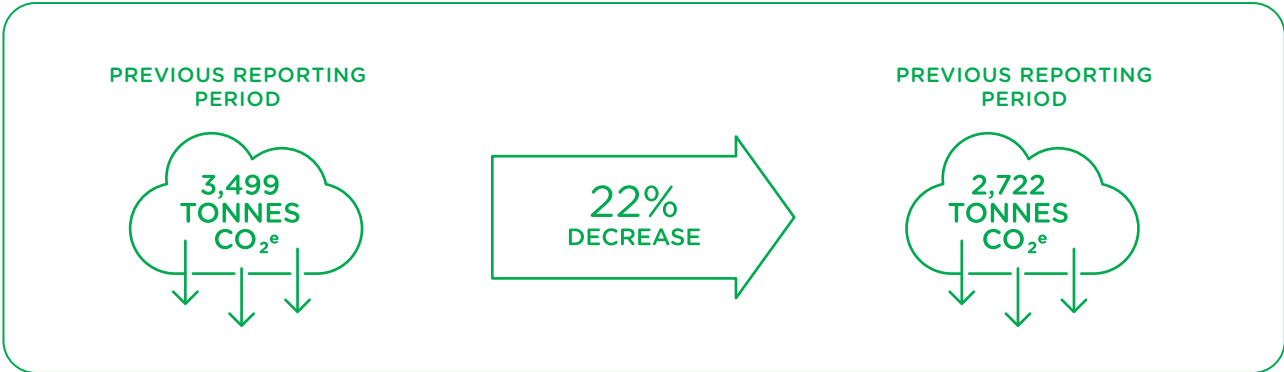
96.8%
OF WASTE
WAS RECYCLED

To support our customers with their post-consumer waste, we have increased our take-back bins from six to twenty-seven. We now have bins across Nairobi, Mombasa and Diani. These bins have been installed to help our customers recycle their Bio bottles and yoghurt cups. We also accept plastic from other brands. All this waste is then taken to Taka Taka Solutions for recycling or responsible disposal. Our bins have received great feedback, and we will be running a consumer engagement programme over the coming months to maximise the recycling potential of these units.



CARBON FOOTPRINT

We are proud to confirm that Bio has achieved One Carbon World’s Carbon Neutral International Standard for the second year in a row, demonstrating excellence and commitment in every step of our journey towards sustainability and a net-zero world.



Our carbon footprint was 2,722 tonnes of CO₂e for our last reporting period, compared to 3,499 tonnes of CO₂e the year before. This footprint captures all emissions from the farm gate to the supermarket shelf. This means we managed to reduce our overall footprint by 22%. This is 2% over our original and already ambitious target for the period. This was achieved despite an increase in production volumes!

Sustainability is a core pillar of our business, and we are always taking further steps to reduce our impact on the planet. That’s why, while we reduce our emissions as much as possible, we offset 100% of our unavoidable emissions to support afforestation and renewable energy projects in developing countries. By balancing all of our Scope 1, 2, and 3 emissions, we are officially carbon neutral at enterprise level and across all of our operations.

What was included in our carbon footprint calculation:



Electricity



Fuel Consumption (Lorries, Generator)



Business Travel



Material Use



Waste Disposal

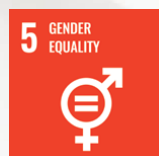


Water Use

02.

Nurturing Our People.

Contributing to SDGs:





NURTURING OUR PEOPLE

At Bio, our people mean everything - without happy and engaged staff who believe in the “Bio way”, there would be no Bio! We are always looking to ensure that our team is fulfilled and we grow together.

Remuneration

We are incredibly excited to be able to say that we now pay all our entry staff the Anker 2016 Living Wage of KES 26,500. This means that our entry-level staff wage is 197% of the Kenya minimum wage.

This is a great start, but we are aware that this wage is based on a non-metropolitan cost of living and that this figure has recently been increased to consider inflation. We will be investigating the Living Wage further over the next few months to ensure that the salary adequately represents the cost of living in the capital.

This past year has been extremely uncertain due to the pandemic. We are proud that we made no redundancies during the period with staff across the board taking a 15% salary reduction instead. Now that things have settled down and production is back on track, we have committed to sharing profits above EBITDA targets with our employees. This is our way of paying back the commitment our team showed us and ensuring everyone benefits from the brand’s success.

We have also made significant changes to our private medical insurance. Previously, staff were required to contribute to the payment plan. We have revised this setup and have now committed to paying 100% of staff premiums internally. From only 23% of employees being on the policy last year, we now have 100% of our workforce on private medical cover.



In February 2021, we arranged mental health training, “Caring for your Mental Health,” offered to all staff members. We also organised personal finance training. We are looking forward to rolling out additional self-care programmes during the coming period.

In terms of gender equality, 39% of our staff are female, and there is a 50/50 split between male and female management at the leadership level. We have had zero reported cases of discrimination during the period.



In recent months, we have conducted two staff satisfaction surveys and are working hard to iron out any discontent whilst celebrating all the positive feedback we have received. Bio Food is passionate about fostering a supportive environment where employees can grow both professionally and personally.

As well as the additional support we have offered staff during the period; all permanent employees continue to benefit from the following:

- Flexi hours
- A staff canteen stocked with bread, milk and fresh drinking water
- Product discounts and airtime
- External Coaching and Training

03.

Creating Thoughtful Products.

Contributing to SDGs:





Milk Safety

As Bio customers know well, we only use the cleanest and healthiest milk in Kenya for our products.

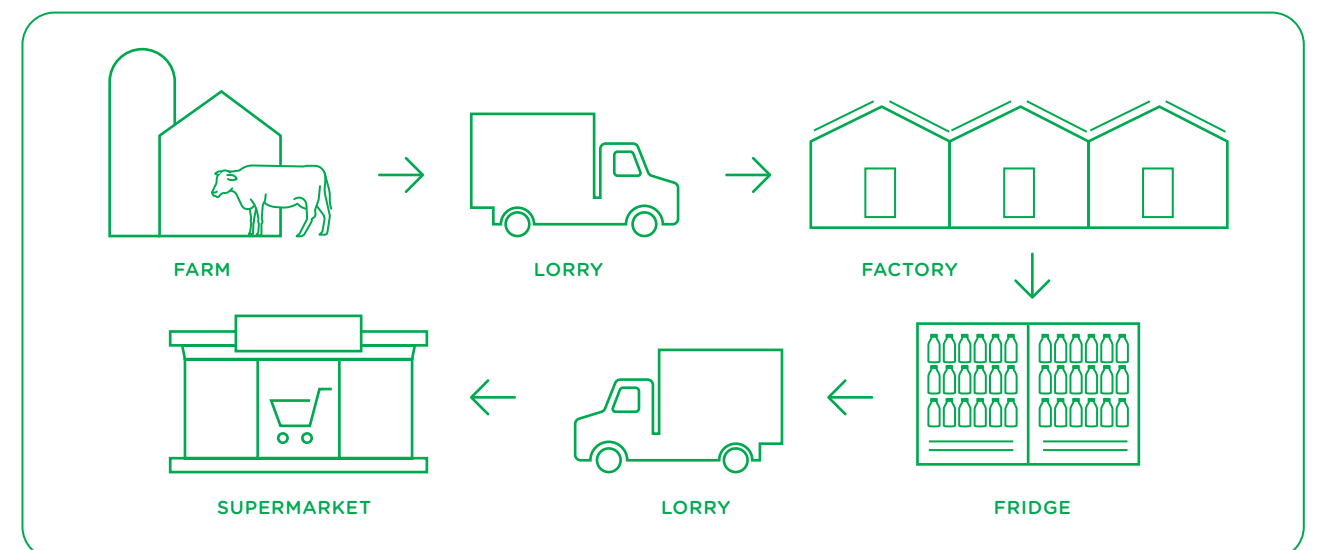
We have a zero-tolerance policy for antibiotic traces and have stringent rules relating to aflatoxin levels in our milk. We will never accept milk that breaches the WHO aflatoxin standards. Aflatoxins are highly toxic and are linked to various illnesses. At Bio Food we believe it is our moral obligation to control these levels at all costs.

We pay our farmers incentives per litre based on the quality of milk. The cleaner and tastier the milk a farmer supplies to us, the higher the milk price we pay. This helps farmers to invest in better and healthier farming practices.

Bio milk is transported chilled from the farm in individual compartments, one per farm. Once it reaches the Bio plant the milk is tested on 17 parameters. Only when the milk has passed all the tests, will it be approved for processing. By keeping the milk separate up until the point of testing, we can ensure that there is no cross-contamination, keeping our customers and their families safe. Any milk that does not conform to our strict standards is rejected.

We constantly work with our supplier farms to support them with milk quality and are proud that we have only had to reject milk on seven occasions during the reporting period. Where milk is rejected, we quickly work with the farm to rectify the situation together.

Once the milk passes our Bio testing, it is pasteurised and homogenised in our state of art facilities, stored in closely monitored cooling units before being loaded into our refrigerated vehicles for delivery.



We are certified by the International Organization of Standards under standard ISO 22000. This is regarded as the highest certification for food safety and demonstrates the importance we place on international quality standards.

All these steps ensure that when the product reaches our customers, **it is clean, delicious, and safe.**



Product Choices

Since 2018 we no longer use Aspartame in any of our products. Certain studies have linked this artificial sweetener to health problems, including cancer and cardiovascular disease. Whilst the results are not 100% conclusive, we have decided not to take any risks. Instead, despite the much higher costs, we now use stevia, a natural sweetener. We always try to ensure that we do not use excess sugar to improve the healthiness of our products without compromising on taste and quality.

We are proud that we now have our plant-based options for our customers - our Coconut Yogurt. This comes in four flavours. These products are 100% plant-based and made from the best Kenyan coconuts. We also put particular focus on our children's products and fortify these products with minerals and vitamins where possible, including Vitamin A, B and D3, to support healthy growth.

BIO QUALITY IS...



BIO MILK RANGE



BIO FRESH MILK
2LITRES & 1LITRE



BIO LONG LIFE MILK
1LITRE & 500ML



BIO LACTOSE FREE MILK
500ML

BIO YOGHURT RANGE WITH REAL FRUITS



BIO BLACK YOGHURT
1LITRE



BIO BLACK YOGHURT
450ML



BIO BLACK YOGHURT
150ML



ASSORTED
6X150ML



ASSORTED
12X150ML



BIO BLACK YOGHURT
90ML



4X90ML



FRUIT ON THE BOTTOM YOGHURT RANGE; WITH A SPOON



BIO FRUIT ON THE BOTTOM
200ML

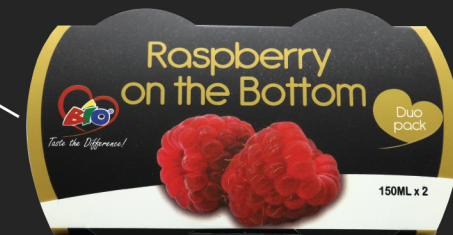
..how to get the spoon!



BIO FRUIT ON THE BOTTOM
150ML ASSORTED 4 PACK



DUO PACK
150ML



BIO YOGHURT RANGE WITH REAL FRUITS



BIO GREEK YOGHURT
200ML



BIO PROBIOTIC YOGHURT
350ML



BIO SUPERLITE YOGHURT
FAT FREE
150ML & 450ML



BIO PLANT BASED YOGHURT
200ML

BIO CHILDREN'S YOGHURT RANGE WITH REAL FRUITS



BIO TINGATINGA YOGHURT
90ML CUP



ASSORTED
6X90ML CUPS

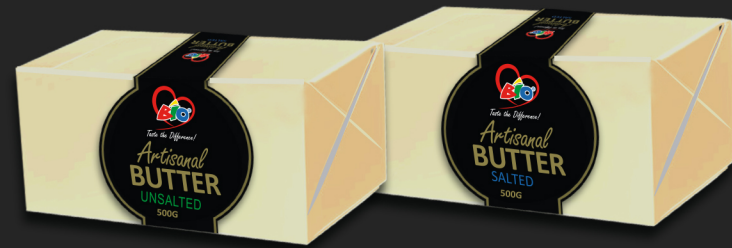


BIO TINGATINGA YOGHURT
350ML BOTTLE



ASSORTED
6X350ML BOTTLES

BIO PRODUCTS RANGE



BIO BUTTER
500G



BIO WHIPPING CREAM
500ML



**BIO COOKING CREAM
(NON-DAIRY)**
500ML

BIO DAIRY CHEESE RANGE



BIO MOZZARELLA
110G X 3 BALLS, 1KG,
200G, 2.5G



BIO GOUDA
150g, 300g, 1kg

BIO GOUDA FENUGREEK
150g, 300g, 1kg

BIO GOUDA CUMIN SEEDS
150g, 300g, 1kg



BIO BIO CHEDDAR
150g, 300g, 1kg

BIO CHILLI CHEDDAR
150g, 300g, 1kg



HALLOUMI
1KG, 200G



PANEER
1Kg, 200g, 2.5g,

04.

Supporting Our Suppliers.

Contributing to SDGs:





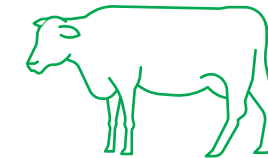
Supporting Our Suppliers

As we mentioned in our previous report, we are acutely aware of the carbon impact of our milk supply chain. We do not own any farms but, instead, source from farms that have passed stringent tests to become a Bio supplier.

Despite supplier farms not being part of our direct operations, we still believe that our responsibility is to support these farms in improving their environmental impact and welfare standards where possible.

From the carbon footprint we commissioned on our principal farm in 2020, we have established that per litre of milk we purchase from farmers, 3.2kg of Co₂ is emitted. When comparing these emissions to our “farm to shelf” emissions of 0.4kg of Co₂ per litre, it is clear that our milk supply is carbon-intensive.

3.2KG
OF CO₂
PER LITRE



VS



0.4KG
OF CO₂
PER LITRE

We believe that the most powerful way to impact farm emissions positively is to ensure high milk yields. The majority of farm emissions come from methane produced by cows releasing gas. There is little that can be done about these emissions. However, what we can do is ensure that each cow is producing lots of milk to “make the most” of its methane!

We have a full-time Dairy Management team working in the field, supporting farmers on feed composition and animal welfare improvements to help ensure high yields - a happy cow is a high yielding cow!

Our sustainability consultant has also spent time in the field during the period looking at the farms through a wider sustainability lens. We now have a list of areas for improvement which we want to work on over the next few months. These include waste management, calf rearing standards and staff welfare.

We will also be launching the Bio Stewardship Standards. These Standards will outline the minimum standards our farms must meet in terms of social and environmental responsibility to ensure our supplier farms also protect their people and environment.

Regarding our non-dairy suppliers, we have conducted sustainability questionnaires to our top ten suppliers to better understand their social and environmental considerations. Over the coming months, we are keen to work with these businesses not only in those areas where we feel improvements can be made, but also to learn best practices from suppliers, particularly our international suppliers, who are ahead of us in their sustainability journey. This is something we were keen to action in 2020, but we were met with challenges due to Covid 19 and the restrictions the pandemic caused.

05.

Packaging With Care.

Contributing to SDGs:





Packaging With Care

Whilst we will always require packaging to store and transport our products, this does not mean we cannot make sustainable decisions about which materials we use. Over the last five years, we have implemented a series of improvements to the eco-credentials of our packaging. These include:

- Reducing the plastic in our milk bottles by 25% and altering these bottles to be semi-transparent to increase their recyclability;
- Manufacturing 100% of our yoghurt cups from repurposed plastic;
- Using biodegradable and compostable cheese packaging;
- Creating a two-litre milk bottle to avoid families buying multiple one-litre bottles.

Over the next few months, we will investigate what else we can do to improve our packaging and transport materials. We are looking into the possibility of manufacturing our milk bottles from 100% recycled PET...watch this space! We are also looking to see how we can reduce the amount of shrink wrap we use for transportation.

We are paying members of PETCO and are heavily involved in playing a leading role in KEPRO, a new government-backed extended producer responsibility scheme. This scheme will legally require all brands to pay levies to ensure that all waste associated with their products is recycled. The scheme is expected to take effect in 2022. Bio has already committed to ensuring gram for gram recycling of all plastic waste by 2023.

NUMBER OF TAKA
TAKA TAKE-BACK
BINS PREVIOUSLY:

6



NUMBER OF TAKA
TAKA TAKE-BACK
BINS IN 2022:

27





Conclusion by the Chairman

This report reflects the firm commitment that Bio has made to become sustainable. We are proud of Team Bio's passion and actions to bring this goal closer every year. We have reduced our CO2 footprint by 22%. We have reduced plastic usage and increased recycling. We have reduced water use. And we have taken steps to make our company more equitable. We are proud of what we have achieved. But more importantly, we know that we can and should do much more. In 2022 we will further reduce our CO2 footprint. We will reduce our plastic usage further. We will work towards 100% recycling of all plastics. And we will improve the working conditions for our teams.

I sincerely hope that our customers, consumers and suppliers will join us on this journey. If we act together, we will overcome together. The time to act is now...

Joachim Westerveld, Chairman





Taste the Difference!

www.biofoods.co.ke | [@biofoodproducts](https://www.instagram.com/biofoodproducts)

#GoSustainable