



Taste the Difference!

Foreword



**Waithera Ng'ang'a | Strategic Partnerships
& Corporate Communications, Director**

Enhancing sustainability in Food systems for Bio Food Products is deeply embedded in our strategic growth framework. It is not just about who we say we are, it is what we do - it is our working culture.

The sustainability of our food systems is one of the biggest challenges we face as a society as we tackle the food security question. In our corner of the world, Biofoods has developed, as part of its strategic long-term focus, the transforming Kenyan Dairy agenda which is primary to the core of our business. The food systems outcomes that we are currently focusing on are food security, health and nutrition for all, food systems circularity and impact on the environment.

At Bio we believe integrating our sustainability ethos in all parts of the food system, from the first step of our food system value chain i.e. Dairy development (production of milk, feed and fodder where Biofoods focus is on regenerative restoration of bio diversity of fodder which encourages resilience in feed planning and production, efficiency of feed conversion for our animals to production and economic enhancement of our farmers through the Bio way - feeding for profit programme) to the last step which is processing value and nutritional brands for our consumers. We ensure that we take the strongest sustainable direction in favor of highest quality food for our growing population, reducing its environmental impact as we do business and increasing the economic viability on-farm and off-farm for our productive environment.

At Bio we trust that bringing our stakeholders together to break down silo thinking, examine all points of view and working together to define all the actions is necessary to transforming our dairy industry. We are strongly convinced that participating in change through collaborative action and dialogue, thought leadership and policy engagement with all food systems players will bring us closer to building a more sustainable food system.



**Bio Foods is officially
B CORP Certified!**



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Unless otherwise indicated "Bio Foods", "Bio" and other related terms such as "Our", "we", etc used in this report refers to Bio Food Products Ltd



1. Message from our CEO

At Bio Foods, we are driven by a deep commitment to fostering a sustainable future for generations to come. As we embark on our third Sustainability Report which covers the period from Jan 2023 to December 2023, we reflect on our journey thus far and set our sights on even greater accomplishments ahead.

Amidst challenges, we have remained steadfast in our mission to prioritize the well-being of our employees, farmers, customers, and the environment. Here are some highlights from our sustainability efforts:



We have significantly reduced our carbon footprint, a 6.4% reduction in intensity carbon emissions while increasing production by 20%, demonstrating that sustainability and growth can go hand in hand.



Our commitment to fair wages remains and extends to all levels of our workforce, with entry-level wages surpassing the minimum wage by 114%, ensuring a thriving and motivated team.



We have continued to harness the power of the sun to fuel our operations responsibly, >39% of our operations energy is derived from solar.



We have actively engaged in shaping policies and initiatives aimed at tackling post-consumer waste, driving positive change across our industry and beyond.



Investment in farm incentives underscores our dedication to sourcing only the highest quality products.



We achieved B Corp certification which signified that we joined the global vanguard of businesses striving for a better world.

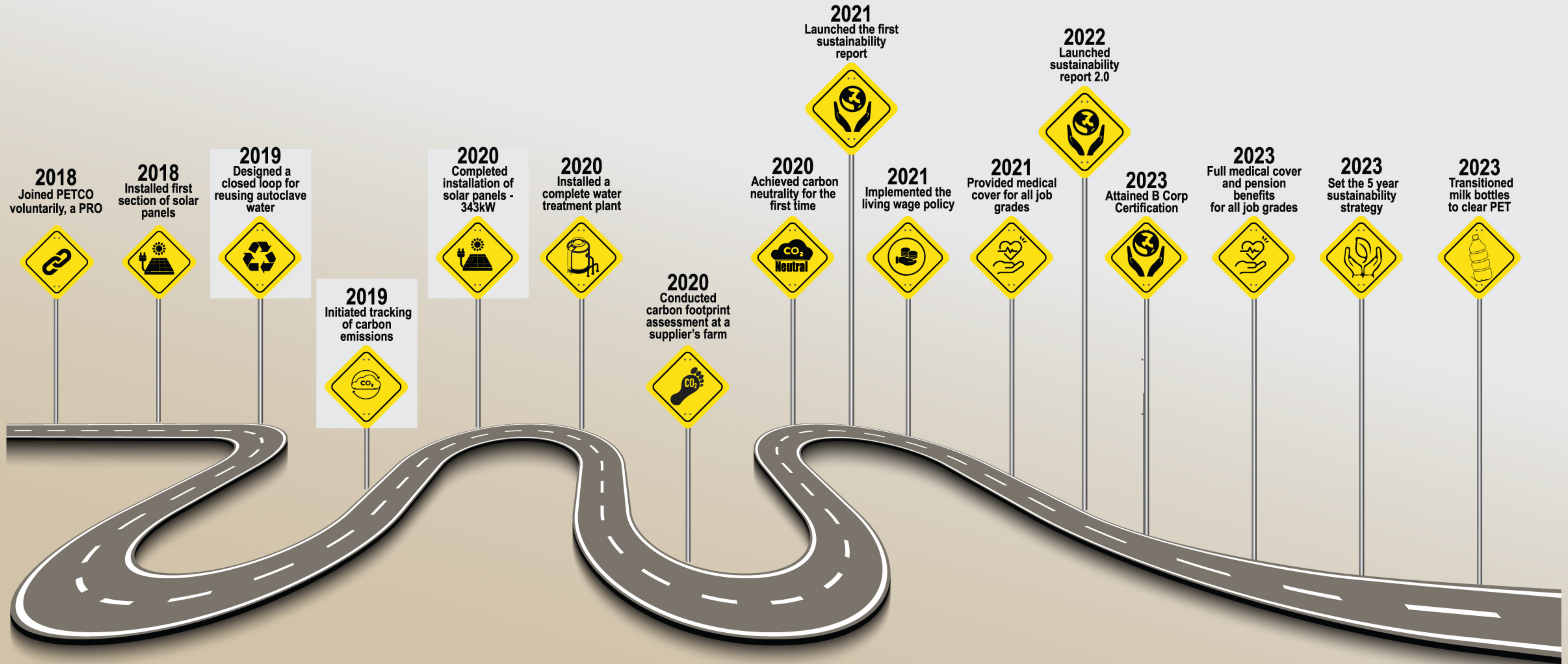
As we look to the future, sustainability remains at the core of our ethos. We are committed to being leaders in our field, demonstrating that a successful business can be synonymous with environmental responsibility, product safety, and employee well-being. To this end we designed a 5-year strategy to ensure focus on impactful areas that are elaborated on in this report.

While we celebrate our achievements this far, we recognize that our journey is ongoing.

We are excited to continue exploring new avenues for innovation and improvement, building upon our successes to create a brighter and a more sustainable future for all.

Joachim Westerveld - CEO

2. Sustainability Journey



3. 2023-2028 Sustainability Strategy



Our sustainability strategy has 7 focus areas for the next five years addressing a relatively broad set of themes from a stakeholder survey launched on LinkedIn and Facebook and also based on a global industry research. The strategy is aligned with the Sustainable Development Goals (SDGs) as it's a global framework signalling commitment to broader sustainable development efforts while aiding us to focus, prioritize efforts and measure impact through SDG indicators.

KPIs have been set to ensure that progress in each focus area can be monitored. Finally, potential initiatives have been listed as actions that can be carried out to make progress. These initiatives have also considered weaknesses which were uncovered during the B-Corp application process.

- i. Please note that targets have not yet been set for the company as the KPI data needs to be collated with baseline figures calculated before realistic targets can be designed.
- ii. It is essential that once this baseline data has been collated, targets are set, to ensure that there are goals in place and Bio is accountable and not at risk of greenwashing.

4. Producing quality products that are safe for you and your family

Contributing to SDGS:



SDG Target 3.4 :

Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.



Quality of our milk

Our customers trust that the products they receive are safe for consumption by their families and we are dedicated to providing the healthiest and safest products. We adhere to stringent rules and processes, and our commitment to quality is underscored by our certification under ISO 22000:2018, the highest standard for food safety.

We ensure this in the following ways:

- Our farmers are trained and incentivized based on the quality of milk they supply, with higher payments for cleaner and tastier milk.
- To prevent cross-contamination, milk is transported chilled from individual compartments on each farm and tested upon arrival at our facilities
- Our milk undergoes rigorous testing on 18 parameters before being approved for processing. Any milk that does not meet our strict standards is rejected.
- We maintain a zero-tolerance policy for antibiotic traces.
- We strictly adhere to aflatoxin standards set by the World Health Organization (WHO) at 500ppt. To this end Bio Foods and USAID have joined forces to launch the “Safe Milk Kenya” partnership focused on enhancing consumer health by combating aflatoxins.

Product Choices

We continually strive to improve the healthiness and variety of our products while ensuring they continue to delight our customers.

In 2018, we made the decision to eliminate artificial sweeteners containing aspartame from our products due to potential health concerns. Instead, we use stevia, a natural sweetener, despite the higher costs involved. We also prioritize reducing sugar content in our products without compromising on taste and quality.

Our range includes plant-based options like coconut yogurt which comes in four flavours. These products are 100% plant-based and made from the best Kenyan coconuts

We also have Bio Active Power that comes in 3 variants, incorporating high protein, low-fat, no sugar in Nature and reduced sugar in the Strawberry and Vanilla.





Taste the Difference!



5. Reduce our carbon emissions

Contributing to SDGS:



SDG Target 3.2 :

Integrate climate change measures into policies, strategies, and planning.



BIO Food Products Ltd - Carbon Neutrality Statement - October 23

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Decreasing Emissions Intensity

Our efforts in sustainability have shown promising results despite increased production. From 2022 to 2023, our carbon footprint decreased by 6%, reaching 0.44tCO₂e per tonne of product, down from 0.47tCO₂e in the previous year.

History of Carbon Footprint

We've tracked our carbon footprint across different scopes since 2019. Scope 1 and 2 emissions cover our direct and energy-related emissions, while certain scope 3 emissions, including material use, water treatment, freighting goods, waste disposal, and business travel (both land and air), have been accounted for.

Carbon Neutrality Achieved

To mitigate our emissions impact, we offset all scope 1 and 2 emissions through projects like GHG reduction in Gujarat, India, and reforestation in La Pitanga, Uruguay, achieving carbon neutrality at enterprise level and across all of our operations.

i. Our scope 3 included - Material use, Water treatment, Freighting goods & Well-to-Tank Freight, Waste Disposal, Business travel – Land & Air, Well-to-Tank overseas electricity & Transmission and distribution, Well-to-Tank fuels

ii. The emissions outlined in scopes 1 and 2 exclude those from refrigerants. A revised baseline will be established for the 2023-2024 period to incorporate refrigerant emissions within scope 1, and to encompass milk and raw ingredient emissions within scope 3.

Farm-Level Interventions

Recognizing the importance of sustainable practices at the farm level, we invest in farmer training to improve efficiency and reduce emissions per litre of milk. One farm has already undergone a carbon footprint analysis, and we are extending this training to all farmers to promote sustainability throughout our supply chain.

Factory Power and Fuel Efficiency

By prioritizing energy efficiency, we've fine-tuned our production schedule to coincide with solar energy availability. As a result, 39% of our energy now comes from solar sources. Additionally, 92% of our facility is lit by LED lighting. We've insulated boiler and pasteurizer pipes and installed sensors in our cold rooms to optimize cooling without unnecessary electricity usage, further cutting down on energy waste. These measures have led to a 25% reduction in our grid energy consumption and only incurred a 14% rise in IDO at Bio HQ, despite a 21% increase in sales.

Efficiency in Logistics

Efforts to optimize logistics have yielded positive outcomes, with fuel-based emissions increasing by only 6% despite a 20% production increase. This involved acquiring fuel-efficient vehicles, using a tracking software for route optimization and drivers' driving safely with fuel efficiency in mind.

Future Initiatives

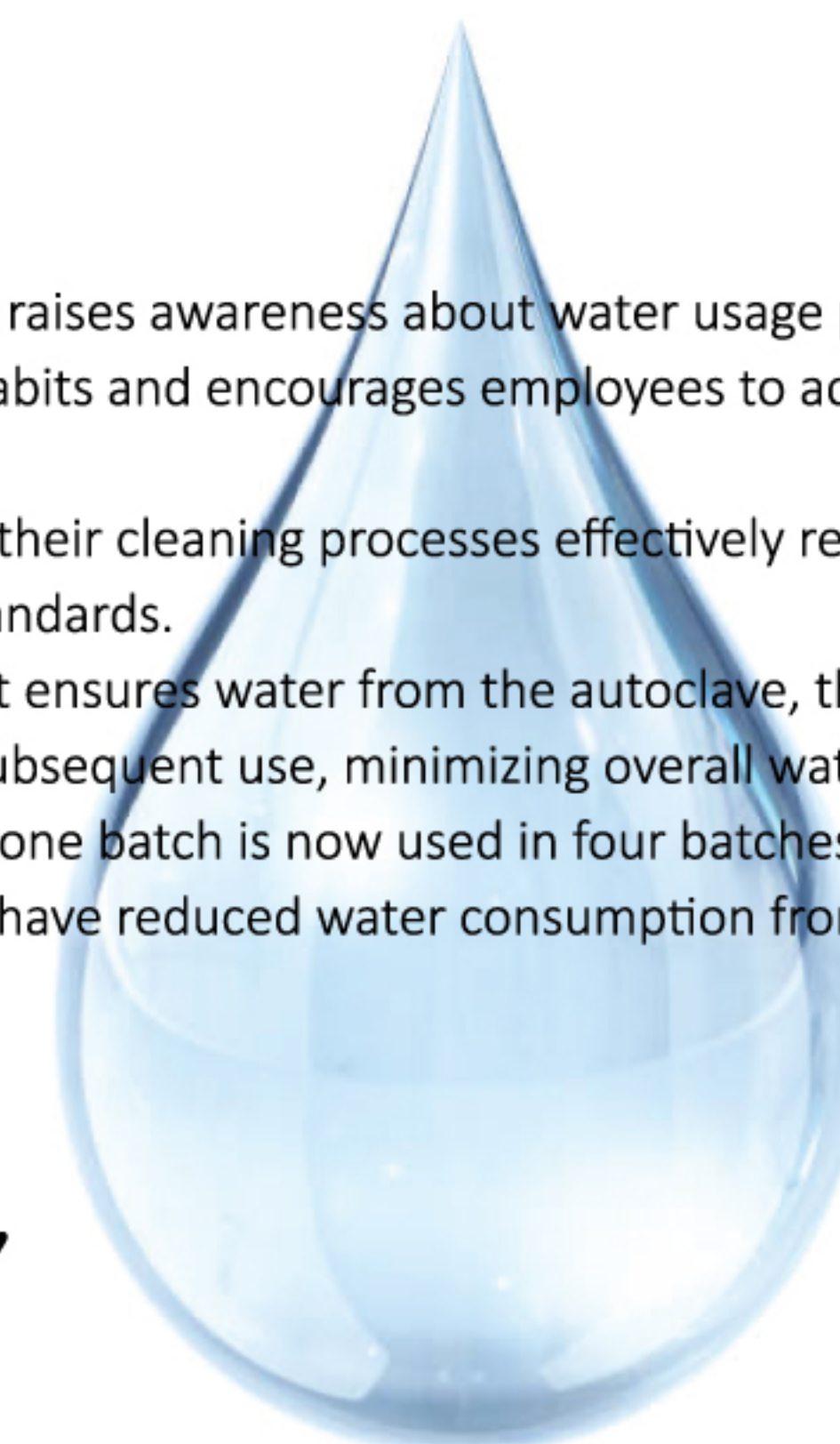
We plan to: -

- Refine our carbon footprint calculations to include milk and all other raw ingredients in scope 3 and refrigerants in scope one.
- Transition our intensity emissions fully from revenue-based metrics to product-based.
- We aspire to set science-based initiative targets (SBTi)
- we aim to offset emissions locally and set science-based targets.

6. Using Water Responsibly

In Place

- A behavioral change program that raises awareness about water usage practices, promotes responsible water management habits and encourages employees to actively participate in reducing water wastage.
- The use of high-pressure hoses in their cleaning processes effectively reduces water consumption without compromising hygiene standards.
- We have a closed-loop system that ensures water from the autoclave, the machine used to sterilize our long-life milk, is recycled for subsequent use, minimizing overall water consumption. Water that would have initially been used for one batch is now used in four batches and then reused. As a result of these measures, we have reduced water consumption from 8 liters per kg to 5.73 liters per kg, a reduction of 28%.



Plans Ahead

- Metering every section of the operations to have visibility of the most water-intensive areas and implementing area-specific solutions.
- Exploring additional opportunities for water reuse and recycling

Contributing to SDGS:



SDG Target 6.4 :

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

7. Minimising our Waste

Contributing to SDGs:



SDG Target 12.5 :

By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

In Place

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 30% between 2019- 2020, altering these bottles to be semitransparent in 2020 and finally transitioned to clear PET in 2023 to increase their recyclability as clear bottles have fewer problematic additives. We've received very good feedback from consumers.
- Manufacturing 100% of our Bio black yoghurt cups from repurposed factory plastic offcuts.
- Having a two-litre milk bottle to avoid families buying multiple one-litre bottles.
- We were a voluntary and paying member of the Producer responsibility organization (PRO) PETCO (Kenya PET Recycling Company), now PAKPRO (Packaging Producer Responsibility Organisation) before it became a regulation meaning we have been paying a levy to ensure that all waste associated with our products is recycled.
- We have take back bins in different locations to help Kenyans recycle their plastic waste. We hope these bins will help our customers to recycle their post consumer waste but will also raise awareness of waste and recycling more generally within the community.

In progress at the time of reporting

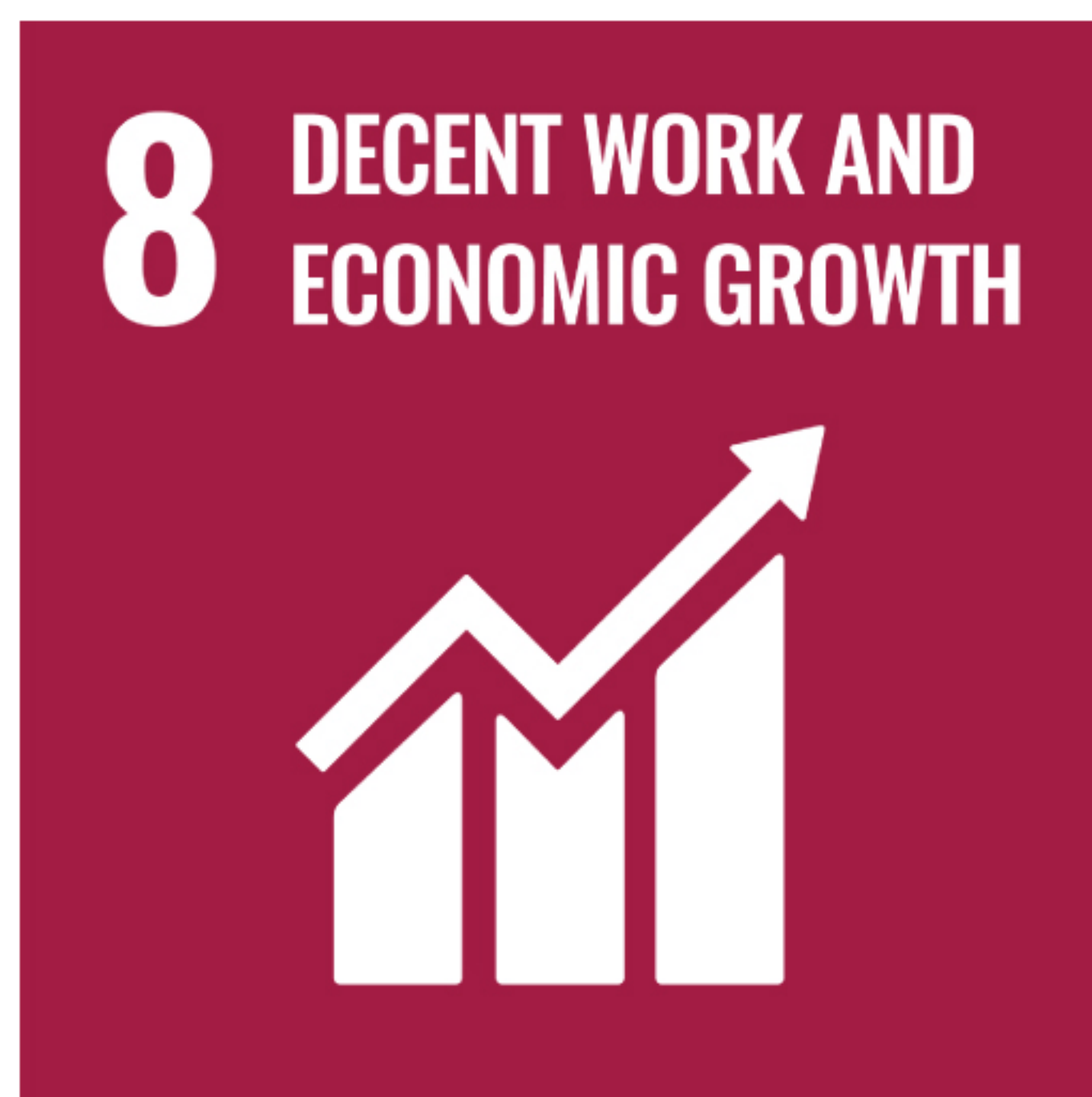
Working on a crates project to reduce the amount of shrink wrap we use for transportation.

Plans ahead

We are looking into packing our milk in recycled PET bottles once standards and legal frameworks around food grade rPET are put in place in the country and machinery is available at our potential suppliers' premises.

8. Looking after our People

Contributing to SDGS:



SDG Target 8.5

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Values



At Bio, we prioritize the well-being and growth of our team, fostering inclusivity and personal and professional development as our company expands. Our low staff turnover reflects our commitment to ensuring our employees are happy, engaged, and aligned with the 'Bio way', as they are the heart of our operations.

Prioritizing Team Well-being:

We've been conducting employee happiness surveys every month and presenting the results in our townhall meetings for transparency purposes and are working hard to iron out any discontent whilst celebrating all the positive feedback we have received.

Fair Wages and Benefits:

- We commit to paying our entry-level workers the Living Wage as per the Global Village Wage coalition. This wage, based on the non-metropolitan cost of living, is 114% higher than the minimum wage.
- Employees of all job grades receive full inpatient and outpatient medical cover.
- All employees also have pension
- New mothers receive 4 months of maternity leave with full pay, enabling them to exclusively breastfeed for 6 months (if they combine the maternity leave with their annual leave) in line with WHO recommendations. We provide a comfortable mothers' room upon their return.

Gender Equality and Internal Promotion:

- Nearly gender-balanced workforce (42% women, 58% men).
- 50% women in top leadership positions.
- We support internal promotion. Here are two out of many examples of exemplary talent in our organization.

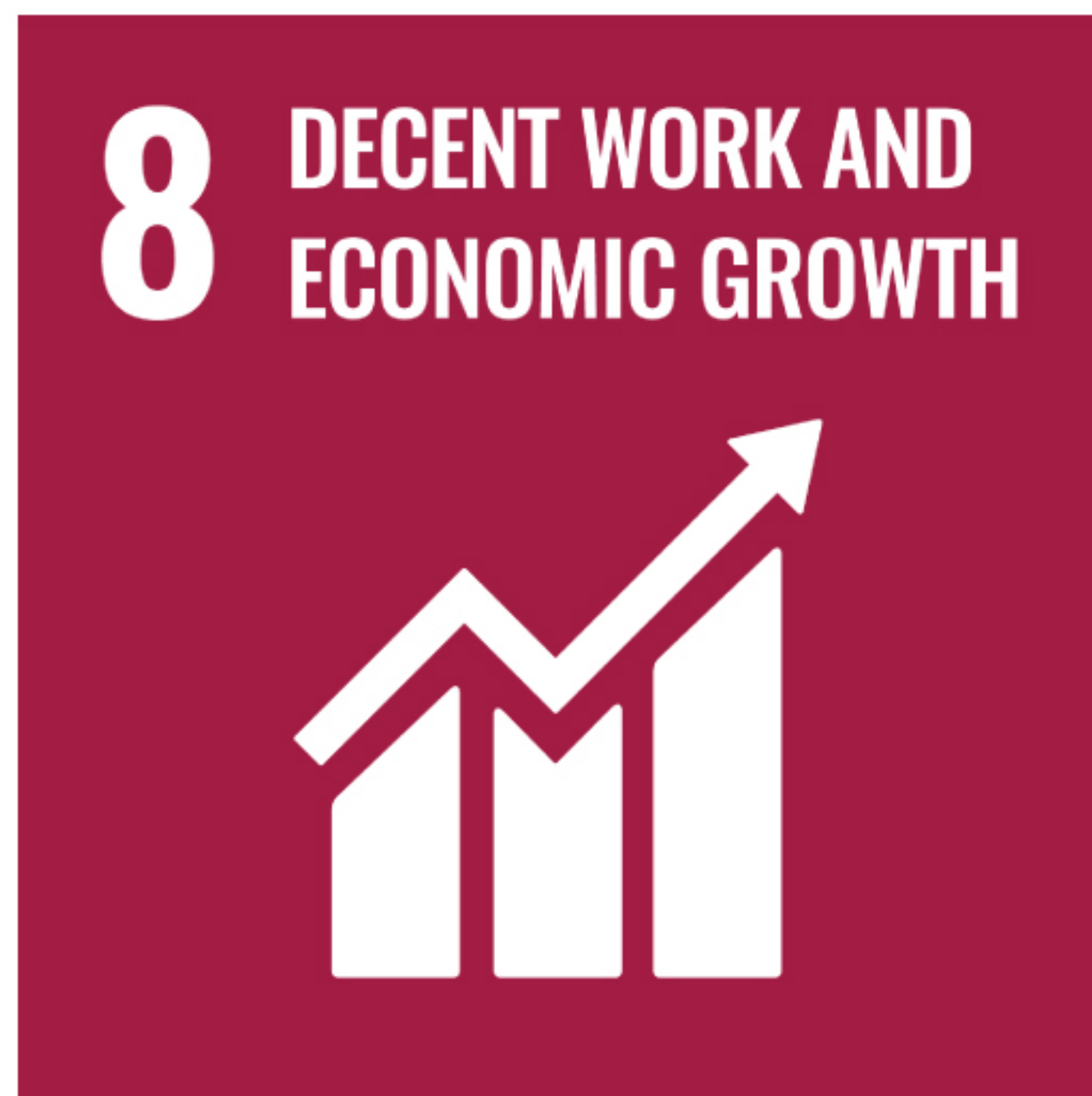
1. Catherine Katiti our current Head of Research and Development who started off as a Quality Control Intern. She played a crucial part in the development of our new Bio Black brands: Orange Biscuit and Guava Moringa which we love.
2. Icharia Mungai who joined Bio as a retail merchandizer and has grown to become one of our finest Key Accounts Managers, managing our main retail clients' accounts.

Safety Initiatives:

Safety is paramount. Over the past 2 years, intentional efforts have made our organization safer, resulting in 648 LTI (Lost Time Incident) free days since tracking began. This was due to lead measures like First aid cases decreasing by 32%, and reported LTIs having an 89% closure rate.

9. Supporting our farmers To grow and prosper

Contributing to SDGs:



SDG Target 8.5

By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social, and environmental shocks and disasters.



Despite significantly contributing to Kenya's GDP, the dairy industry faces several challenges, including climate change, rising logistics and energy costs, and expensive animal feed. These constraints risk pushing farmers out of dairy farming altogether.

In response, we are committed to supporting our farmers as Bio grows by:

- Paying farmers based on the actual cost of milk production rather than market prices. This approach, applied during surplus and drought periods, has fostered strong, trust-based relationships.
- They receive training on different issues like optimizing their feeding rationale and better usage of water and energy which grows their yields and profitability. This training is done through the free extension services that we give to our farmers. Providing free training on optimizing feeding rations, and improving water and energy usage. This training is delivered through our extension services and has enhanced yields and profitability.
- Offering bonuses on top of the flat rate prices for meeting and exceeding specific quality standards, such as aflatoxin levels, total bacterial load, and butterfat content. Incentivizing the production of more quality milk is not only great for the farmers and Bio but also for the environment as it brings down the CO₂ emissions per kilogram of milk.
- Educating farmers on sustainable business practices through the Bio Stewardship standards. This leads to happier cows, satisfied staff, strong operations, reduced staff turnover, retention of best practices, and higher milk yields.

*** Worker welfare includes providing protective clothing, fair wages, proper rest periods, and minimizing heavy lifting and chemical exposure.

*** Animal welfare involves humane handling and timely treatment of sick animals.

*** Environmental stewardship encompasses proper waste disposal, efficient water use, and annual water testing.

These measures ensure quality, sustainability, and a safe workplace.

10. Being a sustainability leader in Kenya

Contributing to SDGS:



SDG Target 17.9

Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals.



Achieving B Corp certification established Bio Food Products Ltd as the first dairy company in Kenya to receive this distinction. This achievement, along with being listed among the few Kenyan brands with this certification, underscores our to being a 'For Good' business. Some of our customers, such as Greenspoon and Spring Valley Coffee, are also B Corp certified, and we believe more businesses need to adopt best practices to drive systemic change in Kenya.

Currently, we are already taking steps to help our suppliers become more sustainable by including sustainability questions in our audit processes. We aim to be more proactive in supporting our suppliers, as well as our retail and corporate clients, in their sustainability efforts. Often, the challenge is not a lack of desire but simply not knowing where to start. Embracing sustainability not only adds value but can also reduce operating costs and improve financial stability, creating a win-win situation for employees, the environment, and the bottom line.

Here are some future-shaping initiatives and recognition that our team has been involved and received in the past year.

- Achieving B- Corp certification demonstrate high social and environmental performance.
- The feed for profit program which helps our farmers not only get aflatoxin safe feed but also feed that has the right composition for cows to produce milk – This initiative received a sustainability award at the Kenya Beverage Excellence Awards 2023.
- Transitioning our milk bottles to clear PET bottles which are more recyclable linked in image.
- Recognized in the Most customer obsessed brands impacting lives in 2023 **#23**
- Receiving the following awards at the Africa Food Awards 2023;
 - ✔ New Product of the Year Award for Bio Coconut long-life milk
 - ✔ Sustainability Initiative of the Year Award for the Feed for Profit Program
 - ✔ The CEO of the Year Award for Joachim Westerveld for being an exemplary leader



Conclusion by the CEO

We believe that this report shows our strong commitment to sustainability and offers valuable insights into Bio's ongoing efforts. We're proud of what we've achieved so far, yet remain aware of the significant challenges that lie ahead. Our determination to take real steps toward sustainability remains firm. Initiatives such as Agro productivity improvement, investing in regeneration to regreen earth while helping dairy farmers feed their cattle better and extra steps towards circularity are some projects we are getting into in the coming year. We invite our consumers, suppliers, customers and other stakeholders to join us in making the world a healthier and more habitable place for all species and future generations.

Joachim Westerveld, CEO





Taste the Difference!

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

#GoSustainable

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