



ON COURSE FOR A SUSTAINABLE FUTURE

2023 Sustainability Report





UENDELEVU WA THAMANA

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Message from the Chair of the Board of Directors

Kenya Bixa Limited has continued to demonstrate its business acumen of embracing sustainability by applying its vision of transforming lives and producing sustainable and innovative annatto products. We take pride in the strong financial and sustainability performance the business has achieved over the year amid the tough business environment since the onset of the Covid-19 pandemic.

I thank the Board and our Managing Director, Dr. David Kisa, for living true to our core values and spearheading the business's impact on our stakeholders within the company, community, and beyond. This commitment resulted in stellar business performance which is attributed to the commitment embedded in our business culture and operations towards innovation, efficiency, and transformation.

The Board has focused on several strategic initiatives that bring about impact on the three areas, which include but are not limited to the following;

- » Launching an integrated out-grower system that improves the accounting and payment system of the over 1,000 farmers on our out-grower scheme.
- » Investment in mechanizing our nuclear farms to increase productivity and embracing sustainable farming practices that improve soil health and yields. We rolled out similar training to the out-grower farmers.
- » Market growth through creating awareness on the benefits of annatto as a natural product.
- » Launching a Briquette machine that reduces reliance on fossil fuel and embraces recycling.

The Board also recognizes the management's unwavering commitment to increasing employee motivation and implementing the culture initiatives towards sustainability, embedded in the engagement, benefits and reward systems.

The Board views sustainability as a long-term strategy that brings competitive advantage by recognizing and addressing all the stakeholders' concerns thereby building trust and a sustainable business. The Company will continue to strengthen the implementation of our business strategy thereby raising the bar for ESG integration through trainings and improved benchmarks on the accountability and appraisal systems. With this inaugural Sustainability Report, we reflect on our dedication to transparency, accountability, and responsible business practices. It serves as a testament to our unwavering commitment to environmental stewardship, social responsibility, and robust governance. It also serves as the baseline assessment of our sustainability performance against which we will set our sustainability goals and targets and monitor our progress for the coming years.

We, therefore, welcome our stakeholders and other users of this report to gain insights into our sustainability performance and make an informed assessment based on our management of identified impacts.

In conclusion, we recognize that we're operating in an ever-evolving sustainability landscape, with effects from climate change and other ESG factors taking central stage in our daily decision-making forums, thus we continuously forge ahead in gathering the necessary memberships, skills and qualifications towards sustainable development. Our commitment to sustainability is not a one-time effort but an ongoing journey that requires our dedication, innovation, and resilience, and with this report, we set out on an exciting journey ahead. We believe that "We are on course for a sustainable future".

I thank all the stakeholders who are joining us in future-proofing and pushing the ESG agenda.



Joshua Kulei
Chair of the Board of Directors

Message from the Managing Director

This report marks a significant moment for our company as we take a bold step towards greater transparency and accountability in our operations and business relationships.

Throughout 2023, we have focused on aligning our operations with the highest sustainability standards. We have begun with the development of the preliminary sustainability strategy highlighting our commitments to address the most significant impacts of our activities. Although we have not finalized the strategy, we are glad to have set the right tone and direction from the Board which is the foundation for the integration of the sustainability-related policies.

As the Managing Director and a member of the Board of Directors, I am proud of the collective efforts that have brought us to this milestone. Integration of sustainability into the strategic plan, allocation of resources to advance sustainability and the oversight provided through our Board will ensure the effective implementation of the strategy.

The overall perspective of our preliminary sustainability strategy and the current execution theme focuses on the continuous improvement of all our sustainability programs and adopting best practices for responsible business conduct as well as sustainable development.

We recognize the importance of embedding sustainability deeply within our organizational culture. It is not just about meeting compliance requirements, but about fostering a mindset that places long-term value creation for people, the planet, and prosperity at the core of our operations. As we continue to build capacity within the organization, we are focusing on ensuring that every employee understands their role in advancing our sustainability objectives.

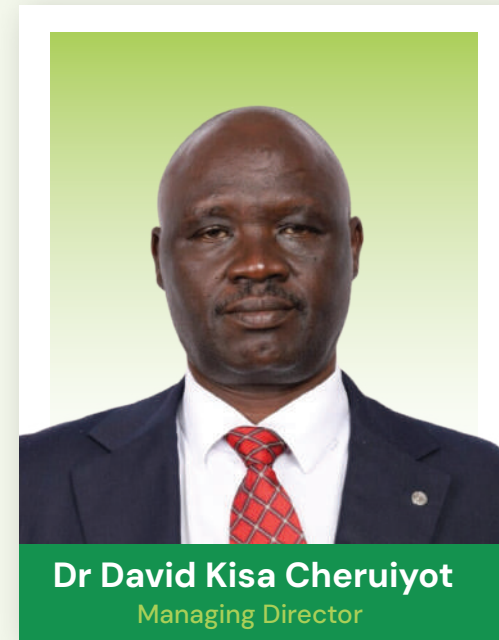
We recognize that stakeholder engagement is crucial to the success of our sustainability efforts. We have therefore engaged with our stakeholders throughout the year to better understand how our operations impact them and also how they impact our business. Knowing their expectations and concerns has been instrumental in shaping our sustainability strategy, ensuring it is inclusive and aligned with the needs and aspirations of those we serve. Their contributions were therefore very key in the compilation of this report. Together, we are setting the foundation for a future where our business not only thrives but also positively impacts the communities we serve and the environment in which we operate.

One of the main challenges we have faced during this year is incomplete data and information needed to make conclusive decisions on our sustainability performance and set targets. So, looking forward to 2024, we aim to streamline our data collection and management systems to drive informed decision-making and set realistic, yet ambitious, sustainability targets.

We also understand that we have a responsibility to drive and influence responsible business conduct within our supply chains. We therefore look forward to building and strengthening our leverage and oversight to ensure that our partners and stakeholders understand our sustainability commitments and take actions to operate responsibly. We will identify opportunities for technical support as well as collaboration and partnerships to drive sustainable development.

As we look ahead, we are excited about the opportunities that lie before us. We will continue to refine our strategy, set measurable targets, and report transparently on our progress. Our commitment to sustainability is not a one-time effort but an ongoing journey that requires our dedication, innovation, and resilience, and with this report, we set out on an exciting journey ahead.

This report marks the beginning of a continuous and iterative process of self-assessment and improvement. We are committed to being open about our challenges, as well as our progress. This first report provides a baseline, and we look forward to using the data and insights gathered in this process to benchmark our performance in future reports.



Dr David Kisa Cheruiyot
Managing Director

ABOUT THIS REPORT

Kenya Bixa Limited has, since it started its operations, been committed to doing no harm to the people, environment and the economy by ensuring that their strategy and approach adhere to responsible business practices. In accordance with globally agreed responsible business principles, we are publishing this inaugural sustainability report that serves to demonstrate our commitment to transparency and accountability towards responsible business practices. This includes disclosing our most significant impacts on the economy, environment and people, including impacts on human rights. We will also demonstrate how we prevent these impacts, mitigate them and account for the mitigation measures.

This 2023 Sustainability Report is our baseline assessment for our sustainability journey. It will enable us to:

- i) Provide a clear snapshot of our company's current sustainability practices, performance, and impact, which are essential for tracking progress over time.
- ii) Set the foundation for developing long-term sustainability goals and a foundation for continuous improvement that encourages a culture of ongoing assessment, adaptation, and augmentation in sustainability practices.
- iii) Benchmark our performance against industry standards and best practices to highlight strengths and areas where we are lagging behind industry leaders, with a view to driving targeted improvements.
- iv) Engage our stakeholders throughout our value chain, inviting their feedback and collaboration, and fostering a sense of shared responsibility and partnership for sustainability.
- v) Make informed decisions about resource allocation, project prioritization, and strategic direction to enable us to achieve our set sustainability goals, and to guide our Leadership in integrating sustainability considerations into business planning and operations.

In preparing this report, we conducted our initial materiality assessment to identify the material topics linked to our most significant impacts. In accordance with the GRI Standards of 2021, the report entails the process employed in the materiality assessment, the material topics and how they are managed.

This report entails the sustainability information on all our activities and business relationships, giving insights into our most significant impacts on the economy, environment and people. It discusses in detail our value chain and recognizes our key stakeholders – including employees, out-growers, suppliers, the local community, customers, external service providers and regulatory authorities – whose views and feedback were taken into consideration in the preparation of the report.

The report also focuses on our overall impact on sustainable development by highlighting our sustainability context and the actions we take to advance our priority Sustainable Development Goals (SDGs).

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Reporting Standards of 2021, upholding the reporting requirements and principles to ensure high-quality reporting and the proper presentation of the reported information, as exhibited in the GRI content index available on page 75.

The report encompasses all our activities and business relationships across our value chain, including operations within our upstream and downstream supply chains, farming practices, the out-grower project, our processing plant, and auxiliary administrative functions for the period between January and December 2023. This reporting period is aligned with our financial reporting cycle and encompasses the same entities included in the audited consolidated financial statements for 2023.

This being our inaugural sustainability report, there are no restatements of prior reports. Additionally, we have not conducted an external assurance for this report, as recommended by GRI 2: General Disclosures 2021.

It is Kenya Bixa Limited's expectation that this report will be useful to all our stakeholders and any other users in helping them gain insights into our sustainability performance and make informed assessments and decisions about our contribution to sustainable development.

ABOUT KENYA BIXA LIMITED

Who we are

Kenya Bixa Limited (KBL), a member of the Sovereign Group of Companies (SGL), is an agro-based company headquartered at Tiwi, Ukunda, Kwale County in the South Coast of Kenya.

Since commencing our operations in 1979, our primary business has been to promote the planting and growing of the Bixa tree, also known as *Bixa orellana*, and extracting bixa (annatto), the natural pigment that covers its seeds, and converting it into annatto natural food colors and annatto oil.

Kenya Bixa Limited has built a good reputation globally as a processor and exporter of annatto food colors and other high quality annatto byproducts that meet international standards.



Our Vision

To be the leading producer and supplier of healthy and natural food solutions.



Our Mission

To transform lives through the production of innovative and sustainable annatto products.



Our Core Values

- Integrity
- Diligence
- Professionalism
- Innovation
- Team Spirit
- Responsible Citizenship

Our operations

Kenya Bixa Limited operates within the agro-processing sector. We are involved in the growing of the Bixa tree from where we get the annatto natural food colors by extracting the thin waxy blood-red arils covering the annatto seeds.

We have a 1,200-acre nuclear farm in Shimoni, Kwale County, with 836 acres under bixa trees. Our processing plant in Tiwi, Kwale County, also hosts the administrative offices hence serving as our headquarters.

In 2023, we engaged 2,500 out-growers in the Kenyan coastal counties of Kwale, Kilifi and Lamu with a collective acreage of approximately 15,000 acres to grow their food crops and bixa trees to supply the annatto seeds.

The processing plant which was initially designed to process 250 tons of annatto seeds annually has since been upgraded to a processing capacity of 3,000 tons annually. In 2023, we handled a total of 1,523 tonnes of annatto seeds.

Our Value Chain

This report includes sustainability data and information for Kenya Bixa Limited encompassing our activities and operations in the entire value chain.

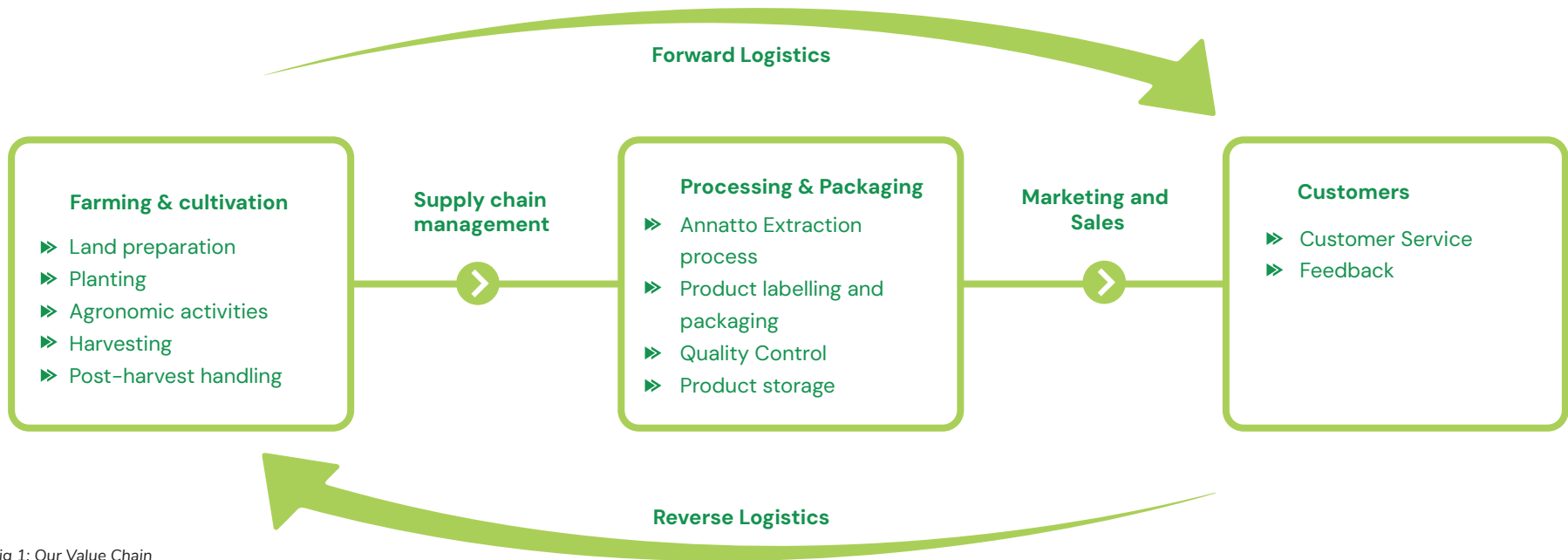


Fig 1: Our Value Chain

Our Products

Our three (3) main products are the Norbixin Powder, Bixin Powder and K-Bixa Annatto Solution, while the Annatto Oil is a by-product of the process.

Norbixin and Bixin natural food pigments as well as the Annatto oil can be used in:

- ▶▶ Food Industry as a natural colorant for dairy, meat, beverage and confectionery products.
- ▶▶ Cosmetics, personal care products and certain pharmaceutical applications in coating of capsules and tablets and nutraceuticals.
- ▶▶ Dyeing textiles and other industrial applications like in paints and coatings where natural colorants are preferred.

Norbixin and Bixin natural food pigments can impart different colors into food and other materials into which they are added, including red, orange and yellow hues.



Fig 2: Norbixin powder



Fig 3: Bixin powder

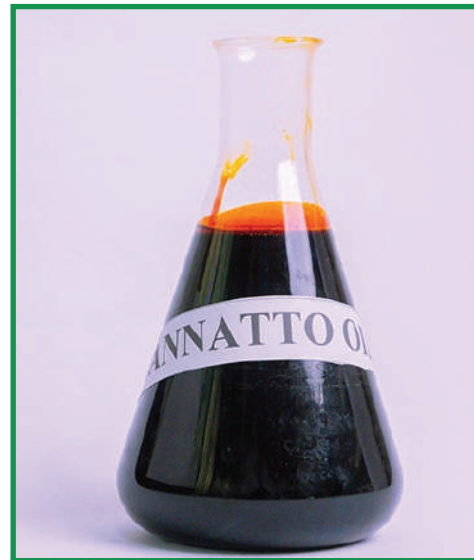


Fig 4: Annatto solution



Fig 5: Different hues of annatto solution

Our Markets

Our products are majorly consumed internationally by food processors, cosmetics manufacturers, and artisanal producers who prioritize natural ingredients.

We have a presence in Eastern, Northern and Southern Africa, Europe, North America, and Asia.



Fig 6: Our markets

Certifications and Affiliations

In recognition of the quality of our management systems and the safety of our products and manufacturing processes, we have been awarded the following certifications:

- » ISO 9001:2015 Quality Management System (QMS) Certification
- » ISO 22000:2018 Food Safety Management System (FSMS) Certification
- » Kenya Bureau of Standards (KEBS) Standardization Mark Certification
- » Kosher Certification
- » Halal Certification
- » UN Global Compact (UNGC)
- » Kenya Private Sector Alliance (KEPSA)
- » Agriculture and Food Authority (AFA)
- » Federation of Kenya Employers (FKE)
- » National Employment Authority (NEA)
- » National Industrial Training Authority (NITA)
- » Central Organization of Trade Unions (COTU)
- » Import Promotion Desk (IPD) of the German Wholesale, Foreign Trade and Services Association and the Development Organization of German Industry.

Our production facility has, since 2017, been registered by the USA Food and Drug Administration (FDA) in compliance with U.S. FDA Regulations. In 2023, we were awarded the Diamond Mark of Quality for excellence in Quality and Food Safety Management Systems by the Kenya Bureau of Standards (KEBS).

Kenya Bixa Limited is affiliated with various business and advocacy organizations and platforms that provide high-level guidance to our strategies and allow us to collaborate with peers and other actors to advocate for a level playing field and a conducive business environment. These include:

In 2023, our Managing Director served as the FKE Regional Vice President for the Coastal Region and was subsequently elected as the FKE Regional President for the Coastal Region in 2024.

OUR LEADERSHIP



Our Board of Directors

We recognize that governance is key to our success. We have therefore put in place governance structures and management processes necessary for sound decision-making, risk management, and accountability. The Board of Directors is the highest governing body at Kenya Bixa Limited and it is committed to upholding the company's values and the highest level of governance excellence.

The Board is composed of five (5) members, all of whom are male. Two (2) members are independently selected by the Sovereign Group's Nomination and Corporate Governance and Ethics Committee, two (2) are shareholders at Kenya Bixa Ltd and also Executives at the Sovereign Group Ltd, and one (1) member is Kenya Bixa's executive, the Managing Director. Sovereign Group Limited therefore has representation on the Board through the two (2) Shareholders who are also the Group Executives. The Board Chair of Kenya Bixa Limited is a shareholder and also holds the position of Board Chair at Sovereign Group Limited.

Each Board member brings a unique blend of skills, experience, and technical know-how to the Board which are relevant to our operations and impacts. The Board Charter outlines the desired qualifications, personal characteristics, core competencies and other considerations such as diversity that guide the Group Nomination and Corporate Governance and Ethics Committee during selection. The charter also outlines the key principles of conflict of interest that the Board members must adhere to and further guidelines on their interpretation and resolution should there be a conflict.

The key functions of the Board include:

- Selection, appointment and removal of Directors
- Overall development and oversight of Company strategy
- Structure and capital of the company
- Approval for all the key financial decisions of the company
- Risk management and internal controls
- Corporate policies to support the business
- Driving the corporate governance agenda
- Corporate sustainability and sustainable development
- Corporate social responsibility
- Attracting, retaining and motivating company staff

The Board convenes quarterly to assess, review progress and address any significant concerns regarding their core functions. This includes a review of reports submitted by the management as well as any third-party audits and reports. The Board works through various Committees to enable the seamless discharge of its functions.



Our Business Strategy

We have designed a robust business model that focuses on leveraging our strengths in natural products to expand our market presence and establish ourselves as a leader in the natural colorant industry.

During this reporting period, our 2019 – 2023 Strategic Plan defined our key strategic goals in order to be the leading producer and supplier of healthy and natural food solutions and transform lives through the production of innovative and sustainable annatto products. These include:

Strategic Objectives			
 Talent and Culture	 Production and Technology	 Marketing and Sales	 Finance
Improve employee motivation and satisfaction and enhance organizational performance by developing critical skill sets, exploiting technological management systems, and inculcating a culture driven by our core values.	Invest in research and development to enhance product quality, increase production output, improve production processes, and upgrade farming and production technology.	Increase market share in current and new international markets and untapped industries.	Develop and implement a financial management strategy to increase profitability, liquidity and return on investment.

Table 1: Strategic Objectives

The overall oversight of our business strategic plan, including monitoring and evaluation, rests with the Board of Directors and the responsibility for execution, with the Managing Director.

As part of the integration, the Board of Directors has developed a robust framework to ensure that these objectives feed into specific strategies, policies and practices and are also considered during key decision-making processes.

In developing our next Strategic Plan, sustainability leadership will be a key strategic objective that is aimed at positioning us as a leader in sustainable practices within the natural colorant industry. This will help us set ambitious sustainability targets, implement impactful initiatives, and leverage our sustainability achievements as a competitive advantage.

Role of the Board in Sustainable Development

Through the Managing Director, the board has further delegated various roles and responsibilities around the identification and management of our impacts on the economy, environment and people.

Below is a summary of our sustainability governance structure:

Governance Level	Role and Responsibility
Board of Directors	Oversees the implementation, integration and reporting of our sustainability strategy. Ensures that sustainability principles are integrated into the long-term vision and decision-making processes. It monitors the management of sustainability impacts providing guidance appropriately. The Board approves our material topics as well as the sustainability report.
Sustainability Steering Committee	Chaired by the Managing Director and comprised of senior management and departmental heads. The Committee is responsible for developing, reviewing, and implementing sustainability policies, aligning sustainability initiatives with corporate goals and monitoring and reporting performance to the Board.
Heads of Departments	Assigned specific sustainability responsibilities and targets. They ensure sustainability commitments are integrated into daily activities, reporting progress, and ensuring compliance with policies and standards. The Heads of Departments report to the Committee regarding their sustainability performance.

Table 2 : Role of the Board

Through the Managing Director, the committee and heads of departments report back to the Board on the management of impacts and any critical concerns every quarter when the Board convenes.



SUSTAINABILITY STRATEGY AND PRACTICES



Overview of Our Sustainability Strategy

We understand that through our business activities and business relationships, we can impact the economy, environment, and people, including their human rights, making either negative or positive contributions to sustainable development. This is why, in 2023, we began developing a comprehensive sustainability strategy aimed at minimizing our negative impacts and maximizing our positive contributions. The draft Sustainability Strategy is pending approval and integration.

Our draft sustainability strategy which will serve as a road map towards responsible business conduct once formally adopted, draws various policy statements from and makes reference to the relevant authoritative intergovernmental instruments as well as the applicable Kenyan policy frameworks. It outlines our approach, highlighting our actionable commitments regarding the various sustainability issues we have identified as significant across the entire value chain.

The draft sustainability strategy entails the following key elements:

- » Our approach to sustainability
- » Our material topics
- » Policy commitments
- » Risk management
- » Financial strategy
- » Marketing and branding
- » Strategic partnerships and alliances
- » Monitoring, evaluation and continuous improvement
- » Stakeholder engagement
- » Reporting and communication
- » Governance and leadership

Once approved, we will ensure that the strategy is anchored in our business strategic plan and further integrated into key operations and processes for effective implementation.

Our Sustainability Commitments

The draft sustainability strategy highlights specific commitments in line with the most significant impacts of our activities and business relationships to help us set the foundation for setting specific targets and taking action.

The commitments cover all the dimensions of our sustainability impacts and include:

Environmental Stewardship



- Invest and promote sustainable agricultural practices
- Reduce our carbon footprint
- Minimize waste generation and adopt sustainable waste management strategies
- Adopt climate-resilient strategies
- Optimal resource utilization and consumption

Social Responsibility



- Support local economic empowerment and community development
- Uphold labor and human rights
- Pursue fair trade and ethical competition practices
- Guarantee the health and safety of consumers and customers
- Promote gender equality and social inclusion



Economic Sustainability

- Drive value chain optimization
- Prioritize local sourcing and economic development



Aligned with these commitments, we have put in place various policies that are currently governing how we identify, prevent, mitigate and account for our sustainability impacts. These sustainability policies include:

Policy	Description
Occupational Safety and Health (OSH) and Environmental Management Policy and Procedures	<p>This policy document entails the specific policy commitments as well as the relevant procedures. It makes reference to the Occupational Safety and Health Act (OSHA) of 2007 and the Environmental Management and Coordination Act (EMCA) of 1999 and its regulations.</p> <p>The policy highlights the specific OSH and environmental risks and how they are to be managed including how to handle personal injuries, fire emergencies, and spillages.</p> <p>The policy and procedures apply to the employees and the expectations are communicated to the employees during the regular departmental meetings.</p>
Human Rights and Labor Policy	<p>Approved at the executive level, this policy makes reference to the United Nations Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.</p> <p>The policy covers responsible and ethical business conduct practices, employee rights and fair labor practices including diversity and inclusion, safe and healthy workplaces, forced labor and human trafficking, child labor and freedom of association and the right to collective bargaining.</p> <p>The policy applies to all the stakeholders within our operations and business relationships, expecting suppliers and partners to uphold these human rights principles.</p> <p>The commitments and expectations are communicated to the suppliers and business partners through the Supplier Code of Conduct.</p>
Food Safety and Quality Policy	<p>The policy is based on international and national food and drug substance standards, and it applies to the management of the safety and quality of products from the farm to customers.</p> <p>The policy states specific commitments that are effectively managed through our robust food safety and quality management system. The policy is communicated to the employees through regular departmental meetings and to the suppliers through the Supplier Code of Conduct and during meetings.</p>

Risk Management Strategy and Policies	<p>We have a Robust risk Management Strategy and its related policies that enable us to effectively manage uncertainty by identifying, measuring and prioritizing risks.</p> <p>The Risk Management Framework applies to the company in its entirety including strategic and corporate governance and the management of financial, operational, regulatory and compliance, health and safety, information technology, social, environmental, economic and human resources aspects of our business.</p> <p>It is designed to make staff and stakeholders understand risk management, the components and processes involved and further assist the responsible staff in fulfilling their risk management duties.</p>
Corporate Social Responsibility	<p>The policy sets out the guiding principles for the corporate social responsibility (CSR) initiatives giving guidance to the CSR Committee as well as other stakeholders including the local community.</p> <p>It outlines our approach to CSR and the due diligence procedures and criteria for identifying and investing in community development initiatives.</p> <p>It is effectively communicated to the community representatives during the CSR meetings and public baraza.</p> <p>The policy covers our operations and business relationships.</p>
Anti-harassment Policy and Procedure	<p>This policy defines the various forms of harassment that the company is intolerant of including sexual harassment and bullying.</p> <p>It also outlines the employees' responsibility in this regard as well as the procedures for reporting any concerns.</p> <p>This policy applies to our employees and introduces the use of a suggestion box to report concerns and the confidentiality commitments in the handling procedures.</p>
Employee Code of Conduct	<p>The policy applies to our employees in relation to their interaction amongst themselves and with all the stakeholders within their operations and in business relationships.</p> <p>It places an expectation on the employees to uphold the highest standards of ethical and professional behaviour in reference to the company's mission, vision and core values and is communicated during new employee onboarding.</p>
Anti-corruption and Anti-bribery Policy	<p>The policy applies to employees in relation to their interaction with all the stakeholders.</p> <p>The policy references the national policies on anti-bribery and anti-corruption, expecting the employees to uphold the company's core values.</p> <p>This policy reaffirms our commitment to zero tolerance to corruption and bars the company from making political contributions.</p>

<p>Anonymous Reporting Policy and Procedure</p>	<p>This policy provides guidelines for employees on how to report any grievances or concerns they may have in relation to the company's activities and business relationships.</p> <p>It outlines the various modes of reporting, the procedure for reporting and the company's procedures for handling any concerns raised or reported grievances.</p> <p>These reporting processes are internal and are managed by our internal staff.</p>
<p>Whistleblowing Policy and Procedure</p>	<p>This policy entails the procedure for reporting any complaints and breaches of the code of conduct or any acts that can put the company in disrepute.</p> <p>It is to be used with reference to the anonymous reporting policy and procedure where necessary.</p> <p>It applies to employees and covers the company's activities and relationships.</p>
<p>Fair Competition Policy</p>	<p>The policy refers to the national fair competition guidelines and it applies to the company employees to ensure they understand and promote healthy competition while preventing anti-competitive behaviour and practices.</p> <p>It covers the expected compliance with laws and regulations, fair pricing and pricing transparency, non-discrimination, boycotts and exclusionary practices and protection of trade secrets and intellectual property.</p> <p>The concerned staff, especially those involved in procurement and supply chain management and sales and marketing, have undergone a training to effectively implement the policy.</p>

Table 3 : Our Policy Commitments

How We Embed Our Sustainability Policy Commitments

We have developed a comprehensive approach to ensure that our sustainability policy commitments are integrated into our core functions, operational procedures, and relationships with stakeholders. We follow 5 key steps that are interlinked in integrating sustainability commitments:

Integration



- » To ensure that our sustainability commitments are not only theoretical but are also practically integrated into strategies, we align our sustainability objectives with the overall business strategic plan.
- » The commitments are cascaded down to the operational level by incorporating them into standard operating procedures (SOPs) that are used in day-to-day operations.
- » We maintain a management scorecard system that incorporates sustainability metrics making it easy to monitor performance across departments and ensure that sustainability objectives are met and improved upon.

Communication



- » We employ a multi-channel approach to communicate our sustainability commitments to stakeholders as discussed under stakeholder engagement.
- » The stakeholders include employees, suppliers, customers, local communities, and regulatory bodies and they are all engaged in their unique ways taking into consideration their interests, influence, and diverse characteristics.
- » This sustainability report is going to be a great addition to our existing modes of communication.

Allocation of Responsibilities



- » We have embedded sustainability in our governance structure, ensuring accountability and alignment across all levels of the organization.
- » The Board of Directors plays a pivotal role in overseeing the overall implementation of our sustainability strategy through the Sustainability Committee. This committee is responsible for developing, reviewing, and implementing policies that align with our corporate goals and monitoring the performance of these initiatives.
- » Heads of Departments are then assigned specific sustainability responsibilities and targets, ensuring the integration of sustainability into daily operations.
- » Every employee is also empowered to contribute, with clear roles and responsibilities related to sustainability outlined in operational procedures and job descriptions.



Training

We recognize the importance of capacity building to ensure that sustainability commitments are understood and effectively implemented across our operations and in relationships.

Therefore, we provide various training programs curated to meet the specific roles our internal stakeholders play in ensuring the successful implementation of the strategy. We also conduct awareness creation among our suppliers ensuring that they understand and are equipped to meet our sustainability expectations.



Continuous Monitoring and Learning

Continuous monitoring allows us to assess our progress and identify risks for further action.

Through regular internal sustainability audits and other statutory audits, we evaluate performance against established targets and standards.

Pre-onboarding screening of suppliers using the Supplier Code of Conduct checklist also helps us ensure that suppliers and partners comply with our sustainability policies and expectations.

Alongside the periodic production and financial reports presented to the Board, we also monitor and report sustainability performance.

Feedback and concerns received through stakeholder engagement and grievance mechanisms are also a very crucial part of our monitoring program ensuring that any concerns or feedback are addressed and incorporated in decision-making.

Our Remediation and Grievance Mechanism

We have provided accessible grievance mechanisms for our stakeholders to raise concerns about and seek remedy for impacts they have experienced due to our activities within operations or through business relationships.

Our grievance mechanisms cover a wide range of potential issues, including but not limited to environmental impacts, labor practices, human rights, supply chain issues, statutory and compliance issues and community relations.

The stakeholder engagement plan highlights the multiple channels available for our stakeholders to use, ensuring accessibility and enabling us to address any concerns and complaints promptly and fairly, with appropriate remediation provided when necessary.

We have further provided an anonymous grievance mechanism for the internal stakeholders and a procedure for handling the grievances with a guarantee of non-retaliation and confidentiality throughout the process. Referring to the United Nations Guiding Principles on Business and Human Rights, we strive to uphold the highest standards of legitimacy and transparency in the handling of grievances.

We keep a record of all grievances received showcasing the type, how they were resolved, and any systemic issues that were addressed. These records help us to regularly review the grievance handling processes, incorporating stakeholder feedback and lessons learned to enhance effectiveness.

We take a proactive and accountable approach in addressing and remediating any negative impacts that we may have caused or contributed to. We have established clear processes and commitments to provide for or cooperate in the remediation of such impacts through the respective policies, which also outline the available grievance mechanisms and the stakeholder engagement plan.

Our remediation processes make provisions for the involvement and consultation of government and regulatory authorities as well as the affected stakeholders.

To guarantee non-repetition, we closely monitor the remediation processes to ensure that impacts are effectively mitigated and that improvements are sustained over the long term.

For this reporting period, there were no significant grievances or instances of non-compliance with laws and regulations that were reported.

Stakeholder Engagement

At Kenya Bixa Limited, we recognize the critical role of stakeholder engagement and its significance in our operations and sustainability efforts.

Therefore, we are committed to actively identifying and involving individuals or groups with interests that are or could be affected by our activities, decisions, and performance as well as those individuals or groups who affect our business performance. This is done through an ongoing process of mapping out our impacts and the stakeholders linked to them.

Our approach to stakeholder engagement is embedded in our stakeholder engagement plan which defines the purpose of stakeholder engagement, the categories of the stakeholders and how to meaningfully engage them.

The overarching aim of stakeholder engagement is to drive the long-term success of the company. For this matter, we actively involve our stakeholders in our processes, taking into account their feedback with the aim of driving inclusivity, transparency, accountability, continuous improvement and building trust. Our objectives for stakeholder engagement include:

- ▶ Have open and transparent communication with our stakeholders to enable us to build trust, credibility and stronger relationships. The regular engagement allows us to understand and address any concerns, mitigating potential conflicts and fostering a sense of collaboration that enhances our reputation, leading to increased brand loyalty and customer retention.
- ▶ Promote inclusivity to help us make more informed and balanced decisions that consider the interests of various groups. It allows us to identify potential risks and opportunities that may not be apparent from our internal perspective alone.
- ▶ Align our sustainability initiative with the expectations and values of our stakeholders. This encourages the formation of partnerships and collaborations that drive sustainable development through collective action.
- ▶ Collaborate with regulators and government authorities to enable us to anticipate and address potential regulatory changes or challenges, thereby reducing the risk of non-compliance.
- ▶ Secure and maintain our social license, an ongoing approval and support of the community and other stakeholders, which is essential for long-term operations.

The overarching aim of stakeholder engagement is to drive the long-term success of the company. For this matter, we actively involve our stakeholders in our processes, taking into account their feedback with the aim of driving inclusivity, transparency, accountability, continuous improvement and building trust.

Below is a summary of the information communicated to different stakeholders, the channels of engagement, and the frequency of these engagements:

Stakeholder	What to Communicate	Means of Engagement	Frequency of Engagement
Employees	<ul style="list-style-type: none"> Company strategic plan, policies and commitments Human resources policy and procedures Employees code of conduct Human rights and labor policies Sustainability commitments 	<ul style="list-style-type: none"> Executive Management Committee Meetings (EMC) for Senior Management Departmental face-to-face meetings Learning and development opportunities Posters Email updates Employee grievance procedure Human resources baraza Suggestion box 	Regularly
Shareholders	<ul style="list-style-type: none"> Company strategic plan Company operational and financial performance Company sustainability performance Risks management Stakeholder engagement 	<ul style="list-style-type: none"> Board meetings Operational, financial and sustainability reports Email and telephone updates 	Quarterly and continuous
Out-growers and external service providers	<ul style="list-style-type: none"> Suppliers' code of ethics Product and service quality standards Procurement policy and practices Sustainability expectations 	<ul style="list-style-type: none"> Out-grower farmers meetings Email and bulk SMS updates Supplier prequalification Contracts 	Regularly
Government & Industry regulators	<ul style="list-style-type: none"> Statutory and regulatory compliance and performance Company operational and financial performance 	<ul style="list-style-type: none"> Statutory audit reports Multi-stakeholder meetings and trainings Email updates Letters Phone calls 	Regularly

Stakeholder	What to Communicate	Means of Engagement	Frequency of Engagement
Customers	<ul style="list-style-type: none"> Product design and information including product health, safety and quality Sustainability performance including labor and human rights Material sourcing and processing Supply chain management procedures 	<ul style="list-style-type: none"> In-person and virtual Meetings Contracts Email /WhatsApp updates Couriers Telephone 	Regularly
Local Community	<ul style="list-style-type: none"> Employment and procurement opportunities Community economic development Corporate social responsibility Statutory and regulatory compliance and performance Sustainability performance Company operations and business relationships 	<ul style="list-style-type: none"> Community and security baraza's Employees meetings Religious leaders Village elders Telephone 	Regularly

Table 4 : Stakeholder Engagement



MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT

In order to identify our most significant negative impacts and areas where we can deliver the greatest positive impact, we carried out a materiality assessment by evaluating our activities and business relationships.

During this assessment, we consulted our stakeholders across the value chain, including employees, out-grower farmers, the local community in which we operate, government regulators, suppliers, and customers.

Our approach to identifying the material topics was in accordance with the GRI 3: Material Topics Standards 2021 and GRI 13: Agriculture, Aquaculture and Fishing Sectors Standards 2022 in conjunction with thought leadership and best practice examples from leading companies in the sector.

This being our first materiality assessment, it was the foundation for our sustainability strategy helping us focus on where we can provide the most value by redirecting our efforts, allocating resources, and directing our reporting.

Understanding that our impacts have the potential to contribute to or derail the achievement of the sustainable development goals (SDGs), the materiality assessment also explored the linkages between our most significant impacts with the SDGs to establish our broader influence on sustainable development.

Our Process of Determining Material Topics

Using the GRI guidance on how to determine material topics, we followed the steps highlighted below:



Fig: Materiality Assessment Matrix

The prioritized impacts were then grouped into material topics which were tested against the GRI 13: Agriculture, Aquaculture and Fisheries Sector Standards 2022 to ensure that we did not overlook any likely topics. The final list of material topics was then reviewed and approved by the Board of Directors as below:

Our 2023 Material Topics

Governance and Ethics	Sustainable Environmental Practices	Sustainable workforce and communities	Sustainable products and supply chain
<ul style="list-style-type: none"> i). Ethics, integrity and anti-corruption ii). Anti-competitive behaviour iii). Compliance and regulatory environment iv). Data privacy and protection 	<ul style="list-style-type: none"> i). Climate change <ul style="list-style-type: none"> » GHG emissions » Climate adaptation and resilience ii). Resource and material consumption and management <ul style="list-style-type: none"> » Material consumption » Water and effluent » Waste management iii). Sustainable farming practices <ul style="list-style-type: none"> » Biodiversity » Natural ecosystem conversion » Soil health 	<ul style="list-style-type: none"> i). Employment practices and labour rights: <ul style="list-style-type: none"> » Employment practices » Working conditions and occupational health & safety » Non-discrimination and anti-harassment » Child labor, forced and compulsory labor » Living income and living wage » Training and education » Gender equality, diversity and inclusion » Freedom of association and collective bargaining ii). Community relations and investments & economic inclusion <ul style="list-style-type: none"> » Local communities » Land and resource rights » Economic inclusion » Food security 	<ul style="list-style-type: none"> i). Product quality and safety ii). Supply chain transparency and traceability

Table 5 : Stakeholder Engagement

The graph below shows our materiality assessment matrix

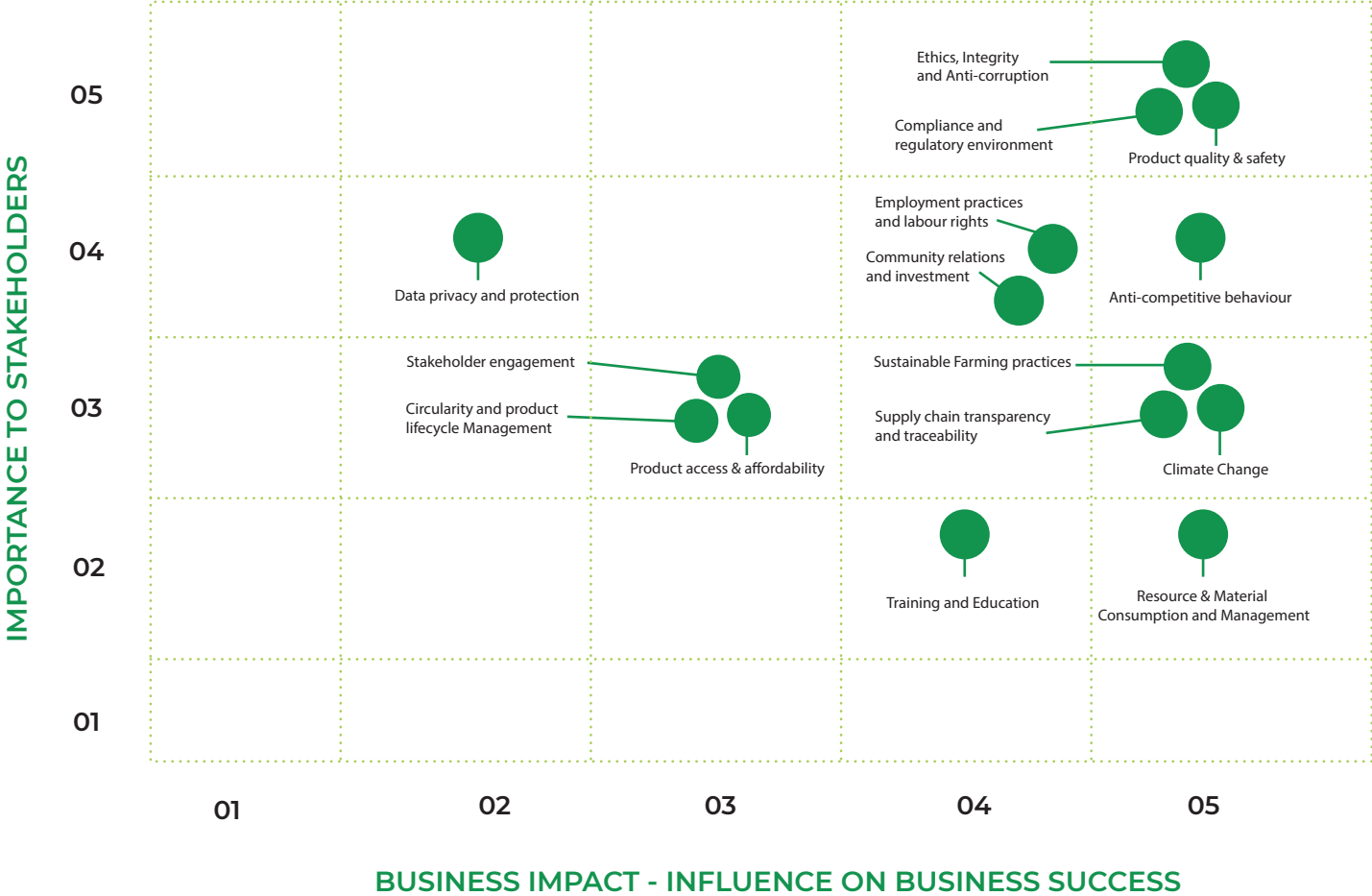


Fig 7: Materiality Assessment Matrix

GOVERNANCE AND ETHICS

Kenya Bixa Limited manages governance and ethics through a robust framework that addresses our material topics including ethics, integrity and anti-corruption, compliance and the regulatory environment, anti-competitive behavior and data privacy and protection. These material topics are central to our commitment to responsible business conduct, building stakeholder trust, and ensuring long-term sustainability. Here's how Kenya Bixa Limited addresses each of these critical areas:

1. Ethics, Integrity and Anti-corruption

We have identified ethics and integrity as integral parts of our values and are embedded in our culture, policies, and day-to-day operations. In the promotion of ethics and integrity, corruption becomes a significant concern, especially at the interface between our operations and our supply chains.

We are therefore committed to upholding ethical business practices, embedding integrity, and preventing and managing corruption risk through the following actions:

- » Our leadership ensures that the principles of integrity and transparency are part of our strategic decision-making, governance practices, and stakeholder engagement and have engraved these core values in every policy.
- » Established a comprehensive Code of Ethics that sets clear expectations for ethical behavior among the board, employees and suppliers. The Code covers areas such as conflicts of interest, fair competition, anti-bribery, and responsible use of company resources, among others.
- » Implementation of stringent anti-corruption and anti-bribery policies, aligned with Kenya's Anti-Corruption and Economic Crimes Act, and the Anti-Bribery Act. The policy prohibits any form of bribery or unethical behavior, whether in business dealings, procurement processes, or third-party relationships.
- » Employees are encouraged to report unethical practices through the whistle-blower policy and anonymous reporting procedure. We have established secure and confidential reporting channels for whistle blowers, who are protected from retaliation. All reports are thoroughly investigated, and corrective actions are taken where necessary.
- » To enable the executive management team to effectively manage policies and procedures on ethics, integrity and anti-corruption, two staff members took training on corporate governance and ethical leadership in 2023.

The whistle-blower policy and anonymous reporting procedure are currently only accessible and applicable to the employees. We aim to ensure that other stakeholders including suppliers and business partners also have access. We will also conduct regular audits on all business relationships to assess the level of compliance with the outlined ethics, integrity and anti-corruption commitments.

There were zero incidents reported in relation to corruption, ethics and integrity during the reporting period.



2. Anti-competitive Behavior

Since we began our operations in 1979, we have been the only processor of the natural food colorant. However, in the light of a new entrant in the market in 2023, it became significant that we effectively manage the risks of anti-competitive behavior by adopting several proactive strategies to ensure compliance with competition laws and maintain fair market practices.

The risk lies in the Bixa supply chain as well as in the market share. Below is a description of our management strategies:

- ▶▶ To avoid accusations of price-fixing or predatory pricing, Kenya Bixa implemented a transparent and competitive pricing strategy for out-grower farmers. The pricing reflected market demand, production costs, and fair margins, without undercutting the new market entrant unfairly.
- ▶▶ The company refrained from entering into exclusive agreements with out-grower farmers and customers that restrict them from engaging with competitors. This ensures that we do not engage in monopolistic practices. This was expressly communicated to the relevant stakeholders during the regular engagement meetings.
- ▶▶ We have also invested in enhancing the quality of our products and developing innovative solutions that appeal to our customers, which now gives us a competitive advantage.
- ▶▶ The Board of Directors is providing the needed oversight, ensuring that our practices adhere to ethical standards and competition laws while also identifying opportunities for further leverage.

Looking into the future, we will need to establish a clear anti-competitive behavior policy aligned with national and international legal frameworks as well as a robust grievance mechanism to guide us in upholding the highest standards of fair competition in our supply chains.

No grievances or incidents were raised during this reporting period.

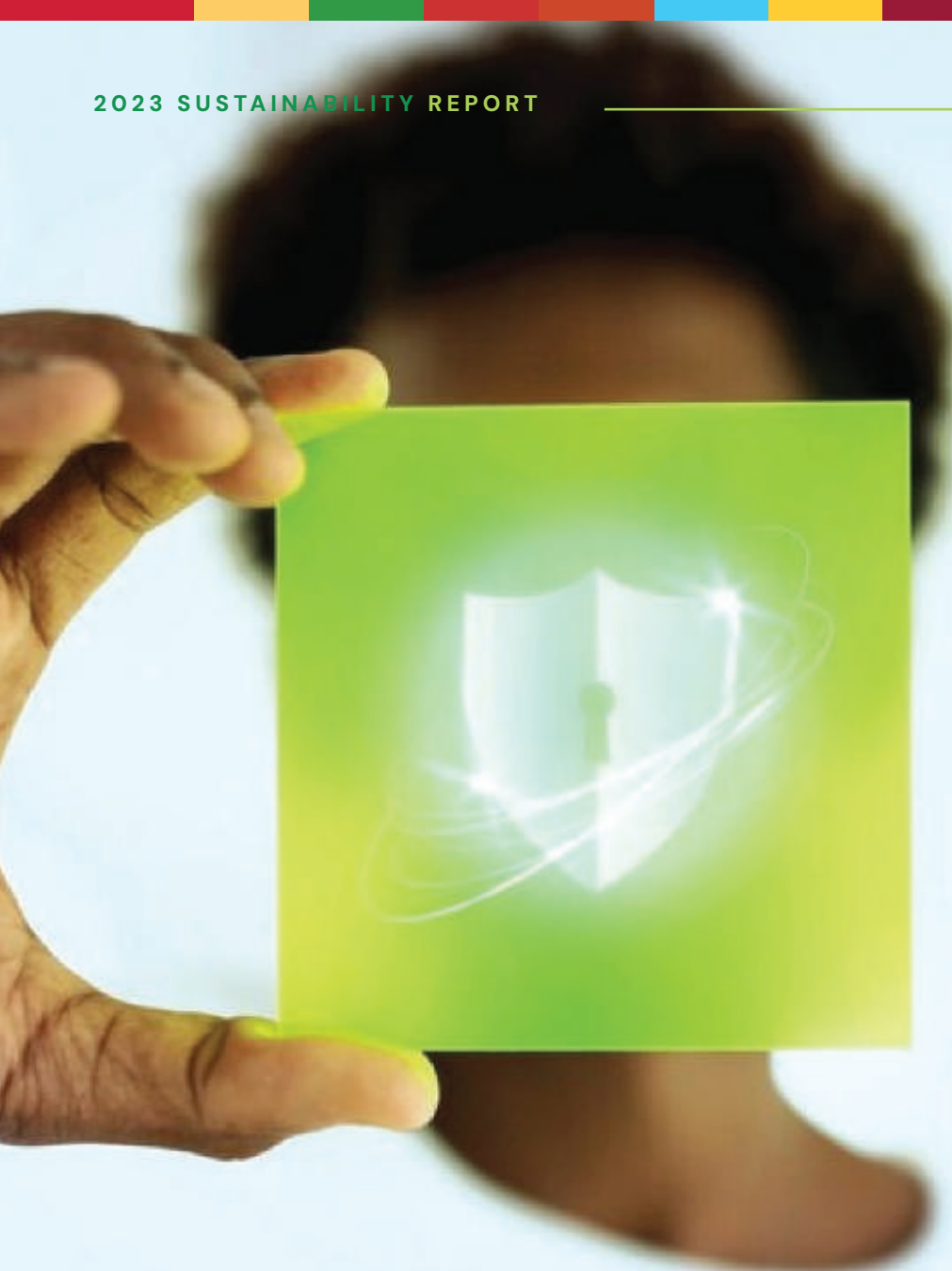
3. Compliance and Regulatory Environment

Statutory and regulatory compliance is a huge aspect of a company's impact and risk management and requires a structured approach to ensure adherence to legal requirements, both locally and internationally.

We have, therefore, identified the various non-compliance and regulatory risks and consequently managed them through various commitment and accountability mechanisms as outlined below:

- ▶▶ A formal compliance and regulatory risk management framework that outlines our activities for identifying and managing risks that could affect our operations, reputation, and financial performance. This framework is integrated into the company's strategic planning process, and risks are regularly monitored and reviewed by the Board and management. We conducted a performance assessment using the framework in 2023 and attained a total score of 91%. The assessment highlighted information, communication and technology (ICT) and asset management for further improvement.
- ▶▶ Maintained dedicated compliance teams responsible for ensuring adherence to all relevant legal and regulatory frameworks, both in Kenya and in the international markets where we operate.
- ▶▶ In addition to the internal audits conducted by the compliance teams, we also engage third-party auditors on a regular basis to assess compliance with company policies, regulatory requirements, and international best practices. These audits help identify potential risks, non-compliance issues, and areas for improvement.
- ▶▶ Actively engage with regulators and industry bodies to stay updated on new and emerging regulations. This proactive approach allows us to adapt our practices and maintain compliance in a dynamic regulatory environment. We also participate in various industry initiatives and platforms to promote responsible business conduct and advocate for policy improvements.

We faced no significant fines or non-compliance sanctions in 2023. Moving forward, we aim to strengthen our compliance tracking system, focusing on the identified gaps.



4. Data Privacy and Protection

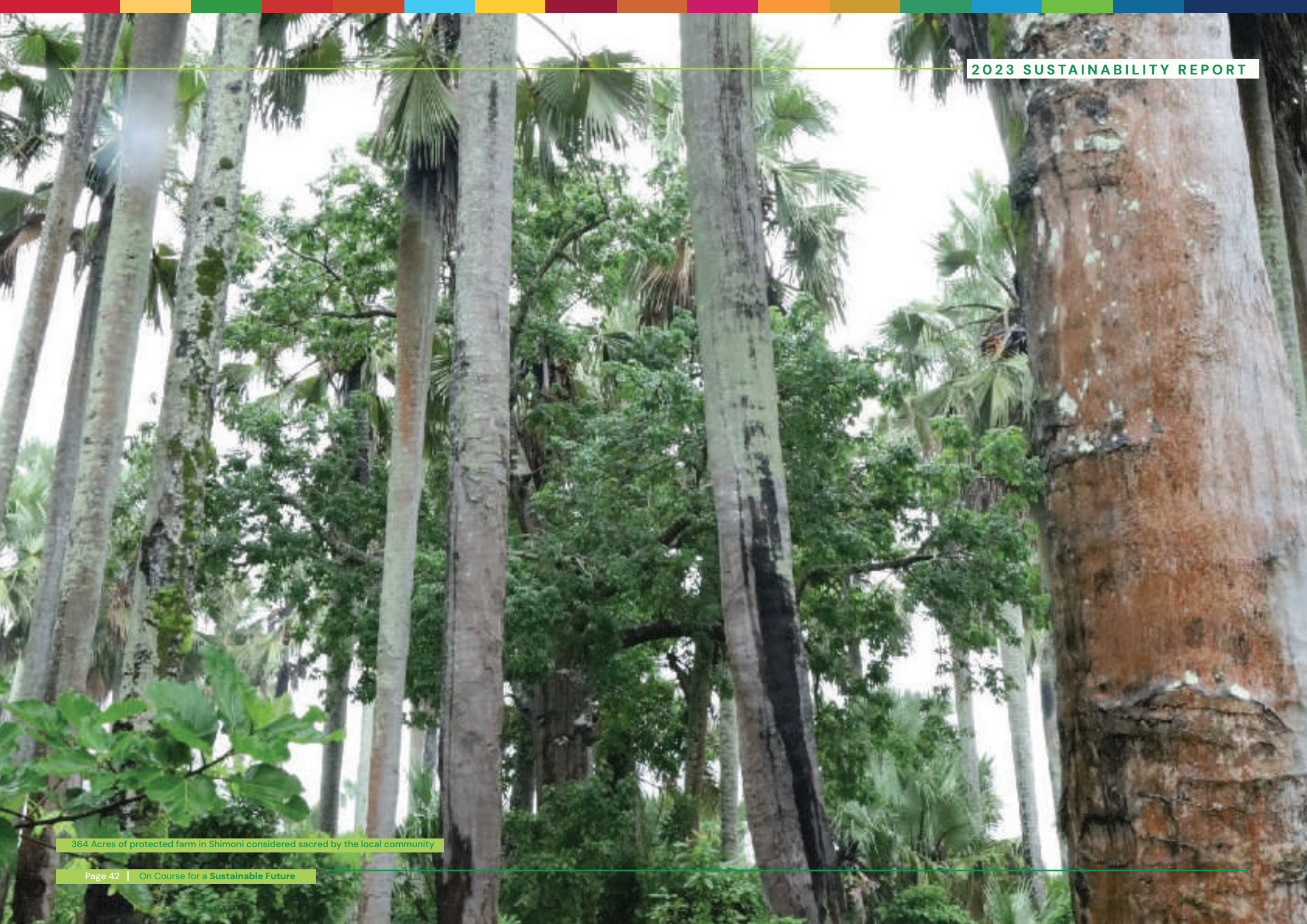
As part of our governance and ethics strategy, we have placed a strong emphasis on data privacy and protection, ensuring that customer, supplier, and employee data is handled responsibly and securely.

Below are our data management strategies:

- Implementation of comprehensive data privacy policies aligned with Kenya's Data Protection Act, 2019, and the General Data Protection Regulation (GDPR) for international operations. These policies govern how we collect, process, store, and share data, ensuring compliance with legal requirements. The policies ensure that individuals or entities have control over their personal information regarding the purpose of data collection, how it is used, and their rights to access or request deletion of data. They cover any third parties handling personal data on our behalf, ensuring that they comply with our data privacy policies and relevant legal requirements.
- Data security measures to protect sensitive information from unauthorized access, breaches, or misuse. We use encryption, secure servers, and access controls to safeguard data, ensuring the highest standards of data integrity and confidentiality.
- Regular training for the concerned employees in data privacy and protection practices, ensuring that they understand their responsibilities when handling personal or confidential information.
- In the event of a data breach, we have a response plan that outlines the steps to be taken to mitigate the damage, notify affected parties, and report the incident to the relevant authorities.

Going forward, we aim to conduct due diligence to address any risks with stakeholders and any third parties and spell out our expectations in any contractual agreements to guarantee responsible data management.

There were zero substantiated complaints received concerning breaches of customer privacy and zero identified leaks, thefts, or losses of customer data during this reporting period.



364 Acres of protected farm in Shimoni considered sacred by the local community

SUSTAINABLE ENVIRONMENTAL PRACTICES



At Kenya Bixa Limited, our commitment to sustainable environmental practices forms a core part of our operational ethos, reflecting our dedication to minimizing the environmental impact of our activities while fostering long-term ecological balance. Our materiality assessment has highlighted key environmental concerns across our value chain, and we are committed to their effective management. .

1. Climate Change

Given the increasing impacts of climate change on agriculture and the environment, we are committed to reducing our greenhouse gas (GHG) emissions to reduce impacts while also enhancing our resilience in farming practices and supply chain to the unpredictable and harsh climate conditions.

i. Greenhouse Gas (GHG) emissions management

We recognize the importance of minimizing our carbon footprint across our operations as well as in the supply chain. We have therefore adopted several strategies to measure, manage, and reduce our GHG emissions that include:

- Improving our energy efficiency in processing plants and in farming activities by continually investing in energy-efficient machinery and technologies, thereby reducing the energy required for production.
- Gradually transitioning to renewable energy sources, we have so far begun using solar energy at our administrative office and its supporting units at our farm in Shimoni.

Below is a summary of our energy consumption within our operations in 2023:

Type of fuel	Units consumed
Biomass used in boiler	700 tonnes
Diesel	114,305 litres
Petrol	1,540 Litres
LPG	48 Kgs
Power purchased from the grid (KPLC)	206.95 MWh

Table 6 : Energy Consumption



Scope 1: GHG Direct Emissions

Scope 1 GHG emissions are categorized into stationary combustion and mobile sources. We measured each emission independently using global emission factors provided by the United Nations Framework Convention on Climate Change, UK Department for Environment, Food and Rural Affairs and EPA centre for Corporate Climate Leadership (U.S Environmental Protection Agency).

Our scope 1 carbon emissions are calculated from the below fuel data obtained in the fiscal year 2023

Fuel Type	Units	Annual Consumption 2023
Fuel – Diesel Generator	Litres	5,310
Fuel – Drier	Litres	24,855
Fuel – Boiler	Litres	54,022
Fuel – Diesel Vehicle	Litres	30,118
Fuel – Petrol Vehicle	Litres	1,540
Fuel – Biomass	Tonnes	700
Gas (LPG)	Kgs	48

Table 7: Carbon Emissions

» Stationary Combustion

We use a generator, drier and boiler (diesel fuel) to run our operations. The table below shows a summary of our Carbon emission (tCO₂) from fuel combustion in the fiscal year 2023.

Stationary Combustion (tCO ₂ eq)	FY 2023
Total	227.9

Table 8: Stationary Combustion

The total carbon emission from stationary combustion under scope 1 for fiscal year 2023 stood at **227.9** tCO₂.

» Mobile Sources

We use LPG, petrol and diesel motor vehicles to transport goods and movement of employees. The motor vehicle plays a key role in ensuring the supply chain of our products and services reaches our customers on time and ensure the movement of our employees is effective.

We monitor and measure all motor vehicle fuel usage on a monthly basis. The table below shows the summary of fuel consumption for all mobile sources.

FUEL TYPES	QUANTITIES 2023
Diesel vehicle(L)	30,118
Petrol vehicles(L)	1,540
LPG(Kgs)	48

Table 9: Fuel Consumption for all mobile sources

The organization calculated tCO₂ emissions from the fuel consumption as follows

Mobile sources (tCO ₂ eq)	FY 2023
Petrol	3.5723
Diesel	81.2428
LPG	0.1441
Total	85

Table 10: tCO₂ emissions

The total amount of carbon emissions from mobile sources for fiscal year 2023 was **85** tCO₂.

Scope 1: Summary

Our total Scope 1 carbon emission of Stationary combustion and mobile source fuel in fiscal year 2023 is 313 tCO₂ as shown below.

SCOPE 1 TOTAL (tCO ₂ eq)	FY 2023
Stationary Combustion	227.9
Mobile source	85
TOTAL	313

Table 11: Stationary combustion

The calculations do not include refrigeration/AC equipment use, fire suppressors and other purchased gases as they are not used within the organization.

Scope 2: GHG Indirect Emissions

Indirect emissions include consumed and purchased electricity and steam within the organization. Electricity consumption is drawn from meter readings while biomass used is wood fuel. We updated our scope 2 emission factors to the most recent emission factors, which reflect the most recent state of our grid electricity in accordance with the GHG protocol. The emission factor used in this calculation is Grid emission Factor for the republic of Kenya.

Carbon emission calculations for the fiscal year 2023 are drawn from the following data.

Source	Units	Annual Consumption 2023
Electricity	kWh	206,947
Biomass	Tonnes	700

Table 12: GHG Indirect Emissions

The equivalent total amount of tCO₂ emitted from 206,947 kWh and 700 Tonnes of Biomass is as shown in the summary table below.

In the fiscal year 2023, the total tCO₂ emitted under scope 2 is **682** tCO₂.

SCOPE 2 – Indirect Emission (tCO ₂ eq)	FY 2023
Electricity	103.5
Biomass	578.5
Total	682

Table 13: SCOPE 2 – Indirect Emission (tCO₂eq)

Scope 3: Optional Emissions

At Kenya Bixa Limited, we acknowledge other indirect optional carbon emissions arising from employee business travels, product transport and employee commuting to and from work. Currently we do not measure the optional carbon emissions.

Total Carbon Emissions

The total amount of tCO₂ emitted comprises of scope 1 and scope 2. The total tCO₂ emissions for Kenya Bixa Limited is as shown below.

TOTAL (tCO ₂ eq)	FY 2023
Scope 1	313
Scope 2	682
Total	995

Table 14: Carbon Emissions

The total tCO₂ emissions from scope 1 and scope 2 for the fiscal year 2023 stood at 995 tCO₂. Being an innugral report, the organization shall subsequently provide comparison for 2024 and come up with targets & reduction initiatives.

To manage our stack emissions, we have installed spark arrestors in our boiler systems to minimize the impact of our emissions. We also carry out regular third-party emissions analysis and air quality assessments and we are committed to ensuring that we effectively manage the emissions as per the NEMA Environmental Management Act and Regulations. In case of any irregularities, we take the necessary corrective and preventive action. This is part of our commitment under our Environmental Management Policy.

Below is a summary of our emissions analysis reports:

Source	PM10 (mg/Nm3)	SO2 (mg/Nm3)	NOx (mg/Nm3)
Wood run boiler	60	36	343
Diesel run boiler	36	343	154
NEMA Air Quality Regulations Limits	50	2000	650– Solid Fuel 460 – Liquid Fuel

Table 15: Summary of Emissions Analysis Reports

Below is our air quality analysis:

#	Location	Inhalable particulates		Respirable particulates		Carbon dioxide		VOCs		SO2	
		Conc.	OEL Guideline	Conc.	OEL Guideline	Conc.	OEL Guideline	Conc.	OEL Guideline	Conc.	OEL Guideline
		(mg/m3)	(mg/m3)	(mg/m3)	(mg/m3)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)
1	Garage area	1.213	10	0.603	5	183	5,000	0.31	5	ND	2
2	Engineering & maintenance office	1.193	10	0.660	5	182	5,000	0.66	5	ND	2
3	Procurement & logistics office	0.859	10	0.524	5	163	5,000	0.59	5	ND	2
4	Filter place area	1.249	10	0.716	5	152	5,000	0.49	5	ND	2
5	Laboratory section	0.962	10	0.574	5	162	5,000	0.65	5	ND	2
6	Drying room	1.390	10	0.449	5	174	5,000	0.61	5	ND	2
7	Production supervisor's desk	0.750	10	0.354	5	171	5,000	0.59	5	ND	2

Table 16 : Air Quality Analysis

In the coming years, we aim to:

- ▶▶ Conduct energy efficiency audits to identify areas for improvement and monitor our energy consumption rate and set reduction targets.
- ▶▶ Explore the opportunities to reduce our absolute scope 1 and scope 2 GHG emissions.
- ▶▶ Work closely with the stakeholders within our supply chains to identify our scope 3 emissions and act on the presented opportunities for further reduction.
- ▶▶ Set clear science-based targets for emissions reduction.
- ▶▶ Reduce our GHG emissions from supply chain logistics by exploring various strategies including encouraging our logistics partners to adopt cleaner initiatives and technologies.
- ▶▶ Explore carbon offset initiatives including participating in tree planting and reforestation projects as part of our agroforestry practices. These will promote carbon sequestration and contribute to global carbon reduction efforts.

ii. Climate adaptation and resilience

At Kenya Bixa, we recognize that climate change poses significant risks to our agricultural supply chain. We continue to witness and record acute weather events and long-term shifts in climate patterns that can significantly affect our crop yields. In 2023, we experienced above-average rainfall which saw the company recording high crop yield as compared to the previous year. However, such unpredictable climate cycles could also lead to undesirable patterns that affect crop yield negatively. We therefore need to adopt climate adaptation strategies to ensure the long-term sustainability of our farming operations and to enhance the resilience of the communities we work with.

We have identified climate-tolerant bixa seed varieties that can maintain productivity in the face of climate variability. We continue to explore other interventions to enhance our climate adaptation and resilience.

We will also keep track of key climate-related indicators, such as changes in rainfall patterns, temperature fluctuations, and crop yields, to assess the effectiveness of our adaptation strategies. This data will be used to adjust farming practices and ensure the continued resilience of our supply chain.

2. Resource and Material Consumption and Management

Responsible resource and material consumption is embedded in our sustainability strategy and environmental management policy. Efficient resource management not only reduces operational costs but also minimizes environmental impact, contributing to the company's long-term sustainability and compliance with international standards.

We employ various strategies to effectively address these impacts as discussed below:

a) Efficient use of raw materials and by-products

- ▶▶ We invest in farming strategies to improve the yield of bixa seeds per plant. This involves using high-quality seeds, optimizing planting techniques, and enhancing agricultural practices to increase productivity without expanding land use.
- ▶▶ We optimize our post-harvest handling techniques, and extraction and processing methods to maximize the amount of pigment extracted from each seed. By improving extraction efficiency, we reduce the quantity of raw materials required to produce the same amount of products.
- ▶▶ We maximize the reuse of by-products or waste within the system. For example, seed husks and residues from the extraction process are repurposed as manure, minimizing waste and reducing the need for additional resources.

b) Water and effluents management

At Kenya Bixa, water is a critical input for our colour extraction process. At the same time, access to fresh water is a human right for our local communities. We are therefore committed to ensuring that we do not negatively affect either the local community or the surrounding environment, by putting in place effective and efficient effluent management practices.

Our approach focuses on efficient water usage, minimizing wastewater generation, ensuring that all effluents are treated responsibly to reduce environmental impact and promoting access to fresh water.

- ▶ We acknowledge that water is a shared resource with significant social, environmental, and economic value. We are therefore committed to using water responsibly, reducing our water footprint, and contributing to the long-term sustainability of local water resources. We continue to implement water-efficient technologies in our processing plants, reducing our water consumption. We have also supported the local community to gain access to fresh water from our borehole since 2004.
- ▶ We adhere to strict effluent management policies, ensuring that our effluent meets regulatory requirements and does not negatively impact surrounding environments and people. All effluent from our processing activities is treated in an on-site facility before being discharged into storm water drains. Our treatment processes ensure that all discharges meet NEMA Water Quality Regulations with analysis and monitoring done quarterly. No significant water discharge-related incidents or fines were reported in 2023.
- ▶ We use both groundwater and municipal supplies, and we monitor the use to enable us set targets to reduce withdrawal in the future.

Below is a summary of our water consumption in 2023:

Source	Quantity
Bottled Water	6,000 Litres
Municipal Water	15,560 Litres
Borehole water	7,668,000 Litres

Table 17: Water Consumption in 2023

Even though our effluent discharge is not metered, all the water used in colour extraction is eventually discharged at the end of the process and we can therefore estimate our discharge quantities to approximately equate our consumption quantities.

We continue to identify opportunities to efficiently use our water. Going forward, we will:

- ▶ Conduct an extensive assessment of our water-related impacts to inform water conservation and inform our interactions with water as a shared resource.
- ▶ Explore how to put to good use the treated effluent water.
- ▶ Continue and improve the monitoring of our consumption and discharge rates to enable us set reduction targets.

c) Waste management

Kenya Bixa's waste-related impacts and their management are defined in the Environmental Management Policy and the management practices are in line with the national Waste Management Regulations. We are committed to minimizing waste generation, maximizing resource efficiency, and ensuring that waste is disposed of responsibly. Our approach focuses on reducing, reusing, and recycling materials wherever possible, and ensuring proper treatment of waste streams to protect the environment and support our goal of a circular economy.

Our waste management strategies therefore depend on the types of waste that we generate. Below is a demonstration of how we manage waste from our activities:

Types of Waste	Quantities	Management
Annatto seed husks	Not recorded	The husks are allowed to dry and later used on the farm as manure to conserve the soil health.
Bixa seeds and dregs	1,905 tonnes	After the thin red waxy layer of color has been extracted from the Bixa seeds, the seeds are considered waste. Dregs which are sediments generated from the color extraction process are also considered waste. We are currently using them to make manure for the farm while exploring the potential to use the seeds to make briquettes in the future.
Plastic containers	12.96 tonnes	These are mainly containers used in the supply of production inputs. We decontaminate them then put them into alternative use.
Septic waste	Not recorded	The septic waste is collected and managed by the municipality on a regular basis. The waste is handled according to the Waste Management Regulations.
Kitchen waste	Not recorded	Kitchen waste, which is very insignificant, is managed through compost alongside the Bixa seeds and dregs to make organic manure for the farms.
Scrap metal	Not recorded	These are stored on-site and are reused by the maintenance and fabrication department.
Glass and electronic waste	Not recorded	These are still stored on-site awaiting proper disposal.
Paper waste	Not recorded	These are disposed of in the biomass boiler.
Ash	Not recorded	Ash from the boiler is used in the compost to prepare manure.
Asbestos	Unestablished	We have undisturbed asbestos on-site that is yet to be disposed of.

Table 18: Waste Management

In the coming years, we will:

- Improve our data recording to enable us set waste reduction targets.
- Dispose of asbestos correctly.
- Broaden our focus to look at the management of waste throughout our value chain and assess how suppliers and customers meet our specific environmental and social criteria, including efficient resource use.

No significant spills were reported, and no hazardous waste were handled in 2023.

3. Sustainable Farming Practices

We place significant emphasis on sustainable farming practices as a key part of our sustainability strategy. Sustainable farming practices are critical to our success, given our reliance on bixa cultivation for producing natural colorants. We actively work with farmers and other stakeholders to promote agricultural methods that protect the environment, enhance biodiversity, and contribute to long-term social and economic well-being. Here's how we manage sustainable farming practices:

a) Soil health

- We emphasize soil health as a priority in sustainable farming. We promote practices such as minimal tillage, and the use of manure to maintain soil fertility. We educate farmers on the importance of avoiding soil degradation and implementing techniques to preserve soil quality for future generations.
- Bixa trees have very few pest problems or diseases and therefore we do not use any pesticides on the farms. This reduces pollution and helps protect biodiversity.

- Inorganic fertilizer is also not a priority, hence the promotion of the use of manure to conserve soil health.
- We encourage farmers to conserve indigenous plant species and maintain a diverse range of crops by practicing inter-cropping. This reduces the risk of monoculture farming, which can deplete soil health and biodiversity. Inter-cropping promotes food security for the farmers.

b) Biodiversity and natural ecosystem conversion

- Our bixa tree plantations help create unique ecosystems that support other forms of life. This promotes the establishment of agroforestry systems and biodiversity corridors that create habitats for local wildlife and improve ecosystem services. This helps to enhance biodiversity in the agricultural landscape while providing additional income streams for farmers from tree products.
- We also avoid natural ecosystem conversion by not practicing and discouraging massive land clearance at any given time. The bixa tree is a perennial shrub allowing us to maintain the plantation for many years without majorly disturbing the ecosystems. This enables us to conserve biodiversity while also addressing climate change concerns that may come from regular land clearance. Only about half of our farm is currently under bixa tree plantation, the rest is still left undisturbed.
- We have left untouched a piece of land of approximately 364 acres on our farm in Shimoni. A section of this is considered a sacred place by the local community. This not only promotes biodiversity conservation but also demonstrates our commitment to respecting the culture of the local community.





SUSTAINABLE WORKFORCE & COMMUNITIES

1. Our Employees and Other Workers

	Male	Female	Total
Our Employees			
Permanent Employees	29	4	33
Temporary employees	75	12	87
Casual Employees	35	50	85
Total	139	66	205
Workers who were not employees			
Interns	2	1	3
Attachés	6	2	8
Total	8	3	11

Table 19 : Our Employees and Other Workers

In 2023, we had a total workforce of 205 employees, along with 11 non-employee workers, all of whom were engaged on a full-time basis.

Our labour-intensive operations, such as planting, harvesting, and color extraction follow a seasonal schedule with two cycles per year. As a result, we engage temporary and casual employees during these peak periods to support the increased workload.

The non-employee workers during the reporting period consisted of students on attachment and interns who were placed in various departments to gain hands-on training and experience aligned with their fields of study.

We acknowledge the right of workers to freedom of association and have a framework in place to accommodate both unionized and non-unionized employees. In 2023, 89 employees, representing 34% of our workforce, were covered by collective bargaining agreements. The remaining employees have their working conditions and terms of employment governed by individual contractual agreements and guided by the Kenyan Employment Act.



Fig 8: Our Employees and Other Workers

This information is based on the actual headcount at the end of the reporting period.

2. Employment Practices

At Kenya Bixa, we are committed to creating a positive and inclusive work environment that supports the well-being and growth of our employees. Our labor practices are guided by international and national labor standards and are integral to our human resources management.

In 2023, we hired a total of six (6) new employees across different departments, reflecting our focus on talent acquisition.

Our employee turnover rate for the year was negligible as only one (1) exited.

	Male	Female	Total
New Hires			
Under 30 years	2	0	2
30 – 50 years	4	0	4
Over 50 years	0	0	0
Total	6	0	6
Turn Over			
Under 30 years	0	0	0
30 – 50 years	0	1	1
Over 50 years	0	0	0

Table 20 : Our New Hires and Turn Over



Fig 9: Employment Practices

Our full-time employees are entitled to a comprehensive range of benefits that support their health, well-being, and professional development. These benefits include:

- » Comprehensive medical cover for employees and their immediate families.
- » Contribution to retirement savings through a pension scheme.
- » Annual leave, maternity/paternity leave, and sick leave as stipulated by labor laws.
- » Training programs, workshops, and sponsorship for career growth.

Temporary and casual employees, engaged during the peak seasons of planting and harvesting, receive competitive wages and are covered by social security contributions, but they do not receive the full range of benefits provided to permanent staff.

We offer parental leave to all eligible employees as part of our commitment to supporting work-life balance. In 2023, 6 employees, 5 males and 1 female took parental leave. The return-to-work rate following parental leave was 100%, with a retention rate of 100% after 12 months.

3. Labor Rights

Kenya Bixa is committed to upholding the highest labor and human rights standards in our operations and business relationships. This commitment is guided by Kenyan national labor laws, and the international instruments including the Universal Declaration of Human Rights, and the International Labour Organization (ILO) conventions which we have enshrined in our sustainability strategy, and labor and human rights policies.

We aim to effectively manage any risks of labor and human rights abuse guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs). We currently embed these principles across our business activities and promote them in our value chain to ensure fair, safe, and dignified working conditions for all employees and stakeholders.

To achieve this, we have taken these specific actions:

» Occupational Safety and Health

Employee health and safety are top priorities for us. We comply with the Occupational Safety and Health Act of 2007 and its Regulations to create a safe work environment, and we have established a robust occupational health and safety (OHS) management system to enable us to effectively manage any OHS risks within our operations.

We conduct regular generic and specific safety training to ensure that employees are aware of safety protocols and annual risk assessments and audits to identify our risks and manage them. We have an OHS committee that oversees the OHS management system and it comprises management and employee representatives from every department which aids employee consultation and engagement.

Our employees have occupational medical cover in accordance with the Work Injury Benefit Act, we also carry out regular medical examinations of employees exposed to specific hazards that help in the early identification of any ill health.

In 2023, we recorded three (3) minor work-related injuries, with zero lost days to injury and no work-related ill health incidents. For incidents recorded, we conduct investigations and implement any corrective and preventive measures.

We continue to invest in training, safety equipment, and preventive measures to reduce workplace risks.

OHS Training Conducted	Male	Female	Total	Training Hours
Health and Safety Committee	13	8	21	40
Fire Marshalls	26	8	34	14
First Aiders	26	8	34	21

Table 21 : Occupational Safety and Health Training

» Training and Education

We invest in the development of our workforce through continuous training programs that enhance technical skills, leadership, and career growth.

In 2023, our employees participated in the various 18 topics of training with a collective 318 Hours in training. The training programs were tailored to meet the specific needs of different employee categories, ensuring that all workers are equipped with the knowledge and skills to succeed in their roles.

Below is a schedule of the trainings conducted in 2023:

Topic	Male	Female	Total	Training Hours
Resource Efficiency and Cleaner Production	1	1	2	40Hrs
Food Safety Management Systems and Policies	27	7	34	5Hrs
Ethical Leadership & Corporate Governance	2	1	3	14Hrs
UV-VIS Spectrophotometer	3	2	5	14Hrs
Security Management	23	2	25	40Hrs
Labour Laws and Industrial Relations	0	1	1	40Hrs
ICT and Google sheets	16	7	23	5Hrs
Critical Control Points	6	0	6	5Hrs
Chemical Handling	10	0	10	5Hrs
Good Manufacturing Practices	32	6	38	5Hrs
Tax Convention	0	1	1	40Hrs
Housing Levy	61	5	66	5Hrs
Retirement Plan	26	5	31	5Hrs
Corporate Social Responsibility	2	0	2	10Hrs
GRI Sustainability Reporting	3	3	6	10Hrs
Health and Safety Committee	13	8	21	40Hrs
Fire Marshalls	26	8	34	14Hrs
First Aiders	26	8	34	21Hrs
Total	277	65	342	318HRS

Table 22 : Training and Education

Our average training hours were:

Average training hours per employee	1 hour 36 minutes
Average training hours per female employee	54 minutes
Average training hours per male employee	1 hour 54 minutes

Table 23: Average Training Hours

► Diversity and Equal Opportunity

We promote a diverse and inclusive workforce, ensuring that employees are hired, promoted, and compensated based on merit and without discrimination based on gender, race, ethnicity, age, or disability. We actively encourage the participation of underrepresented groups, particularly women, in both managerial roles and the general workforce.

Our recruitment policies focus on equal opportunity for all, ensuring that hiring is based solely on qualifications and competencies.

With our employees' numbers below showing glaring gender imbalances in all our levels of management, we aim to invest in strategies that will drive equal gender representation as well as gender pay parity in the coming years.

In 2023, our workforce gender distribution was 21% female and 79% male.

We had 1 employee living with disability in 2023.

Level of Management	Male	Female	Total
Board of Directors	5	0	5
Management	5	3	8
Supervisors	12	4	16
Operators	82	9	91
Farm Attendants	35	50	85
TOTAL	139	66	205

Table 24: Workforce Gender Distribution

Level of Management	Under 30 Years	30 – 50 Years	Over 50 years
Board of Directors	0	1	4
Management	0	6	2
Supervisors	2	12	2
Operators	6	65	20
Farm Attendants	30	55	0
TOTAL	38	139	28

Table 25: Employee Living with Disability

» Non-Discrimination and Harassment

We maintain a zero-tolerance policy towards any form of discrimination, whether based on gender, race, religion, age, disability, or any other status. We ensure that all employees, regardless of their background, are treated fairly and with respect. Non-discrimination is embedded in recruitment, promotions, and workplace behavior, and there is zero tolerance for any form of harassment or abuse.

In 2023, zero incidents of discrimination and harassment were reported within our operations.

We have policies and procedures to ensure that complaints are thoroughly investigated, and appropriate corrective actions are taken when they occur. All employees undergo training in anti-discrimination policies, and we continuously promote a culture of respect and inclusion.

» Freedom of Association and Collective Bargaining

At Kenya Bixa, we respect the right of workers to freedom of association and collective bargaining.

In 2023, 34% of our employees were covered by collective bargaining agreements. We work closely with unions and labor representatives to ensure open communication and fair labor practices. Additionally, our non-unionized employees are provided with clear channels for addressing grievances related to their working conditions and terms of employment.

» Child, Forced and Compulsory Labor

We adhere strictly to national and international laws prohibiting child labor. We do not employ individuals under the legal working age and discourage child labor in our supply chain. We are also committed to preventing any form of forced and compulsory labor or any form of exploitation in our operations and throughout our supply chain.

We have implemented strict contractual clauses with suppliers to ensure that they comply with these commitments. Although we have put effective mechanisms within the operations to adhere to this, there lies a risk of child labor among the out-growers. We have therefore conducted sensitization among the out-growers on abolishing child labor.

In the coming years, we will establish means to effectively monitor our supply chain through audits to effectively manage any further potential risks presented.

No incidents of child, forced or compulsory labor were reported in 2023.

» Living Income and Living Wage

We ensure that all employees receive fair wages and benefits in accordance with local labor guidelines on minimum wage. We regularly review our compensation packages to remain competitive and our CBA is reviewed every two years.

We also uphold fair trade practices ensuring that all farmers and suppliers in our supply chain receive equitable compensation for their products. This includes paying fair prices for bixa seeds, providing timely payments, and supporting farmers with the resources needed to improve crop yields and quality.

» Security Practices

We understand the importance of maintaining a secure and safe environment across our operations. The safety of our employees, suppliers, customers, and local communities is our top priority. Our security practices are therefore not only designed to safeguard our assets but also to uphold human rights and foster a culture of respect, transparency, and ethical conduct.

In 2023, we provided our security personnel with comprehensive training on security management with a special focus on understanding and respecting the rights of workers and community members, avoiding the use of excessive force, and maintaining non-violent methods for conflict resolution.

We also engaged in regular dialogue with various leaders on the Regional Security Committee which we are a member of to ensure that our security measures were aligned with community expectations and that any concerns were promptly addressed.

All the labor and human rights issues mentioned are addressed in our Human Rights Policy, which outlines our specific commitments and provides grievance mechanisms for employees, suppliers, and communities to report any violations.

We uphold open and transparent communication channels between management and employees, as detailed in our stakeholder engagement plan, ensuring that employees can raise concerns, provide feedback, and discuss working conditions freely.

In the coming years, we aim to conduct supply chain human rights due diligence ensuring that suppliers, contractors, and business partners adhere to the same high standards. This will also include training and awareness of the expected commitments.



4. Community Relations, Investments and Economic Inclusion

i. Our communities

We operate in close proximity to several local communities in Kwale, Kilifi and Lamu Counties, where our bixa growing, production and processing activities are centered.

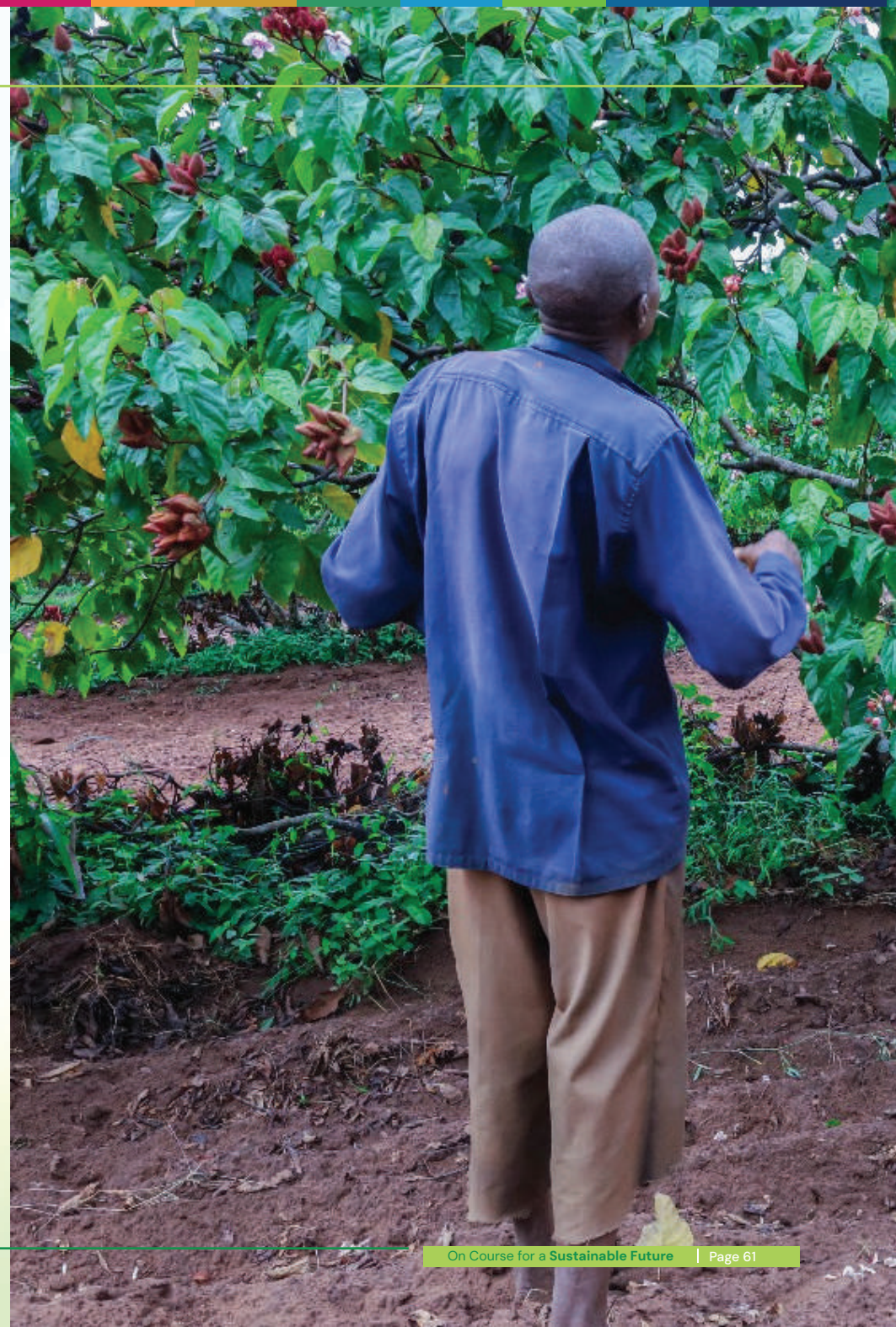
These communities consist primarily of small towns, local, rural, fishing populations, and agricultural-based populations, including smallholder farmers who contribute to our supply chain. Additionally, the communities include small businesses and other stakeholders whose livelihoods are closely tied to agriculture and the natural resources in the region. Based on our location and operations, there are no officially recognized Indigenous Peoples directly within the immediate operational areas.

Our relationship with these communities is crucial, and we are committed to ensuring that our operations contribute positively to their socio-economic development while minimizing any negative impacts. Our commitments also ensure that we respect the rights of all people, including potentially marginalized and vulnerable populations.

We actively engage with our local communities through regular consultations, community meetings, and participatory dialogues. These engagements help identify community needs, concerns, and opportunities for collaboration.

In order to manage our impacts on the local communities, we implemented grievance mechanisms allowing local community members to report concerns related to our operations. In 2023, we received zero grievances related to our operations and community engagement.

We aim to conduct community impact assessments, including social impact assessments to identify our impacts and ensure that our activities align with the interests and well-being of the local communities.



ii. Land and resource rights

Land and resource access are critical to both our operations and the well-being of local communities, particularly smallholder farmers who are essential to our supply chain. We recognize that responsible land management and equitable resource access are fundamental to the social and economic well-being of our stakeholders while ensuring the long-term sustainability of the natural environment.

Kenya Bixa has taken measures to ensure that our operations do not infringe on the land rights of local communities, nor do we disrupt the sustainable use of natural resources. Our land use also aligns with local land tenure systems and environmental sustainability goals.

Our operations, such as bixa planting, occur in designated agricultural areas with no encroachment on protected lands or areas of high biodiversity. We ensure that our land-use practices minimize negative impacts on the environment, including soil degradation, water use, and biodiversity loss ensuring long-term agricultural productivity and land viability.

Kenya Bixa engaged over 2,500 smallholder farmers who cultivated bixa crops on their own land. We ensure that these farmers retain full ownership and rights to their land while providing them with any necessary technical assistance and market access for their crops. Our relationships with these farmers are based on principles of fair and transparent engagement, ensuring that they benefit economically from the relationship without jeopardizing their land tenure.

We have established clear grievance mechanisms through which local communities and stakeholders can raise concerns about land or resource-related issues. We have regular dialogue with our out-grower farmers to ensure that any concerns regarding land and resource access are addressed. In 2023, no grievances related to land rights were reported.

Looking forward, we aim to map out land ownership patterns in the areas where we operate to ensure that our activities do not lead to land disputes or the displacement of communities.





Fig 10: Economic Inclusion

iii. Economic inclusion

We are committed to promoting inclusive economic growth within our operations and value chain. As part of this commitment, we ensure equitable access to opportunities, especially for marginalized groups, including smallholder farmers, women, youth, and people with disabilities. By focusing on community investments and economic inclusion, we ensure that our actions support sustainable development goals, create shared value, and promote inclusive growth.

In 2023, our economic inclusion initiatives impacted thousands of individuals within our value chain, from smallholder farmers to local suppliers and employees. Our initiative included:

- Supporting over 5,000 smallholder farmers through our out-grower program. This ensures that local communities benefit from increased incomes, leading to improved livelihoods. The engagement of farmers is on a long-term basis to guarantee stability and economic growth at the grassroots level.
- Investing in community development projects aimed at improving local livelihoods and education. These projects are designed to have a positive social impact and contribute to the sustainable development of the communities surrounding our operations. Through the Corporate Social Responsibility Committee, we supported various projects in the region in the areas of education, health and security.
- Prioritizing local employment, with 80% of our workforce coming from the surrounding communities. We provide jobs that contribute to the economic well-being of these communities while offering fair wages and opportunities for skill development.
- Committing to fair wage practices, ensuring that all employees, regardless of position, receive wages above the minimum wage level, contributing to their economic well-being. We also review our wage structures regularly to ensure alignment with industry best practices.
- Promoting inclusive procurement practices by sourcing from local supply chains, ensuring that they benefit from our operations. In 2023, 85% of our procurements were from local suppliers, majorly the out-growers and other suppliers within the Kenyan coastal region. We also integrate gender-inclusive procurement strategies as well as small and medium-sized enterprises (SMEs) into our supply chain. We spent an average of 175 million Kenya Shillings in total value of procurement contracts awarded to farmers and other suppliers in 2023.

We will continue to monitor and improve our practices to ensure that our operations contribute positively to economic development and inclusion. Working together with the community, we will identify areas for further economic investments.

iv. Food security

At Kenya Bixa, we recognize that food security is a critical concern in the communities where we operate. While our products do not directly improve food security, we understand that our operations play a significant role in contributing to the local economy and supporting food production.

Our business can contribute to enhancing food security by fostering economic resilience, supporting sustainable agricultural practices, and empowering smallholder farmers and employees to improve their food access and security.

Our initiatives in 2023 included:

- We provided our out-grower farmers with training in sustainable farming techniques. We encourage our farmers to practice inter-cropping to enable them to invest in food production for household consumption.
- Farmers involved in our out-grower programs have a guaranteed source of income which they can reinvest in food crop production or use to access food.
- Our sustainable farming practices also help improve soil health, enhancing long-term food production in the areas where we operate.

Going forward, we will focus on enhancing our partnerships with local food security organizations and increasing access to training programs that promote diversified agricultural production for food and cash crops. This will strengthen the local community's resilience and food security.

SUSTAINABLE PRODUCTS AND SUPPLY CHAINS

At Kenya Bixa, we are committed to delivering high-quality, safe products while ensuring full transparency and traceability across our supply chain. Our sustainability strategy is built on a foundation of rigorous quality control, food safety standards, and a commitment to responsible sourcing practices.

By focusing on supply chain transparency and ensuring traceability from seed to shelf, we not only meet consumer expectations for sustainable, safe products but also align with global sustainability standards and reinforce our position as a responsible market leader in the natural colorant industry.

1. Product Quality and Safety

We are committed to ensuring that our products meet the highest standards of quality and safety, safeguarding both the health of consumers and the integrity of our brand. As a food ingredient supplier, our bixa products must adhere to stringent food safety regulations and quality control measures across our production processes.

Our approach to food quality and safety is aligned with industry best practices and complies with national and international standards. By adopting these measures, we protect public health, ensure compliance with legal requirements, and build consumer confidence in our products. These include:

- ▶▶ We follow rigorous food safety management protocols, including adherence to international standards such as the Hazard Analysis and Critical Control Points (HACCP), ISO 22000 standards for food safety management systems and ISO 9001 for quality management systems. These systems ensure that potential hazards are identified, monitored, and controlled throughout the production process. 100% of our products underwent quality and safety assessments, ensuring compliance with food safety regulations and standards.
- ▶▶ All our products are subjected to comprehensive quality testing at various stages of production, from raw material sourcing to final product packaging. We collaborate with third-party laboratories to verify that products meet both national and international safety standards in addition to our in-house laboratory which enables us to do regular quality monitoring and control for every batch of production. In 2023, our operations were audited by regulatory authorities, and we achieved full compliance with no significant food safety violations reported. As a result, our products got the Diamond Mark of Quality from the Kenya Bureau of Standards (KEBS).
- ▶▶ In 2023, we delivered training programs for a total of 93 employees involved in production and quality assurance. The training focused on various aspects of food safety regulations, best practices in hygiene, and the proper handling of food products.
- ▶▶ In the unlikely event of a product recall, we have established robust procedures to ensure a swift and efficient response. These include tracing affected products, notifying customers and authorities, and implementing corrective actions to prevent future incidents. No product recalls or safety incidents were reported during the year.
- ▶▶ We implement full traceability systems to track the origin, processing, and distribution of our products. This ensures transparency throughout the supply chain and enables us to respond swiftly in the event of any food safety concerns.

Kenya Bixa remains dedicated to the continuous improvement of our food safety and quality management systems. We actively participate in industry forums and engage with regulatory bodies to stay ahead of new trends and requirements in food safety.

In the coming years, we will continue to invest in advanced technology and employee training to further strengthen our food quality and safety practices as well as traceability systems.

2. Product Labeling and Marketing

At Kenya Bixa, we uphold the highest standards of product transparency through communication and labeling and responsible marketing practices. Our measures include:

- We ensure that customers have all the necessary information to make informed decisions on our products. We provide comprehensive labeling on our products in adherence to relevant labeling regulations and ensure that our packaging aligns with consumer expectations for transparency and quality. Our labeling covers the sourcing and components of the product, usage instructions, safety information, and safe disposal of the packaging material.
- Our marketing practices are aligned with ethical standards to avoid misleading claims and ensure that our customers receive accurate information about our products. We adhere to national advertising laws and promote transparency in all marketing efforts. We had zero incidents of non-compliance related to labeling and marketing reported during the reporting period.

Going forward, we aim to improve our labeling transparency, including additional sustainability data and practices.

3. Supply Chain Transparency and Traceability

At Kenya Bixa, we recognize the critical importance of supply chain transparency and traceability in driving sustainability across our operations. As part of our commitment to responsible sourcing, we aim to ensure that each stage of our bixa production, panning from raw material cultivation to processing and delivery meets the highest quality, environmental and social standards.

In 2023, we promoted specific initiatives to enhance the visibility of our supply chain and influence responsible business practices. These included:

- Carefully selecting suppliers that align with our ethical, environmental, and social standards. We use a Supplier Code of Conduct and a checklist that includes guidelines on labour practices, environmental stewardship, human rights, and anti-corruption measures that the suppliers are expected to commit to before their engagement.
- We keep track of the origin of raw materials like Bixa seeds for quality reasons as stipulated in our food quality and safety policies and guidelines.
- Where possible, we source our raw materials locally, reducing the carbon footprint associated with transportation while building and supporting local economies. This also enables us to have a closer oversight over our supply chain operations.

Going forward, we will strengthen our visibility and seek to gain more leverage by:

- Conducting regular quality audits of our suppliers to ensure that raw materials meet our quality and safety requirements. This will help mitigate risks related to substandard or unsafe materials entering the production process.
- Conducting key supplier assessments focusing on environmental impact, labour conditions, and ethical business conduct ensuring that they comply with Kenya Bixa's Supplier Code of Conduct.
- Improving our tracking and traceability systems that allow for real-time data collection on farming inputs, harvesting methods, and processing standards, ensuring product quality and sustainability compliance throughout the supply chain.

By strengthening our supply chain transparency and traceability, we will not only ensure the integrity of our products but also contribute to the creation of a more ethical and sustainable value chain.

SDGs



SUSTAINABLE DEVELOPMENT GOALS



We are able to align our material topics with specific United Nations Sustainable Development Goals (SDGs), ensuring our business activities contribute to global sustainability efforts.

Below is an outline of how our material topics connect with various SDGs:


























Material Topics	Sub-themes	Sustainable Development Goals
Governance and Ethics	I. Ethics, integrity, and anti-corruption II. Anti-competitive behavior III. Compliance and regulatory environment IV. Data privacy and protection	SDG 16, 17  
Sustainable Environmental Practices	i) Climate change 2. GHG emissions 3. Climate adaptation and resilience ii) Resource and material consumption and management 4. Material consumption 5. Water and effluent 6. Waste management iii) Sustainable farming practices 7. Biodiversity 8. Natural ecosystem conversion 9. Soil health	SDG 2, 6, 7, 12, 13, 15,      
Sustainable Workforce and Communities	i). Employment practices and labor rights a) Employment practices b) Working conditions and occupational health & safety c) Non-discrimination and equal opportunity d) Child labor e) Remuneration f) Training and education g) Gender equality, diversity, and inclusion ii). Community relations and investments a) Local communities b) Land and resource rights c) Economic inclusion d) Food security	SDG 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 17           
Sustainable Products and Supply Chain	i) Product quality and safety ii) Supply chain transparency and traceability	SDG 1, 3, 5, 8, 10, 12, 17      

Table 26: Our Material Topics and the SDGs

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.



United Nations
Global Compact

Kenya Bixa Limited has been a UN Global Compact participating company since March 2013. Guided by the Ten UN Global Compact Principles in the areas of human and labour rights, environmental stewardship and anti-corruption, Kenya Bixa Limited has since striven to uphold responsible business practices.

We have consistently submitted our annual Communication on Progress (COP) reports including for this reporting period. This report demonstrates how we have embedded these principles. Below is an overview of the linkage between our material topics and the Ten Principles:





Material Topics	Sub-themes	UN Global Compact Principles
Governance and Ethics	<ul style="list-style-type: none"> I. Ethics, integrity, and anti-corruption II. Anti-competitive behavior III. Compliance and regulatory environment IV. Data privacy and protection 	Principles 10 
Sustainable Environmental Practices	<ul style="list-style-type: none"> i) Climate change <ul style="list-style-type: none"> a. GHG emissions b. Climate adaptation and resilience ii) Resource and material consumption and management <ul style="list-style-type: none"> a. Material consumption b. Water and effluent c. Waste management iii) Sustainable farming practices <ul style="list-style-type: none"> a. Biodiversity b. Natural ecosystem conversion c. Soil health 	Principles 7, 8, 9 
Sustainable Workforce and Communities	<ul style="list-style-type: none"> i). Employment practices and labor rights <ul style="list-style-type: none"> a) Employment practices b) Working conditions and occupational health & safety c) Non-discrimination and equal opportunity d) Child labor e) Remuneration f) Training and education g) Gender equality, diversity, and inclusion ii). Community relations and investments <ul style="list-style-type: none"> a) Local communities b) Land and resource rights c) Economic inclusion d) Food security 	Principles 1, 2, 3, 4, 5, 6 
Sustainable Products and Supply Chain	<ul style="list-style-type: none"> i) Product quality and safety ii) Supply chain transparency and traceability 	Principle 2 

Table 27: Material topics and the Ten Principles

FUTURE OUTLOOK



➤ **Deepening our sustainability integration:** On priority, we intend to finalize our sustainability strategy and further embed it into every aspect of our business model. This will include taking actions to effectively manage the identified material topics by reinforcing the current management practices and bridging the gaps highlighted in this sustainability report. This will also mean strengthening our governance to provide the needed direction and oversight.

➤ **Set data-driven sustainability targets:** A major focus for the future will be the enhancement of our data collection systems to ensure more accurate monitoring and evaluation of our sustainability performance. By leveraging data-driven insights, we will determine our starting points against which we will set ambitious, yet achievable, sustainability targets. This will enable us to track our progress more effectively and make informed decisions that drive continuous improvement.

➤ **Strengthen our supply chain management and oversight:** As part of our ongoing commitment to transparency and responsible business conduct, we will enhance our supply chain oversight to ensure sustainability and ethical practices across all levels. We will work closely with suppliers and other stakeholders to identify and address any ESG risks in relation to our operations and business relationships.

We remain dedicated to driving long-term value for our stakeholders by creating a more sustainable, resilient, and inclusive business, and this sustainability report is a great starting point for us. We understand that the challenges ahead are significant, but with a strong sense of purpose, we are confident in our ability to make meaningful contributions toward a sustainable future for all.



BIXA ORELLANA

This is also known as the achiote tree which is a shrub or small tree native to Central America but is grown in many countries worldwide.

The tree is best known as the source of annatto, a natural pigment obtained from the waxy arils that cover its seeds.

Bixa Orellana is a perennial, tall shrub to small evergreen tree that can reach 20–33 ft high.



Fig: Bixa Orellana



It bears clusters of bright white or pink flowers, resembling single wild roses, that appear at the tips of the branches.



The fruits of the Bixa Orellana are globose, ovoid capsules arranged in clusters resembling spiky-looking red-brown seed pods covered in soft spines.

Each capsule, or pod, contains 30–45 cone-shaped seeds covered in a thin waxy blood-red aril.

When fully mature, the pod dries, hardens, and splits open, thereby exposing the seeds.



Planting is done between April and June.

The trees take 18 months to mature and are maintained for about 15 years depending on productivity before they are cleared for replanting.

GRI CONTENT INDEX

Statement of Use	Kenya Bixa Limited has reported in accordance with the GRI Standards for the period starting in January 2023 and ending in December 2023.	
GRI 1 Used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
GENERAL DISCLOSURES		
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 10
	2-2 Entities included in the organization's sustainability reporting	Page 8
	2-3 Reporting period, frequency and contact point	Page 8 & 87
	2-4 Restatements of information	No restatement
	2-5 External assurance	No assurance
	2-6 Activities, value chain and other business relationships	Page 54
	2-7 Employees	Page 54
	2-8 Workers who are not employees	Page 54
	2-9 Governance structure and composition	Page 16
	2-10 Nomination and selection of the highest governance body	Page 16
	2-11 Chair of the highest governance body	Page 16,5
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 19
	2-13 Delegation of responsibility for managing impacts	Page 19
	2-14 Role of the highest governance body in sustainability reporting	Page 19
	2-15 Conflicts of interest	Page 16

GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Page 16
	2-17 Collective knowledge of the highest governance body	N/A
	2-18 Evaluation of the performance of the highest governance body	N/A
	2-19 Remuneration policies	N/A
	2-20 Process to determine remuneration	N/A
	2-21 Annual total compensation ratio	N/A
	2-22 Statement on sustainable development strategy	Page 21
	2-23 Policy commitments	Page 22-25
	2-24 Embedding policy commitments	Page 26-27
	2-25 Processes to remediate negative impacts	Page 28
	2-26 Mechanisms for seeking advice and raising concerns	Page 30-31
	2-27 Compliance with laws and regulations	Page 28,40
	2-28 Membership associations	Page 14
	2-29 Approach to stakeholder engagement	Page 29-31
	2-30 Collective bargaining agreements	Page 59
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 35
	3-2 List of material topics	Page 36

Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 36-67
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	N/A
	101-2 Management of biodiversity impacts	Page 51
	101-3 Access and benefit-sharing	Page 51
	101-4 Identification of biodiversity impacts	Page 51
	101-5 Locations with biodiversity impacts	Page 51
	101-6 Direct drivers of biodiversity loss	Page 51
	101-7 Changes to the state of biodiversity	N/A
	101-8 Ecosystem services	Page 51
Economic performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	N/A
	201-2 Financial implications and other risks and opportunities due to climate change	N/A
	201-3 Defined benefit plan obligations and other retirement plans	N/A
	201-4 Financial assistance received from government	N/A

Market presence		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 59
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 59
	202-2 Proportion of senior management hired from the local community	N/A
Indirect economic impacts		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 61-64
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 63
	203-2 Significant indirect economic impacts	Page 61-64
Procurement practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 63
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 63
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 39
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 39
	205-2 Communication and training about anti-corruption policies and procedures	Page 39
	205-3 Confirmed incidents of corruption and actions taken	N/A
Anti-competitive behavior		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 40
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
Tax		
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A

GRI 207: Tax 2019	207-1 Approach to tax	N/A
	207-2 Tax governance, control, and risk management	N/A
	207-3 Stakeholder engagement and management of concerns related to tax	N/A
	207-4 Country-by-country reporting	N/A
Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 48-49
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 48-49
	301-2 Recycled input materials used	N/A
	301-3 Reclaimed products and their packaging materials	N/A
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 44-45
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 44-45
	302-2 Energy consumption outside of the organization	N/A
	302-3 Energy intensity	N/A
	302-4 Reduction of energy consumption	N/A
	302-5 Reductions in energy requirements of products and services	N/A
Water and effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 48-49
	303-1 Interactions with water as a shared resource	N/A
	303-2 Management of water discharge-related impacts	Page 48-49

GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Page 49
	303-4 Water discharge	Page 49
	303-5 Water consumption	Page 49
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 44–48
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 45
	305-2 Energy indirect (Scope 2) GHG emissions	Page 46
	305-3 Other indirect (Scope 3) GHG emissions	Page 46
	305-4 GHG emissions intensity	N/A
	305-5 Reduction of GHG emissions	N/A
	305-6 Emissions of ozone-depleting substances (ODS)	N/A
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
Spills		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 51
GRI 306: Effluents and Waste 2016	306-3 Significant spills	N/A
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 50–51
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 50–51
	306-2 Management of significant waste-related impacts	Page 50–51
	306-3 Waste generated	Page 50

	306-4 Waste diverted from disposal	Page 50
	306-5 Waste directed to disposal	Page 50
Supplier environmental assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 67
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	N/A
	308-2 Negative environmental impacts in the supply chain and actions taken	N/A
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 54-60
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 55
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 56
	401-3 Parental leave	Page 56
Labor/management relations		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 56
Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 56
	403-1 Occupational health and safety management system	Page 56
	403-2 Hazard identification, risk assessment, and incident investigation	Page 56
	403-3 Occupational health services	Page 56
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 56

GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Page 56
	403-6 Promotion of worker health	Page 56
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A
	403-8 Workers covered by an occupational health and safety management system	Page 56
	403-9 Work-related injuries	Page 561
	403-10 Work-related ill health	Page 56
Training and education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 57-58
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 58
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 57
	404-3 Percentage of employees receiving regular performance and career development reviews	N/A
Diversity and equal opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 58
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 58
	405-2 Ratio of basic salary and remuneration of women to men	N/A
Non-discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 59
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 59
Freedom of association and collective bargaining		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 59

GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
Child labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 59
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	N/A
Forced or compulsory labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 59
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
Security practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 60
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Page 60
Rights of Indigenous Peoples		
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
Local communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 61-64
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 61
	413-2 Operations with significant actual and potential negative impacts on local communities	Page 61-64
Supplier social assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 67
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	N/A

	414-2 Negative social impacts in the supply chain and actions taken	N/A
Public policy		
GRI 3: Material Topics 2021	3-3 Management of material topics	N/A
GRI 415: Public Policy 2016	415-1 Political contributions	N/A
Customer health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 66
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 66
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 66
Marketing and labeling		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 67
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Page 67
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 67
	417-3 Incidents of non-compliance concerning marketing communications	Page 67
Customer privacy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 41
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 41

Topics in the applicable GRI Sector Standards determined as not material	
TOPIC	EXPLANATION
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	
Pesticide Use	Not applicable since we do not use pesticides in bixa tree farming
Animal health and welfare	Not applicable since we have no animals
Rights of indigenous peoples	Not applicable since our operations are not in areas with identified indigenous people

Table 29: Topics in the applicable GRI Sector Standards

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