LAKI LAKI LTD.

SUSTAINABILITY REPORT 2025

Foreword

'Sustainability shapes our daily operations' - Joost Timpers

As the founder and CEO of Laki Laki I am proud to share this sustainability update. More than a decade after our founding we continue to prove that growth and responsibility can go hand in hand.

Our social commitments remain at the heart of our company. Sixty percent of our workforce is women and every employee earns a fair wage. We invest in training and development and support local charities that uplift vulnerable children and strengthen communities.

Sustainability also shapes our daily operations. We have expanded returnable glass packaging introduced lower sugar fruit pulp and begun exploring renewable energy for our facilities. Each of these steps brings us closer to our vision of creating food that is good for people and better for the planet.

This report reflects our progress and our continued commitment to building a business where purpose and performance move forward together.

Joost Timpers, Founder and CEO

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Introduction

At Laki Laki governance is the framework through which we safeguard our mission and ensure accountability to all stakeholders. Our mission is clear: to advance with honest and transparent practices empowering partnerships and producing nourishing dairy products that sustain people communities and our shared future.

We recognize that business success and profitability cannot be separated from social and environmental responsibility. To secure this integration our corporate statutes require decision makers to consider the impact of their choices not only on shareholders but also on employees customers suppliers and the communities in which we operate. This principle establishes stakeholder governance as the foundation of our business model.

Sustainability and governance go hand in hand within our operations. Our Board of Directors plays a guiding role by setting strategic goals approving annual budgets and overseeing major capital expenditures. Their oversight ensures that growth remains responsible and aligned with our long term mission. Through this structure we can continue to expand our presence across Kenya while maintaining fair relationships with local farmers and suppliers. More than eighty five percent of our raw materials are sourced locally through transparent contracts that support economic resilience and community development.

Supporting Local Communities

The strength of Laki Laki is inseparable from the strength of the communities around us. Our business is built on close relationships with local farmers, suppliers, and partners, and we see it as our responsibility to ensure that our growth creates shared value. Supporting community development is not an external activity but a central part of how we operate, ensuring that the benefits of our business extend well beyond our factory doors.

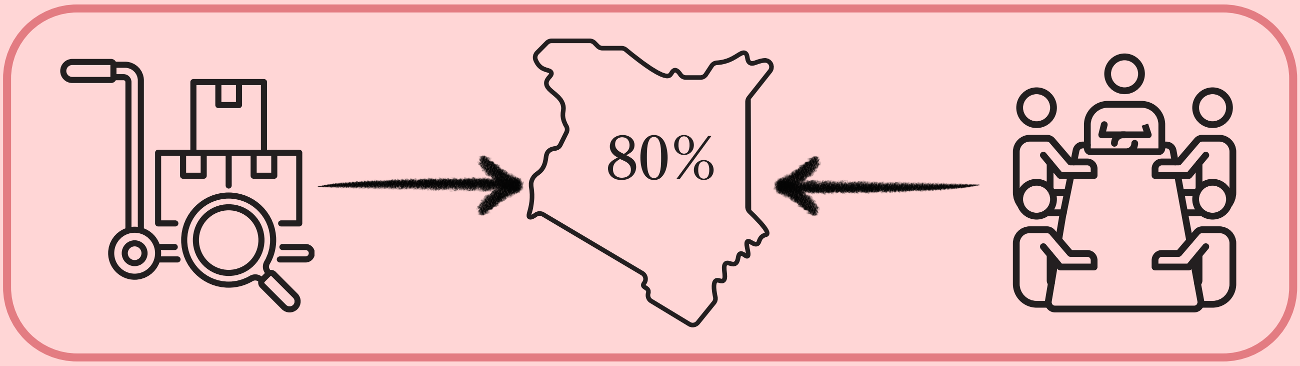
Our community approach is practical and grounded in what we can deliver. For example, we build fair and lasting partnerships with local suppliers and farmers, ensuring they benefit from stable demand and are supported to improve their businesses over time. Also, we engage in initiatives that directly support community well-being, such as nutrition awareness and basic financial literacy, where our expertise and resources can make a tangible difference.

Looking ahead, we want to measure our progress more clearly. We plan to track the diversity of our workforce and management and record the reach of community initiatives in health and education. We will also strengthen reporting on the scale and impact of our supplier partnerships. These steps will help us understand not only what we contribute, but also where we can grow our impact further.

Within this broader approach to community, one lever stands out as central to our impact: local economic development. By sourcing from Kenyan businesses and ensuring local leadership in decision-making, we directly anchor value creation in the national economy. This strategy has the greatest potential to multiply benefits across employment, enterprise growth, and social resilience. The following section explores this approach in more detail.

Local Economic Development

At Laki Laki, we see local economic development as a central element of how we create impact. Our operations are intentionally structured so that the benefits of our business flow directly to Kenyan people, enterprises, and communities. We achieve this through two impact levers: sourcing locally and ensuring local leadership. Together, these choices embed economic value in the domestic market, support livelihoods, and contribute to a stronger and more resilient Kenyan economy.



Local Sourcing

Over 80% of our cost of goods sold originates from Kenyan companies. This sourcing practice is not simply a matter of logistics but a deliberate strategy to strengthen domestic industry. By sourcing raw materials, packaging, and services locally, we provide consistent and predictable demand for a wide network of suppliers, ranging from smallholder farmers to processing partners.

This approach helps suppliers grow their businesses, expand employment opportunities, and reinvest in better infrastructure and practices. Farmers benefit from reliable income, which enables them to improve productivity, animal welfare, and sustainability on their farms. Local processors and service providers expand their capacities, creating multiplier effects across rural and peri-urban communities. The result is a value chain where more of the economic gains remain within Kenya, fostering long-term growth rather than dependency on external supply.

Local Leadership

Ruth Misiko -
"Our strength lies in growing Kenya, through Kenyans, for Kenyans."

Our governance model reflects the same commitment. More than 80% of Laki Laki's directors are Kenyan citizens, ensuring that decision-making is rooted in local realities and aligned with the needs of our communities. This leadership structure builds Kenyan capacity at the highest levels of corporate governance and guarantees that strategic choices are informed by local expertise.

Local leadership also enhances accountability. As our directors live and work within the same communities impacted by our business, they are directly connected to the outcomes of their decisions. This creates a cycle of responsibility and trust, while strengthening the local talent pipeline for future leaders in the dairy and food sectors.

Positive Outcomes and Future Potential

The combination of local sourcing and leadership is already yielding measurable outcomes. Supplier businesses report higher stability and opportunities for growth as a result of Laki Laki's long-term contracts. Jobs have been created across the value chain, with ripple effects in logistics, packaging, and retail. Knowledge transfer is taking place as suppliers align with Laki Laki's quality and sustainability standards, raising industry benchmarks.

Looking ahead, we expect these impacts to expand further. Stronger local sourcing will increase supplier competitiveness and resilience, allowing Kenyan businesses to compete more effectively in regional markets. Farmers and suppliers will continue to benefit from stable incomes and opportunities to innovate. Local leadership at board level will ensure that these priorities remain central to our business strategy, safeguarding alignment with national development goals.

By anchoring our impact business model in local sourcing and leadership, Laki Laki contributes not only to its own sustainable growth but also to the wider prosperity of Kenya. We believe that a thriving local economy, built on empowered businesses and leaders, is essential to creating lasting value for people, communities, and future generations.

Workers

The Workers Impact Area evaluates how Laki Laki contributes to the financial, physical, professional, and social well-being of its employees. We believe that the strength of our business rests on the strength of our people, and we are committed to creating a workplace where every individual can thrive. This means ensuring fair wages, safe and supportive working conditions, opportunities for growth, and a culture of inclusion. Our responsibility goes beyond compliance; it is about actively investing in the long-term well-being of our team and recognizing employees as core stakeholders in the success of the company.

Laki Laki Team-Building event 2025

At Laki Laki, we provide stable employment, fair compensation, and benefits that safeguard health and security. For example, our entry-level wage is currently 60% above minimum wage, ensuring that employees are compensated fairly relative to national benchmarks airtime,

We also invest in professional development, facilitating training programs aimed at building skills and supporting career progression. In terms of workplace diversity and inclusion, 60% of our workforce are women, aiming to keep a healthy balance between genders and striving for gender inclusivity.

Equally important, we foster a supportive environment where teamwork, respect, and fairness guide daily interactions. Regular staff feedback is collected through annual check-ins, ensuring that employee voices are included in shaping workplace improvements.

Within this broader approach to worker well-being, we also run dedicated programs that go further by addressing systemic barriers to employment. Our workforce development plan is the clearest example of this.

Workforce Development

At Laki Laki, workforce development is central to how we create long-term social value. We recognize that economic opportunity is a key driver of responsible organizing and stability, therefore we have committed to providing pathways into employment for individuals who often face the greatest barriers to entering the job market.

Our most impactful initiative is our partnership with local orphanages. Through a structured program, we provide financial support to these institutions, helping them strengthen their operations and better care for children. Beyond financial contributions, we create employment opportunities for young adults leaving orphanages, offering them a chance to build a sustainable livelihood. Several of these individuals are already part of our team, and their inclusion demonstrates the tangible success of this program. We view this as a long-term investment in people: providing not just temporary aid, but a pathway into meaningful, secure work.

In addition to our orphanage program, we extend opportunities to individuals from low-income households who would otherwise struggle to access formal employment. By widening our recruiting to disadvantaged backgrounds, we broaden access to the economic benefits of stable work. Our hiring practices focus on fair above-minimum wages, skill development, and the potential for upward mobility, ensuring that our workforce is not only inclusive but also supported in building a sustainable future.

The outcomes of these initiatives are already visible. Formerly marginalized individuals are now gaining professional experience, financial independence, and the stability needed to support their families and communities. Looking forward, we aim to expand the scale of our workforce development initiatives, reaching more orphanages and underserved groups. By doing so, we reinforce our commitment to building a workforce that reflects our values of inclusion, fairness, and empowerment.

Ruiru Children Care center

Environmental Impact

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At Laki Laki, environmental responsibility is built into every part of our operations. We focus on the areas where our footprint is greatest: packaging and waste, energy and transport, and water. In each area we already have strong measures in place, are working on projects to further improve performance, and have set clear goals for the future.

Packaging and Waste

We have introduced a return and reuse system for our glass jars, allowing customers to bring them back for cleaning and reuse. This closes the loop on one of our main packaging formats and reduces single-use waste. All production waste streams are closely monitored, with hazardous waste collected by certified specialists to guarantee safe treatment.

To strengthen these efforts, we are expanding the number of consumer return bins for these glass jars, to make recycling easier and more accessible. We are also working with waste partners to ensure the materials we collect are processed responsibly and exploring new packaging materials with better recyclability.

Looking forward, our goal is to achieve a recycling rate of 95% and to collect and reuse at least 30% of jars by 2026. We are also targeting a reduction in the total amount of waste generated each year by redesigning processes and encouraging reuse across our operations.

Glass Jar Recycling point

Energy and Transport

Our facilities already use efficient systems such as insulated piping, modern chillers, and energy-saving lighting to minimise unnecessary consumption. Most of our sourcing is local, reducing transport distances and related emissions.

To build on this, we are expanding solar capacity at Mo-Lito and installing new energy-efficient chillers expected to lower power use in the future by 20%. In logistics, vehicle tracking and route optimisation software are being rolled out to cut fuel consumption, supported by driver training in fuel-efficient practices.

Currently at least 90% of our total energy comes from renewable sources and in 2026 we aim to reduce energy intensity per unit of production by 15%. On logistics, our goal is to reduce fuel consumption per kilometre by 10% while maintaining our strong focus on local sourcing.

Water Stewardship

We have installed a rainwater collection system to reduce overall water use and reliance on external supply. In parallel, we are expanding our water treatment plant to ensure that all hazardous materials are safely removed and that a larger share of treated water can be recycled back into production. Staff are continuously trained on efficient water use and maintenance practices to minimise waste. Our long-term goal is to cut water consumption per unit of production by 20% by 2027, making responsible water management a crucial aspect of our operations.

Rainwater Collection System

Looking Ahead

Our environmental programme is designed to balance immediate action with long-term ambition. Recycling and waste prevention will remain central to our packaging choices, renewable energy will form a growing share of our production, logistics will continue to prioritise short and efficient routes, and water reduction will remain a measurable performance goal. By building on what is already in place, strengthening through ongoing projects, and aiming for ambitious reduction targets, we are committed to continuous improvement and to safeguarding natural resources for the future.

Roadmap

Increase the amount of products that are sold in glass jars

Increase our recycling rate to 95%

Cut water consumption per unit of production by 20%

A 15% energy intensity reduction per production unit

Increase amount of solar panels with 50% within 3 years

Future Partnership with African Friends

Laki Laki is preparing to take a major step that will embed social impact into the very structure of our company. We are planning a legal partnership with Afrikaanse Vrienden (African Friends), a Dutch foundation that supports children and families in East Africa by funding education, healthcare, housing, and local community projects. The plan is to make this charity a 10% shareholder in Laki Laki and to commit 10% of our annual profits to finance its initiatives. While this is not yet in place, it is a development already in process.

Through this partnership, our business success will directly translate into tangible benefits for vulnerable communities. A fixed profit share would provide long-term funding stability for projects such as building and maintaining schools, supporting medical treatment and healthcare facilities, and improving safe housing for families in need. By structuring the charity as a shareholder, the link between our company's growth and community welfare becomes permanent and transparent.

The expected benefits of this model are both external and internal. Externally, thousands of children stand to gain access to better schooling, healthcare, and secure living conditions, helping them break cycles of poverty. Internally, the partnership will strengthen trust with our stakeholders and customers, who will see that part of every yoghurt sold contributes directly to social progress. Employees will also have opportunities to connect with Afrikaanse Vrienden's projects, building pride and purpose in their work.

By making Afrikaanse Vrienden part of our ownership and profit-sharing structure, we ensure that the value created by Laki Laki extends well beyond our products. It becomes a driver of real improvements in education, health, and living conditions for children in East Africa, aligning business growth with long-term social impact.

laki laki®

We are Twice as Good

CONTACT

Laki Laki Ltd.
Northern Bypass Rd, Nairobi
PO Box 691-01001
www.lakilaki.co.ke
info@lakilaki.co.ke
Visit our website