



Mifuko

Sustainability report 2022



Introduction

From the beginning, our mission has been to create a global platform for skilled traditional crafts and generate sustainable income opportunities in rural areas.

However, we quickly recognized that our commitment extended beyond employment alone. The artisans who are part of self-help groups providing loans and microfinance services would also benefit from other forms of support. Through education initiatives and working with the Mifuko Trust on sanitation, hygiene and agroforestry projects, we have seen the impact of women's empowerment on their families and communities.

Guided by our core values of uniqueness, joy, and responsibility, we integrate these principles into every aspect of our business. Our mission and values shape our daily choices and actions. With a holistic perspective, we prioritize the well-being of society and our planet.

As we move forward, our efforts towards sustainability will be strengthened. We are committed to reducing and offsetting our carbon footprint. To enhance our impact assessment, we have implemented a greenhouse gas (GHG) protocol in our reporting framework.

In this Sustainability Report, we invite you to join us on our journey. Together, we can effectively impact sustainability for our artisans, their communities and our shared world.

Minna Impiö
– Co-founder & CEO



GHG emissions

For the second time, we have used the GHG protocol to calculate our environmental footprint.

This has helped us to understand the emissions in our supply chain and to think about ways to reduce them. Our goal is to minimise and offset emissions from our operations by donating to Mifuko Trust, a non-profit organisation founded by Mifuko to further support our mission by implementing projects to improve the living conditions of our artisans and their communities.

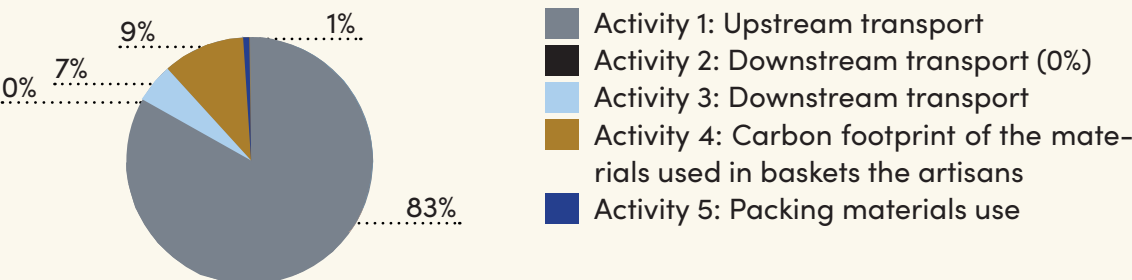
Our emissions in 2022 were 227,5 tCO₂ in total. Of this, transport and business travel accounted for 90% and raw materials for 9%.

Reducing emissions

Air freight is by far the largest source of emissions. By changing shipments by air from Kenya to Helsinki to sea shipments, we will see remarkable reduction in emissions from transport, enabling us to meet our goal for 2023.

We are also focused on using and developing materials with a low carbon footprint and using recycled materials whenever possible.

SCOPE 3: Relative share of CO₂e emitted per activity
Total emissions 227,5 tCO₂e



Planet

Objectives for 2023

- Transition all freight transportation from Kenya to Finland to sea shipment.
- Reduce the use of graphic and packaging materials by implementing digital catalogues and eliminating plastic packaging.
- Explore and implement sustainable packaging alternatives to further reduce the environmental impact of our products.

Environmental Impact Commitments

Environmentally Responsible

We ensure our suppliers adhere to environmental best practices, minimizing waste from basketry and preventing litter in nature. Provide training to self-help group members on best practices for farming methods with self-help group members to protect the local ecosystem and improve yields.

Contractual Environmental Focus

We emphasize environmental considerations by signing contracts with non-fair trade partners to ensure responsible practices.

Climate Action Contribution

We actively combat climate change through two strategies: building resilience to climate change and minimizing our environmental impact. By providing fair and reliable employment and promoting education within self-help groups, we empower artisans and communities to address climate change and adopt sustainable lifestyles.

Mifuko products are handmade using sustainably sourced materials, prioritizing sustainability throughout the transparent supply chain. We offset carbon emissions partly from shipping between Kenya and Finland by donating to Mifuko Trust charity which implements agroforestry projects in Kenya.

Products

Objectives for 2023

- Replace leather with alternative materials for basket handles, focusing on options with lower environmental impact.
- Prioritize the use of materials with minimal emissions, such as paper, wool, and sisal, in our products.
- Implement sustainable sourcing practices to ensure the materials used in our products are environmentally responsible.
- Collaborate with suppliers and partners to promote eco-friendly alternatives and encourage the adoption of sustainable practices.
- Increase transparency and educate our customers about the environmental impact of materials used in our products.

Our Product Commitments

Permanent Collections

We maintain a permanent collection to ensure that artisans always work with designs and materials they are familiar with. This allows the artisans to better plan for future orders and maintain good quality.

Longevity

Our products are carefully crafted to last, with great attention to quality. They are versatile, serving as both storage and fashion basket bags.

Quality Control

We work closely with artisans, providing training and regular meetings to ensure product quality, reduce waste, and increase durability.

Local Sourcing

Most of materials used in Mifuko products are sourced locally from Kenya to support sustainable industries and minimize transportation emissions.

Local Partnerships

Collaboration with local partners is vital to our success. We continuously train them to enhance production and improve product quality.

Traceability

We maintain close relationships with material suppliers and artisans, allowing us to track and trace every step of the production process, from raw materials to order fulfillment.

Material introduction

Sisal

Our sisal does not produce any emissions, as the artisans either grow it themselves or source it locally. Sisal is a perennial plant of the agave family and is used mainly for rope making in Kenya. The plant is very tolerant to drought and does not require irrigation. Sisal fibre for weaving is made by hand into yarn by the artisans.

Plastic

The plastic we use to weave baskets accounts for 17% of our material emissions. The plastic is manufactured in accordance with EU standards and is partially recycled. It is food-grade, highly durable and does not emit microplastics. We source it from a local controlled factory in Nairobi. The plastic is very suitable as a basket material because of its smoothness, lightness, and longevity.

Paper

The paper we use to weave baskets accounts for of a total of 13.4% of our material emissions despite the production of paper baskets representing almost half of the total production. The paper yarn has been developed together with a local mill, is an environmentally friendly material and is processed into twisted yarn in handicraft workshops. The white paper is unbleached. The paper is lightweight and durable and is suitable for recycling as it is a monomaterial.

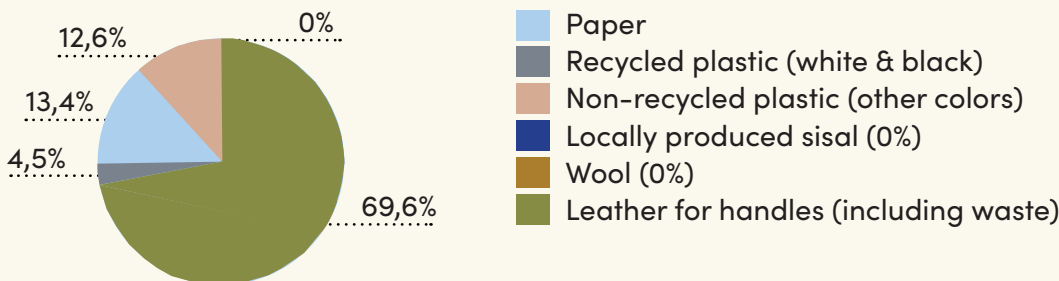
Milulu grass

Milulu grass does not contribute to emissions. Milulu grass is a reed that grows naturally in tropical wetlands and is woven into baskets using a traditional weaving technique in the village of Iringa, Tanzania. When the basket is first woven, the Milulu grass is greenish in colour but will lighten and change to a more neutral tone over time.

Palm leaves

Palm leaves are light and flexible. In Kenya, the fallen palm leaves of the native mkeka palm are collected from the riverbanks and woven into baskets. Palm leaves change colour over time. When the product is first woven, it is greenish in colour. The colour changes to a light natural colour within 1-2 months.

Relative share in CO2e of materials



Elephant grass

Tall elephant grass grows naturally in northern Ghana. The grass is dried, split in half and twisted together to make it flexible for weaving. Products made of elephant grass can be cleaned and reshaped by moistening them with water.

Leather

Leather represents 69,6% of our materials emissions. The leather is sourced from a local manufacturer and is vegetable tanned. Vegetable tanning refers to a tanning method that uses natural materials such as tree bark in the tanning process. The leather ages beautifully over time and is also very durable. We cut the leather handles for the baskets very economically to avoid waste.

Wool

Wool is known as an insulating, durable and easy-care natural material. The wool we use is surplus wool from the carpet industry.

Soap stone

The heart of Kenyan soapstone crafts is in western Kenya, near Lake Victoria. The raw soapstone is quarried by hand from pits dug with picks and shovels. The pits are then filled to minimise the impact on the landscape.

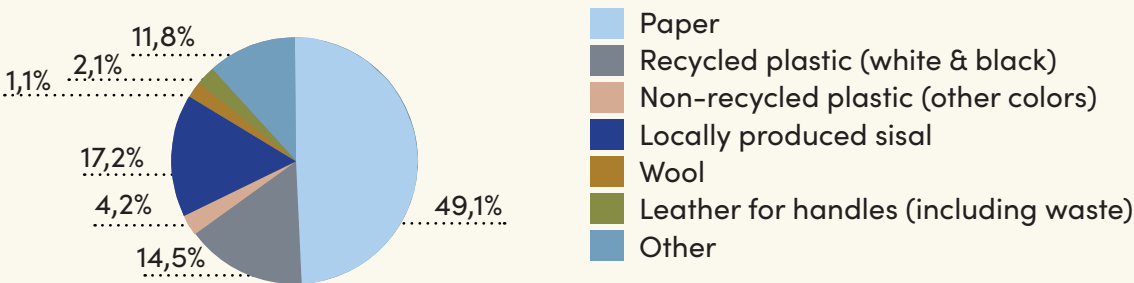
Brass

The colour of brass is similar to gold and it has a beautiful shine to it. Brass is a very durable material and is not susceptible to corrosion caused by oxidation. It can tarnish, but this only affects the shine, not its durability or performance.

Jacaranda wood

For our ornaments we use freshly fallen branches of the jacaranda tree. While the branches are still soft, they are cut and carved into ornaments and then dried before sanding. The natural wood ornaments are finished without chemical treatment, bringing out the natural colour of the wood. The painted ornaments are finished with water-based acrylic paints and coated with clear varnish.

Relative share of materials found in purchased baskets in 2022 in volume



People

Objectives for 2023

- Strengthen collaboration with Mifuko Trust by actively engaging Mifuko employees in volunteering opportunities during working hours, supporting the Trust's initiatives and programs.
- Play an active role in the training and capacity building of women's groups, empowering them with skills and knowledge to enhance their social and economic development.
- Deepen our involvement in the activities of the World Fair Trade Organization (WFTO) and align our operations with the Fair Trade objectives, continually improving our practices to uphold fair and ethical standards.
- Apply for B Corp certification to further reinforce our commitment to corporate responsibility and demonstrate our dedication to positive social and environmental impact.
- Continuously evaluate and enhance our own operations, integrating sustainable practices and responsible business principles across all aspects of our organization.

Our Social Impact Commitments

Handmade

Our carefully designed products are all handmade, promoting the appreciation of traditional craftsmanship and its preservation for future generations.

Self-help Groups

Collaborating with self-help groups lies at the heart of our mission. We support and develop their activities alongside the group leaders, known as chairladies. The Mifuko women's development CBO (Community-Based Organization) serves as an umbrella organization for the 40 self-help groups with whom we collaborate.

Secure Work

We make collaboration easy for artisans by providing the necessary materials and tools. Artisans can weave baskets at home, at their convenience, and deliver finished orders to a nearby warehouse. Ongoing basket orders allow for future planning.

Fair Price

As a WFTO member, we ensure verifiable fair trade income for artisans. We factor in the social, economic, and environmental needs of artisans to determine fair prices that ensure a decent standard of living.

Training

We offer a comprehensive training program for self-help groups, covering self-help concepts, savings practices, and basket weaving. Ongoing quality training and capacity building support are provided to empower the groups.

Inclusive Business Model

We provide livelihood opportunities for disadvantaged women in remote rural areas. Working directly with women's groups, we support their active participation in the community, encourage savings groups, and invest collective funds according to their needs.

Transparent Supply Chain

We maintain direct communication with small-scale suppliers and customers, ensuring transparency throughout the supply chain. Stories are shared across each link, from makers to buyers.

Long-Term Partnerships

We foster long-term partnerships and regularly engage with all our partners. We have worked with many of them since the beginning and continue to onboard new partners through training and collaboration.



Working with local communities

Our focus is on women in Kenya because, like in many countries, gender inequality is an issue. We also know that empowering women is an effective way to improve the living standards of the whole community. In addition to providing fair wages, through self-help groups and the Mifuko Trust, we contribute to the overall wellbeing of the community.

Self-help groups

Mifuko works with 40 self-help groups that play a significant role in our social sustainability goals. The motivation behind this setup is that as a collective group, the members have access to more resources and more opportunities that they would not necessarily have if they would only make products by themselves. Mifuko has helped establish more than 20 groups to date, while groups were already organized before starting to work with Mifuko.

Self-help groups are formed for various purposes, usually for saving money together for future needs. Group members regularly contribute a small part of their incomes to the common fund. They supervise this fund together, which means the members have access to the savings when needed. This kind of financial arrangement within self-help groups is significant because of the very limited access to financial institutions such as banks. Through these groups, the artisans can obtain a loan to make an investment or to pay for an unexpected expense, like a hospital bill.

The purpose of these self-help groups is not only to function as additional economic support, but also to provide social and emotional support. The group meetings, usually held once a week, allow members to meet and socialize on a regular basis. These gatherings strengthen social security through the personal bonds built upon trust and commitment. Apart from functioning as a social event, there is also space to ask questions and to learn from each other.

An essential way of enhancing the social impact of Mifuko is to make sure the benefits the artisans receive are passed on to the next generation. This may be in the direct form of passing on the traditional handicraft skills to younger generations. Another way is that mothers are able to send their children to school with the money earned from Mifuko. Supporting future generations is a central tenet of the self-help groups where young women learn new skills and strengthen their economic and social mobility.

Donation

Mifuko donated 4 450 € to Mifuko Trust to offset the carbon emissions generated by air freight of products from Kenya to Helsinki. The donation will support the communities' adaptation to climate change. In addition, Mifuko staff volunteered their time to Mifuko Trust.

WFTO membership

In 2014 Mifuko became a member of the World Fair Trade Organisation (WFTO). The vision of WFTO is “a world in which trade structures and practices have been transformed to work in favour of the poor and promote sustainable development and justice.” As a certified member, Mifuko is committed to all ten WFTO principles and follow these principles in the day-to-day work.

The WFTO Guarantee System assesses the entirety of a business, not just a specific product, ingredient or supply chain. It includes an assessment of the enterprise’s structure and business model, its operations and its supply chains. Once verified, a business can be considered a Fair Trade Enterprise that truly exists to put the interests of producers and their communities first.

Mifuko is independently audited, and the entire business operation is regularly inspected to confirm our adherence to WFTO membership requirements. Mifuko also submits reports to WFTO about our work and actively promotes WFTO by collaborating with organisations such as Made51.

As a WFTO member, Mifuko provides a verifiable fair-trade income for artisans. The social, economic and environmental needs of artisans are factored into our business model.

More information:

<https://mifuko.com/pages/fair-trade-10-principles>

<https://wfto.com>

Collaboration with Made51

The United Nations High Commissioner for Refugees (UNHCR) founded Made51 to bring together refugee artisans and international companies. Companies that collaborate with MADE51 use the refugees’ skills in the design process, in production and also for marketing the products. The refugee artisans work directly with these companies when developing new products.

Mifuko started its journey with MADE51 in 2019, collaborating with Kapya Kitungwa and his workshop in the production of ornamental wooden birds. Mr. Kitungwa is a Congolese refugee now living in Nairobi, Kenya. His workshop employs other Congolese refugees living in Kenya. Through this collaboration Mifuko is able to expand its support to communities beyond women in rural Kenya.

Mifuko Trust

Mifuko Trust is a non-profit organisation founded in 2012 to support the social mission of Mifuko Oy in rural Eastern Kenya. The organisation empowers women as an effective way of helping whole communities and works to improve the quality of life of artisans and their communities through various projects and donations.

WASH and Grow!- Ecological sanitation in Kenya (2021-2023) project raises awareness about ecological sanitation and creates business opportunities in rural parts of Kenya. The project contributes to healthier communities by improving living conditions and livelihoods. It brings together a diverse group of actors: 26 women's self-help groups in Kenya, three Finnish NGOs and a private company. The implementation of the project is done by women's groups (cooperating also with Mifuko Ltd) that founded Mifuko Women Development CBO in 2021 and Mifuko Trust, supported by the expertise of the Global Dry Toilet Association (GDTF) and Ukumbi ry, expert in sustainable architecture.

The primary beneficiaries of the project are 800 women who are part of 26 self-help groups in 17 remote rural villages in Central Kenya. The additional beneficiaries of the know-how and improved conditions are their families and local communities in the region of approximately 6500 people.

Planned and realised outcomes

1. Members of self-help groups and their families understand the idea of ecological dry toilets.
 - 26 sanitation ambassadors trained in 2021.
 - Continuous sensitisation for the ambassadors and project manager.
 - Zambia Green Living Movement peer learning trip and training took place in November 2022.
2. Each self-help group has access to a dry-toilet.
 - 21 toilets were completed in January 2023.
 - 1 accessible pilot toilet was completed. Accessibility of toilet desing was developed.
 - 2 lower cost dry toilets were built with Fingo Powerbank experimentation contract.
3. Training self-help groups to make soap and to care for their hygiene.
 - 800 women trained to make soap in 2021.
 - A Global Handwashing Day was organised together with county officials in 2022 for women's group members and schools.
4. All toilet owners have been trained to use the output as fertiliser.
 - A video on the safe use of ecological fertiliser was ready in early 2022 and distributed among sanitation ambassadors and self-help groups.
 - 26 new training classes on the use of toilet output as fertilizer will be organised in 2023.
 - The use of chemical fertilizer will be assessed in the final evaluation of the project.
5. Dry toilets have the necessary features for clean and comfortable menstruation hygiene.
 - Toilets built in 2022 have a washroom which enables menstrual hygiene. -
 - Menstrual hygiene improved in 2023 through ideation process with women/girls and key stakeholders.
6. Awareness raising about ecological sanitation is done in the communities.
 - Sensitisation and a community-led process to lower the cost of building the toilets involving several stakeholders will continue.



GHG methodology and limitations paragraph

An improved methodology

The calculations were made by using the Greenhouse Gas (GHG) Protocol. As this was our second time estimating our emissions, our methodology evolved and improved. For example, we were able to make the distinction between the emissions of plastic and recycled plastic and sharpen our estimation. Some other notable changes were the inclusion of activities that were previously excluded and the usage of more reliable sources for emission factors. Those changes partly explain why our emissions increased between 2021 and 2022. To allow comparison with the previous year and consistency in the calculations, our next estimation will keep similar emission factors and activities.

Limitations

Despite an improvement in our methodology, it must be acknowledged that the calculations are still limited in several ways. The calculations are made and checked by one expert and are not third-party assured or verified. Free online sources were used only when our supplier couldn't give the emission factor of their product or service. Some exclusions are estimated to have a high impact on our total emissions but could not be integrated this year. Those exclusions are shipments sent directly from Kenya to some B2B customers, and B2C parcels sent outside Europe (often by air).