



IMPLEMENTATION OF ALLIANCE FOR WATER STEWARDSHIP (AWS) STANDARD 2.0 AT BAT KENYA NAIROBI-LIKONI ROAD SITE

BAT has a long history and rich heritage in Kenya, having begun operations in the country in 1907 and listed on the Nairobi Securities Exchange since 1969. Over the years, we have evolved into one of the world's leading consumer goods companies. We are proud of our history and enthusiastic about the opportunity to write an exciting new chapter in our success story.

BAT Kenya has a demonstrated track record of sustainability achievements, and in line with our evolved purpose to build A Better Tomorrow™, we are moving ourselves from a business where sustainability has been important, to one where it is front and center in all that we do.

As part of BAT's Environmental Social and Governance (ESG) agenda, BAT Kenya's Nairobi site located along Likoni Road, Industrial Area, is pursuing Good Water Governance (GWG) initiatives by implementing the AWS Standard within its operations. GWG involves driving sustainable water balance practices, ensuring availability of quality water, as well as access to safe water, sanitation, and hygiene for all.

BAT Kenya's Nairobi manufacturing factory is in the Athi basin catchment area. It has two primary sources of water on site i.e., municipal water supplied by the Nairobi City Water and Sewerage company (NCWSC) and borehole water supply which draws its underground water from Nairobi Aquifer Suites (NAS).

The Good Water Governance agenda at BAT Kenya

Our vision

To achieve the highest practicable levels of water conservation across our value chain.

Our mission

To be responsible water stewards by leading and engaging with our stakeholders in understanding our collective water challenges, risks and opportunities, which contribute to achieving Sustainable Development Goals on Clean Water and Sanitation.

Governance

BAT Kenya's Nairobi site has a management system in place that comprises of a multi disciplinary team, which is accountable for various aspects of the water stewardship plan. These are:

Role	Responsibility
Head of Manufacturing	Part of the Operations Leadership Team, representing Manufacturing during strategic meetings. Responsible for the Manufacturing budget and resources



Area Environment, Health and Safety Manager	Part of the Operations Leadership Team Pillar lead for the EHS scope in East & Southern Africa Area
Engineering Manager	Part of the Operations Leadership Team. Management of the factory's investment strategy (CAPEX and OPEX)
Environment, Health and Safety Executive	Co-lead for the EHS pillar Site member of the energy committee Identification and implementation of WASH and sustainability projects within the catchment area Coordination of AWS activities Monitoring of water related KPIs Stakeholder engagement planning
Utilities Manager	Implementation of improvement actions to drive efficiency, leading to: <ul style="list-style-type: none"> • reduction, reuse, and recycling of water • preventive and corrective maintenance plans • energy conservation DMS (Daily Management System) owner.
Technical Executive-Utilities	Participate in implementation of water related projects and coordinate collection and analysis of data Carry out and validate post implementation reviews on completed projects
Legal Counsel	Support efforts to drive compliance with applicable legal and statutory requirements.

Performance

The BAT Group has made a commitment to reduce water withdrawn at all its sites by 35% by 2025 (Baseline: 2017) BAT Kenya's Nairobi site has reduced water withdrawn by 31% and 24% in 2020 and 2021 respectively.

Performance vs baseline	2018	2019	2020	2021
Water Withdrawn	-12%	-14%	-31%	-24%

Water reduction opportunities were identified in the following areas:

- Implementation of the wastewater recycling masterplan.
- Level two submetering and check meters, helping us to understand our site's water usage and water balance.
- Installation of sensor auto valves in handwash stations and urinal washrooms. This has helped reduce our water intensity in non-production activities.
- Steam condensate recovery and recycling of water, thus reducing energy and water used for the boiler operation.
- Training and awareness on efficient water use.
- A robust maintenance system, coupled with inspection and prompt repairs.

These initiatives have contributed to sustainable water balance in the catchment area and demonstrate that BAT Kenya's Nairobi site has good water governance.

To maintain good water quality, quarterly water analysis of the municipal and borehole water is carried out per the Environmental Management and Coordination (water quality) Regulations, 2006.

Stakeholder engagement

We have collaborated with various stakeholders in water related initiatives, geared towards a sustainable environment.

In March this year, we engaged with key selected stakeholders from the private and public sectors on water related matters for our catchment area. During this session, shared water challenges and opportunities were discussed.





discussed during the discussion include deforestation, encroachment of the riparian land and water scarcity as a result of increased water demand in the catchment area.

We have leveraged various opportunities to enhance our environment conservation agenda, including the donation of 2,000 tree seedlings to the Kenya Wildlife Service (KWS) during the April 2022 tree planting drive at Ol Donyo Sabuk National Park.

Indirect water use

We understand the need to extend our good water practices and governance at our manufacturing site to our tobacco growing regions, for the sustainability of our supply chain. To this end, we have rolled out a robust afforestation program – Kijani. Through Kijani, we aim to plant two million trees annually in collaboration with key stakeholders. (Kiambu and Nairobi County governments, National Environmental Management Authority (NEMA), Netfund through Ministry of Environment and Forestry, Nairobi City Water and Sewerage Company (NCWSC).

Our Nairobi site has a robust incident response plan that includes a root cause analysis and corrective action plan and the water regulations review.

BAT Kenya operates a robust governance program across the business to ensure compliance to relevant legal and statutory requirements. The Company has not had any water-related noncompliance per the environmental compliance audit.

This report was created to comply with AWS standard indicators 5.1.1, 5.2.1, 5.3.1, 5.4.1, 5.5.1, 5.5.2, 5.5.3.