

Good Water Governance Report

BAT KENYA
Nairobi manufacturing factory

Background



Partial façade of BAT Kenya's factory and office headquarters on Likoni Road in Nairobi's industrial Area

BAT Kenya is part of the BAT Group, a leading multi-category consumer goods business. BAT's purpose is to create A Better Tomorrow™ by building A Smokeless World. BAT has a long history and rich heritage in Kenya, having commenced operations in Kenya in 1907. BAT Kenya was listed on the Nairobi Securities Exchange in 1969 and has approximately 5900 local shareholders. We are a strong, forward-looking company with a proven strategy to deliver sustained value for our stakeholders. Our business contributes to Kenya's socio-economic development in various ways, including supporting the livelihoods of over 80,000 trade and business partners and about 1,800 contracted tobacco farmers.

At BAT, sustainability is front and center of all that we do, underpinned by a sustainability strategy that is anchored on five strategic impact areas, namely; *Tobacco Harm Reduction, Climate, Nature, Circularity and Communities*. As part of this strategy, BAT Kenya implements Good Water Governance (GWG) initiatives at our Nairobi factory located on Likoni Road, Industrial Area. These initiatives aim to promote sustainable water balance in our catchment area, facilitate access to quality and safe water, sanitation, and hygiene in the communities we operate. Reflective of these efforts, our Nairobi factory is certified under the Alliance for Water Stewardship (AWS) Standard in recognition of these efforts.

Our Nairobi factory is part of the Athi basin catchment area. It has two primary sources of water on site i.e., municipal water that is supplied by Nairobi City Water and Sewerage Company (NCWSC) and borehole water which draws its underground water from Nairobi Aquifer Suites (NAS).

For many years, we have been at the fore front of environmental conservation through our Nairobi factory and specifically, responsible water users. We are an active and committed member of the Kirichwa Water Resource Users Association (WRUA), the water user's association body for the Nairobi catchment area. WRUA addresses all water related issues in the catchment area as mandated by the Water Resource Authority and enhances collaboration with key stakeholders in our catchment area.

BAT Kenya's Water Stewardship Policy

Vision

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

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 Goal 6 of the Sustainable Development Goals on Clean Water and Sanitation, as well as attaining and retaining the Alliance for Water Stewardship (AWS) certification in line with our Sustainability Strategy.

Click this link to view our Water Stewardship Plan: [BAT Kenya Water Stewardship Policy Statement](#)

Governance

The Nairobi Factory has a multi-disciplinary team in place, which is accountable for various aspects of the Water Stewardship Plan. These are listed in the table below:

Role	Responsibility
Head of Manufacturing	<ul style="list-style-type: none"> Is part of the BAT Kenya leadership team and represents the Nairobi Factory during strategic meetings. Responsible for allocating the Nairobi Factory budget and resources. Sponsor of water related projects.
Human Resource Business Partner (Operations)	<ul style="list-style-type: none"> Allocation of resources to ensure sustainable water stewardship is part of the BAT Kenya Operations Leadership team.
Finance Manager	<ul style="list-style-type: none"> Budget allocation for sustainability projects related to water. Capital expenditures (CAPEX) evaluation of investments related to water.
Sustainability Manager	<ul style="list-style-type: none"> Stakeholder Engagement planning. Identification and implementation of WASH and sustainability projects within the catchment.
Sustainability Executive	<ul style="list-style-type: none"> Coordinates all the activities of the Water Committee. Compliance with legal requirements Environment, Health and Safety (EHS) pillar lead (drives the Energy management). Site member of the Water Committee. Monitoring of the Key Performance Indicators (KPIs). Training needs assessment and planning for trainings. Document management as per the plan.
Engineering Manager	<ul style="list-style-type: none"> Responsible for preventive and corrective maintenance plans. Management of the investments plan to be made in the plant (CAPEX and operating expenses (OPEX)). Is part of the BAT Operations Leadership team.
Mechanical Services Executive	<ul style="list-style-type: none"> Participate in implementation of water related projects and coordinate collection and analysis of data. Carry out and validate post implementation reviews on completed projects. Member of the Water Committee.
Legal Counsel	<ul style="list-style-type: none"> Facilitates compliance with regulatory and/or statutory requirements. Is part of the BAT Kenya Operations Leadership team.
Business Communication and Sustainability Manager	<ul style="list-style-type: none"> Provides guidance on governance related to sustainability and review of communication materials, as well as relevant project documents on GWG and execution / publication as required.

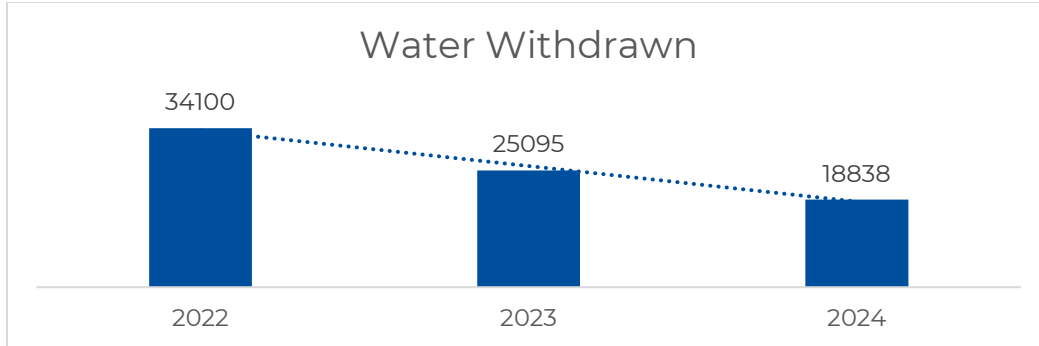


Performance: Water Withdrawal & Water Recycling

In line with the BAT Kenya's target of attaining a 35% reduction in water withdrawn by 2025 vs 2017 baseline and increase water recycling by 30% in 2025, the Nairobi Factory has recorded the following progress:

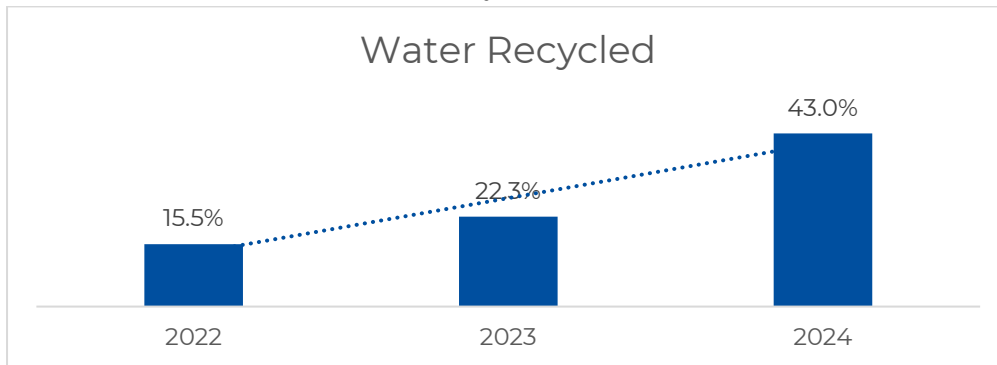
GRAPH 1: WATER WITHDRAWN

- 2023 to date-there has been a 44% reduction in water withdrawn.



GRAPH 2: WATER RECYCLED

- There has been an increase in water recycled from 15.5% in 2022 to 43% in 2024.



Water performance opportunities

Water reduction and recycling opportunities have been identified and implemented per the highlights below:

- Effluent Treatment Plant upgrade.
- Crawl way water collection upgrade.
- UF/Reverse Osmosis membrane replacement.
- Rerouting of waste water lines to crawl way.
- Closure of water related actions picked during monthly checks.



Shared water challenges

During our annual external stakeholder meetings we have been able to identify water related initiatives geared towards a sustainable environment and collaboration in improving shared water challenges

Catchment water challenges and prioritisation

The below are the water challenges identified by the various stakeholders during stakeholder consultative meetings comprising private companies, government bodies and the Water Resource Users Association, in relation to the catchment area.

Key: (High=1, Medium=2 and Low=3)

Water Challenge	Priority ranking
Climate change: Human activities are damaging the environment, leading to significant alterations in climate and rainfall patterns.	1
Declining water table: This is linked to over-extraction of groundwater.	2
Deforestation: Cutting down trees for urban development and economic reasons contributes to climate change and impacts water levels.	3
Enforcement of existing laws: Many stakeholders believe that current water laws and regulations are not being properly enforced.	2
Excessive groundwater use: Stakeholders are concerned that groundwater is being extracted from Nairobi aquifers at unsustainable rates.	2
Lack of awareness and education: Stakeholders think that a lack of public awareness and education about water issues hinders effective water management.	1
Pollution: The aquifer system is vulnerable to contamination from industrial, agricultural and domestic sources, which can compromise water quality and make it unsafe for drinking and irrigation.	1
Unregulated borehole drilling: Many people are drilling boreholes without proper planning, lack of permits, leading to adverse effects on groundwater levels.	3

*Reference: Stakeholder Engagement report (2025) shared on separate email.

Stakeholder engagements in 2022-2024

Below a list of initiatives implemented by the factory, to address some of the key water challenges identified in the catchment area. The next engagement activity with stakeholders of the catchment area is scheduled for June 2025.

Scope	Interventions implemented
Climate change	<ul style="list-style-type: none"> Onsite generated solar electricity
Over abstraction of groundwater	<ul style="list-style-type: none"> Daily and monthly monitoring of ground water usage to ensure abstraction is within the said limits Recycling of process hence reducing abstraction Reverse osmosis membrane replacement Rerouting of wastewater lines to crawl way Crawlway water collection upgrade
Deforestation	<ul style="list-style-type: none"> Tree planting at Ndakaini dam and Kikuyu springs
Low awareness and education	<ul style="list-style-type: none"> Stakeholder engagement Refresher training for the internal stakeholders on good water use
Pollution	<ul style="list-style-type: none"> Quarterly analysis of our ground, waste and portable water

Indirect water use and important water related areas

Given our vertically integrated operation, we understand the need to extend our good water practices and governance to our value chain, including our suppliers, for a wholistic sustainability approach.

As such, we engage with our suppliers on their water conservation strategies and initiatives undertaken to achieve their water conservation targets. We also discuss their water recycling processes and progress and use the findings for benchmark between ourselves.

Further, we discuss water risks with our suppliers as applies to their locations, including those that affect production. Subsequently, we develop mitigation plans for risks that may impact BAT Kenya's operations..

WASH on site and water quality analysis

The Nairobi factory site has in place adequate Water, Sanitation and Hygiene (WASH) facilities per public health requirements. The site conducts quarterly water quality analysis for monitoring our water to enable continuous improvement.

The access ratio to clean water and sanitation facilities is standard for men and women, at 1:15 for both genders. . There are currently two mother's rooms at the site, accessible to new and expectant mothers in line with our Parents@BAT Policy.

Conclusion

BAT Kenya's Nairobi manufacturing Factory strives to comply with the applicable requirements of the Alliance for Water Stewardship (AWS) and maintain the AWS Certification for this site, through sustained good water management practices.

As part of this, the site has an Incident Response Plan that includes a root cause analysis and corrective action plan. BAT Kenya also has a governance programme to drive regulatory and statutory compliance.

Looking ahead, we remain committed to the sustainable management of water and continuous improvement in our water stewardship practices.

For more information on BAT Kenya's sustainability achievements please refer to the Combined Annual and Sustainability Report 2024 via the link below:

[BATK Combined Annual and Sustainability Report 2024](#)

This report was created to comply with AWS indicators 5.1.1, 5.2.1, 5.3.1, 5.4.1, 5.4.2,5.5.1, 5.5.2, 5.5.3.