

DECEMBER 2024

# Good Water Governance Report

Heidelberg Manufacturing Facility

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# Background

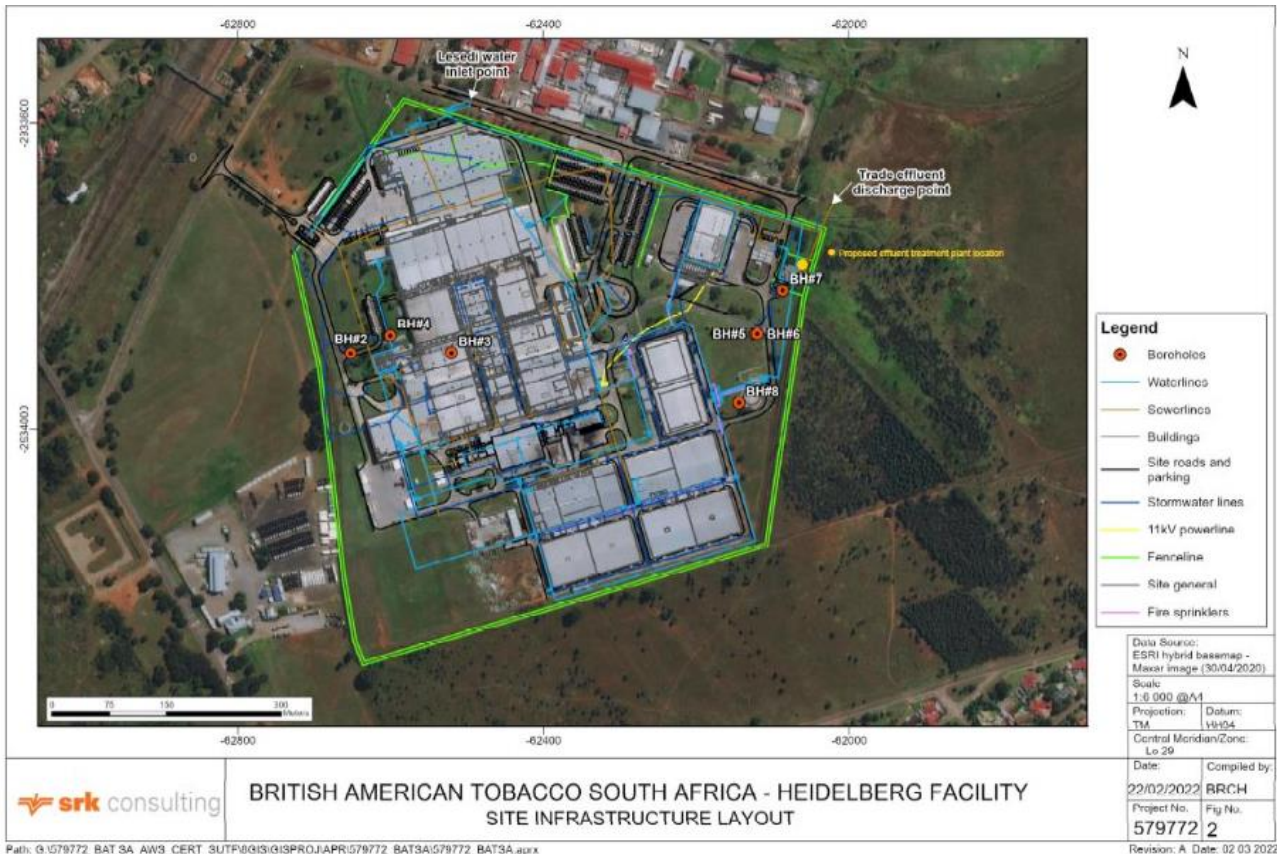
BAT South Africa's Heidelberg factory is located in Heidelberg, Gauteng Province. Heidelberg falls within a water supply area consisting of mixed commercial and industrial properties of the Springfield suburb, as well as formal and informal residential areas in the immediate area.

Water is sourced from the local Lesedi Municipality, which is supplied by Rand Water. Rand Water supplies water to the Province of Gauteng, among others.

Gauteng is supplied with water from the Vaal Dam catchment, which includes the Vaal River, Wilge River and all their tributaries.

There are two water transfer schemes that feed into the Vaal Dam catchment. The first is the Lesotho Highlands Water Project, which obtains water from the mountains of Lesotho.

The second is the Thukela-Vaal Water Transfer Scheme, which obtains water from KwaZulu-Natal and is released into the Vaal Dam catchment when needed (Rand Water, 2022).



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# Water Stewardship Policy @ Heidelberg Facility

## 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.



## Water Stewardship Policy

**Introduction**

BAT South Africa understands that water is a key, yet scarce resource and should be used efficiently and used responsibly with equitable sharing by all end users. Protecting and conserving water through water management practices and governance systems, is therefore important for our operations and footprint across the country. Direct water impacts in our operations result from the use of water in our factory processing activities. Indirect water impacts come from use of water for supply chain and other suppliers.

**Definitions**

- AWS-Alliance for Water Stewardship
- ESG-Environmental Social and Governance

**Vision**

- To achieve the highest practicable levels of water conservation across our 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 Sustainable Development Goals on Clean Water and Sanitation.

**Objectives:**

- Reduction on water withdrawn by 35% and a 15% increase in water recycled by 2025.
- Proactive engagement with stakeholders on water related issues.
- Drive efficient use of water, leading to cost savings and overall improvement of the site and catchment water balance.
- Develop and implement water conservation through strategic planning, with set targets to improve water efficiency throughout the entire product life cycle.
- Share and promote best water stewardship practices that support good water governance and quality, as well as Water, Sanitation and Hygiene Practices (WASH).
- Comply with all applicable legal and regulatory requirements.
- Reduce our water consumption and recycle water where feasible.
- Promote sustainable afforestation initiatives.
- Collaborate and share relevant information with our suppliers and stakeholders, assisting them to understand their impact on water use, hence reducing our impact throughout the supply chain.
- To publicly communicate and disclose our water stewardship policy.
- Support existing catchment sustainability plans.
- Provision of resources to support sustainable water initiatives

**Key Performance Indicators:**

- Successful implementation of audits related to water-AWS and Energy audits.
- Traction and closure of Water Road Map action plans.
- Reduced Water intensity as per the agreed targets.
- Number of stakeholder engagement and percent actions closed from stakeholder feedback.
- Meeting the commitments outlined in our Environment Social and Governance agenda to drive for good water practices and deliver a positive social impact alongside bringing to life our RESPONSIBLE Ethos and living up to our commitment to contributing to the Sustainable Development Goals.

**Amendment of Policy**

- The Company reserves the right to amend and interpret the provisions of this Policy, with or without notice, and subject to the Company's needs.
- The Policy owner will initiate to review the Policy every two years or as and when necessary whichever falls earlier. The review will include an assessment of the effectiveness of the Policy.
- The relevant manager will discuss any revisions that may be required and recommend any such revisions to the East and Southern Africa Leadership Team (ESALT) for approval.

  
Charles Kyalo  
Area Operations Director APMEA SSA  
September 2023

British American Tobacco South Africa Proprietary Limited (Reg. No. 1995/009509/07) | Directors: AW Joubert, SW Watluka, J Mokoto



## Governance

BATSA Heidelberg Facility has a team in place, comprising of a multi-disciplinary team which is accountable for various aspects of the water stewardship plan. These are as listed in the table below.

Role	Responsibility
<b>Factory Manager</b>	<ul style="list-style-type: none"><li>• Part of the Leadership Team at BAT South Africa</li><li>• Represents the Heidelberg Facility during strategic area meetings</li><li>• Overall responsibility for the Heidelberg facility budget and resources</li><li>• Sponsor for any water-related projects</li></ul>
<b>Engineering Manager &amp; Team</b>	<ul style="list-style-type: none"><li>• Responsible for implementation of all water-related projects</li><li>• Co-ordinates all data collection and analysis</li><li>• Responsible for preventive and corrective maintenance plans</li><li>• Manages plant investments plan (CAPEX and OPEX)</li></ul>
<b>Sustainability Manager &amp; Team</b>	<ul style="list-style-type: none"><li>• Co-ordinates all Water Stewardship Plan activities</li><li>• Ensures compliance with legal requirements</li><li>• Pillar lead for Environmental Health &amp; Safety (EHS)</li><li>• AWS activities co-ordinator</li><li>• Monitors water-related key performance indicators (KPIs)</li><li>• Responsible for training needs assessment and training planning</li><li>• Responsible for document management, as per plan</li><li>• Plan stakeholder engagements</li><li>• Consults with Legal Counsel on applicable water laws and regulations</li></ul>

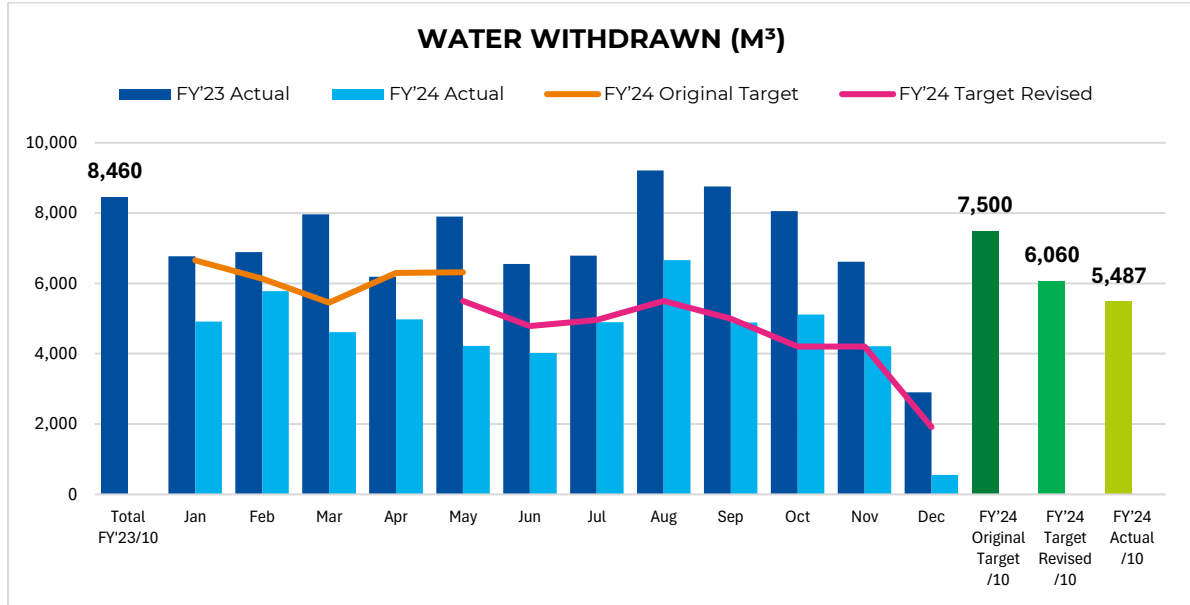


## Performance: Water Withdrawal & Water Recycling

BAT's Heidelberg Facility committed to reduce the amount of water withdrawn by the facility, and recycle as much water as possible in 2024.

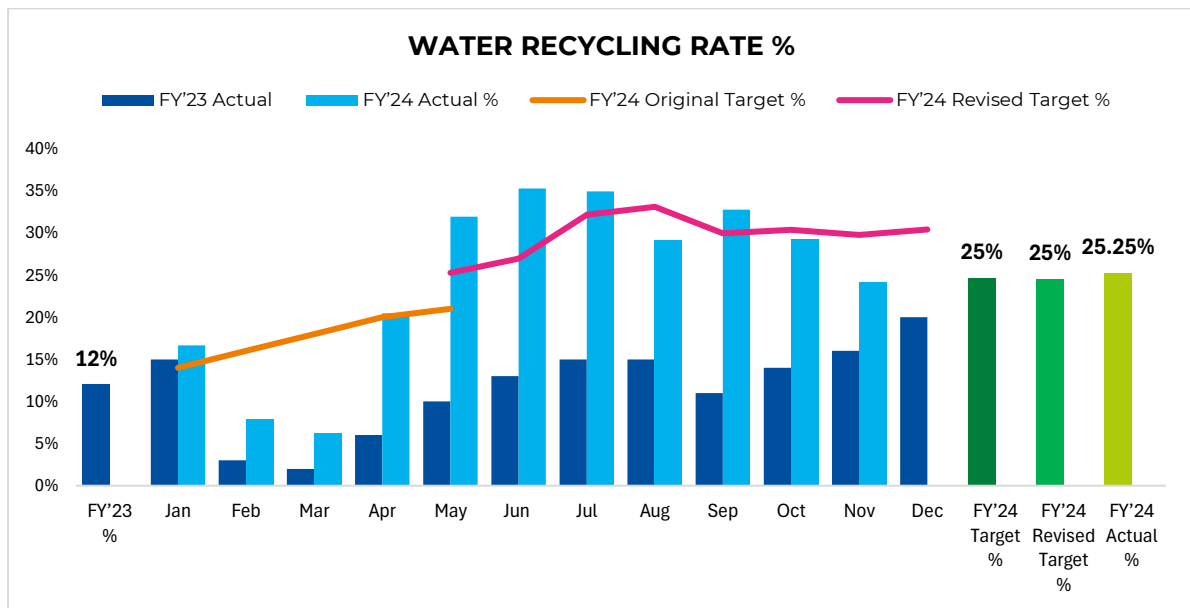
**GRAPH 1:**

- Water Withdrawn Year-to-Date (YTD) has improved by 35%, compared to 2023 FY performance
- 2023 FY/10 Performance was 8,460m<sup>3</sup> vs 2024 Actual/10 is 5,487m<sup>3</sup>



**GRAPH 2:**

- Water Recycling YTD has improved as compared to 2023 FY performance
- 2023 FY Performance was 12% vs 2024 Actual 25%



## Water performance opportunities

Water reduction and recycling opportunities have been identified and implemented:

- Cooling Tower Blowdown Recovery
- Implementation of water metering from level 2
- Use of water from licensed boreholes
- Enhancement of the water maintenance system coupled with inspection and prompt repairs
- Training and awareness on efficient water use
- Ongoing water quality analysis

## Shared water challenges

We joined other stakeholders in identification of water related initiatives geared towards a sustainable environment and collaboration in improving shared water challenges.

Challenge	Key issues
<b>Water quantity</b>	<ul style="list-style-type: none"><li>• Wasteful/excessive water use</li></ul>
<b>Water quality</b>	<ul style="list-style-type: none"><li>• Surface water contamination (diffuse pollution, discharges from industry and municipalities)</li><li>• Lack of municipal water by-laws to govern discharge from industry (Lesedi Municipality)</li></ul>
<b>Important water-related ecosystems</b>	<ul style="list-style-type: none"><li>• Lack of invasive species management and assessment</li></ul>
<b>Water, sanitation &amp; hygiene</b>	<ul style="list-style-type: none"><li>• Sections of population without access to adequate water and sanitation</li></ul>
<b>Water governance</b>	<ul style="list-style-type: none"><li>• Inadequate maintenance of water infrastructure</li><li>• Lack of funding to expand municipal water treatment facilities</li></ul>





## Stakeholder engagements in 2023/24

Our next stakeholder engagement is scheduled for January 2025 (date to be confirmed). Below are pictures related to some of the stakeholder engagements we held in 2023/24.

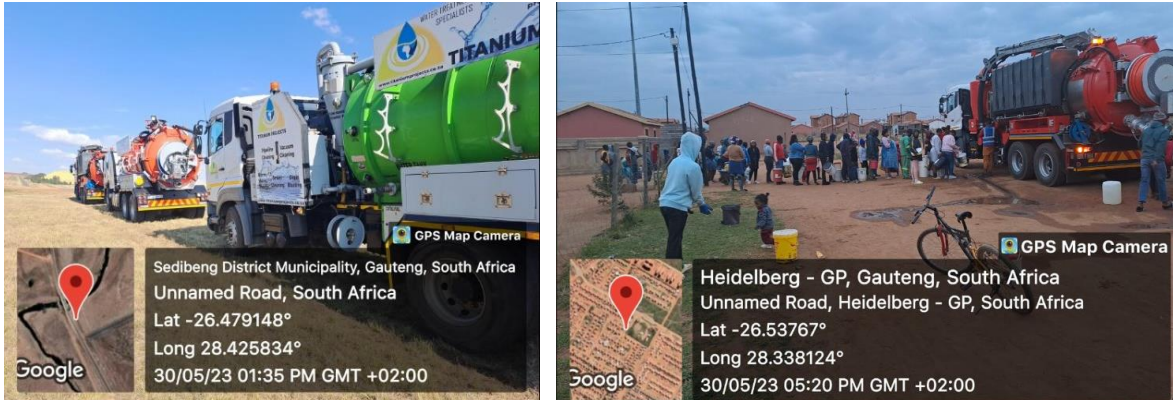
**Below: Attendance register for AWS Stakeholder Event in April 2024.**

AWS STAKEHOLDER ENGAGEMENT ATTENDANCE REGISTER		BAT BATTER COMPANY	
Name & Surname	Organization	Date	Signature
STANT MOHOLOBELA	LESEDI MUNICIPALITY	15/04/2024	[Signature]
THATO MOSOMA	LESEDI MUNICIPALITY	15/04/2024	[Signature]
FRANCINAH TABANE	METSI-A-LEKOA	19/04/2024	[Signature]
RAINEY MAMONDO	METSI-A-LEKOA	19/04/2024	[Signature]
THANDI LEDIHA	Metsi-a-lekoa	19/04/2024	[Signature]
Mantana Chere	ENFULEMI Local Municipality Metsi-a-lekoa	19/04/2024	[Signature]
SAKHE MGUNSWA	Metsi-a-LEKOA	19/04/2024	[Signature]
Mpho Makhle	ERWAT	24/04/2024	[Signature]

**Below: The BAT South Africa team in Heidelberg provided personal protective equipment in the Heidelberg area in 2023.**



**Below: BAT South Africa arranged water tankers to deliver water to Ratanda and the Heidelberg area during a water shutdown.**



**Below: Snapshot of activities undertaken by the BAT South Africa Heidelberg team on World Water Day in 2023 & 2024.**



## Conclusion

As demonstrated throughout this report, BAT South Africa strives to comply with all Alliance for Water Stewardship (AWS) requirements and to maintain our AWS Certification for our Heidelberg facility.

The facility has a robust incident response plan that includes a root cause analysis and corrective action plan. BAT also has a robust governance programme to ensure all legal and statutory requirements are met. Moving forward, BATSA remains committed to sustainable water management and continuous improvement in our water stewardship practices.

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