

REPORT

Implementation of Alliance for Water Stewardship (AWS) Standard at BAT South Africa

28 April 2022

Introduction

As BAT South Africa (BATSA), and in line with our global 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 centre in all that we do.

As part of BAT's Environmental Social and Governance (ESG) agenda, the BATSA factory, located in Heidelberg, is pursuing Good Water Governance (GWG) initiatives by implementing 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.

The BATSA Heidelberg Factory is the eighth largest factory in the global BAT stable, and accounts for a significant total production for both domestic consumption and export into the wider Southern African Area region.

History

The Rembrandt Tobacco Corporation, established in 1948 by the late Anton Rupert, obtained the land along the Berg River, and a modern cigarette and tobacco manufacturing plant was established over the decades. It was ahead of its time and the first manufacturing machines of long filter cigarettes were installed at the factory in 1952, making it the most state-of-the-art plant in the world at the time.

The plant relocated to Heidelberg in Gauteng and is currently in the Vaal catchment area. It has one primary water source on-site (that is, municipal water supplied by Rand Water through the Lesedi Municipality) and uses Heidelberg Water Care Works ERWAT – Wastewater Treatment Company.

As a responsible community member, BATSA has been at the forefront of environmental conservation, and, more specifically, driving responsible water use. As part of this, the company is an active and committed member of Lesedi Education and Awareness Forum, an environmental conservation group. This platform helps to address water related issues in the catchment area.

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.

Our water policy, which is a public commitment to good water stewardship, can be found on our website [here](#).

Site water-related internal governance

Water-related governance is ultimately focused on responsibility and accountability of water-related matters at the site. It is about having a clear line of authority to ensure that preventative measures are in place, as well as immediate corrective actions.

Role	Responsibility
Factory Manager	<ul style="list-style-type: none"> ▪ Is part of the BAT Eastern & Southern Africa (BAT ESA) leadership team ▪ Overall responsible for the Heidelberg site budget and resources ▪ Sponsor of water-related projects
Human Resource Manager	<ul style="list-style-type: none"> ▪ Allocation of resources to ensure sustainable water stewardship ▪ Is part of the BATSA Operations leadership team
EHS Manager	<ul style="list-style-type: none"> ▪ Compliance with legal requirements ▪ EHS pillar lead (drives the energy management) ▪ Site member of the Energy Conservation Pillar ▪ Stakeholder engagement planning ▪ Identification and implementation of Water Sanitation and Hygiene (WASH) and sustainability projects within the catchment ▪ Site member of the water committee
Line Leads	<ul style="list-style-type: none"> ▪ Implementation of improvement actions to drive for efficient processes leading to reduction, reusing, and recycling of water ▪ Site member of the water committee
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 (capital and operational expenditure). ▪ Is part of BAT Operations leadership team

Role	Responsibility
Utilities Manager	<ul style="list-style-type: none"> Appointed as GMR2 Spearheads the Energy Conservation pillar Participate in implementation of water-related projects and co-ordinates the collection and analysis of data Carry out and validate post implementation reviews on completed projects Site member of the site committee
Safety Co-ordinator	<ul style="list-style-type: none"> Monitoring of KPIs Training needs assessment and planning for trainings Document management as per the plan
Legal Counsel	<ul style="list-style-type: none"> Supports with compliance to all legal and statutory requirements. Is part of BATSA Operations Leadership Team

Indirect water use

1. Work with suppliers to ensure good water practices are adhered to and understood.
2. Promote the adoption and implementation of innovative water governance practices across responsible authorities, levels of government and relevant stakeholders
3. Promote regular monitoring and evaluation of water policy and governance where appropriate, share the results with the public and make adjustments when needed

Performance

Globally, BAT has made a commitment to reduce the water withdrawn in all its sites by 35% by 2025 (baseline: 2017)

BATSA tracking and targets



Water reduction opportunities were identified in the following areas:

1. Having water metering per department and daily monitoring of consumption, helping us to understand our water usage and site water balance.
2. Steam condensate recovery, recycling the water thus reducing the energy and water used for the boiler operation.
3. Training and awareness on efficient water use.
4. A robust maintenance system coupled with inspection and prompt repairs.

These initiatives have contributed to sustainable water balance in the catchment and demonstrate that BATSA has good water governance.

Water quality

To ensure and maintain good water quality, quarterly water analysis of the water on site to ensure good quality water for our employees.

An Approved Water Recycling Project Capex 2022 @ R 3,824,662 for the installation of our effluent treatment plant.

Action	Est. cost (ZAR)	Est. cost (GBP)
Install remote water sensors for taps	600,000	29,505.78
Replace underground water pipes with surface/overhead (phase 1)	1,500,000	73,764.45
Metering of all departments	200,000	9,835.26
Install waterless urinals	350,000	17,211.70

Stakeholder engagement

Communication with local stakeholders to ensure continued compliance regarding water conservation and shared water challenges. We have collaborated with various stakeholders in water related initiatives geared towards a sustainable environment. In March and April this year, we engaged with key selected stakeholders from the private and public sectors on water related matters for our catchment. During this session, shared water challenges and opportunities were discussed.

Identified shared water challenges

A summary of the possible drivers of the water challenges in the following table below. These were collected through discussions with stakeholders, understanding the underlying causes of the different water challenges, and a review of relevant water-related literature on the catchment. This was

determined following an assessment of the level of risks from the WWF Water Risk Filter and stakeholder discussions.

Shared water challenges, in order of priority

Shared water challenge	Key issues
Water quantity	Rapid urbanization and population growth
	Reliance on transfers from Lesotho and Tugela
	Wasteful/excessive water use (high levels of non-revenue water)
	Unlawful irrigation
Water quality	Surface water contamination (diffuse pollution, discharges from industry and municipalities)
	Groundwater contamination (mainly due to acid mine drainage)
Important water-related ecosystems	Poor wastewater treatment
	Lack of invasive species management and assessment
Extreme weather events	Climate change exacerbating hydrologic extremes
	Multiple crises planning documents from multiple agencies resulting in fragmented planning
Water, sanitation, and hygiene	Lack of data/assessment on affordability of water, especially for low-income communities
	Sections of population without access to adequate water and sanitation
Water governance	Financial mismanagement of municipal service providers
	Inadequate maintenance of water infrastructure

Pictures: Stakeholder visits



Proposed water targets / Initiatives to address shared water challenges

Shared water challenge	Water target/initiative
Water quantity	Improve facility water use efficiency
	Reduce facility absolute water use
	Replenish water use through recycling or reuse
	Support reduction of non-revenue water through Project 1600 with Rand Water
Water quality	Reduce or eliminate runoff from site (stormwater and dry-weather run-off)
	Remove contaminants from wastewater/effluent
	Restore wetlands to improve natural water filtration processes
	Support municipal wastewater treatment facility with financial or technical expertise
Important water-related ecosystems	Restore river
	Restore wetlands (local or source catchments)
	Remove non-native invasive plant species (local or source catchment)
Extreme weather events	Support initiatives that improve climate change resilience around flood and drought
	Develop a drought or flood management plan
Water, sanitation, and hygiene	Provide access to water, sanitation, and hygiene for communities in the catchment
	Establish formal policy on water, sanitation, and hygiene for employees in their workplace and communities

Shared water challenge	Water target/initiative
Water governance	Provide technical support to municipalities regarding financial management
	Provide technical support to municipalities regarding maintenance and operations of infrastructure
	Participate in platforms to improve Integrated Water Resources Management

Efforts made by the site to engage stakeholders and support public sector agencies

The discussion identified some of the water challenges faced in the catchment: Pollution of the Blesbokspuit River which is a tributary river in our catchment area.

Some opportunities we have leveraged to enhance our environment conservation agenda included the clean-up of the Blesbokspuit River and Environmental Awareness Day at the taxi rank.

We strive to enhance these engagements and activities in the coming year through collaboration with key stakeholders and industry members within our catchment area.

Pictures: River Clean Up BATSA in collaboration with the Lesedi Education and Awareness forum



Transparency in water related compliance

Given that BATSA has not had any water-related compliance violations and in the period under analysis (2021), no corrective actions have been presented for its sustainable water management model. Such disclosure has not been necessary as a result.

There were also no site water-related violations that posed significant risk at threat to human or ecosystem health in 2021, so it has not been necessary to notify public bodies.

BATSA operates a robust governance program to ensure compliance to all legal and statutory requirements.

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, and 5.5.3.