



PILLAR 3: **PIONEER GRAIN TO GLASS SUSTAINABILITY**

- 1. Context and Emerging Trends**
- 2. Progress from 2022 to 2023**
- 3. How are we achieving our targets?**
 - Our Initiatives**
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We recognise that we have a responsibility to manufacture our award-winning brands sustainably across our supply chain. We view this as a Grain to Glass Sustainability approach, which means that we think through each aspect of our production process. For us, the Grain to Glass Sustainability addresses the following aspects:

FOCUS	ISSUES	PILLAR
Water	<p>Water Regeneration:</p> <ul style="list-style-type: none"> • how much water we use to produce our products, • how much water we save, and • how much we replenish. <p>Improving water quality in the areas that we operate through community water projects, aimed at improving access and availability of water.</p> <p>Restoring and protecting water catchment areas through afforestation activities.</p>	Preserve Water for Life
Climate Change & Our Carbon Emissions	<p>Mitigation: reducing our Scope 1, 2 and 3 emissions.</p> <p>Adaptation: investing in co-benefit projects that boost the resilience of our communities as well as reduce our carbon emissions.</p>	Accelerate to a Low Carbon World
Circular Economy	<p>Reinventing packaging: cutting down packaging, increasing recycled content and eliminating waste.</p> <p>Reducing our waste: keeping our waste to a minimum and reducing the amount of raw materials used.</p> <p>Regenerative agriculture through a farmer-led approach.</p>	Become Sustainable by Design





PRESERVE WATER FOR LIFE



CONTEXT AND EMERGING TRENDS

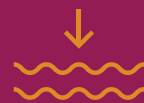
Water is on the frontline of the climate emergency and needs an urgent process and culture reset in order to make sure there is sufficient water for everyone, especially the most vulnerable. Not only is water a critical resource, but it is also one of our most important ingredients. Preserving it is crucial to our communities and business — it remains a strategic priority for us, especially in water-stressed areas. According to research by the Food and Agricultural Organisation (FAO) 2023:



Water scarcity in Africa is expected to reach dangerously high levels by 2025.



East Africa's freshwater resources are among the lowest in the world, decreasing by two thirds in the last 40 years.

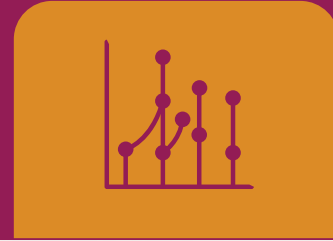


Studies suggest that East Africa's water resources are expected to drop further by 50% by 2050.


Preserve Water for Life outlines how we manage water in our supply chain, operations and communities, as well as advocate collective action to improve water outcomes.



PROGRESS FROM 2022 TO 2023




EABL water use efficiency has improved by 13% versus our 2020 baseline of 3.75L/L through continuous improvement initiatives and water recovery and reuse at our sites.

GLOBAL SOCIETY 2030 TARGET	KEY PERFORMANCE INDICATOR	EABL TARGET FOR F23	F21	F22	F23	CUMULATIVE
Improve water efficiency in our operations by 30% across the company, and 40% in water-stressed areas.*	Litres of water used per litre of packaged product (L/L)	3.0	3.39	3.03	3.27	13% improvement compared to the baseline level of 3.75L/L.
SDG alignment: 6.4 						
Replenish more water than we use for our operations for all our sites in water-stressed areas by 2026.	Volume of water replenished (m ³)	350,760	198,501	362,248	398,264	930,942
SDG alignment: 6.1; 6.2; 6.6; 6B; 15.1  						
Invest in improving access to clean water, sanitation, and hygiene (WASH) in communities near our sites and local sourcing areas in all our water-stressed markets.	People reached with WASH		30,748	99,317	64,394	174,119
SDG alignment: 6.1; 6.2; 6.6; 6B; 15.1  						
Engage in collective action in all our priority water basins to improve water accessibility, availability and quality, and contribute to a net positive water impact.	Water collective actions projects completed	2.0	N/A	100%	100%	100%
SDG alignment: 6.1; 6.2; 6.5; 6.6; 6A; 6B 						


HOW ARE WE ACHIEVING OUR TARGETS?

Our Initiatives

Water for Life




Under the Water for Life banner, we are implementing a series of community-based water projects aimed at providing safe, reliable and sustainable supply of water to communities across East Africa.




**KBL – serving
5,000
people**

KBL launched a water project in Ndiguini Kikuyu Constituency, Kiambu County, that is benefiting over 5,000 people. The water project, which involved mapping, drilling, equipping a 330m deep borehole, and the construction of an elevated steel-pressed water tank, yields 5,400 litres of water every hour, which is enough drinking water for about 2,700 people per day. Additionally, we implemented other water projects at Ngara Girls Secondary School, Il Bisil Girls Secondary School – Kajiado, Calvary Grounds - Komarok, Radiro – Homabay, St. Patrick’s Primary School – Gilgil, and Kiambiriria – Nakuru.



**UBL – serving
2,000
people**

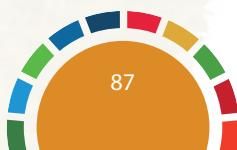
UBL commissioned ablution blocks in Portbell Shopping Centre and Kamwanyi village in Luzira. The ablution block is serving approximately 2,000 people in Kamwanyi community and will improve access to water and sanitation for the residents of the area. UBL also launched the Teso Lango Water project, handing over 20 hand pump boreholes worth UGX 560 million (approximately Kshs. 22 million) to communities in the Northern and North-Eastern sub-regions of Teso and Lango. These boreholes will serve over 9,000 people across the districts of Oyam, Lira, Kapelebyong, Katakwi and Bukedea.



**SBL – serving
2,000
people**

SBL spearheaded the renovation and construction of Kwamizi Water Dam in Handeni District, Tanga region. SBL’s donation of Tsh 380 million (approximately Kshs. 21 million) was implemented in partnership with Water Aid and the local government. It is providing clean water to 2,000 people in Handeni District. The water project has brought relief to thousands of residents in the district, following the destruction of previous dams, leaving the community in dire need of clean and safe water.

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Leveraging the Power of Partnerships – KBL’s Partnership with Upper Tana- Nairobi Water Fund (UTNWF) Trust

The Upper Tana-Nairobi Water Fund (UT-NWF) Trust is a public-private partnership working collaboratively throughout the Upper Tana watershed to solve a key challenge – water security for Kenya’s capital city, Nairobi.

The Upper Tana watershed supports 95% of the water supply for Nairobi, which currently has a population of over 5 million people. It also generates 50% of the nation’s energy – hydropower.

The mission of the Water Fund is to support the long-term conservation, protection and maintenance of the Upper Tana watershed, thereby improving Nairobi’s water security and the function of hydropower facilities.

On World Water Day this year, KBL provided a grant of US\$ 50,000 to support conservation and sustainable management of Upper Tana watershed through promotion of sustainable land management (SLM) and integrated natural resources management (INRM) practices, thereby improving the livelihoods of farming households while promoting watershed conservation. The funding was geared towards supporting farmers with high value fruit tree seedlings - 15,000 fruit trees were planted, construction of water pans and drip irrigation kits. The grant provided this year is in addition to a similar amount that was provided to UTNWF in 2022 when the partnership began.



Efficiency at EABL's sites

KBL's Supply Structure

I. **Tusker Site** – Located at Ruaraka, our Tusker Site brews and packages beer, mainly the Lagers, Stouts and Ciders, as well as the Ready to Drink brands (RTDs). The beverages are packed in returnable glass bottles and kegs, with some brands packed in cans. Our Tusker Plant produces and packages beverages for the local market and for export in the Great Lake Region for countries such as Rwanda and Southern Sudan. Some of the products, such as Kenya's most loved beer, Tusker, is also exported to the UK and US. The site is manned by about 2,000 full-time and contract-based employees. The raw material for brewing Senator Keg is sorghum, which is mainly sourced from a network of over 40,000 farmers in the Western Kenya region. Some of the brewing byproducts are returned to farmers within the region, for use as dairy and poultry feed. There are about 400 full-time and contract-based employees working at the plant.





II. **Kisumu Site** – Named Diageo’s Best Brewery in 2022, the Kisumu Plant is located at Makasembo in Kisumu. The plant mainly brews and packages the Senator Keg brand – Senator Dark and Regular – in returnable kegs. Unlike at the Tusker site where the grain is received and processed at the East African Maltings Limited, EAML, and then dispatched to the Tusker site, at the Kisumu site, the full production process – from receiving and handling of the grain, to the brewing of the beer – happens at the site.



III. **UDV Site** – Also located at Ruaraka, our UDV Site blends and packages spirits brands, mainly local brands such as Chrome Gin, Chrome Vodka, Triple Ace and Kenya Cane, among others. The site is manned by about 300 full-time and contract-based employees.



IV. **East African Maltings Limited (EAML)** – Located at Nairobi’s industrial area, EAML is an agribusiness site that sources and processes grain, mainly barley and sorghum, for beer manufacturing. All grain used for beer manufacturing at the Tusker Site is received at the EAML site. Here, the sorghum is analysed and cleaned for dispatch to the Tusker Site, and the barley is malted and dispatched to the Tusker Site for the rest of the production process. The site is manned about 40 employees who are experts in engineering and production.



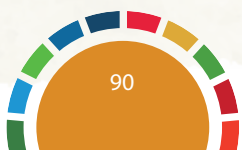
EFFICIENCY AT OUR SITES

Following KBL’s investment in state-of-the-art water recovery plants at the Kisumu and Tusker sites, we continue to treat the the waste water from our sites via recovery and purification technology before leaving our sites.

At the Tusker Plant, we have recovered 192,376m3, which represents 13% of our total water abstraction, whilst at the Kisumu Plant we have recovered 59,653 m3, which is equivalent to 23%.

EAML has also driven a 24% reduction in use of water, and 10% reduction in use of energy. This happened partly through upgrading old infrastructure on automation and high voltage plants, thereby reducing health and safety risks as well as guaranteeing business continuity.

On the other hand, a future investment in Zero Liquid Discharge (ZLD) technology in our water recovery process will further increase our water recovery.



SBL's Supply Structure

SBL's Supply Structure consists of three sites in Dar es Salaam, Moshi and Mwanza.

- I. **Dar es Salaam Site** – Located at Chang'ombe in Dar es Salaam's industrial area, the site produces some of Tanzania's favourite beers such as Serengeti Premium Lager and Serengeti Premium Lite. From the receipt of the grain, to analysing and cleaning it, to the brewing of the beer, the end-to-end production of the beverages happens at the site which is manned by about 198 full-time and contract-based employees working at the plant.



- II. **Moshi Site** – Our Moshi Site stands out within Diageo, and the wider manufacturing sector in Tanzania, as a Site that led in the recruitment of women in the brewing, and manufacturing sectors in general. The Site continues to pride itself as the only plant, within Diageo to have an all women-run spirits line. Spirits such as Bongo Don, Captain Morgan and Smirnoff Extra Smooth are produced at the plant. Additionally, beer brands such as Serengeti Premium Lager, Serengeti Premium Lite, Kibo Premium, Guinness Smooth, Guinness Foreign Extra Stout and Pilsner Lager are produced at our Moshi Site. It is manned by about 182 full-time and contract-based employees working at the plant.

SBL investments in Moshi Brewery to increase beer capacity and build mainstream spirits capability:

- Installation of spirits storage tanks with total capacity of 140,000 litres.

- Brewhouse capacity expanded through additional installed mashing vessels.
- Installed 10 additional fermentation vessels and two additional bright beer tanks.
- Installed three additional malt grain silos.
- Installed heat recovery system (Equitherm) to reduce thermal energy usage.
- Installed and commissioned 150,000hls Ready-to-Drink blending plant.
- Installed and commissioned second 40,000bph packaging line.
- New warehouse for beer finished goods.
- New Ready-to-Drink and Spirits warehouse.
- Exploring leasing of double handler forklifts to drive warehouse efficiency and reduce carbon emissions.





iii. **Mwanza Site** – The Mwanza Site stands out for the production of Serengeti Premium Lager, Serengeti Premium Lite and Pilsner Lager brands. As is the case with our Dar es Salaam and Moshi sites, the Mwanza Site has also offered employment to hundreds of individuals within the region. There are about 140 full-time and contract-based employees working at the plant.



EFFICIENCY AT OUR SITES

We have focused on reducing our water usage and energy usage ratios. SBL's water usage ratio has improved to 3.78 L/L, which represents a reduction of 6.3% compared to the same period last year. This reduction has been achieved through implementation of focused improvement projects across the various sections of the site and robust short interval controls.

UBL's Supply Structure

UBL's Supply Structure consists of two sites, namely: Port Bell Brewery and International Distillers Uganda (IDU).

- i. **Port Bell Brewery** – This Site is renowned for its production of some of Uganda's most-loved beer brands such as Bell, Guinness, Pilsner and Smirnoff ready-to-serve range. The full brewing production process of the beverages is done at the site where about 900 full-time and contract-based employees work.
- ii. **International Distillers Uganda** – This Site produces UBL's renowned spirit brand, Uganda Waragi. Other brands such as V&A and Gilbey's are also produced at the Site. There are over 70 full-time and contract-based employees working at the site.

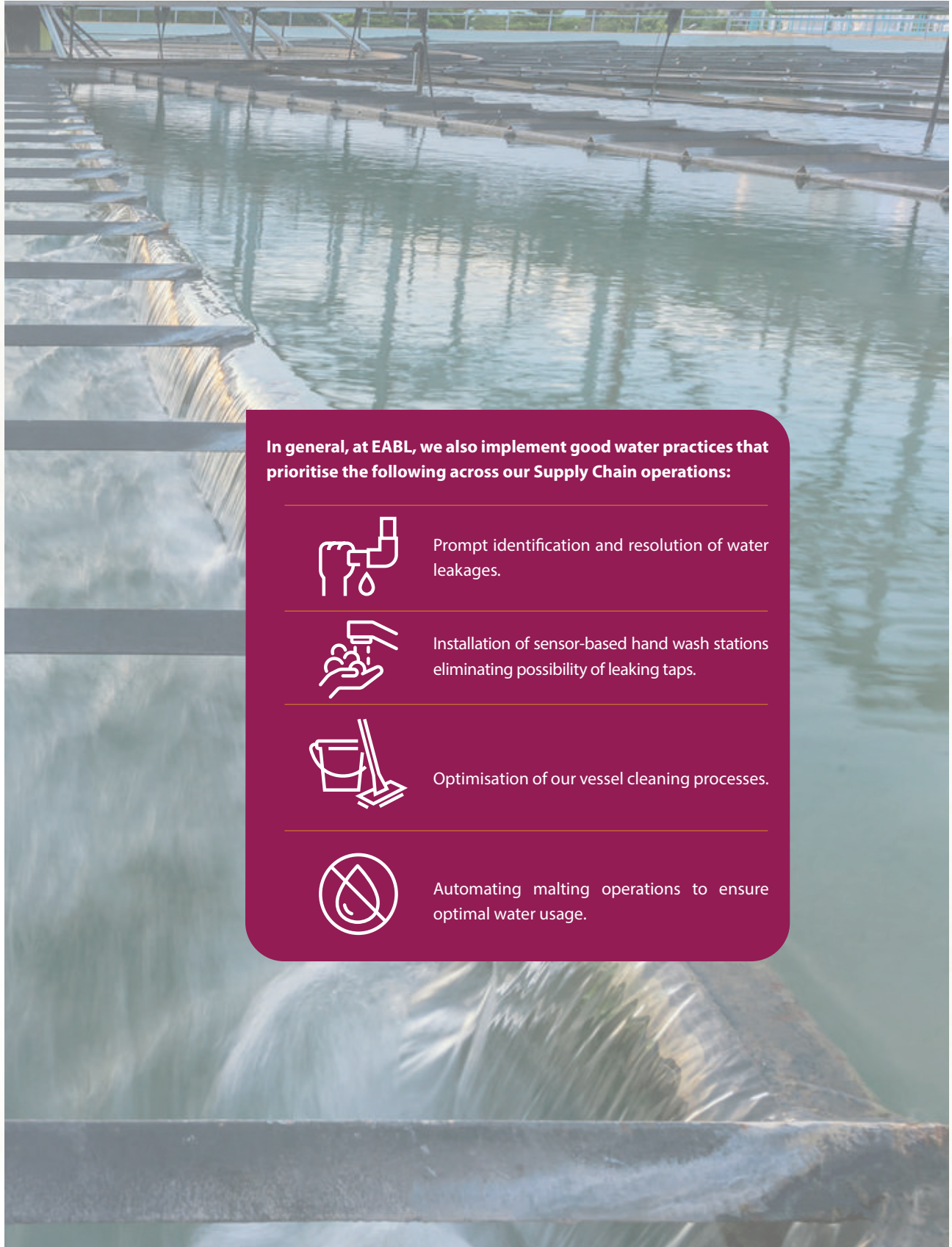


EFFICIENCY AT OUR SITES

Similar to KBL, UBL has also invested in state-of-the-art water recovery plants at the Port Bell brewery and International Distillers Uganda. The investment has also yielded significant water recovery results. During the year, UBL recovered 137,005 m3 of water, equivalent to 31%.

Additionally, UBL has delivered a water performance KPI of 2.86L/L per litre of product produced versus a target of 2.7 L/L. We took lessons on what we can do to improve this performance further. Some of the actions we have identified include installation of baffle plates at clarifier for turbidity reduction, condensate recovery improvement from 80% to 85% and biomass boiler water use optimisation. In addition, improved Water Recovery Plant (WRP) rates from 45% to 49%, and ensuring spares are now stock items, which allow for quick intervention in case of failure.

On the other hand, we replenished up to 43,210m3 of water by sinking boreholes in the Teso and Acholi sub-regions of Uganda. We are committed to ensuring that these water-stressed communities from which we source our local raw materials are supported to access clean water as part of our supply commitments.



In general, at EABL, we also implement good water practices that prioritise the following across our Supply Chain operations:



Prompt identification and resolution of water leakages.



Installation of sensor-based hand wash stations eliminating possibility of leaking taps.



Optimisation of our vessel cleaning processes.



Automating malting operations to ensure optimal water usage.

Looking ahead to F24:

We are still exploring additional water recovery technologies to further increase the amount of recycled water in our operations.