



Communication on Progress Year: 2015

Statement of Continued Support of the UN Global Compact

We recognise that our sustainability as a business depends not only on our economic performance, but also on the way we manage our social and environmental impacts. At each stage of the value chain, we seek to maximize our positive impacts, creating value for our stakeholders while improving our own performance. For us, the two are inextricably linked - our company's future success depends on our ability to positively contribute to society and the environment today. We call this 'celebrating life, today and tomorrow.'

There are six key focus areas of our Sustainability & Responsibility strategy that we manage across our value chain: alcohol in society, socio-economic development, environment, water, governance and ethics, and our people. Through this report on our progress, EABL continues to reaffirm its support and our willingness to advance the Ten Principles of the UN Global Compact through our Code of Conduct, Policies, Controls and Process across our entire Supply Chain and with all our business partners.

Charles Ireland
Group Managing Director & CEO
East African Breweries Ltd

CH. Ireland _____
Signature Date

Company name: East African Breweries Limited

Sector: Manufacturing

Number of employees: 1500

UN Global Compact signatory since: 2012

Contact person: Jean Kiarie Ngumo

Address: P.O. Box 30161, Nairobi, Kenya.

Email: info@eabl.com

Phone: 254 20 8644000

Brief description of nature of business

East African Breweries Limited (EABL) is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non alcoholic drinks (ANADs) reaffirming our standing as a total adult beverage (TAB) company.

With breweries, distilleries, support industries and a distribution network across the region, the group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors.

As a consumer driven business EABL takes time to study the market and understand consumer needs and wants as well as how best to satisfy them. That is why we constantly invest in innovating and renovating our brands to stay at par with dynamic consumer trends. This goes hand in hand with our Vision to be the most celebrated business in Eastern Africa.

Scope of this COP

This COP covers activities carried out in the financial year F15 which covers the period between July 2014 and June 2015.

Human Rights and Labour Standards

UN Global Compact principles covered:

- Principle 1: Business should support and respect the protection of internationally proclaimed human rights**
- Principle 2: Business should ensure that they are not complicit in human rights abuses**
- Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining**
- Principle 4: Business should support the elimination of all forms of forced and compulsory labour**
- Principle 5: Business should support the effective abolition of child labour**
- Principle 6: Business should support the elimination of discrimination in respect of employment and occupation**

Human Rights Current

Commitment

We recognise that we are responsible for the impact of our activities on our employees, on consumers of our products and on the communities in which we operate.

We have a broad responsibility, embodied in the expectations of civilized society and in the Universal Declaration of Human Rights, to use our influence to promote and protect human rights and freedoms by establishing clear ethical standards for ourselves and by fostering similar standards in all who act with us or on our behalf.

It is our belief that the countries and communities in which we operate should benefit from our presence. As a minimum, we will strive to ensure that our operations are consistent with the legal principles applicable in all the countries in which we operate.

A brief description of our Processes or Systems

Core principles

Valuing diversity

At EABL we encourage the uniqueness of individual contribution within a team environment. One of our core values, 'Freedom to succeed', promotes openness and teamwork, invites employees to challenge convention and encourages trust in people.

We celebrate cultural and individual diversity – rely on it even – to create an energising team culture and leadership reputation. This is encompassed in another of our values, 'Proud of what we do'.

We will work to achieve an employee base that is diverse and to create a culture that is inclusive of all individuals. We will support internal networks that promote diversity such as women (Spirited Women) or Gay, Lesbian, Bisexual and Transexual (GLBT) groups and will work with external bodies in pursuit of our inclusion and diversity goals.

Anti-discrimination

All our employees have the right to expect that their basic human identity and dignity are fully respected in the workplace and we reject any form of unfair discrimination.

In all aspects of employment, such as recruitment, compensation and benefits, training, promotion, transfer and

termination, we will treat individuals justly and in a non-discriminatory manner, solely according to their abilities to meet the requirements and standards of their role. We will do so without regard to factors such as (though not limited to) race, religion, colour, ethnic or national origin, disability, sexual orientation, gender or marital status. We will respect local legislation or programmes which seek to address imbalances of the past.

We will not tolerate employees being subject to physical, sexual, racial, psychological, verbal, or any other form of harassment, bullying or abuse. Failures to live up to this standard will be detected and will be dealt with swiftly and effectively.

Work-life balance

We recognise that everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay. We acknowledge and promote a healthy balance between employees' working and home life and respect the commitments they have outside of the work environment. We will comply with working time legislation in all countries in which we operate as well as implement policies that facilitate work life balance

Releasing potential

Releasing the potential of each and every one of our people will make a positive difference both to our employees and to our business. The scale of this commitment seems daunting, but this is a fundamental objective for EABL. We will support our employees in a process of continuous development and learning to enhance their skills and release any latent talent. Our value, 'Be the best', encourages employees to be open to new ideas, to seek continuous improvement and to help foster a climate of self-learning in EABL.

Fair reward

We recognise the skills and contributions of all our employees and will ensure that they are justly and fairly remunerated to account for their contributions to the company. We will take all reasonable steps to recognise the contributions that individual employees make to the company. Wages and benefits for a standard working week will meet, as a minimum, national legal standards and should always be enough to meet basic needs and to provide some discretionary income.

Valuing people

EABL does not make use of nor will we have partners who make use of any form of forced or compulsory labour. This includes any requirement to lodge 'deposits' or identity papers. We also respect the right of employees to leave the company after giving reasonable notice.

We will not employ children under the age of 18. Where young people under the age of 18 work for EABL companies or their partners, we have a special responsibility to protect and promote their interests to ensure that they are only employed under circumstances that protect them from physical risks. For all EABL employees under the age of 18, we will pay particular attention to their vocational training and development needs. The company will ensure that all young people under the age of 18, be they full- or part-time employed, are treated in accordance, with all of our own values and standards.

We will respect all relevant local employment laws with regard to working conditions, training and a duty of general care.

Employee engagement

We seek to have all our people highly engaged and aim to create an environment where all employees believe they can achieve their potential. The company is committed to full and open communication with employees through a variety of means at an individual, team, and business level. We will ensure that we communicate our strategy, goals and values to all employees and will promote two-way dialogue encouraging employees to express their ideas, thoughts and concerns.

As a signatory of the UN Global Compact, we will respect the right of employees to join or not to join trade

unions, to be freely represented by them and generally to join together for the purposes of promoting common goals and collective bargaining. Where the right to freedom of association and collective bargaining is restricted under law, we will support the development of parallel means of consultation and of independent and free association.

Respect for national sovereignty

EABL recognises that there is potential conflict, and moral dilemma, in countries where human rights are compromised. In such environments it is important that EABL takes responsibility to ensure our business operations do not contribute directly or indirectly to human rights abuses. We use our influence internally to ensure that our employees fully understand the company's commitment to human rights and their own rights and responsibilities.

Community

As a responsible corporate citizen, EABL has rights and responsibilities in society. We believe that by being active and caring about the communities where we operate, we can best meet these social responsibilities and contribute to positive change.

Safe working environment

EABL is committed to ensuring the health, safety and welfare of its employees whilst working or on company business, and ensuring that each employee is made aware of applicable EABL safety programmes and safety and health regulations. All our people are expected to adopt a pro-active, co-operative attitude towards the health and safety of all EABL employees, customers and suppliers, and others working at or visiting EABL property.

We will undertake all reasonable and practical steps to ensure that the premises where our employees operate are secure and provide a safe and hygienic working environment.

Activities implemented in the last year

Successful CBA agreements negotiations and agreements with the Union leadership team in Kenya Breweries and Uganda Breweries .

Continued training, sensitization and improvement of the health and safety standards for all our employees and contractors through the daily tool box talks and refreshing our safety policy.

Further enhancement of the organizations Reward tools to better motivate our employees and creating more equity and opportunities for growth Bonus structure throughout our businesses, participation in Long Term incentives for our middle and senior managers, Pension scheme enhancement as part of our contribution to the millennium goals.

Measurement of outcomes and value added for our company

- Gender diversity index tracked as part of our monthly reporting
- Annual Value Survey results with particular focus on valuing each other

**Human Rights
Future**

Activities planned for next year

- Women In Leadership caucus group
- Disability is not inability Agenda
- Creche facility

Environment

UN Global Compact principles covered:

- Principle 7: Business should support a precautionary approach to environmental challenges**
- Principle 8: Business should undertake initiatives to promote greater environmental responsibility**
- Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies**

Environment Current

Commitment

Becoming truly sustainable

We recognize that our management of environmental issues is important to our stakeholders and a key determinant in the long-term success of EABL.

As a major corporate citizen of Eastern Africa, EABL recognizes that management of environmental issues is important to our stakeholders and is a key determinant of environmental sustainability as well as the long-term success of EABL operations and businesses.

We take a precautionary approach to such issues, in keeping with the best prevailing scientific and technical understanding, as well as international standards, and do not depend on having full scientific proof of specific environmental damage. **In particular, we are vigilant and committed to the prevention of pollution in all our activities which range from the agricultural, large scale storage, malting, brewing, beverage packaging, infrastructural expansion, utilities supply and all related support processes.**

In achieving and maintaining environmental sustainability EABL embraces technologies and practices that result in the efficient use of natural resources, including eliminating, substituting or minimizing dependency on them. EABL also actively engages and partners with likeminded entities and communities in activities that will produce significantly positive environmental impacts.

This policy sets out the commitments we have made to achieve this aim. It covers all EABL businesses and operations and is aligned closely to, and borrows from, the Diageo Environmental Policy.

EABL recognizes the need for unflagging leadership in environmental stewardship. Our leaders are responsible for fully integrating the policy elements into their functional management. Recognizing that some sites have different environmental impacts from others, some parts of this policy are more relevant to particular sites than others.

A brief description of our Processes or Systems

- Our sites have an environmental management system in place ISO 14001 which that is audited and re-certified periodically.
- Environmental impact risk assessments are performed for running and new projects.
- EABL environmental commitments that drive our actions are as follows:

1. WATER

- We commit to reducing Water usage on sites (through Process optimization ,No water Wastage)
- We will look for opportunities to reuse and Recycle water on our sites
- We will report all water leaks for repairs
- We annually set water improvement targets
- We will measure/monitor and control our water usage (**L/L** for Brewing plants **or L/Tonne** for Maltings Plant)

2. ENERGY/GHG (Diesel/Electricity/Fuel Oil/LPG)

- We commit to reduce Energy usage on sites (Through Process optimization ,No Energy Wastage)
- We will report and remedy any Energy Wastage on site
- We annually set Energy/GHG improvement targets
- We will measure/monitor and control our Energy usage (**MJ/L** for Brewing plants **or MJ/Tonne** for Maltings Plant)

3. WASTE TO LANDFILL (WTL)

- We commit to reduce waste generation from our processes (Process optimization ,segregation of waste generated)
- We will look for opportunities to reuse and Recycle Co/Waste products from our processes
- We annually set WTL targets as we aim for ZERO WASTE TO LANDFILL
- We will measure/monitor and control waste generated on site (**Tonnes**)

4. EFFLUENT MANAGEMENT

- We commit to treat all effluent generated in our process areas through Effluent Treatment Plants- (ETPs)
- We shall not discharge untreated or Off Spec effluent Municipal sewers or to the Environment
- We will report any effluent leaks to the environment for repairs
- We will analyse/monitor effluent from ETPs (**flow=M³ and BOD g/L**)

5. ENVIRONMENTAL INCIDENTS/EMERGENCIES

- We commit to carry out our operations safely, thereby eliminating environmental incidents that could lead to Environmental pollution.
- In case of Environmental incidents/Emergencies we shall report to Security control and Environment Managers (for KBL at **Ext 4672/ Ext 4982 respectively**)
- We shall follow the Emergency Response Procedures to manage any incidents/Emergencies.
- Where appropriate in conjunction with local authorities and our communities, to reduce the possibility and severity of accidental spills, releases or other events that may cause environmental damage
- We shall embark on rehabilitation of the surroundings in case of an incident/emergency.

6. ENVIRONMENT MANAGEMENT SYSTEM(EMS)

- We shall maintain a documented environmental management system to ensure that our Environmental performance is monitored, improvements are made and annual targets. EMS is based on ISO 14001:2004)
- In Supporting the Environment policy, detailed requirements and guidance are to be found in the Diageo Global Risk Management Standards (GRMS)

	<p>7. EMPLOYEE ENGAGEMENT</p> <ul style="list-style-type: none"> • We take actions to keep our employees informed and motivated about environmental issues. • We encourage a high level of support for EABL’s environmental initiatives to help employees act in an environmentally responsible way at work, in the neighbourhood and at home. <p><i>Activities implemented in the last year</i></p> <ul style="list-style-type: none"> • Energy and Water use process optimization • Reduction of waste to landfill through Reduce, Re-use and Re-Cycle • Effluent treatment operational efficiencies to meet the sewer discharge standards • Employee participation in activities in the region in support of this agenda such as tree planting, marathons and walks, clean-up activities <p><i>Measurement of outcomes and value added for our company</i></p> <ul style="list-style-type: none"> • Water use reduction by 10% • Energy use reduction by 11% • Reduction of waste to landfill by 10%
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Environment Future</p>	<p><i>Activities planned for next year</i></p> <ul style="list-style-type: none"> • Daily environmental audits • ITFS on water and energy deep dive audits • Further reduction of waste to landfill towards zero waste to landfill through reduce, reuse and recycle initiatives. • CSR activities e.g. Tree planting ,nurturing activities in water catchment areas and Karura run

Anti-corruption

UN Global Compact principles covered:

Principle 10: Business should work against corruption in all its forms, including extortion and bribery

Commitment

EABL does not tolerate the offer or acceptance of bribery or corruption in any form, anywhere we operate. Our stand against corruption is part of our integrity as a business and our pride in what we do. We are committed to working against corruption in all its forms, including extortion and bribery.

A brief description of our Processes or Systems

Compliance inductions

Tone From the Top Our Anti-Bribery & Corruption Policy

The EABL Exec and each business unit Exec leads by example. The organization is clear that there is zero tolerance of fraud, bribery and corruption. We have a strong and embedded Anti-Bribery & Corruption Policy. We conduct on-line and in person training on this policy. It forms part of our annual ethics day (Pathway of Pride) which covers all of our people employees and contractors. Pathway of Pride has been running for 5yrs and has the tag line of 'Doing The Right Thing' it is intended to be practical and interactive building learning and understanding.

Our Code of Business Conduct was relaunched in July 2016 to make it even more accessible to employees. This is our overarching Code under which policies such as the Anti-Bribery & Corruption Policy sit. It was launched at Town Halls and line managers engaged their reports in COBC discussions. We also have an Annual Compliance Certificate which was completed in October 2015. This applies to all managers and they are asked to confirm that they have reported all known breaches including any corruption and have had code of conduct discussions with their reports.

& Gifting and Entertainment Principles

We have implemented and embedded Gifting and Entertainment principles and guidelines that assist our employees to be able to differentiate the thin line between a gift and bribe. The principles include gifting limits above which approval must be sought. All employees are required to declare gifts or entertainment given or received with our business partners in an online portal. Before offering any gifts or entertainments to government officials written pre-approval must be obtained from Legal.

Due diligence

Due diligence checks carried out on our employees and all our business partners through 'Know Your Customer' (KYC) and 'Know Your Business Partner' (KYBP). You cannot become a customer or vendor of EABL until you have gone through the KYC/KYBP process.

Statements of Authority and Approval Matrices

All business units and decision makers are subject to Statement of Authorities which defines who at what level can approve what amounts - Defined financial limits prescribe authority of individual managers. Segregation of duties to avoid too much autonomy – they ensure that no one person can create and approve a transaction end – to – end limiting possibilities of fraud.

Functional or specialist approvals required for specific transactions and IT systems which track online approvals and payments.

Anti-corruption
Current

	<p>Whistle-blower line Our whistle-blower line ('SPEAKUP') is available to all our employees, contractors and business partners for the reporting of any actual or suspected breaches in any area of the business including corruption. The whistle-blower line is available via a toll free service, 24/7 and is hosted by a third party in the USA making it completely confidential. As an organization we also do not tolerate any retaliation.</p> <p>Risk Management As part of our risk management process we conduct a Compliance risk assessment of which Bribery & Corruption is identified as a risk. We have a mitigation plan to tackle this.</p> <p>Breach Management and Communication We have a comprehensive breach management framework for dealing with any cases of non-compliance from investigation to disciplinary process. It is applied consistently across the organization. We are transparent with actual breaches we share the consequences and learnings from substantiated breaches with the wider business community at regular intervals.</p> <p>Auditing – Diageo's Global Audit & Risk Team frequently audit our businesses to ensure we are complying with our Anti-Bribery & Corruption Policy</p> <p>Measurement of outcomes and value added for our company</p> <ul style="list-style-type: none"> • Clear understanding for our employees, contractors and business partners on our Zero tolerance approach to bribery and corruption. • 3rd parties contractually obliged to comply with our policy on Anti-Bribery & Corruption • Good understanding of Anti-Bribery & Corruption Policy by all of our people and 3rd parties. • Confidence in our breach management system and that reports will be dealt with in strict confidence with no reprisal/ victimisation • Awareness of our anonymous whistleblowing line: SpeakUp which is well used by stakeholders across EABL • EABL known externally as an organization that is advocating for ethical business practises.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Anti-corruption Future</p>	<p>Activities planned for next year</p> <ul style="list-style-type: none"> • Pathway of Pride dilemma bank shared with line managers on a regular basis • Managing With Integrity Module planned as part of our 'Amazing Line Manager' Program • Pathway of Pride Event planned for approx. April 16 • Code of Business Conduct e-learning for all employees in 2016

Donations, awards

We support the community in various activities among them are:

- Investment and partnerships with communities to aid them get access to clean and safe water
- Environmental activities that serve to protect and conserve our natural environment
- Scholarship programme for university students who are talented but cannot afford to progress in education
- Participation in campaigning and advocacy in line with promoting the spirit and practice of good governance