



DAVIS & SHIRTLIFF

know **H₂O** through experience



2023

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

TABLE OF CONTENTS

INTRODUCTION	1	ENVIRONMENTAL STEWARDSHIP	13
MESSAGE FROM GROUP CHAIRMAN	2	GREEN ENERGY SOLUTIONS	13
MESSAGE FROM GROUP CEO	3	ENERGY EFFICIENCY SOLUTIONS	13
BRIEF ABOUT D&S	4	CLIMATE SMART AGRICULTURE	14
HISTORY	4	WASTEWATER RECYCLING	14
D&S FOOTPRINT	4	WASTE MANAGEMENT	14
STAFF DEMOGRAPHICS	4	ENVIRONMENTAL COMPLIANCE	14
D&S PURPOSE & VALUES	5	ENVIRONMENTAL CONSERVATION INITIATIVES	14
GUIDING PRINCIPLE	5	VIRTUALITY	14
PURPOSE	5	SOCIAL IMPACT	15
VISION	5	EMPLOYEE DIVERSITY, EQUITY & INCLUSION	15
MISSION	5	2023 STAFF SURVEY	16
CORE VALUES:	5	FAIR COMPENSATION	16
KEY STAKEHOLDERS	6	HEALTH AND SAFETY	16
CUSTOMERS:	6	WELLNESS PROGRAM	17
SHAREHOLDERS:	6	LEARNING & DEVELOPMENT	17
SUPPLIERS:	6	BUSINESS PARTNERS	18
EMPLOYEES:	6	CUSTOMERS	18
COMMUNITY:	6	SUPPLIERS	19
REGULATORS AND GOVERNMENT AGENCIES:	6	SERVICE PROVIDERS	19
SHAREHOLDERS	6	OTHER PARTNERS	20
2023 KEY ESG ACHIEVEMENTS	7	COMMUNITY ACTIVITIES	21
APPROACH TO SUSTAINABILITY	7	BUSINESS CONDUCT & COMPLIANCE	28
KEY MILESTONES:	8	CORPORATE GOVERNANCE	28
CONTRIBUTION TO SDGS	8	ETHICAL CONDUCT	28
ESG MATERIAL MATTERS	11	REGULATORY COMPLIANCE	30
2023 SUSTAINABILITY PERFORMANCE	13	STANDARDS AND CERTIFICATIONS	30



INTRODUCTION

Davis & Shirtliff (D&S) Group is a leader in the water and energy solutions industry, providing innovative products and services across Africa. As part of its commitment to sustainability, it has the pleasure of presenting the inaugural Environmental, Social and Governance (ESG) Report for the year 2023. The report outlines the Group's initiatives and performance in addressing key ESG issues and its contribution to a more sustainable future.



MESSAGE FROM GROUP CHAIRMAN



Mr Alec Davis

GROUP CHAIRMAN - DAVIS & SHIRTLIFF

All businesses have multiple responsibilities to their various stakeholders, to employees fair and satisfying working conditions, to customers providing a good service, to suppliers fair treatment, to shareholders a return on investment, to the government compliance with the regulatory environment and payment of taxes and to the wider community a general contribution in terms of sustainability and positive impact. While all stakeholders needs must be addressed in order to create a successful organisation, at Davis and Shirliff we are very aware of our responsibility to the community, especially given the key sectors in which we operate - water and energy. Particularly we have a very active CSR programme with literally hundreds of projects benefiting many

thousands of people undertaken, a contribution we are all very proud of. There is also much more to our ESG contributions in terms of the environment, development of our industry and demonstrating integrity in all areas of our operations and I am very pleased to be able to introduce this ESG Report which gives details of our many activities. I must thank the team who put this report together led by Benard Karimi and also all staff who so enthusiastically support our various sustainability activities. I am sure many readers will be surprised at their extent and will be able to gain a better understanding of the organisation's ethics and culture of which we are all so proud!



MESSAGE FROM GROUP CEO



Mr George Mbugua
GROUP CEO - DAVIS & SHIRTLIFF

It is my great pleasure to see this inaugural ESG report for the Davis & Shirliff Group come to fruition. The Group focuses on water and energy solutions, both of which influence the quality of daily life of people as well as their productivity. The solutions provided by the Group in the eleven countries of presence and beyond have been pivotal in facilitating the availability and quality of these two resources in a sustainable manner. They directly support 14 out of the 17 Sustainable Development Goals.

I wish to thank the Group's management team, the independent non-executive directors and advisors who provide the leadership, ensuring that the Group meets its ESG obligations. ESG concerns are embedded in the Group's strategy through the Integrated Management System (IMS) which guides day-to-day operations of our people and business units as well as our interactions with the environment and all our stakeholders. Through the IMS, the Group has established programs aimed at ensuring that all ESG concerns are addressed, and that Group's short term and long-term strategies are aligned to ESG aspirations. These programs are implemented throughout the Group's network of 104 offices, ensuring that the solutions provided by the Group are available within convenient proximity to our customers.

The Group employs over 1000 people directly, 28% of whom are women. A third of the employees are Engineers of diverse disciplines and the Group is proud to have a good number of the Engineers being women. Over the years, the Group has trained many

technicians and service providers in basic skills of installing and maintaining the equipment we offer to customers. These internal and external human resources ensure that our customers realize long-term value from their investment in our solutions. I thank all the Group's employees and independent service providers who, guided by our values of Quality, Integrity and Altiora Peto (I seek higher things), continue to serve and give a delightful experience to our customers.

Currently, the Group is on a digital transformation journey with several digital platforms that facilitate dealings with its stakeholders and build in efficiencies in operations. These quality digital platforms not only make it easy for customers to engage and transact with us but also facilitate compliance with regulatory requirements. In addition, the platforms and other operating systems have hugely reduced the Group's use of paper thus contributing to environmental conservation.

The Group has established partnerships with several like-minded organizations, most of which have helped accelerate people's access to sustainable water and energy solutions. Through the #ImprovingLives CSR initiative, the Group has provided access to water and energy solutions for millions in diverse communities, enabling them to better participate in other economically empowering activities. The future looks bright for the Group and with the ESG strategies put in place, the Group will no doubt continue to stand out as a responsible organization, continuously demonstrating an even larger impact among its stakeholders.



BRIEF ABOUT D&S

HISTORY

Davis & Shirliff Ltd, founded in 1946 by Eddie Davis and Dick Shirliff in Nairobi, Kenya, has evolved into a prominent water and energy solutions provider in Africa. The company started as a modest enterprise and has experienced substantial growth, expanding its presence to 11 countries, including Zambia, Uganda, Tanzania, Rwanda, South Sudan, Democratic Republic of Congo, Zimbabwe, Somalia, Ethiopia, and Senegal.

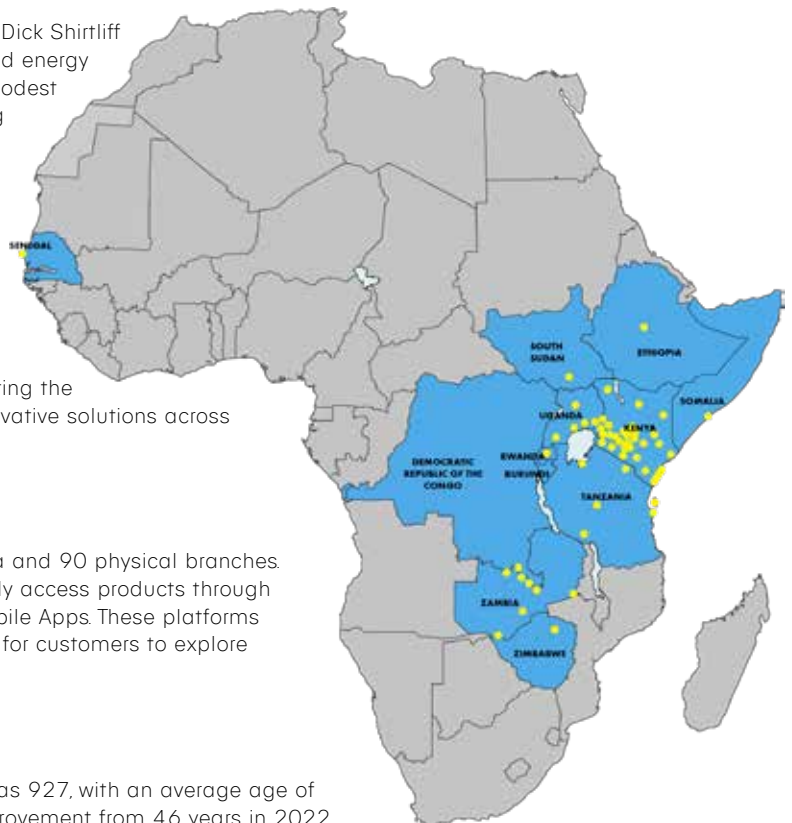
Over the years, the company has diversified its offerings, currently operating across nine distinct segments: Water Pumps, Borehole Services, Water Treatment, Swimming Pools, Irrigation, General Machinery, Solar solutions, Chemicals and Digital Engineering Solutions. This expansion has solidified its position as a key player in the water and energy sector, reflecting the company's commitment to providing comprehensive and innovative solutions across multiple regions in Africa.

D&S FOOTPRINT

The Group has 10 Subsidiaries, one Partnership in Ethiopia and 90 physical branches. Beyond the physical branches, customers can conveniently access products through digital platforms, including a user-friendly eShop and mobile Apps. These platforms enhance accessibility, providing a seamless and efficient way for customers to explore and acquire a diverse range of products at their fingertips.

STAFF DEMOGRAPHICS

At the end of 2023, the Group's total staff complement was 927, with an average age of 34 years. The average service years was 6 years, an improvement from 4.6 years in 2022. The male/female gender ratio was 73%/27%, same as 2022.





D&S PURPOSE & VALUES

GUIDING PRINCIPLE

One person working alone is limited in their endeavors. Many people working together have no limit to their achievement.

PURPOSE

To improve people's lives by providing water and energy solutions across Africa.

VISION

To become a world class organisation comparable in every way to the best international standards by demonstrating exceptional levels of corporate performance, professionalism and integrity and must set the example that an indigenous African organisation can compete at the highest level in its selected fields of activity.

MISSION

Provide an exceptional level of service to customers, close and mutually beneficial partnerships with suppliers, rewarding and satisfying careers for employees and growth of the company asset base whilst at the same time making a worthwhile contribution to the region and its environment.

CORE VALUES:

Integrity – The Group is committed to dealing with all stakeholders including suppliers, customers, the government, staff, management, and the community with utmost integrity.

Quality - Everything the Group does must reflect the highest standards of quality including products, customer dealings, systems, premises, staff presentation and branding.

Altiora Peto - A Latin phrase that means 'I seek higher things', or there is never acceptance of the status quo reflecting a culture of continuous improvement.

KEY STAKEHOLDERS

CUSTOMERS:

Customers are the most critical stakeholders for the Group, and they expect high-quality products, competitive pricing, timely deliveries, and efficient after-sales support. Customers are increasingly considering a company's ESG performance when making purchasing decisions and the Group is proactively implementing initiatives in line with its strong environmental credentials and sustainable practices to attract and retain customers.

SHAREHOLDERS:

The shareholders place purpose before profit though for long term business sustainability the company's financial performance and profitability is critical. D&S shareholders play a critical role in influencing the Group's ESG practices by encouraging the company to prioritize sustainability, ethical practices, and transparency.

SUPPLIERS:

The Group engages multiple suppliers who play a pivotal role in the growth of its distribution and manufacturing business. Good relationships maintained with suppliers have ensured the development of smooth supply chains for products and solutions. The Group is committed to engaging with suppliers who adhere to sustainable sourcing practices and ethical supply chain management demonstrated through signing the Suppliers' Code of Conduct which captures these key ESG commitments.

EMPLOYEES:

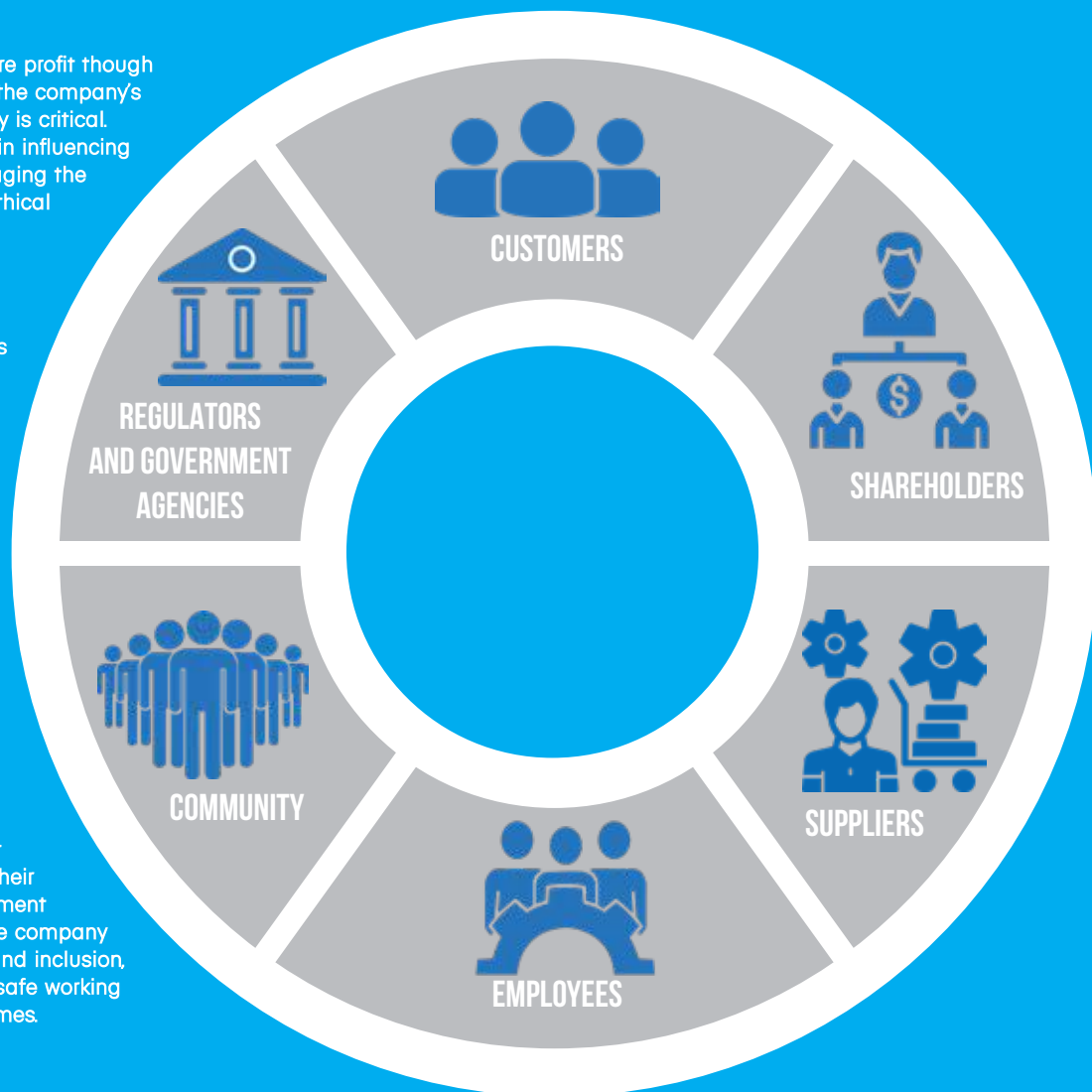
In D&S, employees make a significant contribution to ESG performance as their engagement, well-being, and development can impact social aspects of ESG. The company is committed to promoting diversity and inclusion, providing fair wages, and ensuring a safe working environment for positive social outcomes.

COMMUNITY:

The Group operates in various communities, and through its #ImprovingLives Initiative has engaged with communities and supported local development through various projects aimed at improving access to clean water which have had significant positive impact on the communities it operates in.

REGULATORS AND GOVERNMENT AGENCIES:

The Group is committed to full compliance with various laws and regulations related to product quality, safety standards, environmental impact, and taxation in the markets it operates in.



2023 KEY ESG ACHIEVEMENTS

CONTRIBUTION	ACHIEVEMENT
#Improvinglives Initiative	<ul style="list-style-type: none"> 89 projects completed (2022: 107) 210,000 beneficiaries (2022: 216,000) Value of projects KES60m (2022: KES48m) 680 staff involved (2022: 768)
Capacity building through training	<ul style="list-style-type: none"> 127 service providers trained (2022: 188) 841 suppliers trained (2022: 796)
Access to water treatment solutions	<ul style="list-style-type: none"> 100 Reverse Osmosis plants installed (2022: 97) 36 Ultra-filtration units installed (2022: 41)
Wastewater treatment plants	<ul style="list-style-type: none"> 34 plants installed (2022: 29)
Access to green energy	<ul style="list-style-type: none"> 32 Mega Watts (MW) photovoltaic (PV) modules installed (2022: 31MW)
Leadership mentorship program	<ul style="list-style-type: none"> 173 managers mentored

APPROACH TO SUSTAINABILITY.

The Group's purpose of improving lives across Africa through water and energy solutions is well aligned to Sustainable Development Goals (SDGs). The Group is committed to ensuring that its operations positively impact the environment and communities, while avoiding significant negative impacts on future generations.

D&S' position as a leader in the water and energy industry acknowledges emerging trends such as climate change and the need for environmental conservation, while also making positive contributions to the communities it operates in and to all stakeholders.

The focus on sustainability is not new for D&S. The Group has been involved significantly in community activities, positively impacting over 1.2 million beneficiaries through 567 projects in the last 5 years. The #ImprovingLives Initiative was established in 2018 by the Group to focus on providing access to safe water, which can transform communities, improve health, elevate levels of education, and create opportunities for revenue-generating activities.

In 2022, the Board Audit, Risk, and Compliance Committee was tasked with spearheading the Group's sustainability initiatives, resulting in the development of an ESG policy that was approved for implementation in the same year. The strategic focus on ESG was elevated in D&S 2023 Corporate Plan to address commitments under the environmental, social and governance pillars as well as aligning business activities with SDGs.

As part of its commitment to the ESG agenda, during the year, the Group achieved additional ISO certifications under ISO 14001:2015 – Environmental Management System and ISO 45001:2018 – Occupational Health & Safety Management System, emphasizing risk management in health, safety, and the environment, which will significantly improve the Group's internal processes in identifying and managing potential environmental and social impacts.

Another key focus of the Group is on leveraging partnerships to address environmental, climate change, and social impact issues, with D&S being well-positioned due to its environmentally appropriate segments, presence in multiple markets, and established resource base. The Group will continue developing its sustainability framework by establishing ESG indicators and identifying new sustainability-related opportunities and partnerships that can aid in developing new solutions for the market and obtaining funding to support the sustainability strategy. The Group's journey towards embedding sustainability strategy, policies, and procedures will be progressed with specific tasks identified for execution.






KEY MILESTONES:







• #ImprovingLives Initiative	2018
• Leadership Development Program	2018
• Board Audit, Risk and Compliance Committee established	2018
• British Chamber of Commerce Kenya (BCKK) Business Integrity Index listing	2020
• ESG Policy developed	2022
• Partnerships & Resource Mobilization Department established	2022
• Manager Mentorship Program launched	2022
• Customer Experience Board Committee established	2022
• Blue Company membership	2023
• ISO certification on Environmental, Occupational Health and Safety Management Systems	2023

CONTRIBUTION TO SDGS

D&S activities largely support 14 of the 17 SDGs and below table summarizes achievements made in 2023.

	SDG TARGET	D&S RESPONSE	2023 ACHIEVEMENTS
 NO POVERTY	<ul style="list-style-type: none"> 1.4 - Equal rights to economic resources, basic services, appropriate technology. 	<ul style="list-style-type: none"> Reasonable pay to employees. Engagement of Service Providers in installations. 	<ul style="list-style-type: none"> 82% of staff in 2023 survey indicate that D&S provides reasonable pay. 6,069 Service Provider contracts worth KES 190m.
 ZERO HUNGER	<ul style="list-style-type: none"> 2.3 - Double agricultural productivity and incomes of small-scale producers. 2.4 - Ensure sustainable food production systems and agricultural practices. 	<ul style="list-style-type: none"> Pay As You Go (PAYGO) solutions. Partnerships with organisations that support small-scale farmers. 	<ul style="list-style-type: none"> 23 PAYGO pumps installed. Partnerships - Millenium Water Alliance, SNV Kenya.
 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> 3.8 - Achieve universal health coverage. 3.9 - Reduce the number of deaths and illnesses from hazardous chemicals and pollution. 	<ul style="list-style-type: none"> Delivering innovative water purification technologies for safe and clean drinking water. Reliable energy solutions in remote areas supporting better medical services. ISO 14001:2015 – Environmental Management System certification. 	<ul style="list-style-type: none"> 100 Reverse Osmosis plants installed. 36 Ultra-filtration units installed. 49 Sunfridges sold which enable refrigeration of medicines. Comprehensive waste management plan for all sites.

 QUALITY EDUCATION	SDG TARGET	D&S RESPONSE	2023 ACHIEVEMENTS
 GENDER EQUALITY	<ul style="list-style-type: none"> 4.3 - Ensure access to all levels of education. 5.1 - End all forms of discrimination against all women and girls everywhere. 5.5 - Ensure women's full and effective participation and equal opportunities for leadership. 	<ul style="list-style-type: none"> Education loans to staff. Training programs for all staff cadres. Provision of an inclusive work environment. Ensuring equal opportunities and career growth for all employees. Collaboration with local organisations to promote women education and entrepreneurship. 	<ul style="list-style-type: none"> KES32m education loans disbursed to 41 staff in Kenya. 22,000 staff training hours. 27% of workforce are women. 35% of management team are women. 10% of senior management are women.
 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> 6.1 - Achieve universal and equitable access to safe and affordable drinking water for all. 6.3 - Improve water quality and substantially increase recycling and safe reuse. 6.4 - Increase water-use efficiency and supply of freshwater to address water scarcity. 	<ul style="list-style-type: none"> Provision of cutting-edge water purification technologies. Provision of wastewater treatment solutions. 	<ul style="list-style-type: none"> 100 Reverse Osmosis plants installed. 36 Ultra-filtration units installed. 34 wastewater treatment plants installed.
 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> 7.1 - Ensure universal access to affordable, reliable, and modern energy services. 7.2 - Increase substantially the share of renewable energy. 	<ul style="list-style-type: none"> Partnership with organisations providing financing for green energy products. Promotion of solar water pumping. Promotion of off-grid and grid-tie solar solutions. 	<ul style="list-style-type: none"> KES67m mobilized to finance solar projects. 896 solar pumping units installed. 32MW solar photovoltaic (PV) modules distributed. 4,973 inverters distributed. 1,372 solar water heaters installed. 10kWp and 20kWp Solar PV installed in Head Office premises and Tatu respectively.
 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> 8.5 - Achieve full and productive employment and decent work. 8.7 - Take measures to eradicate forced labour, end modern slavery and human trafficking. 	<ul style="list-style-type: none"> Staff surveys to ascertain performance. Engagement of trade partners Health and Safety Policy. Recruitment Policy which defines legal employment age. Sexual Harassment Policy. 	<ul style="list-style-type: none"> 2023 staff survey overall score of 81%. 6,000 trade partners groupwide. 6,069 service providers, contracts valued at KES 190M. 53% reduction in accidents. 100% compliance with the minimum legal age on employment. Zero reported sexual harassment cases.

 INDUSTRY INNOVATION AND INFRASTRUCTURE	SDG TARGET	D&S RESPONSE	2023 ACHIEVEMENTS
	<ul style="list-style-type: none"> 9.3 - Increase access of small-scale industrial and other enterprises to financial services including affordable credit. 	<ul style="list-style-type: none"> PAYGO solution. Customer financing program for small and medium sized solutions. Partnerships with financing institutions. 	<ul style="list-style-type: none"> 23 PAYGO pumps sold. KES3.8m affordable credit advanced to 3 customers. 5 customer financing partnerships entered with Aspira, Solv, Premier Credit, Equity Bank and Standard Chartered Bank.
 SUSTAINABLE CITIES AND COMMUNITIES	<ul style="list-style-type: none"> 11.6 - Reduce adverse environmental impacts by paying attention to air pollution and waste management. 	<ul style="list-style-type: none"> Waste management plan. Tree planting initiative during Founders' Day. 	<ul style="list-style-type: none"> 463 tonnes of packaging materials waste collected and disposed of safely. 100 trees planted. Engagement of licensed waste collectors in Kenya.
 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> 12.2 - Achieve sustainable management and efficient use of natural resources. 12.5 - Reduce waste generation through prevention, reduction, recycling, and re-use. 	<ul style="list-style-type: none"> Energy audits to identify opportunities for energy saving. Waste management plan. 	<ul style="list-style-type: none"> Reduction of 22,000 kWh in electricity consumption in Head Office premises. 4 tonnes of wastepaper recycled in Head Office.
 LIFE ON LAND	<ul style="list-style-type: none"> 15.2 - Promote the implementation of sustainable management of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation. 	<ul style="list-style-type: none"> Tree planting initiative during Founders' Day. 	<ul style="list-style-type: none"> 100 trees planted. Campaign to plant 10,000 trees in 2024 launched.
 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none"> 16.5 - Reduce corruption and bribery. 16.6 - Develop effective, accountable, and transparent institutions. 16.7 - Ensure responsive, inclusive, participatory, and representative decision-making. 	<ul style="list-style-type: none"> Induction and training programs on core value of integrity. Externally managed whistleblowing channels. Representative management committees, board, and board committees. Monthly GCEO barazas. 	<ul style="list-style-type: none"> 25 new staff attended culture induction training. Fraud cases investigated increased by 71% from 14 to 24. 3 board meetings held. 4 Board Audit Risk and Compliance committee meetings held. 12 Group CEO barazas held.
 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> 17.16 - Enhance partnerships that mobilize and share knowledge, expertise, technology, and financial resources to support achievement of SDGs. 	<ul style="list-style-type: none"> Focus on partnerships. Partnerships and resource mobilisation department established. 	<ul style="list-style-type: none"> 5 customer financing partnerships entered. 6 new #ImprovingLives partnerships. KES3.2m of training funds received from partners. KES 67m funding mobilized through partnership initiatives. 4 projects undertaken in partnership with SNV, FCDO, LRC, Carbon Trust.

ESG MATERIAL MATTERS

During the year, a materiality assessment was conducted that identified 25 environmental, social, economic, and governance issues relevant to D&S stakeholders. Through a rating process, their importance and relevance were evaluated using a 3X3 matrix.



KEY

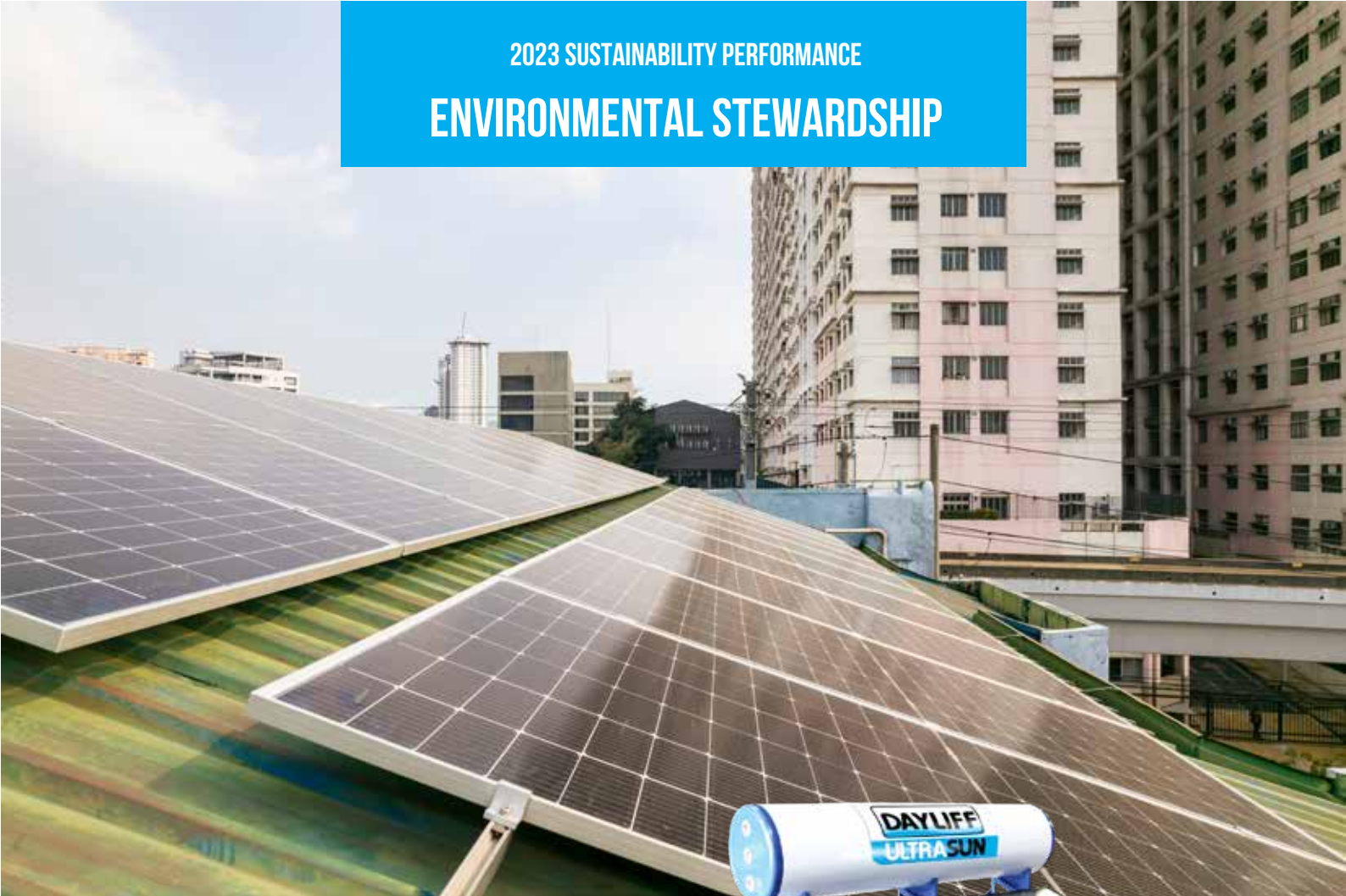
SN	ESG ISSUE	SN	ESG ISSUE	SN	ESG ISSUE
1	Environment protection	2	Climate change	3	Occupational health & safety
4	Value to society	5	Business ethics	6	Governance
7	Human rights and labour practices	8	Employee engagement, diversity & inclusion	9	Product/service - quality, availability & affordability
10	Compliance & risk management	11	Customer experience	12	Customer financing
13	Partnerships	14	Data privacy and security	15	Supply chain
16	Waste management	17	Water use	18	Energy efficiency & conservation
19	Culture	20	Participation of employees in decision making	21	Employment terms and benefits
22	Air pollution	23	Business continuity	24	Product sustainability
25	Innovation				

7 issues were identified as material to D&S sustainability and are prioritized for reporting purposes. An annual assessment of these issues will be carried out to determine their importance and relevance to the long-term sustainability of the Group's business and hence their rating.

MATERIAL ISSUE	OVERVIEW	D&S RESPONSE
Governance	Corporate governance is paramount in the achievement of the Group's strategic objectives and provides the framework and guidelines through which the Group is directed, controlled, operated and in balancing the interests of different stakeholders.	<ul style="list-style-type: none"> ● Board charter. ● Board committees. ● Group Compliance Policy.
Business ethics	Integrity is one of three core values of the Group and is not only a moral issue, but a sound business practice expected of all staff in their dealings with all stakeholders - suppliers, customers, the government, fellow staff, management, and the communities in which the business operates.	<ul style="list-style-type: none"> ● UN Global Compact signatory. ● Blue Company membership. ● Data Protection Policy. ● Integrity Alerts policy. ● Whistleblowing channels (internal & external). ● Annual Conflict of Interest declaration. ● Supplier Code of Conduct. ● Acceptable Use Policy. ● Non-Disclosure Agreements for staff handling sensitive data/information.
Compliance & risk management	The Group endeavours to achieve 100% compliance with external and internal requirements to ensure that it operates in an ethical, legal, and responsible manner. Risk management is key to the Group's ability to achieve its strategic goals. The Enterprise Risk Management framework helps in the proactive identification and mitigation of strategic and operational risks.	<ul style="list-style-type: none"> ● Enterprise Risk Management framework ● ISO certifications – Quality, Environment and Occupational Health and Safety Management Systems. ● Compliance policies and Memo's portal. ● Legal registers. ● Regular engagement with regulators.
Environmental protection	The Group's environmental protection policy and practices generally encompass the following key aspects – energy efficiency with the aim of reducing its carbon footprint, water conservation through recycling, waste management and compliance with environmental regulations.	<ul style="list-style-type: none"> ● ISO 14001:2015 (Environmental Management System) certification. ● Environmentally friendly products. ● Waste management plan. ● Collective Scheme Membership (PAK-PRO) – Kenya.
Customer experience	The Group's customer focus is reflected in its commitment to providing high-quality, reliable products, technical support, after-sales services, and a personalized approach to meet the diverse needs of its customers in the water and energy solutions sector.	<ul style="list-style-type: none"> ● ISO 9001:2015 (Quality Management System) certification. ● Customer feedback platforms. ● Net Promoter Score. ● How Do You Rate Us (HDYRU).
Product/service - quality, availability & affordability	The Group has comprehensive water and energy solutions and excellent product reference material providing a wide choice to customers. Through its expansive branch network and country markets, the Group offers its customers unmatched access to high-quality products and solutions. The Group maintains good stock levels supported by high-capacity warehouses and an efficient distribution network.	<ul style="list-style-type: none"> ● Branch network. ● Tatu Distribution Centre & Luanshya Road Warehouse (Zambia). ● Dayliff Brand. ● Product Manual. ● Engineered products.
Value to society	The Group undertakes voluntary initiatives and activities to address social and environmental concerns in line with the principle of purpose before profits and aims to have a positive impact on various stakeholders, including communities, customers, employees, and the environment.	<ul style="list-style-type: none"> ● #ImprovingLives Initiative. ● Partnerships.

2023 SUSTAINABILITY PERFORMANCE

ENVIRONMENTAL STEWARDSHIP



GREEN ENERGY SOLUTIONS

Davis & Shirtliff Group provides green energy products that enable customers to contribute positively to the environment. This includes:

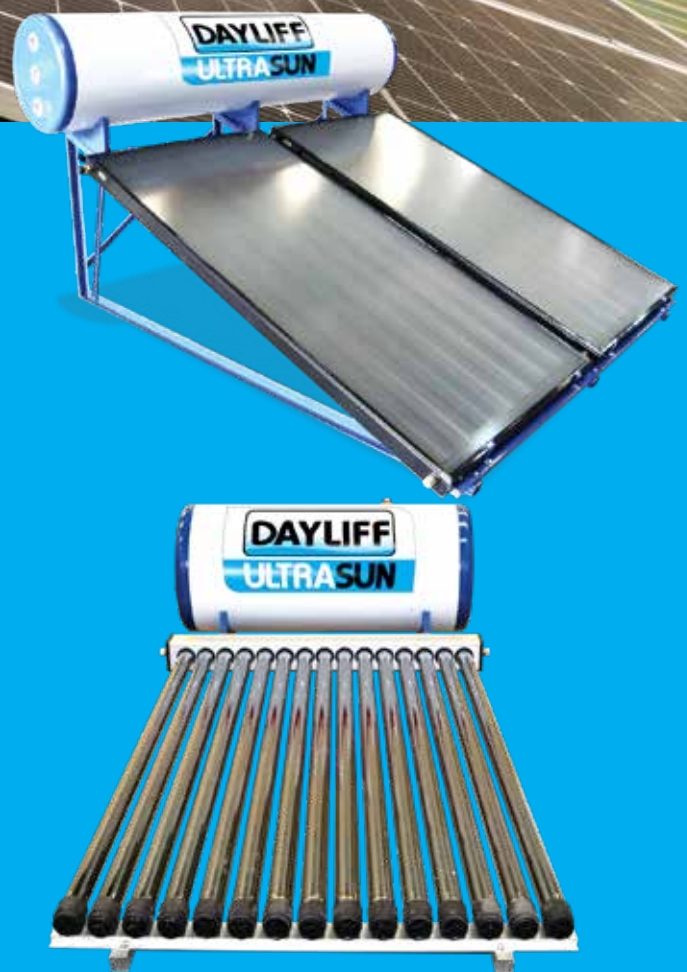
Solar Products – In 2023, over 32MW solar PV modules were installed in off-grid, grid-tie solar installations and solar water pumping solutions that improve access to energy and reduce customers' power bills. This includes over 896 solar pumping solutions, improving agricultural productivity. At Tatu Distribution Center, the Group has installed a 20kW capacity solar system significantly reducing reliance on fossil fuels, thereby lowering carbon emissions, and positioning itself as a leader in sustainable business practices.

Solar Water Heaters – Solar water heaters reduce the need to use firewood and charcoal to heat water, thus reducing the carbon footprint. In 2023, the Group sold 1,372 units of solar water heaters.

ENERGY EFFICIENCY SOLUTIONS

Digital Engineering Solutions – The Group offers digital engineering solutions for utility use monitoring which result in enhanced energy and water efficiency across various sectors by providing innovative ways to monitor, control, optimize and manage water and energy consumption impacting the environment positively. In 2023, 73 units of Industrial drive and Programmable Logic Controller (PLC) panels and 68 prepaid and smart water meters were installed.

Use of LED bulbs lights – LED bulbs use significantly less energy and have a longer lifespan compared to traditional fluorescent bulbs, reducing the need for frequent replacements hence saving both energy and resources. At the Group's Head Office, plans are underway to replace the remaining 96 fluorescent with LED bulbs which will save 11,000 kWh of electricity annually contributing positively to the environment through reduction of carbon emissions.



Energy Audits – The Group Head Office premises accounts for 45% of electricity bills in Kenya and an energy audit conducted in August 2023 identified 4 energy efficiency and conservation opportunities which are being implemented and will result in 32% savings in energy costs.



CLIMATE SMART AGRICULTURE

Through drip irrigation kits, most farmers overcome adverse effects of climate change, making them more food secure. In 2023, 945 kilometers of drip lines were installed, a 20% increase from 788 kilometers installed in 2022.

WASTEWATER RECYCLING

Through Bioliff the Group has modern solutions for removing contaminants and pollutants from used water before it is released back into the environment or reused, contributing positively to environmental protection and public health. In 2023, 34 wastewater units were installed, an increase from 31 units installed in 2022.

WASTE MANAGEMENT

The Group is dedicated to promoting sustainable waste management practices that prioritize waste reduction, segregation, recycling, and safe disposal, thereby minimizing negative environmental impact from waste deposited in landfills. The Group aspires to comply with all waste management requirements issued by regulatory bodies in the various markets it operates in. In Kenya, the Group is a member of the Packaging Producer Responsibility Organisation (PAKPRO), a Compliance Collective Scheme tasked with the responsibility of collecting and recycling packaging materials introduced by the Group in the Kenyan market. Annually, D&S Kenya generates approximately 500 tonnes of packaging materials waste which will be safely disposed of in partnership with PAKPRO.

ENVIRONMENTAL COMPLIANCE

To ensure 100% compliance with environmental requirements, in 2023, the Group voluntarily pursued and obtained certification under ISO 14001:2015 (Environmental Management System), demonstrating its commitment to addressing environmental challenges and achieving a greener and more sustainable future. Regular internal and external audits are conducted to identify opportunities for improved environmental performance. 110 business units were audited in 2023 to check compliance and identify opportunities for improvement.

ENVIRONMENTAL CONSERVATION INITIATIVES

The Group is involved in environmental conservation activities to ensure long-term sustainability of the planet and ecosystems through afforestation and reforestation. During 2023 Founders' Day 100 trees were planted and the Group has set a target to plant 10,000 trees in 2024.



VIRTUALITY

The Group has embraced virtuality to optimize operational efficiency in its multiple locations, reducing the need to travel. Instead of requiring employees to travel extensively for meetings, training sessions, or customer site inspections across different countries, the Group utilizes digital platforms to facilitate virtual meetings and presentations. This approach allows teams from different locations to collaborate seamlessly in virtual environments, saving substantial time and resources previously spent on travel.

By embracing virtuality, the frequency of business travel has reduced contributing to a 15% reduction in air ticket costs from KES75m in 2022 to KES64m in 2023. Moreover, the decrease in travel activities has resulted in a corresponding reduction in carbon footprint, contributing to the Group's sustainability objectives and environmental stewardship.



SOCIAL IMPACT

Employees

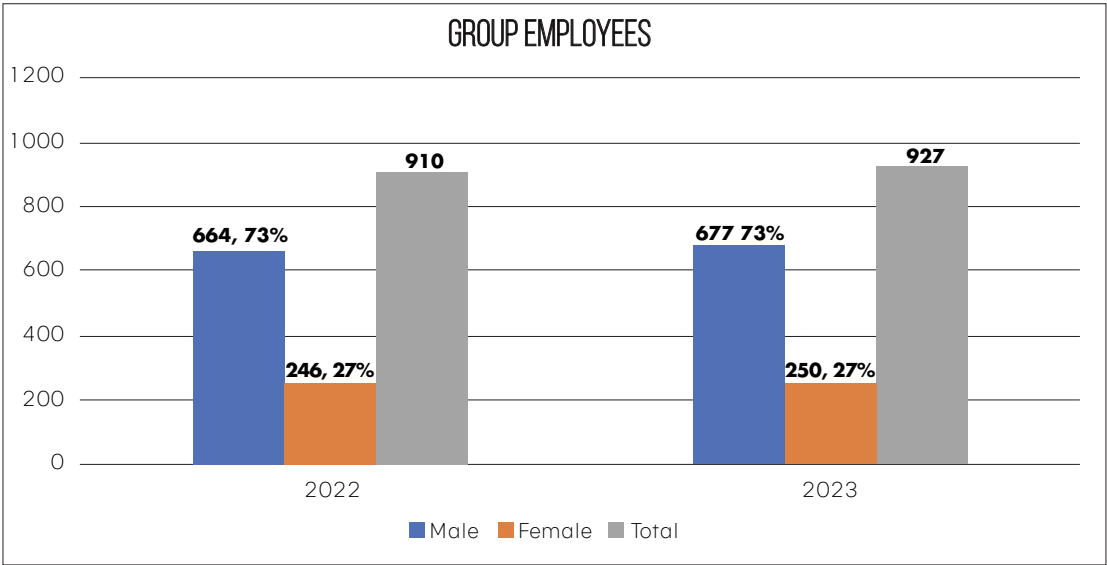
EMPLOYEE DIVERSITY, EQUITY & INCLUSION

The Group is committed to ensuring staff diversity and efforts are made to ensure that as much as possible, staff are indigenous and ethnically and gender diverse. Progress has been made in achieving gender diversity with current male/female ratio of 73%/27% with a target to exceed the one third gender rule by 2027.



Out of the 227 employees in manager position across the Group, 35% are female and the Group is keen to mentor women leaders through the Women in Leadership program.

The average age of staff in the Group is 34 years with average 6 service years.



2023 STAFF SURVEY

The Group has conducted annual staff surveys since 2001 to assess the overall satisfaction, engagement, and well-being of employees. Feedback from the survey helps the Group to identify areas for improvement, make informed decisions, and create a more positive and productive work environment. In 2023, the response rate improved to 80% from 71% in 2022. The overall score was 81%, a marginal improvement from 80% recorded in 2022. A culture survey was introduced to get insights into the values, beliefs, behaviors, and attitudes and a score of 82% was realised. The table below shows how various key survey areas were rated.

SURVEY THEME	2023	2022	Δ%
Communication	84%	86%	-2%
Career development	80%	78%	+2%
Work environment	80%	78%	+2%
CSR	84%	84%	-
Health, safety & wellness	82%	82%	-



FAIR COMPENSATION

The Group sets remuneration levels as high as possible taking into consideration market conditions, future sustainability, and the need to be competitive. Based on the 2023 Staff Survey, 82% of staff indicated that D&S provides reasonable pay, a rating that has been consistent in the last 3 years. In addition, staff turnover has been within acceptable levels, closing the year at 9%, an improvement from 12% in 2022.

The Group has implemented a salary and grading structure that objectively determines salaries for the various job grades. There has been an average of 17.5% salary increment between 2021 and 2023 and according to the exit interview analysis conducted between Dec 2021 – Aug 2023, only 26% of staff who exited accepted new offers in other companies because of higher compensation.

In Kenya, the Group has a pension scheme for its staff where it contributes 10% of staff gross salary as pension while staff make minimum 5% contribution.



HEALTH AND SAFETY

Staff are a key pillar in the success of the Group and their health, safety and well-being is of utmost importance. In 2023, the Group continued to prioritize workplace safety through emergency preparedness training on fire safety, first aid, equipment handling, hazards assessment, and safety protocols. As a result, it achieved a 53% reduction in workplace accidents compared to 2022.

To demonstrate commitment to staff health and safety, the Group's 90 sites were certified under ISO 45001:2017 (Occupational Health and Safety Management System).

Management is committed to ensuring safety at work by providing relevant working tools, good work environment, personal protective equipment, and safety training to prevent work-related injuries. Safety incidents are recorded and monitored with a corporate target of achieving zero accidents. In 2023, 8 accidents and 1 fatality were reported, a decline from 17 accidents and 3 fatalities in 2022.

To adequately manage employees' health matters, the Group has a medical scheme that covers permanent and contract employees. The scheme covers inpatients, including maternity, outpatient, optical and dental care.

WELLNESS PROGRAM

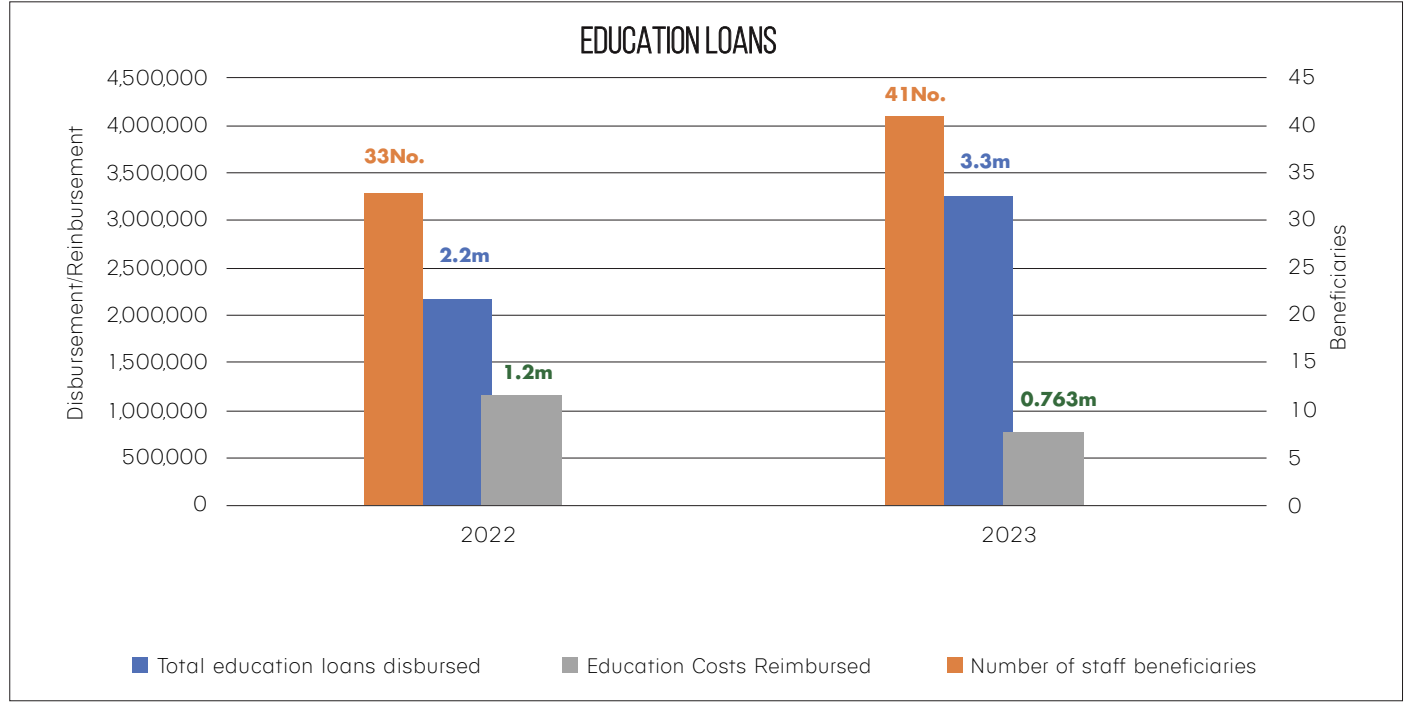
The Group is cognizant of the significant impact wellness has on individual employees and its overall success and runs every year various virtual wellness sessions with particular focus on financial, mental, and physical wellness. Subject matter experts are invited to facilitate the sessions where staff across the Group participate. Recently, write-ups were shared with staff on the different days as recognized by the World Health Organisations such as Breast Cancer Awareness month. These sensitize staff on the different illnesses and conditions, their causes and how to manage and/or prevent them. In addition to the mental wellness session and general sensitization of mental wellbeing, counselling is provided for in the medical scheme. Staff can choose from an array of service providers depending on their location and convenience. In 2023, 2 wellness sessions were held similar to 2022, reaching 512 and 595 staff members respectively.



LEARNING & DEVELOPMENT

Education Loans

To encourage staff to pursue additional education qualifications, the Group has an education loan facility through which staff access loans to pursue their education. Upon graduation, the Company reimburses 50% of the education costs. 2023 disbursements and reimbursements amounted to KES3.3m and KES763K compared to 2022 disbursements and reimbursements of KES2.2m and KES1.2m respectively. Beneficiaries increased by 24% to 41 from 33 in 2022.



Continuous Professional Development (CPD) hours

Each member of staff is required to attend between 10 – 60 training hours per year depending on years of service and nature of work to help in self-improvement at the workplace. The progress on

CPD hours points is closely monitored and feeds into the annual appraisal process. In 2023, the full time equivalent of staff trained was 23,600, a 27% increase from 18,600 staff in 2022.

Davis & Shirtliff Academy

The Group has established an e-learning platform, Davis & Shirtliff Academy (Shule), to encourage staff and customers' self-learning and to capture learner engagements. There are currently over 20 courses uploaded on the Academy which were accessed and completed 388 times in 2023.

Leadership Development

The Group is keen on effective leadership development which ultimately contributes to growth, success and sustainability of the business and management has implemented a mentoring and coaching program where experienced leaders mentor and coach emerging leaders by focusing on enhancing their skills, qualities, and abilities to become effective and inspiring leaders. In 2023, 173 managers were formally mentored and coached.

In addition, to mentor women in leadership, an interactive internal programme - Women in Leadership runs monthly sessions focused on sharpening women leadership skills. During the sessions, internal and external speakers are invited to discuss various topics.



Business Partners

CUSTOMERS

The Group is committed to meeting, exceeding customer expectations and offering excellent customer service in line with the CX values of offering Delightful, Reliable, Engaging and Professional (DREP) customer experience. The Group commitment is "Get It Right The First Time" in a responsive and professional manner.

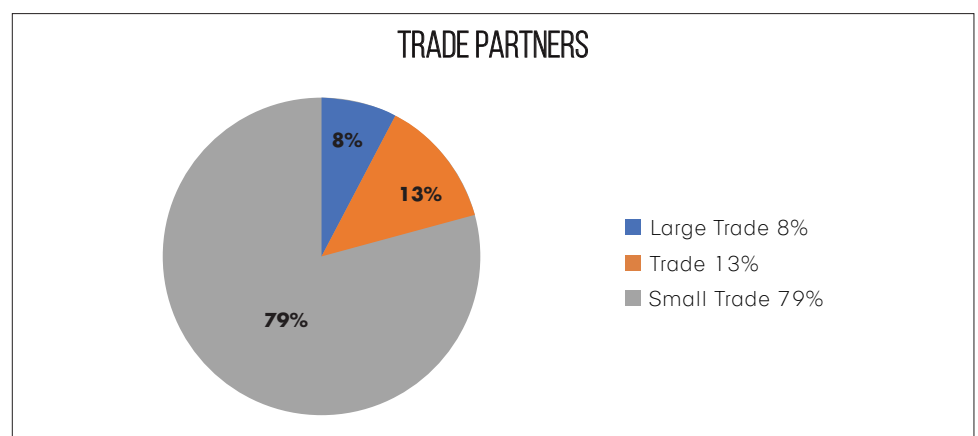
To meet the set customer experience standard requirements, the Group has established a Customer Experience Department under the Customer Experience Board Committee oversight. The CX Department is responsible for ensuring that all customer interactions are recorded, customer feedback including complaints is collected and corrective action taken to prevent recurrence.

Customer feedback is collected through SMS and How Do You Rate Us surveys with central monitoring by the CX Department. In 2023 the average Net Promoter Score for Kenya was 85% above the 70% target with a marginal decline from 87% recorded in 2022.

Complaints handling is centralised in the Group's Head Office and in 2023, the complaint resolution rate was 85%. The Group will continue to innovate new ways of improving customer experience by continuous monitoring of telephone answer rates, email response rate, response to live chat requests, in-person customer handling as well as on internal communications.

Traders

The Group has strategically engaged resellers – hardware stores, stockists, supermarkets, drillers and service providers for the sale and distribution of its products and solutions. These business partners play a crucial role in expanding the Group's reach, ensuring efficient delivery of products, and fostering strong relationships with customers. At end of 2023, the Group had approximately 6,000 resellers.



The impact of these business partnerships extends beyond mere distribution logistics. By working with these resellers, the Group contributes to the economic development of communities, creating job opportunities and supporting entrepreneurship. Additionally, the company's presence in various regions facilitates access to essential energy and water solutions, thereby improving the quality of life for residents.

2023 initiatives included;

- Rollout of D&S Extranet to facilitate digital transactions, 85 traders were enrolled and transacted KES27m.
- Payment of loyalty rewards amounting to KES18m, same as 2022.
- Branding of over 1,500 stockist shops.
- Establishment of Customer Financing function to support traders with financing needs.
- 3,205 customers were trained on D&S solutions during events held at various locations and markets, an increase from 585 trained in 2022.

Through mutual support and collaboration, the Group and its trade partners strive to create a positive impact that extends far beyond business transactions.

SUPPLIERS

The Group recognizes that its suppliers play a pivotal role in achieving corporate and sustainability objectives. Recognizing the importance of community engagement and economic development, the Group prioritizes sourcing from local suppliers wherever possible and ensures timely payments to its suppliers to guarantee their continued operations.

The Group maintains open and transparent relationships with suppliers, guided by a Supplier Code of Conduct rolled out in Kenya during the year. The rigorous Supplier Code of Conduct outlines the Group's expectations for ethical behavior, quality of products and services, environmental responsibility, social accountability and compliance to laws and regulations. All suppliers are contractually obliged to adhere to these standards.

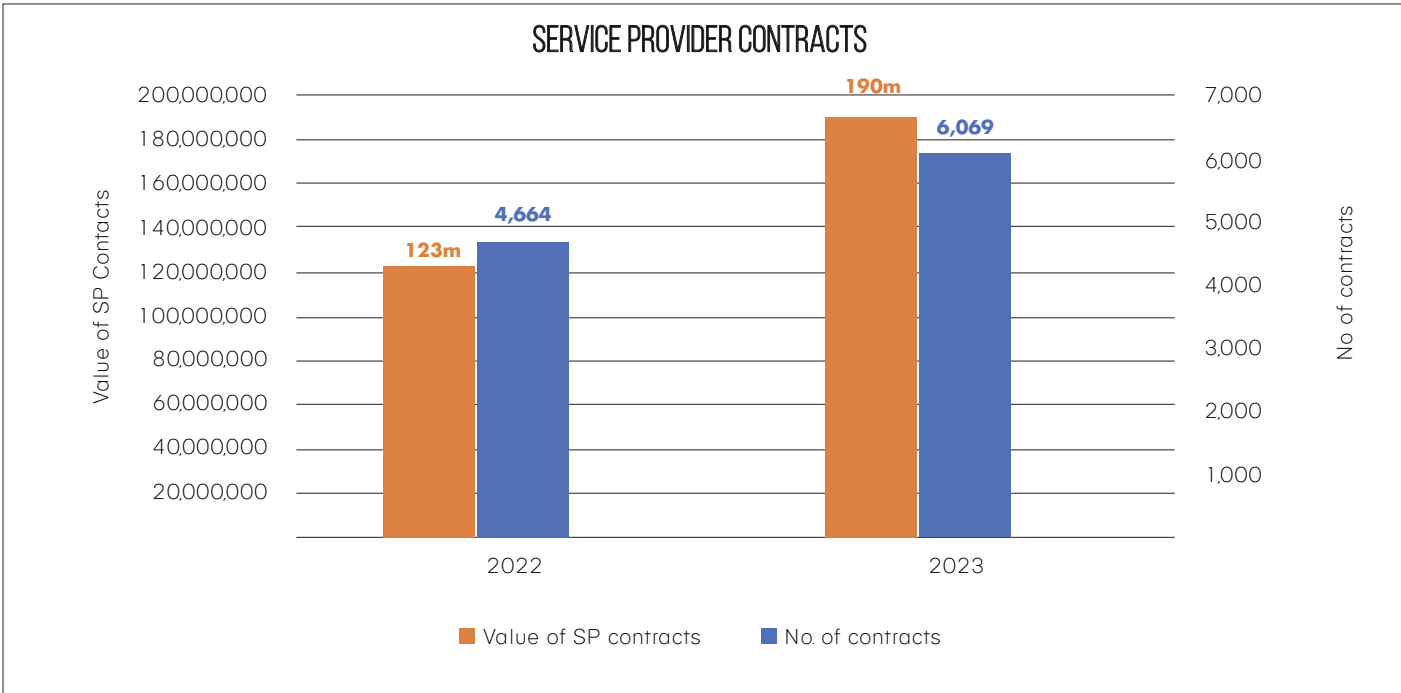
During supplier onboarding, audits are conducted to evaluate compliance with the Supplier Code of Conduct. The audit process identifies areas for improvement and corrective actions where necessary.

Local and foreign suppliers' performance is evaluated annually against set criteria and action is taken to support suppliers with scores below 60%. In 2023, the average performance by local suppliers was 75%, an improvement from an average score of 74% in 2022.

The Procurement Team in Kenya won Teams Excellence Award from Kenya Institute of Supplies Management (KISM) for its procurement planning.

SERVICE PROVIDERS

The Group engages several external service providers to execute various project works, bringing in specialized skills and resources required for the successful completion of installations and in the process creating job opportunities in the various markets the Group operates. The service providers play a crucial role in enabling the Group to fulfill its mission of achieving sustainability while delivering high-quality services. The number of contracts issued to service providers across the Group increased by 30% from 4,664 in 2022 to 6,069 in 2023. Additionally, the value of contracts increased by 55% from KES123m in 2022 to KES190m in 2023.



The Group provides training and capacity-building programs to help external service providers understand and implement sustainable practices through workshops and seminars.

The Group regularly monitors the performance of its external service providers by tracking key performance indicators and provides constructive feedback to encourage continuous improvement. In 2023, the average service providers performance score was 82%.

OTHER PARTNERS

The Group established Partnerships & Resource Mobilization Department in 2023 to elevate coordination of engagements and resource mobilization from various investor sources such as foundations, private equity, grant aid and financial institutions for #ImprovingLives purposes, business development and to support achievement of SDGs. A Partnerships Coordinator was subsequently appointed, and several grant agreements were reached.

Through these partnership agreements, resources worth KES67m were mobilized – KES51m for Lithium-ion battery and PAYGO projects and KES16m was distributed as sales rebates, customer training/events and sales discounts for solar pumps related purchases.

The Group recognizes the importance of facilitating access to its products for a broader segment of the population and during the year established a Customer Financing Department to drive this initiative. In Kenya, partnerships with 5 financing institutions have

been established to provide flexible financing options to customers. Customer orders valued at KES4m were financed in 2023 enhancing affordability and accessibility to water and energy solutions.

The number of #ImprovingLives partners increased by 25% from 41 in 2022 to 47 in 2023, contributing KES28m which enabled realization of 89 projects in the year. Key collaborations included;

- The National Drought Management Authority, KEPSA, CARITAS, Millenium Water Alliance, Food for the Hungry and Team & Team International on drought response program where 46 projects were implemented, improving 87,600 lives.
- Rotary District 9202 - 43 projects have been completed.
- Partnerships with World Vision, Welthungerhilfe Kenya and Child Fund in implementation of #ImprovingLives projects.
- A partnership with Amerisolar and Champion Batteries which saw donation of solar panels and batteries.



MILLENNIUM WATER
ALLIANCE



FOOD FOR
THE HUNGRY



Community Activities



BRIEF ON #IMPROVINGLIVES INITIATIVE

The #ImprovingLives Initiative is a social responsibility program of Davis & Shirliff Group which converges people, technology, and resources to achieve the objective of increasing access to water for the underserved communities in Africa.

The program runs about 100 projects every year with a focus on sustainable water access for needy communities, public schools

and institutions that work with children. The program's goal is to achieve a real impact on people, the communities they live in, and the planet, to preserve it for future generations. In 2023, 89 projects were completed improving 210,000 lives with 108,000 benefiting from increased access to water.

YEAR	NUMBER OF BENEFICIARIES	NUMBER OF PROJECTS	VALUE	NUMBER OF STAFF INVOLVED
2022	215,649	107	48m	768
2023	210,028	89	60m	679

**IMPROVING
LIVES**
INITIATIVE

The #ImprovingLives Initiative activities are well aligned with UN SDGs and during the year, several projects to advance achievement of select SDGs were undertaken.

SDG 2: End Hunger, Achieve Food Security & Improve Nutrition.

D&S is committed to making a contribution to end hunger by 2030 and ensuring access by all people to safe, nutritious and sufficient food all year round.



Case Study - World Food Day projects in learning institutions

In alignment with Kenya Vision 2030 and the National Climate Change Action Plan, environmental protection has become a national priority to combat climate change threats. Nyahururu, a prominent agricultural hub, faces climate challenges, impacting farming practices. Gatero Girls High School, hosting 1,150 students and 52 teachers, encounters limitations in government resources, affecting their ability to provide a balanced diet due to unpredictable rainfall patterns.

In commemoration of 2023 World Food Day, D&S #ImprovingLives Initiative intervened by converting an existing borehole power source to a hybrid solar system, addressing the school's water challenges. This sustainable approach ensures consistent crop cultivation and mitigates reliance on the grid and promises increased food production, enhancing nutrition for the students and fostering resilience against climate change impacts.

SDG 4: Inclusive and Equitable Quality Education

Absenteeism, overcrowding, poor school infrastructure and a plethora of inequalities all affect pupil progress in the region, which in turn impacts on the perception of the quality and value of education among the rural population. D&S' #ImprovingLives Initiative has public schools as one of its three key target groups. The group recognizes that access to water has the capability to raise school enrollment and attendance, reduce cases of water borne diseases in these schools and just generally improving the learning environment by supporting tree planting and improving sanitation levels.



Case Study - Quenching thirst, empowering minds.

In the heart of Embu County lies Kiambere Mixed Secondary School, a public school with an enrollment of 280 boys and girls. The journey to knowledge in this high school has been, for several years, mired by an acute water shortage, forcing both learners and the community to trek three hours for this essential resource. Their plea for a convenient water source reached D&S, initiating a transformative collaboration with 'With My Own 2 Hands' Foundation.

The Foundation drilled a 200m deep borehole and the #ImprovingLives Initiative installed a 2.2kW solar powered borehole pump that can pump out 2,000 liters of water per hour. Amerisolar, a D&S supplier donated the 11 280w solar panels which were used to solarize the borehole. To ensure ownership, and sustainability, the school contributed to the project by paying for the 3m galvanized steel structure used to hold the solar panels.

As a testament to the impact, Mary Ibaara, the assistant chief of Kiambere, shared her gratitude. Recalling the water related conflicts and struggles, she celebrated the solar-powered borehole pump as a game-changer, foreseeing improved academic performance and a united community. This project, serving 5,000 people, is fostering a brighter future for Kiambere.

Case Study - Use of renewable energy in one of Nairobi's most iconic libraries

In 2002, when free education program was started in Kenya, priority for public schools shifted to building extra classes to contain the sudden upsurge in enrollment, and during this shift of urgencies, funding for library maintenance was overlooked. This, according to Book Bunk's Director, Wanjiru Koinange, is the genesis of the misperception that Kenya is not a reading nation.

Book Bunk is a social impact firm founded in October 2017 working to restore some of Nairobi's iconic public libraries; The McMillan Memorial Library on Banda Street and two of its branches in Eastlands (Kaloleni Library and Eastlands Library in Makadara). With the dream that public libraries can be steered to become more than just repositories, acting as sites of knowledge production, shared experiences, cultural leadership, and information exchange, they see them as sites of heritage, public art, memory and as critical spaces in Nairobi and Kenya's creative economy ecology.

The social impact firm runs a program dubbed 'green bunk' which is a mitigation response to the effects of Climate Change. The program tackles food security and sustainable farming through the installation of community gardens at their libraries. D&S participated in this project through the provision of renewable solar energy at their Eastlands libraries. Through the #ImprovingLives Initiative, D&S donated a 3.6kW solar lighting system for the Makadara and Kaloleni libraries. Through this installation and partnership, these libraries will now be more energy efficient and sustainable, increasing access to quality education.



Case Study - A Lifesaver in the waters

The waters around Kokwa Island are home to lurking crocodiles and hippos, posing a constant threat to anyone wading through them. The students and teachers at the school have faced a frightening challenge in accessing their school due to a submerged footbridge and an old broken-down boat engine making transportation unpredictable and perilous. In 2023, the #ImprovingLives Initiative donated an outboard engine to Kokwa Island Primary School.

This generous donation of the Dayliff 15HP 2T Long Shaft Outboard Engine aims to transform the lives of over 500 people to not only ensure improved school enrollment but also provides safety and peace of mind to those making the treacherous journey to Kokwa Island.

The outboard engine donated by D&S is a testament to the Group's commitment to providing robust and reliable solutions, safeguarding lives, and enabling access to essential education services.



SDG 6 – Availability and Sustainable Management of Water and Sanitation

D&S' commitment to clean water for all is demonstrated in its social responsibility activities. Part of the Group's #ImprovingLives Initiative mission is to increase water access to underserved needy communities, public schools and institutions that work with children (children's homes, rehabilitation centers for children with special needs). The lack of access to water in the region impacts education, health, and general well-being of society and D&S runs several sustainable water access projects annually that seek to tackle this reality.



Case Study - Davis & Shirliff on a mission to eliminate hand-pumps across Africa

D&S has recently introduced the Sunflo pumping system as a solution that is affordable for rural communities, but which also eliminates the inefficiencies brought by the hand pump. Close to 20 million Kenyans living in rural areas and the urban slums still rely on unimproved water sources, such as ponds, shallow wells, and rivers. One of the top leading causes of death in the country are 'diarrheal diseases' which largely affect children under five years of age and are best tackled by improving the supply of clean drinking water. To

mitigate this threat, governments and NGOs have equipped many shallow wells and boreholes in the rural areas with hand-operated water pumps. While these pumps meet the need for a time, they bring on their own challenges – frequently breaking down, are time consuming and force villagers to walk to the water source often miles away to access the water. Through the #ImprovingLives Initiative, D&S recently donated a Sunflo pumping system complete with a tank tower to the Oltarakwai community in rural Narok.



Case Study - Entomoni – A drop of hope

Listening to the community in Entomoni, especially the women, it is evident that major issues like poverty, gender bias and illiteracy cannot be solved without starting with access to clean water. A day in the life of a woman in Entomoni is characterized by a treacherously long walk to Aitong shopping center, carrying in hand two 20-liter jerricans and about KES100 in hand, to be able to fetch some water for the day, an amount of water which is scarcely enough for her family's basic needs. Entomoni, has a population of about 6,000 Maa people who have been adversely affected by drought. The consequence of this lack of access to water is apparent – early marriages and low school enrollment are common community challenges.

In response, the D&S #ImprovingLives Initiative signed a partnership agreement with 'With my Own 2 Hands Foundation', an organization that works to provide children with the basic human rights of water, food and access to education. The main objective of the partnership is to drill and equip solar powered boreholes for the most vulnerable communities. The most recent beneficiary of this partnership is the community at Entomoni, where a Dayliff borehole pump was installed, running on solar power. The pump, powered by an array of Dayliff solar panels, provides over 2,000 liters of water per hour and with this renewable resource, the Entomoni community has plans to start a communal farm run by women and are also considering bee keeping as a revenue generating activity.



Case Study - Sweet potato farming in the arid lands of Samburu

The availability of water resources in Kenya has been decreasing over time because of persistent drought and land-use patterns. The climate scenarios show that rainfall variability and increased evaporation due to higher temperatures will further decrease the availability of water. Rising temperatures and changing patterns of rain have also exacerbated the problem of disappearing wetlands and have increased food insecurity as a result of reduced crop yield. Samburu County being an already water stressed county due to its location in the Arid and Semi-Arid Lands (ASAL) zone has experienced the impacts of climate change on its water and sanitation sector with greater severity and intensity.

In partnership with ChildFund Kenya, the D&S #ImprovingLives Initiative rehabilitated the Kula Mawe borehole, in Baragoi, Samburu County. The rehabilitation of the borehole has made it possible for the community to implement an Orange Flesh Sweet Potato project. The solar powered borehole has increased access to water for 12,000 people, including an Early Childhood Development (ECD) Centre adjacent to the borehole. In addition to this, the sweet potato farming project, which is already underway, will improve the nutrition status of over 17,200 children, youth, and women in the community.



Case Study - Celebrating World Water Day: Ushirika Health Clinic, Kibera

Water has often been aptly described as the integral ingredient of life and at D&S, all efforts have been made to improving the quality and management of this precious resource. Through the #ImprovingLives Initiative, the Group and its partners have implemented 627 water projects across the region, improving over 1.2 million lives in the process. The availability of clean water is known to transform societies in terms of health, education, and economic prosperity and for this reason, World Water Day is observed annually by the United Nations to highlight the importance of sustainably managed freshwater. In commemoration of World Water Day 2023,



the D&S #ImprovingLives Initiative addressed a critical need in the community. The Ushirika Clinic, vital for a population with limited social welfare and infrastructure, grappled with water accessibility challenges and D&S stepped in, facilitating a transformative partnership. The result: improved water accessibility for the people of Kibera. This initiative reflects D&S' unwavering commitment to community welfare, tackling real-world challenges and making a positive impact on the lives of those in need. This and 3 other projects were launched on World Water Day, highlighting the company's dedication to a sustainable and water-secure future for all.



Case Study - Global Handwashing Day partnership with World Vision

One of World Vision's focus areas is promoting access to water, sanitation and hygiene in vulnerable communities and institutions. The D&S #ImprovingLives initiative has recently partnered with World Vision to donate handwashing facilities for schools to commemorate Global Handwashing Day on October 15th. The stations enable school children to have access to handwashing facilities so that they can sanitize at critical times using soap and water. Handwashing facilities have benefitted three schools in Makueni County, Ngamu Primary, Thwake Primary and Mukelenzu Primary and In Bomet County, Kamotyo Primary, Kamosiro Primary, and Kaptumoi Primary. The Handwashing stations will be maintained by the school management and school health clubs to ensure that they have a reliable supply of soap and water.



SDG 17 – Partnerships for Sustainable Development

While Davis & Shirliff are experts in water and energy solutions, it partners with NGOs, Civil Society groups, Foundations, and Corporates, who offer support in their expertise. In 2023, the #ImprovingLives Initiative partnered with several organizations to undertake projects resulting to positive impacts on communities.

Case Study - ESG Partnership with Novartis, Equity Group Foundation, Rotary International and Machakos County Government

An ESG Multipartite Program between Novartis, Equity Group Foundation, Rotary International, Machakos County Government and Davis & Shirliff was launched in August 2021. The Program is providing water to Machakos County inhabitants through high-yielding solar powered boreholes in Nguu-nyumu, Kyaani and Mitaboni. The program also includes environmental improvement and sustainability where over 20,000 trees have been planted. There are also activities geared towards better menstrual health and empowerment of school children. Another key pillar of the Program pertains to community health initiatives that embrace a population health approach.



Case Study – Partnership with National Drought Management Authority (NDMA)

D&S in partnership with NDMA and other corporate partners have implemented various water access projects in drought-stricken areas in Kenya.

The partnership's aim is to improve the health and well-being of over 30,000 people directly and improve the sanitation levels in these areas. Specifically, the project has improved livelihoods affected by the severe drought in Kenya and the Horn of Africa in 2023. The beneficiaries include Alale community in West Pokot, Kakuli, Kwa Kitengi, and Kalikoni communities in Makueni County.

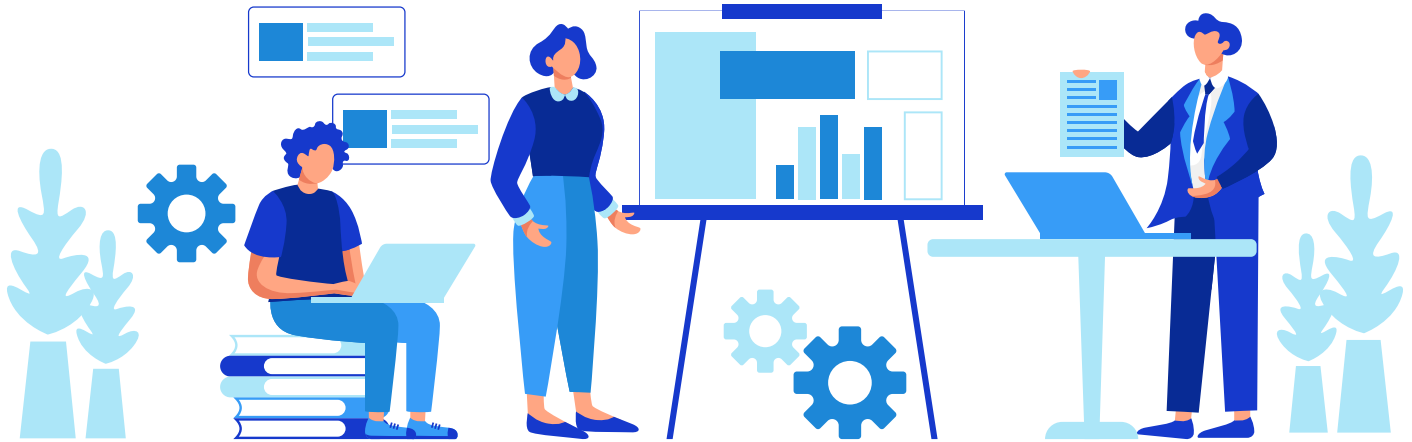
Case Study – Partnership with Rotary on water and sanitation

In 2023, Rotary District 9212 - which covers Kenya, Ethiopia, South Sudan, and Eritrea signed a Memorandum of Understanding (MoU) with D&S. Under the MoU, D&S will evaluate project proposals submitted by Rotary to see if they are a good fit for collaboration and identify projects in the water and energy space for adoption by Rotary Clubs in Kenya.

D&S will also offer technical expertise in the development of budgets, collaborate with Rotary in the development of solutions suitable for identified project needs, contribute 50% of the total project costs and implement projects. Rotary will identify members of the community that will be trained to operate systems after project completion to ensure sustainability. It will also promote projects submitted by D&S among Rotary Clubs, to generate opportunities for collaboration and funding.



BUSINESS CONDUCT & COMPLIANCE



CORPORATE GOVERNANCE

The Groups' corporate governance structure is premised on the Board Charter and the Board of Directors for the 15 companies within the Group that ensures accountability and transparency to all stakeholders.

Board Composition

Board meetings are held quarterly where the financial performance, competitor analysis, performance and any other key issues that affect the business are reviewed.

In 2023, the Boards were restructured with the appointment of a Chairman, Executive and Non-Executive Directors for each of the Companies.

The Davis & Shirtliff Board comprises 8 board members.

Board Committees

Board committees consist of smaller groups of board members with specific responsibilities and tasks. The Group has three committees:

1. Board, Audit, Risk and Compliance Committee
 - Comprises of 3 board members, 1 advisor.
 - Focuses on governance, risk management, internal controls framework, financial statements reporting, compliance with laws and regulations and *Altiora Peto* initiatives.
2. Board Digital Transformation Committee
 - Comprises of 3 board members, 1 advisor.
 - Assists the board and management by providing advice and guidance on D&S digital business strategy, technology operations, digital business risks, emerging digital business and revenue models and organizing digital literacy.
3. Customer Experience Board Committee
 - Comprises of 3 board members.
 - Focuses on initiatives geared towards enhancing customer experience.

The Committees meet every quarter.

ETHICAL CONDUCT

Ethical conduct is a cornerstone of the Group's business operations and sustainability efforts. The Group recognises that maintaining high ethical standards is essential for building trust with stakeholders, including employees, customers, suppliers, communities and regulators

Group Compliance Policy

The Group compliance policy aims at ensuring 100% compliance with external laws and regulations as well as internal management policies, standards, and operational guidelines. In addition, the Policy ensures specific compliance with tax legislation, antibribery and anticorruption legislation, General Data Protection Regulations (GDPR), employment and work area related legislation, competition legislation, and Environmental, Social and Governance Standards (ESG). Staff make annual commitments to ensure full compliance through conflict of interest declaration, Compliance Policy extract and Acceptable Use Policy sign off.

Below table shows the staff sign offs and declarations:

DETAILS	2022	2023
COI Declarations	1,106	1,216
Compliance Policy extract	No data	896
Acceptable Use Policy	720	915

Whistleblowing

The Group is committed to the highest standards of openness, integrity, accountability and has created several channels through which employees, suppliers, customers, and other stakeholders can report matters they suspect may be improper, unethical, or inappropriate in confidence.

In line with this, the Group has in place an independently managed channel, Tip-Offs Anonymous, through which stakeholders can report anonymously matters that may include corruption, bribery or payment of kickbacks, fraud, acts that endanger health and safety of others or the environment, or misuse of company information/ records. All reported matters are dealt with promptly and with utmost confidentiality and if the reporting party's identity is known, feedback on the outcome is provided.

Supplier Code of Conduct

The Group rolled out a code of conduct for its suppliers in 2023, addressing areas such as bribery, conflict of interest, employment relations, and compliance with data laws. The code applies to all suppliers, including their employees, agents, and subcontractors, who work with any company within the Group and the suppliers must sign and commit to adhering to this code. The code binds them and ensures that their business dealings align with it and comply with applicable laws.

Data Protection

The Group is committed to responsible processing and use of personal data collected in the ordinary running of its operations and ensures that it protects the rights of data subjects and that data collected and processed is done in line with the law in a manner that prevents data breaches.

Where applicable, the Group ensures full compliance with laws and regulations governing data protection and has documented its Data Protection Policy and is registered as a data collector and processor in Kenya and Uganda.

Listing on Business Integrity Index

Since 2020, D&S has been listed on the Business Integrity Index, an initiative of the British Chamber of Commerce Kenya (BCKK) which recognizes Kenyan companies committed to integrity and have a track record of working ethically with UK organisations and BCKK members.

Blue Company Initiative Membership

As a commitment to its core value of integrity, the Group is a member of The Blue Company, an initiative whose mission is to create corruption free environments and promote transparency, accountability, and integrity at all levels of society. This is achieved through capacity building activities and embracing the judicial infrastructure and political will to hold those who transgress accountable.



DATA PROTECTION AND CUSTOMER EVENTS



DATA PROTECTION AWARENESS:

Ensure your photography aligns with **data protection guidelines**. Respect privacy and prioritize the security of captured moments.



PERMISSION MATTERS:

During registration, empower participants by including a dedicated column for them to **grant permission** for the use of their photos in our dazzling newsletter.



RESPECTFUL GROUP PHOTOS:

Let's create a harmonious atmosphere! During group photos, kindly request individuals who **haven't provided consent** to refrain from joining. We value everyone's privacy!



SECURE REGISTRATION LISTS:

Help us in safeguarding memories! Share the **signed registration link** with us on the helpdesk for safe keeping.

FOR ENQUIRIES AND TRAINING ASSISTANCE, CONTACT US THROUGH OUR HELPDESK:

Learning.Helpdesk@dayliff.com



REGULATORY COMPLIANCE

Though the Group's business is not heavily regulated, management is committed to 100% compliance with all laws and regulations in the jurisdiction where it has operations. The following are key regulatory authorities in D&S Group markets.

REGULATOR	COUNTRY	MANDATE	ENGAGEMENT WITH D&S
Revenue Authorities	All	Tax payment and compliance with tax laws and regulations	• Tax payment
Environmental Management Authorities	All	Management of natural resources in a sustainable manner	• Waste management
Data Privacy & Protection Commission	Kenya, Uganda	Oversee implementation of data protection laws and regulations.	• Registration as data processors and controllers • Reporting data privacy breaches
Registrar of Companies	All	Filing of Director and Shareholder information	• Annual returns filing

Approach to Taxes

The Group makes payments to tax authorities and is a key contributor to public revenue. The Chief Finance Officer has overall responsibility for taxes paid across the Group and ensures that appropriate processes, people, and systems are in place to support compliance with local and international tax laws.

The tax obligations necessitate engagement with tax authorities in the various jurisdictions where the Group operates in seeking early guidance from authorities on complex tax compliance matters and where possible, seek to meet with the tax authorities to enable them to understand its business. In Kenya, D&S paid taxes amounting to KES1.84Bn, a 31% increase from KES1.4Bn in 2022.

STANDARDS AND CERTIFICATIONS

The Group is committed to achieving the highest quality standards in all its activities, safeguarding the environment, and ensuring the health and safety of its stakeholders. In 2023, the Group attained certification of its Integrated Management Systems incorporating below 3 ISO standards;

STANDARD	BENEFIT
ISO 19001:2015 (Quality Management System)	Helps in ensuring consistency in provision of high-quality products and services that meet customer needs and all stakeholders' expectations by enhancing customer satisfaction through the process of continual improvement and adherence to all applicable statutory and regulatory requirement.
ISO 14001:2015 (Environmental Management System)	Helps in improving environmental performance and reducing negative environmental impact from Group's activities.
ISO 45001: 2018 (Occupational Health & Safety Management System)	Helps in safeguarding the health and safety of all stakeholders through compliance with established laws and standards and eliminating hazards arising from Group operations.

The Group operations in Kenya run a Water Treatment Laboratory which is accredited under ISO/IEC 17025:2017. This accreditation enhances operational efficiency and productivity and is a benchmark for maintaining competence.

Conclusion

Davis & Shirtliff Group remains committed to advancing ESG efforts and achieving sustainable business practices. Its achievements

in energy efficiency, water conservation, employee health, safety, diversity and inclusion, community engagement, and governance practices demonstrate dedication to creating long-term value to stakeholders while positively impacting the environment and society. Looking forward to 2024, D&S will continue to integrate sustainability into its core business strategies, striving to be a responsible corporate citizen and contribute to a more sustainable future for Africa and beyond.







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Pumping
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Water Supply Equipment

