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distell.co.za

AN OVERVIEW OF OUR SUSTAINABILITY STRATEGY

To advance the concept of shared value, our sustainability strategy is guided by four pillars: purpose, planet, people and profit.

CREATING AND SHARING VALUE

We invest in processes, products, programmes and partnerships that enable us to do the right thing, while driving our growth agenda to deliver shared value.

OUR CONTRIBUTION TO THE SDGs

We have aligned our strategy with, and track performance against, the SDGs – aligning our business to a global movement and external matrix for sustainable development.



DISTELL SUSTAINABILITY REPORT 2020

SUSTAINABILITY REPORT 2020



This report is aimed at a wide range of stakeholders who influence our business as well as those with an interest in the environmental, social and governance (ESG) impacts of our business. These stakeholders include communities, consumers, government, non-governmental organisations, our employees, suppliers, trade customers, strategic business partners and the local and offshore investment community.

ABOUT OUR REPORT

Our sustainability report seeks to provide insight into the material sustainability issues faced by Distell during 2020 as well as matters that are vital to our future prosperity. It discusses our responsible management processes that are crucial to enable us to deliver on our health and safety, social, environmental, transformation and economic imperatives.

SCOPE AND BOUNDARY

The report covers the non-financial performance of Distell Group Holdings Limited (Distell or the Group) for the year ended 30 June 2020 and relates to our operations in South Africa only, unless indicated otherwise. We have an extensive worldwide distribution network that is supported by local production capability in South Africa, Scotland, Angola, Kenya and Nigeria. We also have joint-venture and associate partnerships in countries that include Tanzania, Mauritius, Zimbabwe and Angola.

More detailed financial information is available in our integrated report which is available online at www.distell.co.za. Additional information relating to presentations, events and results can also be found in the investor centre section of our website.

ASSURANCE

While third-party assurance has not been sought for all information contained in this report, certain information has been independently assessed and verified:

- Broad-based black economic empowerment (B-BBEE) performance was independently assessed and verified by AQRate.
- Certain environmental information, including our greenhouse gas (GHG) emissions.

Refer to our integrated report for a full list of our accreditations and certifications.

THE SOCIAL AND ETHICS COMMITTEE APPROVED THIS REPORT

The board's social and ethics committee has considered detailed reports on the matters discussed in this report. In general, the committee is satisfied that Distell is fulfilling its social and ethical obligations as a good corporate citizen. The committee reviewed this report and collectively believes it fairly represents Distell's sustainability performance for the 2020 financial year.

Gugu Dingaan

Chairperson: Social and ethics committee
30 September 2020

FORWARD-LOOKING STATEMENTS

Due to the future-orientated principle of reporting, many statements in this report constitute forward-looking statements. These are not guarantees or predictions of future performance. As discussed in this report, the business faces risks, opportunities and other factors outside its control. These and other uncertainties may cause our actual future results to be materially different from those expressed in this report. Readers are therefore advised not to place undue reliance on forward-looking statements.

The products mentioned in this report are not for sale to persons under the age of 18. As always, we appeal to all consumers who have chosen to drink alcohol to enjoy our products with care and responsibility.

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ACCURACY

We adhere to the principle of combined assurance. We follow an audit trail for non-financial disclosures and performance data and validate this information through an internal audit process. Internal audit contributes to risk mitigation by helping to ensure that any reporting or disclosure risks are understood, identified and effectively managed and mitigated.

1. Our sustainability team works with various stakeholders to gather qualitative and quantitative data for the past financial year and identify future focus areas.
2. Once drafted, the team submits this report to internal audit, who works independently to check the accuracy and validity of the information.
3. Any errors picked up by internal audit are reported back to the sustainability team, who ensures these are fixed before finalising the report and making it publicly available to our stakeholders.
4. Internal audit then submits the report to our audit committee, which provides a rating reflecting the audit opinion and risk profile of the report. The team uses this information to improve the accuracy of our sustainability report year on year.
5. This is the ninth year that our sustainability report has been reviewed by internal audit. For the last three years, we have received a rating of 'very good'. This means that report controls are adequate and provide reasonable assurance that content is accurate and valid.

"We are pleased to note the improvement in the accuracy and validity of the information reported in this sustainability report and over recent years. Some of the management factors contributing to the enhanced quality of information were the increased levels of collaboration and coordination between the cross functional teams and strengthening of the methodology and framework used to enable a sustainability report. This year, we verified more than 80% of the sustainability information contained in the key sections of the report. This included challenging and confirming quantitative and certain qualitative statements expressed as part of the narrative disclosure."

Kumeren Pillay, Distell chief audit executive

FEEDBACK

Your feedback is important to us and we welcome your input to enhance our reporting. Please send your comments to Investor.Relations@distell.co.za or call +27 21 809 7000.

Follow us on:



Distell is a business with deep roots in South Africa with a growing African and international presence. We are Africa's leading producer and marketer of wines, spirits, ciders and other ready-to-drink beverages (RTDs), enjoyed responsibly by people across the world. Our portfolio of brands offers consumers a choice for every occasion and provides unique moments of social enjoyment. The value we create enriches the lives of our employees, shareholders and the communities in which we live and work.

WE ARE DISTELL

OUR PURPOSE: CREATING MEMORABLE MOMENTS, CRAFTING A BETTER FUTURE.

Our purpose statement and values reflect Distell's evolution over the years, serving as a constant point of reference for who we are and for how we should behave as an organisation.

Our purpose captures the experience associated with our award-winning brands. It recognises our role as a responsible corporate citizen and our commitment to act responsibly and pursue excellence in everything we do to create and preserve value for our stakeholders.

Our values reflect what we stand for as an organisation and act as our guiding principles. At the foundation of these values is a commitment to our communities, consumers and customers, characterised by passion to serve their needs with integrity and excellence.

Our values	Customer and consumer focus	Excellence	One Distell
	We are passionate about our customers and consumers.	We are committed to excellence in everything we do.	We win by collaborating with integrity, honesty and respect.
The behaviours that underpin our values	<ul style="list-style-type: none"> We delight our consumers by putting them first. As our customers grow, we grow. We think and act like business owners. We challenge, then commit. We are digitally fluent. We fail fast, and learn faster. We dare to care. We build trust together. Together, we play to win. 		

OUR FOCUSED PORTFOLIO OF BRANDS

Our balanced repertoire of brands resonates with a broad spectrum of consumers with different taste profiles, plays across the price continuum and helps create memorable moments at mixed-gender drinking occasions worldwide. Distell's brands are divided into three categories:

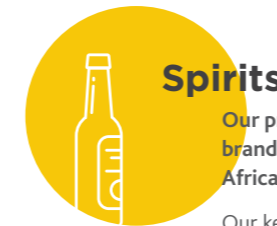


Wines

Our wines, with their rich heritage, are sold on every continent.

Distell owns key wine brands, including:

- Nederburg
- Durbanville Hills
- Plaisir De Merle
- Alto
- Fleur De Cap
- Pongrácz
- Drostdy-Hof
- 4th Street
- Autumn Harvest Crackling
- Original Paarl Perlé



Spirits

Our premium and accessible spirit brands include local brands in key African markets.

Our key spirits brands include:

- Amarula
- Bain's Cape Mountain Whisky
- Bunnahabhain
- Cruz
- Klipdrift
- Old Buck
- Richelieu
- Scottish Leader
- Viceroy
- Three Ships



Ciders and RTDs

We pioneered the cider category in South Africa to become the second largest global producer of ciders.

Of our key cider and RTD brands, the following are the top-performing:

- Hunter's
- Savanna
- Bernini
- Extreme
- Esprit

OUR DECENTRALISED OPERATING MODEL

Through three broadly regional business divisions, Distell's decentralised operating model enables us to respond quickly to evolving consumer and competitor conditions and macro-economic shifts in our priority market segments and countries. This model helps to reduce duplication and increase efficiency because the decision-making processes reside in the respective divisions. Oversight of sustainability resides within the corporate centre.

South Africa

We are proudly South African.

Distell is the only South African-owned and operated multi-category alcoholic beverages company. Maintaining market share and returns in the local market is one of our key strategic ambitions.

Most of the Group's revenue (71%) is generated in South Africa.

Africa

We pioneer new markets in Africa.

We are Africa's leading producer and marketer of wines, spirits, ciders and RTDs. Africa gives us a strong base from which to accelerate platforms for future growth. This includes measured investment with local partnerships in local production and route-to-market, with a wide-ranging product portfolio, including strong local brands. This gives us flexibility, which is a competitive advantage on the continent.

Our African markets comprise 17,7% of Group revenue.

Venture Business

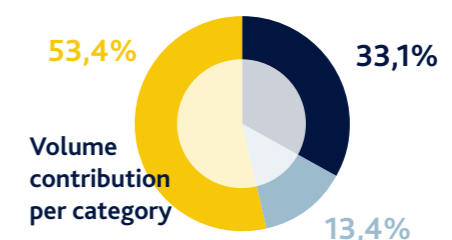
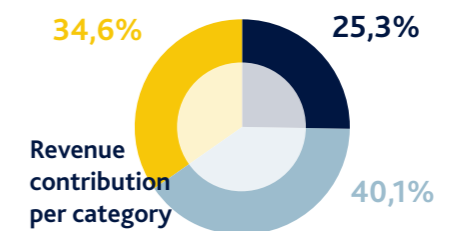
We have refocused our international business division to be targeted and deliver better margins.

Through the Venture Business, we:

- concentrate on premium spirits in select international markets;
- leverage our focused export portfolio; and
- advance a premium spirits portfolio for future growth in South Africa.

The Venture Business contributes 11,3% to Group revenue.

Find out more about our portfolio of brands, our operations and our performance in the regions in which we operate in our integrated annual report available online.



● Wines ● Spirits ● Ciders and RTDs

WHERE WE DO BUSINESS

OUR FOOTPRINT AND SUPPLY CHAIN



Employees
4 845

Wineries
4

African offices
9

Distilleries
7

International offices
5

Distillery and operations:

- South Africa
 - Worcester
 - Goudini
 - Van Ryn's, Stellenbosch
 - Wellington
 - Monis, Paarl
 - Durbanville Hills

- Scotland
 - Tobermory, Isle of Mull
 - Bunnahabhain, Islay
 - Deanston, Stirling

- Angola
- Nigeria

Operations and packaging:

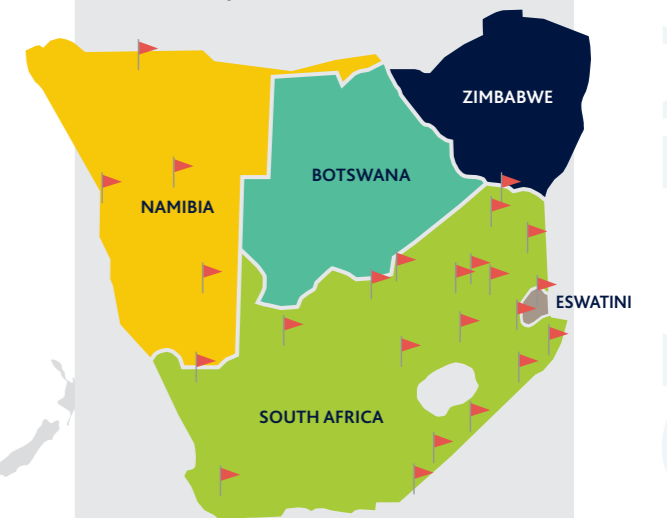
- Adam Tas
- Nederburg
- J.C. Le Roux
- Port Elizabeth
- Springs
- Wadeville

19
distribution centres (including four in Namibia)

2
mega distribution centres

24
trade express sites (including one in Eswatini)

3
dedicated export warehouses



This report relates to our operations in South Africa, unless otherwise indicated.

Geographic footprint 
Equity ownership 

OUR KEY FOCUS AREAS

AREAS

We have identified areas along our value chain where we believe we can make the most significant impact and contribute towards sustainable development. These areas shape our contribution to the United Nations Sustainable Development Goals (SDGs). They also align with the four pillars of our sustainability strategy (purpose, planet, people and profit).



Promoting responsible drinking

As a key player in the alcoholic beverages industry, we recognise our responsibility to reduce the harmful impact that alcohol abuse can have on the health and well-being of people, their families and the communities in which they live and work. We are a member of Aware.org.za, and have developed transformational partnerships with FASfacts and the Foundation for Alcohol Related Research (FARR). Read more from page 32.



Empowering communities

We believe communities should be better off because we are there. We focus on sustainable economic initiatives to build enterprising communities and support local economies, with a particular focus on empowering women. We believe in the potential of arts and culture to promote dialogue, drive societal change and sustainable development and create inclusive job opportunities, while acting as a catalyst for individual and social empowerment. Read more from page 52.



Managing our supply chain sustainably

To enhance value for all stakeholders along our value chain, we aim to be best-in-class on matters related to labour and agricultural practices and social compliance. We also understand that our long-term sustainability is intrinsically linked to the environment and the natural resources on which we depend, from farm to consumer and back again. We must therefore ensure that our supply chain practices are efficient, agile and geared to protect the planet – while meeting our customers' requirements in full. Read more from page 60.



Achieving transformation

Transformation is integrated into every aspect of our business. In action, this means accepting differences, recognising the value of diversity and accelerating lasting socio-economic growth in the key markets in which we operate. In addition, transformation stretches across our full value and supply chain – from agriculture (with a particular focus on apple and grape farming) to procurement, B-BBEE, local economic development, as well as our employees and brands, underpinned by a strong focus on gender equality and promoting the full participation of women in the economy. Read more from page 40.



Empowering our people

Our employees are at the heart of our business and our growth is driven by the nearly 5 000 men and women employed by Distell. We have a wide range of programmes to create and encourage a diverse and safe work environment free of harassment and discrimination. Through learning and development, we strive to leverage our employees' capabilities to ensure a sustainable talent pool. Read more from page 75.



Due to the COVID-19 pandemic, the social and economic context within which we bring you our 2020 sustainability report is unlike anything we have seen before. Throughout this report, we unpack the impact of the crisis as well as our response to it.

Our response to COVID-19

Our position as a leading player in the alcoholic beverages industry presents opportunities to create value for our stakeholders. We are therefore determined to rise to the challenge that COVID-19 presents. Our priority remains the safety and well-being of our employees, our stakeholders and society at large. The outbreak of COVID-19 and the subsequent measures to mitigate its impact also put a spotlight on the importance of alcohol harm reduction. As a purpose-led company, we encourage the responsible use of our products and strive to create memorable moments and craft a better future through our brands. This approach informed our response to COVID-19. Read more from page 28.



Read more about our contribution to the SDGs from page 13 and about our sustainability strategy from page 24.



↑ 8% and 2020 target missed

Our water usage per litre of production was more than in 2019 and we did not reach our 2020 target. However, usage is 13% lower than our 2014 base year and we are on track to achieve our overall 2025 aspirational goal.

↑ 15% and 2020 target missed

Our non-renewable electricity usage per litre of production was more than in 2019 and we did not reach our 2020 target. However, usage is 3% lower than our 2014 base year and we are on track to achieve our overall 2025 aspirational goal.

↓ 10% but 2020 target missed

We discharged less wastewater organic load per litre of production than in 2019 and just missed our 2020 target. However, discharges are 14% lower than our 2017 base year and we are on track to achieve our overall 2025 aspirational goal.

↓ B-BBEE Level 4

Revisions to the B-BBEE codes impacted the skills development element. Compounded by COVID-19, these changes decreased our previous skills development score.

↓ R24,6 million

Some of our employee training was postponed due to COVID-19. This resulted in us spending less on training and development this year than in the previous year.

↑ 39%

We achieved a 39% increase in spend on black women-owned enterprises. We delivered this increase despite lower procurement activity related to COVID-19 and the effects of lockdown.

✓ Founding member of SA Plastics Pact

Distell is a founding member of SA Plastics Pact, a collaborative initiative launched in January 2020 that aims to reduce pollution by finding innovative ways to keep plastic within the circular economy.

✓ Included on the FTSE4Good Index Series

Distell is now a constituent of the FTSE4Good Index Series. The FTSE4Good Index Series measures the performance of companies demonstrating strong environmental, social and governance practices.

↓ 14,6%

Group revenue was down year-on-year – results have been significantly impacted by COVID-19 and the resulting alcohol ban. Before the impact of the pandemic, the Group's headline earnings were down year-on-year due to strained economic conditions and increased competition in the South African consumer market.

MESSAGES FROM OUR LEADERSHIP

A message from our Group CEO

Notwithstanding the immense challenge posed by COVID-19, our deep sense of responsibility remains the driving force behind our many achievements and improvements in the area of sustainability.

Our strategy recognises that we conduct business in an ever-changing global landscape and that our ability to achieve sustainable outcomes is closely linked with people, the planet and the economy. The latter part of our reporting year has been one of the most challenging for humanity and business. COVID-19 has upended our way of life and destroyed many lives. Businesses too, have not been spared.

2020 IN REVIEW

We find ourselves in a fundamentally new environment characterised by significant volatility and uncertainty. The state of South Africa's economy, COVID-19 and the alcohol bans imposed during the national lockdown have placed significant pressure on our business and compounded an already challenging situation. We therefore took hard but prudent decisions to align our company with these new realities and ensure our long-term sustainability.

Where unavoidable, we refocused financial investment in certain sustainability initiatives for the short term. We are sensitive that this decision may affect our partners. We have therefore not reduced our commitment, rather ensuring that we provide in-kind support. This includes, for example, making our people and under-utilised assets available as resources that can be leveraged to help sustain affected initiatives through tough times.

Despite financial pressure, we believe it necessary to continue investing in future-fit strategic capabilities. This includes advancing our manufacturing and distribution platforms to improve efficiency and ensure we are best-in-class in terms of innovative and sustainable technologies.

Disappointingly, we missed all 2020 targets related to water, electricity, fossil fuel-based energy usage and wastewater discharged. Performance was negatively impacted by COVID-19 and government's ban on alcohol production and sales, which resulted in production volumes being only 73,6% of the financial year's budget.

We increased our focus on agriculture, forming new and strengthening existing partnerships with black-owned and black women-owned businesses. We are also empowering apple and grape farmers to contribute meaningfully to South Africa's land transformation challenge.

Our comprehensive B-BBEE strategy supports these transformation efforts and helps us achieve our own aspirations and those of government. The B-BBEE codes were revised during the year, with changes particularly impacting the skills development element. Compounded by COVID-19, these changes decreased our previous skills development score. As a result, our B-BBEE score dropped from a level 3 to a level 4.

We continued to align our business activities and programmes with the SDGs. This includes allocating oversight of our primary and foundational SDGs to members of our executive team and identifying performance targets related to our primary SDGs for our short-term remuneration incentive scheme.

Generally, good governance remains a focus and our Sustainability Council continues to play an important role to ensure alignment between our business strategy and sustainability efforts.

OUR COMMITMENT TO HARM REDUCTION AND RESPONSIBLE DRINKING

COVID-19 and the subsequent measures to mitigate its impact put a spotlight on the importance of alcohol harm reduction and safe consumption.

The extent and impact of alcohol-related harm received strong focus during South Africa's national lockdown, during which the sale of alcohol was banned on two occasions. The rationale for the ban was based on the fact that irresponsible and excessive alcohol consumption can undermine social distancing and lead to health and societal problems that include drink driving and inter-personal and gender-based violence.

We understand government's concern regarding the need to contain infections in South Africa and the pressure that rising infections exert on our hospitals, compounded by the pressure of alcohol-related injuries.

However, we believe that when consumed responsibly, alcohol can form part of a balanced lifestyle. Furthermore, the liquor industry is an important contributor to South Africa's broader economy. The alcohol manufacturing industry employs about 90 000 people. Millions more rely on the industry's value chain.

Therefore, while we will not shy away from our responsibility to tackle irresponsible alcohol consumption, we also believe in the economic and social benefits that arise from the responsible use of our products. As Distell, we want to focus the conversation around these positives. We want to leverage the power of our purpose-led brands to help resolve the current global and national crisis triggered by the pandemic and take our industry forward.



Richard Rushton

We remain focused on the road ahead

Distell's purpose is "creating memorable moments, crafting a better future". We stand firmly against the irresponsible consumption of alcohol and are committed to harm reduction partnerships, responsible marketing and offering non-alcoholic and low-alcohol choices.

We are implementing a targeted COVID-19 Alcohol Responsibility Strategy that looks at opportunities where we can make an immediate impact in reducing harm linked to alcohol.

This includes introducing further alcohol harm reduction initiatives above and beyond the ones that we already do. This will be achieved through education and creating awareness, and ensuring that every South African understands the realities around alcohol abuse to bring about positive change.

The pandemic further triggered an introspective review of how our industry responds to health issues and alcohol policy and regulation risks. We realised that, put simply, we haven't been doing enough. This led to an effort to harmonise and bolster the industry's commitments and initiatives, which is a positive development.

However, combating alcohol-related harm requires an inclusive approach and the support of government and other stakeholders to bring about meaningful change. We therefore strongly desire to see ownership of South Africa's complex social problems by multiple players if we are to work towards a social compact for South Africa.

Unwavering commitment to tackling COVID-19

We have taken considerable steps to reduce infection in our workplaces and in our communities.

- We **reconfigured our entire workplace and made it safe for employees** in compliance with COVID-19 regulations, ensuring that the risk of infection is low.
- We **adapted our manufacturing facilities and capabilities** to include the production of hand sanitiser, which is now available for retail and has been distributed at no cost to vulnerable communities.
- We **launched a programme to raise awareness on COVID-19-related issues**, targeting more than 20 000 taverns across the country.
- We **provided care packs (including sanitiser and personal protective equipment) to taverners** for hygienic purposes and to ensure that the risk of consumer exposure is limited.
- We **initiated a gender-based violence programme to raise awareness and take concrete action** against abuse in our society.

Read more about our efforts to tackle COVID-19 from page 28 of this report.

LOOKING FORWARD TO 2021 AND BEYOND

This year has emphasised the need for us to communicate and work together with our stakeholders to craft a better and common future.

While we have made considerable progress, we recognise that there are some areas where we should step up our efforts – and we will do this by keeping our approach to sustainability at the heart of everything we do in our business. This includes taking steps in the upcoming year to deliver on our ambition to be a leader in Africa's alcoholic beverage sector by developing 10 brands with purpose.

As always, we remain confident about the direction that we are pursuing and that, together with all our stakeholders, we will overcome the challenges ahead.



Richard Rushton

Group CEO
Stellenbosch
30 September 2020

A MESSAGE FROM THE CHAIRPERSON OF OUR SOCIAL AND ETHICS COMMITTEE



Gugu Dingaan

Chairperson of the social and ethics committee

Distell is committed to continuous growth as a good corporate citizen for the benefit of all its stakeholders. The social and ethics committee (SEC) supports the board in this commitment by monitoring the Group's ESG performance.

The year under review has been both an opportunity-filled and challenging one. However, despite the challenges, one thing has remained constant: driving the long-term sustainability of the company. Distell has embraced the opportunities that arose during the year: Young SDG Innovators programme, agri-sector alignment on the SDGs and partnerships for water stewardship. A robust employee health, safety and well-being programme with a communication ethos of care and contribute was fostered as a response to COVID-19.

Through the corporate and regulatory affairs function, the company further integrated sustainability into its strategy and management routines, and align their progress with global best practice.

Distell allocated primary, secondary and foundational goals to the members of the executive management team, who will act as champions for their respective SDG. This approach supports ownership and accountability among Distell's leadership, setting the tone for the Group's response.

To advance the concept of shared value, Distell's sustainability approach remains guided by four strategic pillars: purpose, planet, people and profit. The pillars are aligned to the key areas along the Distell value chain and aligned to the company's primary (SDG 3, 6, 8 and 12) and foundational SDGs (SDG 5 and 17).

The company has embraced a Zero Harm approach and programme. Distell's 2020 efficiency and environmental sustainability targets were not achieved due to lower volume produced mainly as a result of COVID-19. The revised 2025 aspirational goals have been broken down into annual sub-targets to help drive continuous improvement to ensure Distell reaches its long-term goals.

The B-BBEE codes were revised during the year. Compounded by COVID-19, these changes decreased the previous skills development score. As a result, the B-BBEE score dropped from a level 3 to a level 4.

The company believes corporate governance should contribute to an ethical culture that stretches beyond compliance to the principles of true accountability, transparency and fairness, and structures and processes have been put in place to support this.

Distell is creating a best-in-class, company-wide social standards framework to align its standards with all major national and global social compliance frameworks. Distell is also collaborating with producers, suppliers, manufacturers and distributors to ensure that all its products are harvested and manufactured to these same environmental, ethical and human rights standards.

Stakeholder engagement at Distell is pivotal to how the company interacts with both the external and internal environment. As such, a stakeholder map and concomitant engagement plan were identified for critical matters as identified through environ-scanning and strategy requirements. Through the corporate and regulatory affairs function, Distell engaged with different stakeholder groups on key issues identified by the business. This was assisted by and tracked via a stakeholder engagement landscape report and analysis.

There is strong evidence that the matters that form part of the SEC's remit will only increase in importance and that our role is to ensure we build back better in a post COVID-19 world.

The SEC is satisfied that the Distell leadership embraces the mandate of committee, and that initiatives are undertaken with the higher purpose of Distell being a good corporate citizen and having a positive impact.



Gugu Dingaan

Chairperson of the social and ethics committee
30 September 2020

THE GOVERNANCE STRUCTURES THAT OVERSEE SUSTAINABILITY AT DISTELL

The board is accountable for the Group's overall performance.

The board comprises individuals elected by shareholders and is entrusted to provide direction and leadership. The board of directors is committed to complying with the requirements of: the Companies Act, No. 71 of 2008, as amended (the Companies Act); the JSE Listings Requirements; and King IV. Read more about our board of directors, the key topics addressed by the board in 2020 and our governance systems and structures in our integrated report, available online.

The ultimate custodian of sustainability at Distell is the social and ethics committee (SEC).

The purpose and role of the SEC is to assist the board in discharging its responsibility to:

- ensure that the Group's ethics are managed effectively and provide effective leadership based on an ethical foundation;
- promote and sustain an ethical corporate culture through:
 - » endorsing the values of the Group documented in the Code of Ethics and Conduct;
 - » monitoring and reporting on the measures taken by the Group to achieve adherence thereof; and
 - » ensuring that all business conducted by the board and management aligns with the values of the Group;
- ensure that the Group is a responsible corporate citizen by endorsing the values, strategy and conduct which are congruent with being a responsible corporate citizen; and
- advise on and review transformation and empowerment.

In particular, the SEC monitors Distell's performance with regards to:

- good corporate citizenship;
- the environment, health and public safety;
- consumer relationships; and
- labour and employment matters.

The SEC takes a principles-based approach, guided by regulation 43 of the Companies Act and the 10 principles of the United Nations Global Compact (UNGC). In accordance with its mandate, the SEC met three times during the year under review.

Overall, the SEC is satisfied that Distell is fulfilling its social and ethical obligations as a good corporate citizen.

Read more about our social and ethics committee in our integrated report, available online.

Our Sustainability Council oversees our sustainability strategy and provides critical oversight of the various sustainability functions within Distell.

Council members include executive management (including the Group CEO). The council is headed by Bridgitte Backman, our director of corporate and regulatory affairs. The council meets quarterly and monitors Distell's action plans and performance against set metrics relating to:

- Environment, health and public safety
 - » SHERQ (safety, health, environment, risk and quality)
 - » Consumer relations
- Social and economic development
 - » B-BBEE (ownership, management control, skills development, preferential procurement, enterprise and supplier development, socio-economic development (CSI/CSR))
 - » Employment equity, diversity and inclusion
 - » Transformation
- Stakeholder relations
- SDGs, UNGC and UN 10 principles
- Public policy and regulatory affairs
- Good corporate citizenship
 - » Anti-bribery and corruption
- Labour and employment
 - » Human rights
 - » Social compliance

"It's not overstating the case to say that sustainability continues to be a concept that is poorly understood in South Africa. The SEC leads the drive at Distell to unpack the many layers of meaning contained in that one word, even as the company deals with the difficulties caused by low economic growth and uncertain politics."

Dr Prieur du Plessis, a member of our SEC

HOW WE MEASURE SOCIAL IMPACT

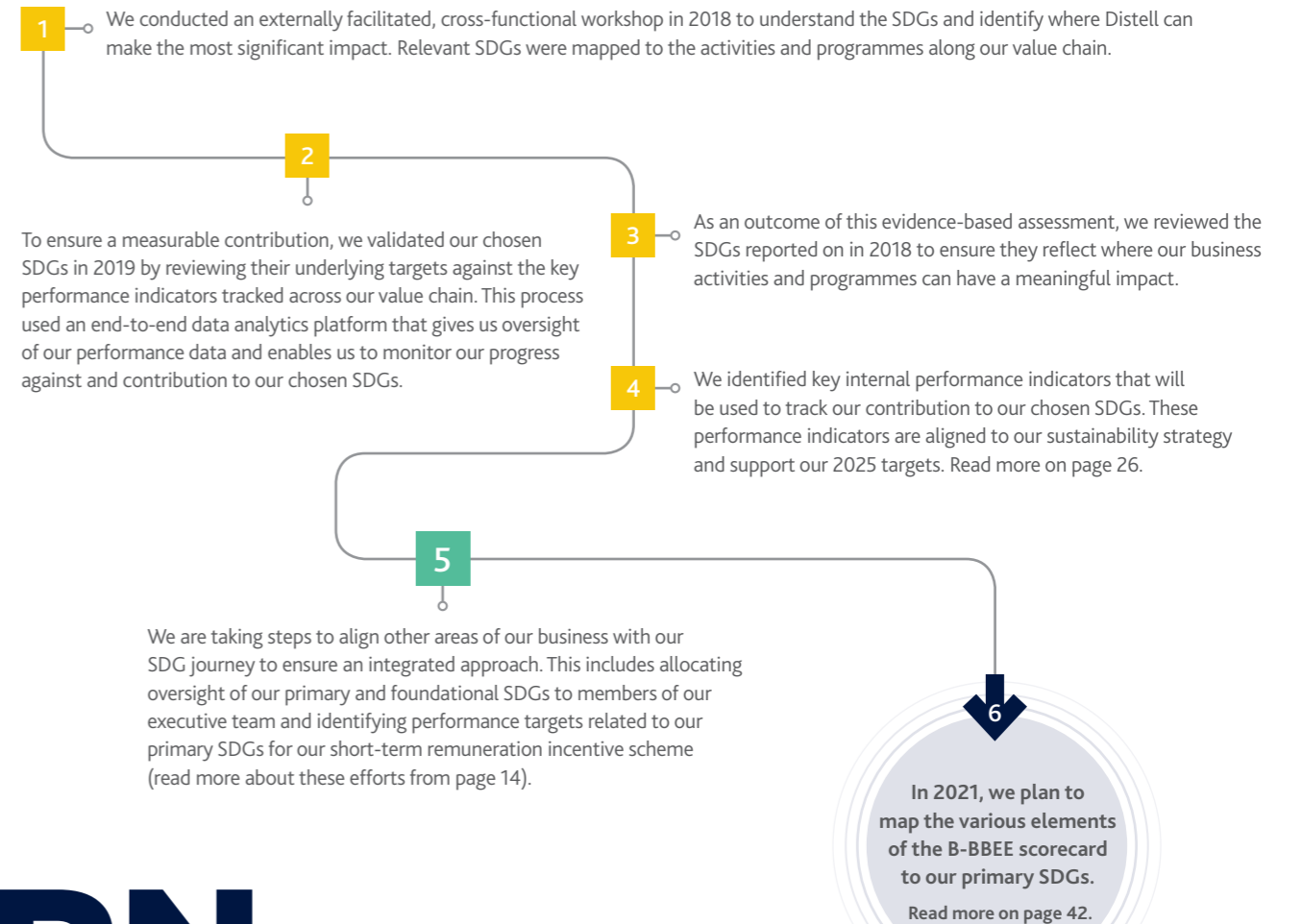
We want to ensure that sustainable social practices are embedded within the various programmes and initiatives that we support along our value chain.

In 2015 we partnered with Social Enterprise Academy, a social impact management consultancy, to undertake a measurement and capacity-building journey with selected programmes across our value chain. Their approach uses the Theory of Change to ensure our ultimate goals and aims are supported by the right inputs and activities. It also uses social return on investment (SROI), a leading methodology to measure social impact. Importantly, this approach ensures that we are gathering effective data to monitor, evaluate and, ultimately, conduct impact assessments on the programmes we support.



ALIGNING WITH THE SDGs

We took steps during the year to improve our disclosures against the SDGs and enhance the transparency of our reporting.



HOW WE GOVERN SUSTAINABILITY

While our report is structured according to five key focus areas along our value chain, we track our performance against the SDGs.

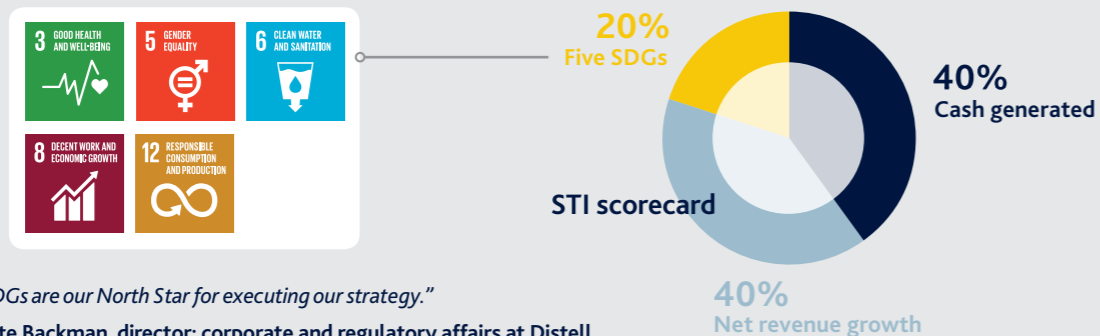


Key:
 Our **primary** SDGs include SDGs 3, 6, 8 and 12
 Our **secondary** SDGs include SDGs 1, 4, 7, 9 and 13
 Our **foundational** SDGs, which cut across our value chain, are SDGs 5 and 17

Identifying performance targets related to our primary SDGs

To drive 'One Distell' and ensure that each employee takes responsibility for our performance and overall sustainability, we will institute a single company-wide short-term incentive (STI) scorecard. This will include a focus on two key financial performance indicators (net revenue growth and free cash generation), as well as non-financial measures.

These non-financial measures are based on our four primary SDGs (3, 6, 8 and 12) and one of our foundational SDGs (SDG 5), and contribute 20% to the overall STI scorecard. The STI scorecard is aligned to our broader sustainability strategy, which is unpacked in more detail on page 26.



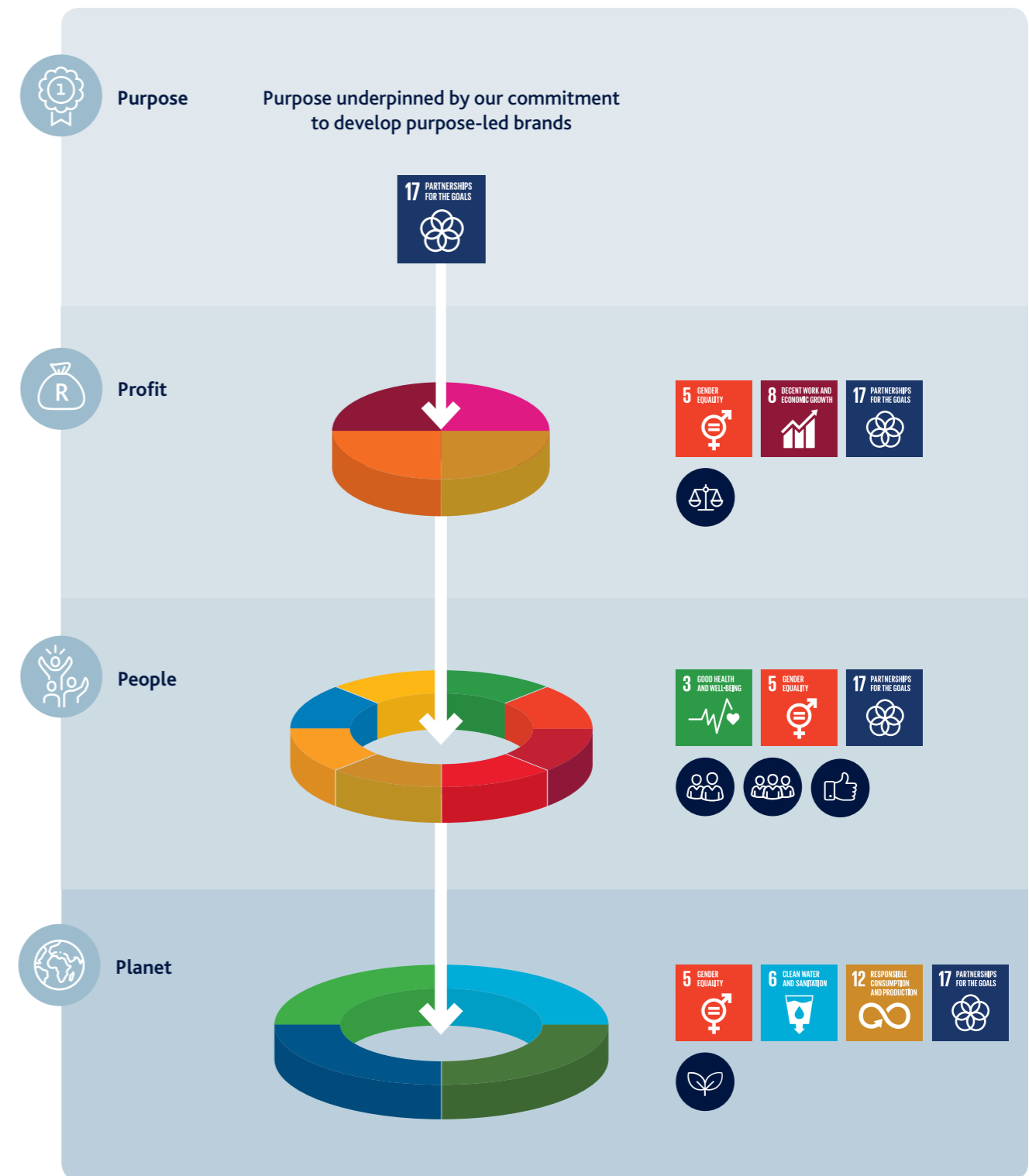
"The SDGs are our North Star for executing our strategy."
 Bridgitte Backman, director: corporate and regulatory affairs at Distell

Tracking performance against the SDGs aligns our business to a global movement and external matrix for sustainable development, whereby we:

- embed sustainable development targets across all functions within the Group;
- increasingly engage in partnerships across the value chain;
- feed targets into a multi-year plan to 2025 (read more from page 26); and
- move beyond compliance and B-BBEE by mapping our scorecard to priority SDGs in 2021 (read more from page 42).

The following graphic illustrates how the four pillars of our sustainability strategy and the five focus areas along our value chain support our chosen primary and foundational SDGs.

Recognised for leading reporting on the SDGs in South Africa
 According to a paper released by Integrated Reporting & Assurance Services (IRAS) in 2020, we were recognised as the top SDG reporter in South Africa. This outcome was the result of their review of all 320 companies listed on the JSE.



Allocating responsibility and accountability for our SDGs to our executive team

Following a series of workshops and one-on-one engagement sessions, we allocated our primary and foundational goals to the members of our executive team based on their areas of influence and oversight. They will act as champions for their respective SDG.

This will support ownership and accountability among our leadership, setting the tone for our response to these important global goals from the top down and ensuring that team members are aware of and support the goals we adhere to. Ultimately this ensures that our sustainability agenda is elevated within Distell and that the SDGs are used as a tool to drive innovation and guide business ambition.

Our SDGs have been allocated as follows:

Primary



Wim Bührmann
Managing director: southern Africa

"Personally, I want to lead and be associated with responsible alcohol consumption and complement a healthy lifestyle in our society. I am confident that if we all set the example of responsible alcohol consumption, it will be so powerful to our country and the world! I am therefore excited about my role in driving this mindset and spearheading alcohol harm reduction programmes within Distell, in partnership with government, our industry body Aware.org.za, and alcohol manufacturers, among our other stakeholders. Through our interventions and partnerships, we aspire to strengthen the prevention and treatment of alcohol substance abuse. As a proudly South African alcohol company, we recognise that we have a responsibility to be part of the solution that reduces the harmful impact of alcohol abuse to ensure the well-being of our communities and country."



Johan van Zyl
Director: supply chain

"As an agri and beverage business operating in water-stressed regions, we recognise that the sustainable and responsible utilisation of water as a finite resource is of paramount importance. This philosophy is entrenched across our value chain as we strive to find innovative solutions to optimise water consumption. To this extent, we have put focused programmes and investments in place to achieve targeted water consumption and effluent quality performance parameters, including the recovery of potable water from treated effluent. We proudly partner with leading water and sanitation sustainability organisations, including Co-Go, The Strategic Water Partner Network, WWF-SA, to derive and implement best practice."



Richard Rushton
Group chief executive officer

"The urgent need in South Africa and in many other countries where we operate is job creation that leads to sustained and meaningful employment and helps people to prosper. This need has been exacerbated by the impact of COVID-19 on societies around the world. At Distell, we proactively look to solve problems that affect our business while placing a strong emphasis on creating jobs across our value chain. This is underpinned by the belief that when our partners, stakeholders and communities prosper, so do we. This approach is consistent with our shared value approach and helps us remain a purpose-led organisation. To ensure that such efforts are grounded in a coherent developmental framework, and aligned to clearly identified needs, we draw on the SDGs. We believe this approach is key in dealing with the core challenges facing South Africa and the countries we operate in, while making a real difference."



Donovan Hegland
Director: growth and innovation

"There is increasing awareness of the need for shared value in organisations' growth ambitions spanning capital returns, consumers, customers and communities. One key area common to all is the total impact of our activity on the planet. We as Distell (the leading producer of wines, spirits and ciders on the African continent), have the responsibility of developing circular economies and producing less waste in support of sustainable production and consumption for the good of all. We are committed to reducing planetary impact throughout our value chain via innovative business models, products and packaging to drive positive change."

Foundational



Kate Rycroft
Managing director: venture business

"Achieving gender equality is of utmost importance at Distell and COVID-19, with the accompanying rise in violence against women, has brought the issue into sharp focus. We recognise that our position as a leading player in the alcoholic beverages industry enables us to be a catalyst for positive change in society – and we take this responsibility very seriously. As part of our commitment to promote gender equality, we are implementing a number of initiatives along our value chain aimed at eradicating barriers and promoting the full participation of women in the economy, marketplace and within communities. Internally, we are advancing the role of women in leadership positions. Not only do we see this as critical to realising the full potential of our own business but for the growth and development of the communities and countries in which we operate."



Bridgitte Backman
Director: corporate and regulatory affairs

"Collaboration and partnerships are the cornerstone of our sustainability ethos and approach. True partnerships require robust engagement and a willingness to focus on the common good and integrated objectives. It also includes challenging existing norms and ways of thinking in our efforts to find solutions to complex societal issues. Our partnerships encompass a wide range of stakeholders from academia, suppliers, industry associations, organised labour, NGOs, government, to civil society. During the year under review, we partnered with the National Business Initiative (NBI) to develop agri-sector targets, the various work-streams of CGCSA (Consumer Goods Council South Africa), the UNGC local South Africa network, driving alcohol harm reduction in an integrated industry framework and became a founding member and signatory to SA Plastics Pact. In our view, collaboration and partnership are essential prerequisites for building shared value and maintaining the long-term health and growth of our company. We look forward to continue our collaboration journey to create value through public and private partnerships in the upcoming year."

At Distell, we believe in the importance of collaborating with a broad range of stakeholders along our value chain to share skills and contribute to the journey to build a better South Africa, while learning from each other and sharing knowledge. Examples of collaboration partners during the year include NBI, CGCSA, AgriSA, Food and Water Focus Group, and various panels, conferences and focus groups.

"The Consumer Goods Council of South Africa (CGCSA) values Distell's active involvement in the development of the South African Food Loss and Waste (FLW) Voluntary Agreement aimed at achieving the global goal of halving food loss and waste by 2030. Distell continues to be an invaluable partner on our FLW Advisory Committee and supports CGCSA efforts to meet the SDG projects and the company is committed to adopting more environmentally friendly business practices. Distell participated in the ocean and beaches clean-up campaign, the world's biggest annual volunteer ocean health initiative. At industry level, Distell has provided input to the Extended Producer Responsibility (EPR) initiative to improve the EPR framework and was also part of the delegation that presented to government on how to minimise plastic waste. CGCSA has partnered with Distell through the Crime Risk Initiative, which focuses on how the liquor industry can contribute to the fight against counterfeiting and illicit trade of liquor products."

Gwarega Mangozhe, Chief Executive Officer of CGCSA, a voluntary industry association comprising a network of over 12 000 businesses in the retail, wholesale and manufacturing sector in South Africa

"Distell's sustainability team consistently demonstrates their commitment to making the SDGs core to their business and to addressing systemic challenges such as climate change, social inequality and environmental degradation. Their dedication is evident in the action they take, both individually and collectively. As well as being a valued National Business Initiative (NBI) member, Distell is a considered a leading company on the NBI's sector level SDGs project, providing valuable insight and feedback that has helped shape the sector's sustainability goals, objectives, and action plan. We hope to continue working with this forward-thinking company in future phases of the SDGs project with the agri-processing sector."

Gillian Hutchings, head: membership and communications of NBI, a voluntary coalition of South African and multinational companies, working towards sustainable growth and development in South Africa



These are just some of the partnerships that we pursue at Distell to support and contribute to SDG 17. Other partnerships are illustrated throughout this report.

AN OVERVIEW OF OUR ESG APPROACH

In this report we unpack the sustainability issues that are strategically important to Distell – both in terms of safeguarding our own long-term viability and ensuring that we play a meaningful role in the communities and countries within which we operate. Understanding issues that promote or threaten our sustainability also helps to derisk our business and attract the right partners and investors for sustainable growth.

OUR PURPOSE:
Creating memorable moments,
crafting a better future

- PROMOTING RESPONSIBLE DRINKING** 
- ACHIEVING TRANSFORMATION** 
- EMPOWERING COMMUNITIES** 
- EMPOWERING OUR PEOPLE** 

SOCIAL

We believe communities should be better off because we are there. We focus on sustainable economic initiatives to build enterprising communities and support local economies, with a particular focus on empowering women. Read more from page 52.

We recognise our responsibility to reduce the harmful impact that alcohol abuse can have on health and well-being. We have developed transformational partnerships to assist us in this regard and have committed to introduce further alcohol harm reduction initiatives to help address the major social challenges we face in South Africa. Read more from page 32.

We integrate transformation across our full value and supply chain. This includes implementing a wide range of programmes to create and encourage a diverse and safe work environment free of harassment and discrimination. Through learning and development, we strive to leverage our employees' capabilities to ensure a sustainable talent pool. Read more from page 75.

We create jobs through our various enterprise and supplier development programmes, as well as through our support of arts and culture.



MANAGING OUR SUPPLY CHAIN SUSTAINABLY

ENVIRONMENTAL

We carefully manage our supply chain to ensure we deliver reliably, responsibly and sustainably and at the right quality. Read more from page 60.

We monitor our performance against sustainability targets related to water, electricity, fossil fuel-based energy usage and wastewater discharged. Read more from page 61.

We believe our values are synonymous with our continuous drive to protect and enhance the environments we operate in. We collaborate with our producers, suppliers, manufacturers and distributors to ensure all our products are harvested and manufactured to these same environmental standards. Read more from page 72.



GOVERNANCE

We take great care to ensure good governance. Our board is accountable for the Group's overall performance. Our Sustainability Council oversees Distell's sustainability strategy and provides critical oversight of the various sustainability functions within Distell. The ultimate custodian of sustainability at Distell is the SEC. Read more in our integrated report, available online.

We act in an ethically responsible manner and uphold our values using our Code of Ethics and Conduct. We are creating a best-in-class, company-wide social standards framework to align with major national and global social compliance frameworks. Read more from page 72.

Our Marketing Ethics and Brand Communication Policy guides our approach to developing and distributing ethical and responsible content when marketing and promoting alcoholic beverages to consumers. Read more from page 38.

We subscribe to the industry marketing codes as developed and endorsed by Aware.org.za and the Advertising Regulatory Board.



We actively participate in various national and global industry associations and voluntary initiatives to advance social, environmental and governance best conduct in our business activities.

We are recognised by independent ESG rating and research agencies for our leading practices.

STAKEHOLDER ENGAGEMENT

Our approach to stakeholder engagement is aimed at building and maintaining sound, transparent relationships that help us achieve more and do better. Our sustained engagements with stakeholders are driven by the need to understand stakeholder needs and expectations and respond accordingly. We welcome feedback and it is invaluable to our continued success.

Traditionally, engagement and communication happened through a range of personal interactions at corporate level and at touch points across our business. However, stakeholder engagement changed significantly with the advent of COVID-19. It is likely that certain types of engagement, for example conferences, large group training, roadshows, etc., will not occur for some time to come. Keeping the health and safety of all stakeholders, particularly our employees, as a priority, we have adapted our engagement methods where necessary with the aim to keep communication channels open. Information about how we engage with our stakeholders is detailed in our 2020 integrated report, available online. Insight into programmes and initiatives for our stakeholders are also featured throughout this report.

The social and ethics committee oversees and monitors the implementation of the Group Stakeholder Management Framework, which outlines our philosophy and guides our relationships with stakeholders.



Employees

Our employees are critical in enabling us to create memorable moments and craft a better future.

How we assess the quality of these relationships

- Employee surveys measure the relevance and efficacy of our engagement initiatives, and test employee affiliation and commitment to Distell

Read more from page 75



Communities

We believe the communities in which we operate should be better off because we are there.

How we assess the quality of these relationships

- Social return on investment measurements track the real benefits of our initiatives against the costs of achieving those benefits
- CSI spend and investment in communities, monitored by our Sustainability Council

Read more from page 52



Strategic business partners

We enter into strategic partnerships along our value chain, particularly in Africa, where we partner to establish local manufacturing and route-to-market platforms.

How we assess the quality of these relationships

- Volume growth in the markets where we have partnerships is an indication that the partnerships are effective

Read more online in our integrated report



The environment

We ensure our supply chain practices are efficient, agile and geared to protect the planet, while meeting our customers' requirements in full.

How we assess the quality of these relationships

- Water usage
- Electricity usage
- GHG emissions
- Reduction in effluent discharged

Read more from page 60



Consumers

Consumers of Distell's brands are people from all walks of life who enjoy mixed-gender drinking occasions around the world.

How we assess the quality of these relationships

- Sales growth shows our brands appeal to consumers
- Consumer satisfaction survey results and data-driven insights to help us meet consumer needs
- Reputation measures enhanced by our investments in harm reduction, transformation and communities

Read more from page 38



Investors

As providers of financial capital, investors have a vested interest in Distell.

How we assess the quality of these relationships

- Active engagement at the AGM
- Annual dividends and total shareholder returns

Read more online in our integrated report



Suppliers

Our supplier base ranges from small to large businesses that supply services and raw materials for the production and marketing of our brands.

How we assess the quality of these relationships

- We encourage and act on honest feedback
- We establish joint targets with our suppliers and assess their performance in our sustainable sourcing programme
- An increase in preferential procurement spend means our supplier development programmes are effective

Read more from page 50



Government

Positive relations between government and the private sector are good for the development and growth of South Africa.

How we assess the quality of these relationships

- Policy decisions in the best interest of the industry and its stakeholders show our efforts to engage with government are yielding results

Read more from page 38



Trade customers

Our trade customers, including wholesalers, retailers and tavern owners, are the interface between Distell and our consumers.

How we assess the quality of these relationships

- One-on-one engagements and surveys convey the level of satisfaction trade customers have with our brands and help us to better support them

Read more online in our integrated report



Industry bodies

Through industry bodies, we engage on matters relating to, among others, responsible drinking, supplier and enterprise development, industry regulation, social compliance and matters of environmental concern.

How we assess the quality of these relationships

- Through feedback and by measuring the stability and predictability of the environments in which we trade and operate

Read more online in our integrated report

Telling our story through the journey of a bottle

The SDGs address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. Importantly, the 17 SDGs are all interconnected.

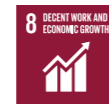
At Distell, we look at each stage of our operations for opportunities to make a positive impact – from the apples and grapes on the vine to using recycled glass. This graphic tells our story through the journey of a bottle, which is formed and reformed as it moves through our cycle of care.

It also shows how our chosen SDGs intersect with our value chain and how we contribute to addressing the ongoing challenges that exist within our industry and country.

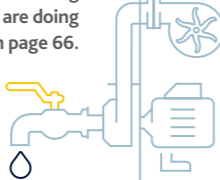
3 GOOD HEALTH AND WELL-BEING
Today, the bottle's destiny is an accessibly priced, low-alcohol wine. Although the alcohol is less, this wine offers the same depth of flavour and sense of occasion as our alcoholic beverages. Read more about how we are offering our consumers more choice on page 38.



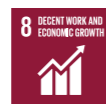
The bottle watches the farm workers among the vines. A lady picking grapes has been there before – she stays with us because labour is decent and her payment is fair. Well-being programmes ensure she is happy and safe. Read more about our responsible agricultural practices on page 72.



The farmer is innovative and his production processes progress all the time. Water is scarce, and the bottle is glad to see water being recycled. Read more about what we are doing to reduce our water consumption on page 66.



On the factory floor, someone checks to ensure our health and safety standards are met. Read more about how we are enhancing employee wellness, health and safety on page 80.



As the bottle moves inside to be filled, it sees someone from Distell taking students through various processes within the plant. Read more about learnerships, internships and apprenticeships across our value chain on page 79.



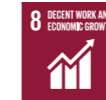
Distell's cycle of care closes another loop and the bottle begins another journey – each time seeing a better world.



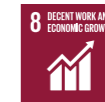
Served to a table of friends, the bottle notices that one is pregnant and is happy when she waves it away. She has been on the Healthy Mother, Healthy Baby (HMHB) programme and is not drinking while pregnant. Read more about this and the other programmes we support to promote responsible drinking on page 36.



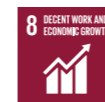
The bottle journeys to a local community tavern and is glad to see there are no youths inside. The tavern owner completed our Taverner Training Programme and runs a tight ship. Read more about this programme and how we encourage responsible trading on page 43.



Nearby, young adults are putting on a show. They bring to stage unique performances while creating opportunities for locals and tourists to experience South Africa's authentic culture. The friends stand to watch the show and bring the bottle along. Read more about how we drive sustainable development through arts and culture on page 56.



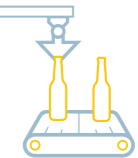
Ready to leave, the bottle notices the health warning on its product label. This is part of our commitment to brand products with care and promoting responsible drinking. Read more about how we develop and distribute our products responsibly on page 38.



The bottle is loaded into a truck. We helped the driver start his own business and he now forms part of our value chain. He handles the bottle with care and soon it is on its way. Read more about our enterprise and supplier development initiatives on page 44.



Soon the bottle is empty and it is time for it to be melted down and start afresh. This time the bottle will carry cider and be part of our 'Give back, Get back' initiative. Read more about this and our other waste management initiatives on page 68.



This story formed part of our submission to the Global Compact Network South Africa's Voluntary National Review and highlights some of the actions we are taking to address the global challenges identified by the SDGs as well as South Africa's broader transformation agenda. It further demonstrates our commitment to the UNGC and what we are doing to play our part in shaping a sustainable future.

To view our video submission, visit <https://www.distell.co.za/sustainability/> or scan the following QR code:



OUR AGILE SUSTAINABILITY STRATEGY

Our sustainability strategy is developed to be agile and responsive to 'the world we work in', which includes our socio-economic operating context and the prevailing trends in our industry.

THE WORLD IN WHICH WE WORK

SEVERE MACRO VOLATILITY

The COVID-19 pandemic has resulted in high societal costs worldwide, and the protection measures, while absolutely essential, are severely impacting economic activity.

According to the International Monetary Fund (IMF), the global economy is projected to contract sharply by 4,9% in 2020, which equates to negative growth, greater than that experienced during the 2008/2009 financial crisis. Volatile trading relationships between the world's largest economies added to the global economic slowdown, which made international investors apprehensive about emerging equity markets.

South Africa

0,66 Gini coefficient

South Africa is one of the most **unequal** societies in the world

55,5%

More than half of the South African population lives in **poverty** – increasing since 2015

18 million

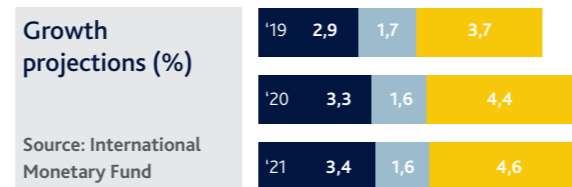
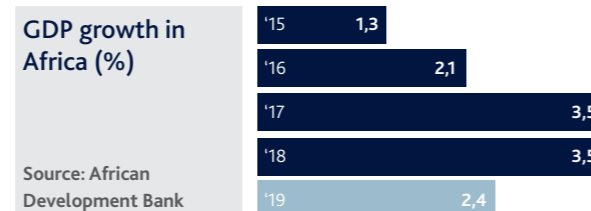
Number of people on **social grants** in 2020

South Africa continues to battle with **electricity, infrastructure and water challenges**

30,1% unemployment

The low rate of economic growth makes it **difficult to generate jobs**, and high unemployment remains a critical challenge

Source: The National Business Initiative



● Global economy ● Advanced economies
● Emerging markets and developing economies

Supply disruption

COVID-19 has placed strain on supply chains – from suppliers to end-consumers. This has resulted in challenges such as disrupted supply of input materials and resources as well as congested cross-border trade in Africa. Distell's global supply chain is dependent on imports, mostly of apple juice concentrates and flavourings from China. In response to the pandemic, we acted quickly to prevent a disruption in supply. We were able to source 88% of materials in South Africa. This had a cost implication, but a positive outcome is that Distell is supporting local suppliers who are also impacted by the economic effects of the pandemic. Read more about the actions taken during the year to safeguard our supply chain from page 60 and in our integrated report, available online.

INCREASING FOCUS ON GENDER EQUALITY

According to the World Economic Forum¹, it may take another 257 years to close the global economic gender gap if we continue at the current rate of progress. This challenge has been exacerbated by COVID-19.

According to a policy brief² released by the United Nations in April 2020, limited gains in gender equality and women's rights made over the decades are in danger of being rolled back due to the pandemic.

The impact of COVID-19 across the global economy will be profound. Markets and supply chains have been disrupted, businesses are required to close or scale back operations, and millions have or will lose their jobs and livelihoods. Emerging evidence on the impact of COVID-19 suggests that women's economic and productive lives will be affected disproportionately and differently from men.

Across the globe, women earn less, save less, hold less secure jobs, and are more likely to be employed in the informal sector. They have less access to social protection and are the majority of single-parent households. Their capacity to absorb economic shocks is therefore less than that of men.

The pandemic has reinforced the importance of identifying opportunities to address gender inequality in multiple areas of women's lives. At Distell, we are acting to promote gender equality and women's full participation and leadership in the workplace, marketplace and community, underpinned by the Women's Empowerment Principles (WEPs). These principles are advocated by United Nations Women and the UNGC. Read more from page 41.

CORPORATE RESPONSIBILITY

COVID-19 re-emphasised an already growing demand from consumers for companies to be purpose-led and to create societal value for communities and stakeholders. Consumers expect businesses and brands to help in the fight against the pandemic in an authentic way, without being opportunistic. Companies that lead with purpose and shape its strategy around purpose achieve continued loyalty, consistency and relevance in the lives of consumers.

At Distell, a key aspect of our business transformation journey focused on successfully embedding our values and driving a purpose-led culture within the organisation. These foundational elements serve as constant points of reference for who we are and for how we should behave as an organisation. Similarly, this approach informed our response to COVID-19, which presented an opportunity to relook how we create value for our stakeholders. Read more from page 76.

¹ <https://www.weforum.org/projects/closing-the-gender-gap-accelerators>.

² Policy Brief: The Impact of COVID-19 on Women, United Nations, April 2020.

CONSUMER TRENDS

The rise of e-commerce

Based on a study of 16 countries, including South Africa, published in 2019 by the International Wine and Spirits Record (IWSR), the alcoholic beverages e-commerce channel was worth over US\$21 billion. That is almost twice the size of the global travel retail channel, pre-COVID-19. At the time, the IWSR expected the channel to be worth US\$45,5 billion by 2024. The pandemic will most likely boost this trend, with consumers avoiding stores and preferring to order online.

Health

Consumers increasingly care for their physical and mental health. Consumption-focused consumers call for premium non-alcoholic and low-alcohol experiences. We continue to grow our offering and provide consumers with an expanded selection of non-alcoholic and low-alcohol products, without compromising authenticity, quality and exclusivity.

A study conducted by Beverage Dynamics found that the pandemic has prompted a return to familiarity for many consumers. Concerned about their health, consumers who previously browsed craft products turned to better-known brands, preferring quality and consistency. Our brands, with their rich heritage, provide consumers with the comfort of products crafted to the highest standards.

Climate change

Climate change and the resultant droughts and floods severely impact agriculture and the supply of raw materials.

Consumers look for brands that are responsible and respectful of the environment. They use their spending power to effect the change they want to see. As a result, sustainability has become an opportunity for companies to connect with consumers who are excited about change.

Our environmental policy commits us to preserving and protecting environmental resources. Detail on initiatives undertaken in the 2020 financial year can be found from page 64.

Wine in cans

Canned wine is a trend linked to sustainability. Previously, bottles were seen as the premium beverage packing unit; however, the millennial generation places a premium on convenience and sustainability rather than perception. In Beverage Dynamics' 2019 State of the Industry Survey, alternative packaging emerged as the third most popular trend impacting alcohol retailers. We have responded to this trend by launching canned options for both 4th Street and J.C. Le Roux. See our integrated report for more detail.

New ways of working

COVID-19 forced the adoption of new ways of working with agility and speed. This includes working from home and remote working becoming the 'new normal', requiring companies to relook how they keep teams connected to the company's purpose and engaged with their work. It has also required a step-up in health and safety protocols.

We realise that our business will never be the same, and that aspects such as remote work, optimisation of work spaces, leveraging talent and cross-functional teams as and where needed and alternative work models will become our new normal.

We are confident that the resilience of our people, our world class resources and our agility will pull us through this crisis. Read more from page 76.

OUR STRATEGY TO TAKE US FORWARD TO 2025

Our business strategy is in place to ensure that Distell not only survives, but thrives. For many years, we have recognised that this depends on our ability to stimulate economic prosperity and safeguard the environment to support prosperous communities and consumers. Sustainability is a critical enabler of this and, in this way, supports our broader business strategy.

The global COVID-19 pandemic has not changed Distell's strategic direction. However, it has challenged 'the world we work in' and created opportunities to re-align our growth ambitions with the needs of our stakeholders. It has also necessitated greater collaboration between business, government, labour and civil society to form a new social and economic compact that will enable the nation to enjoy a better future.

For example, we recognise the need to redefine the role of alcohol in society by promoting responsible consumption and addressing other social ills associated with alcohol abuse, such as gender-based violence. While we certainly have a critical role to play, this objective cannot be achieved if we do not work in parallel with government and other social partners.

We therefore need to invest in processes, products, programmes and partnerships that support this ambition, underpinned by performance targets. This will not only enable us to do the right thing, but also drive our growth agenda to deliver shared value.

To advance the concept of shared value, our approach remains guided by four strategic pillars: purpose, planet, people and profit. The pillars are aligned to the key areas along our value chain. We have taken a further step to align these pillars with our primary and foundational SDGs. For each pillar, we have set ambitious sustainability targets to take us forward to 2025.

1 PURPOSE

We commit to leading Africa's alcoholic beverage sector by leveraging our brands with purpose, innovating the 'use to reuse' of produce waste and by-products, and meeting the targets outlined by SA Plastics Pact.

Targets to 2025
We will take actions to ensure we embed a purpose-led culture across Distell, underpinned by our commitment to deliver shared value. This includes being a leader in Africa's alcoholic beverage sector by developing 10 brands with purpose.

2 PLANET

Environmental stewardship is key to our ethos and to how we do business. We commit to managing our environmental footprint as an integral part of our business and our licence to thrive.

Targets to 2025
We have set aspirational goals to reduce our use of electricity, water and energy, as well as our greenhouse gas emissions, effluent discharge and waste. Read more about these aspirational goals from page 60.

3 PEOPLE

We commit to ensuring that the communities in which we operate are better off because we are there. Our sustainability purpose also acts as a talent magnet for Distell and supports our Employee Value Proposition.

Targets to 2025
Together with our strategic partners, our aim is to implement and drive key projects that will decrease vehicle accidents attributable to drink driving, decrease the incidence of babies born with FASD and decrease the incidence of gender-based violence.

4 PROFIT

We commit to embedding shared value in our management strategy by identifying business opportunities that also serve as solutions to social problems and, in doing so, achieving economic success.

Targets to 2025
Create 1 000 jobs through our enterprise and supplier development programmes over next five years.

PERFORMANCE AGAINST OUR STRATEGY

Last year, as part of our maturity journey, we tracked our performance against our strategy using the broader SDG targets identified by the United Nations. As we committed to in last year's report, we have now identified specific internal targets for our primary SDGs and one of our foundational SDGs (SDG 5) to help us realise our broader 2025 targets. To support performance against these targets, we will institute a single company-wide STI scorecard that includes non-financial measures based on our selected SDGs.

	Distell target (and alignment with specific SDG targets)	Actions undertaken in 2020
 Supported by SDG 17	Decrease vehicle accidents attributable to drink driving (SDG target 3.6: halve the number of global deaths and injuries from road traffic accidents)	<ul style="list-style-type: none"> Launched our #RespectNotRegret campaign
	Decrease the incidence of babies born with FASD (SDG target 3.5: strengthen prevention and treatment of substance abuse)	<ul style="list-style-type: none"> 180 pregnant women supported through FARR 124 pregnant women supported through FASfacts Over R22 million invested in harm reduction through Aware.org.za
 Supported by SDG 17	Decrease the incidence of gender-based violence through a holistic, targeted, multi-layered and multi-faceted programme with measurable impact (SDG target 5.2: eliminate all forms of violence against all women and girls in the public and private spheres)	<ul style="list-style-type: none"> To support victims of abuse, the #NoExcuse movement introduced a WhatsApp line that provides direct access to police and counselling services. Aware.org.za partnered with the Department of Social Development and the National Association of Child Care Workers to fund child and youth care workers. These workers were deployed in vulnerable communities to provide comprehensive services to families
	Improve water use efficiency (l/l) (SDG target 6.4: increase water use efficiency)	<ul style="list-style-type: none"> We did not reach our stated 2020 target to reduce water usage nor did we reach our target to reduce waste water load discharged. This was due to the reduction in production volume throughput as a result of COVID-19 and due to delays in commissioning the waste water reclamation plants at Springs and Adam Tas.
	Reduce waste water load discharged (gCOD/l) (SDG target 6.3: improve water quality)	
	Increase procurement spend with black-owned and black women-owned businesses as a percentage of total procurement spend (SDG target 8.3: promote development-oriented policies)	<ul style="list-style-type: none"> We achieved an 8% spend increase in black-owned enterprises – this resulted in a 19% increase in B-BBEE (converted) spend. We achieved a 39% spend increase in black women-owned enterprises – this resulted in a 48% increase in B-BBEE (converted) spend
	Create jobs that will support economic growth and community resilience (SDG target 8.2: achieve higher levels of economic activity)	<ul style="list-style-type: none"> We created 367 jobs during the year
	Achieve a verified B-BBEE rating of level 4 (SDG target 8.3: promote development orientated policies)	<ul style="list-style-type: none"> Compounded by the impact of COVID-19, revisions to the B-BBEE codes impacted our previous skills development score. As a result, our B-BBEE score dropped from a level 3 to a level 4.
	Improve electricity efficiency (kWh/l) (SDG target 12.2: achieve the sustainable management and efficient use of natural resources)	<ul style="list-style-type: none"> We did not reach our 2020 reduction target due to reduced production volumes. This was despite increasing the total kWh renewable electricity used and the percentage of renewable electricity usage out of the total electricity usage to 3,6% (2019: 2,5%).

Key: ● Performance on track ● Performance lagging

Supported by our sustainability strategy and driven by our performance targets, our ambition is to:

- redefine the role of alcohol in society;
- implement credible alcohol harm reduction programmes that have far-reaching social impact for society and beneficiaries, supported by partnerships with government;
- build the local economy by identifying, activating and supporting opportunities for small businesses and job creation;
- support aspects of entrepreneurship and empowerment, underpinned by collaboration and new ways of working; and
- become the leading corporate citizen in South Africa for realising the ambitions outlined in the SDGs.

The 10 principles of the UNGC can guide business leaders in how to respond to the pandemic. Our robust crisis plan and response to COVID-19 was initiated on 31 January 2020 and is responsive to the 10 principles.

OUR RESPONSE TO COVID-19

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and **Principle 2:** make sure that they are not complicit in human rights abuses.

Distell's response

- We ensured **company-wide communication** was available online and in print to ensure employees across all functions and occupational levels were reached.
- Communication included **current statistics and information about locally trained COVID-19 ambassadors and clinical services.** It included examples of high-risk situations that employees should avoid in a **professional and personal capacity.**
- We made **hand sanitiser available to government and community partners,** this included providing sanitiser to farm workers on our farms. Sanitiser was also distributed by our impact partners to help those most at risk during the COVID-19 crisis.
- Despite restrictions on movement, **our investment in social compliance continued** in partnership with PROCARE. Read more on page 73.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; **Principle 4:** the elimination of all forms of forced and compulsory labour; **Principle 5:** the effective abolition of child labour; and **Principle 6:** the elimination of discrimination in respect of employment and occupation.

Distell's response

- Employees were enabled to **work from home** and we solicited the **help of the World Health Organisation (WHO)** to develop **COVID-19 risk management protocols for all facilities.** Employees had access to **health facilities and on-site clinics** at manufacturing and distribution sites for support.
- We developed a **toolkit containing all information related to COVID-19.** This toolkit was made available to managers with teams.
- A **dedicated mailbox** was made available for enquiries.
- **Information pamphlets were distributed to every employee** and notices were posted at various employee entry points and sanitary points.
- We **engaged with the various trade unions that represent our employees** to work on safety protocols to mitigate the risk of COVID-19.
- As part of the 'Zero Harm' focus within our SHERQ strategy, we added information to **discourage discrimination related to COVID-19.**

Environment

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

Distell's response

- Despite the impact of South Africa's national lockdown on our financial results, **investment in our environmental response strategy continued.**
- We **promoted video conferencing and video calls** for a long time prior to the COVID-19 crisis.
- We **minimised travel and all unnecessary travel was limited** prior to the crisis and is now prohibited. Travel will continue to be monitored.

Anti-corruption

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

Distell's response

- We **communicated with all stakeholders as a matter of urgency** at the early stages of the COVID-19 pandemic.
- A **crisis team was established and meets daily (via a secure online platform)** to ensure our leadership and employees are kept informed and up to date with the most relevant information.
- **Policies were created specifically for the COVID-19 crisis** and continue to be revised based on business and employee needs.
- We are **working with relevant industry partners and peers** to ensure a **unified response** to the crisis.
- We enhanced our **anti-bribery and corruption policy** to mitigate the risks associated with COVID-19. This was enhanced with awareness training.

The global pandemic of coronavirus disease 2019 (COVID-19) was first reported on 31 December 2019 by the WHO in Wuhan City, China. Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) was confirmed as the causative virus of COVID-19. In March 2020, concerned by the severity of the disease and the alarming rate at which it was spreading, the WHO declared COVID-19 a pandemic. As the pandemic spread, governments took unprecedented measures to limit the spread of the virus, ramping up health systems and restricting the movement of millions.

- On **15 March**, the president of South Africa, Cyril Ramaphosa, declared a national state of disaster.
- On **17 March**, the government established the National Coronavirus Command Council to lead the nation's plan to contain the spread and mitigate the negative impact of the pandemic.
- On **27 March** the country started a phased lockdown, which outlined restrictions on sectors, transport and movement to contain the spread of the virus and save lives, and the sale of alcoholic beverages was halted.

We commend government's swift humanitarian decision to impose a strict lockdown and enable the Department of Health to harness its resources in preparation for the consequences arising from the spread of the pandemic.

However, the total ban placed on the sale of alcohol and e-commerce operations resulted in devastating economic repercussions across the sector as it struggled to survive in the vacuum created during lockdown.

The South African alcohol industry is complex and its value chain wide and deep. It employs almost a million people – from farming communities to tavern owners; from merchandisers to freight and logistics, and more. This is the reason Distell advocates for achieving a balance between economic activities that drive a positive contribution to job creation while confronting the realities of the pandemic.

COVID-19 and, in particular, the South African government's restrictions on the trading of alcoholic beverages, significantly impacted Distell's results for the second half of the financial year. The full impact is unpacked in our integrated report, available online.

In our integrated report we explain how Distell is working to balance the short-term survival of the Group with our medium and long-term goals and stated purpose and values. We also unpack the impact of COVID-19 and the subsequent trade restrictions on our geographic goal to expand in Africa and on our Venture Business.



Notwithstanding the impact of this decision taken on our industry, our position on COVID-19 is clear. This pandemic is one of the greatest challenges faced by South Africa in recent years and calls on business, government and communities to work together to overcome the virus. Our efforts in this regard are outlined in more detail on the following pages of this report.

Throughout the lockdown, we remain determined to play our part and halt the rapid spread of COVID-19. We began producing hand sanitisers and other hygiene products at our production facilities to help curb the spread. We have also taken action at multiple points along our value chain to support our employees, communities and suppliers.

To support our **current suppliers and enterprise and supplier development beneficiaries**, we offered temporary relief by enabling them to **reschedule and/or restructure loan payments**. Our aim was to **shield them from the economic impact of COVID-19** by supporting their cash flows during this crisis.

Read more about our approach to enterprise and supplier development from page 40.

As the largest procurer of grapes for wine we also **honoured a payment plan with our long-term suppliers** in the wine-farming industry. We are proud to say that **we fulfilled all our payment commitments to 58 farm owners from grape growing regions** such as Darling, Stellenbosch, Paarl, Somerset West, Durbanville and Ceres. This was **during a critical time** when the pandemic hit South Africa in the middle of harvest.

Distell's global supply chain is dependent on imports, mostly of apple juice concentrates and flavourings from China. We acted quickly to **prevent a disruption in supply by sourcing local substitutes**. This had a **positive outcome** is that Distell is supporting local suppliers who are also impacted by the economic effects of the pandemic.

We solicited the **help of the WHO** to develop **COVID-19 risk management protocols for all facilities**. These ensured minimum contact through break lines, shift systems and the use of face masks and sanitisers.

Read more about our approach to ensuring the health and safety of our employees from page 80.

A highlight – and testament to Distell's agility – is that we repurposed production facilities to produce **hand sanitisers and supply ethanol** for the use of other hygienic products:

- In **South Africa, 176 000 litres** of sanitiser were allocated to government and non-governmental organisations.
- In **Scotland, 4 000 litres** of hand sanitiser were distributed to care centres, vulnerable homes and community groups.
- In **Kenya, 105 000 litres** of sanitiser were produced for distribution to government.

This initiative **generated R21 million of revenue**. We also sold alcohol and sanitiser to a range of businesses to support their own hygiene practices. We are investigating this as a **sustainable business opportunity** going forward.

"The COVID-19 pandemic highlighted our Brandcrafters' agility when, instead of producing alcohol in the UK, we quickly produced and bottled compliant hand sanitiser to donate and distribute to local vulnerable people in our communities. I was extremely proud to be part of the team who could called these organisations. Hearing the gratitude they had towards Distell was very emotional and I felt incredibly privileged to be part of such a fantastic organisation."

Anne McQueen, Distell communications manager: international

To **enforce positive messaging around COVID-19**, we developed a series of social media campaigns that ran in June 2020. These campaigns **addressed each stage of lockdown and promoted responsible drinking, discouraged drink driving and enforced safety guidelines** such as physical distancing, sanitising and staying home. The campaigns **reached over 1,3 million people** nationwide.

Read more about our approach to responsible marketing on page 38.

Through Aware.org.za, we launched a **national awareness campaign urging consumers to 'Choose Responsibly'** in line with government's nationwide lockdown.

Read more about Aware.org.za's various initiatives and programmes from page 34.

The Distell board, Group CEO and executive committee **donated up to 30% of their salaries**, for three months, to the **Solidarity Fund**. The executive committee further took voluntary salary cuts from April to June. 100% of all other employees **received their full salaries** throughout the various lockdown levels in the reporting period.

We **invested R1,7 million** in IT infrastructure to ensure our employees were enabled to **work from home**. Our employees remained committed to self-development and learning, enabled by our eLearning platform.

32 910	35 000	4 380
Total online training items completed	Total training hours	Total training days

Our **human resource policies and employee support programmes** were improved to include the necessary protocols required to **manage COVID-19**. We further invested **R5,5 million in personal protective equipment and health and safety processes** to ensure our employees were supported by world-class safety practices while at work.

We launched a project to **align our value proposition to a future-fit Distell**. This included a review of our current Employee Value Proposition (EVP) focus areas. The advent of **COVID-19 underlined the importance of continued investment in employee well-being**, and this will remain a key component of our EVP going forward. The pandemic further emphasised the importance of **adapting to new ways of working with agility and speed**.

Read more about what we did for our employees from page 76.

Executive management presented a **detailed COVID-19 risk assessment** to the board at its June 2020 meeting (board meetings were convened on a secure online platform). The board is closely monitoring the impact of the pandemic on Distell through weekly communications with the newly established **COVID-19 management team** and reports from the Group CEO.

We are also proud of how the various initiatives we support along our value chain have shown innovation and ingenuity in the face of adversity – and continued to deliver critical support and services despite many obstacles. Their actions are detailed throughout this report.

It is one of Distell's strategic ambitions to build purpose-led brands: Our brands are supported initiatives to help lighten the load of many South Africans during the pandemic.

Nederburg Wines donated **R100 000** to the Eat Out Restaurant Relief Fund to help restaurants survive trading restrictions and to support community feeding schemes.

Durbanville Hills Wine partnered with SA Harvest and Mould Empower Serve and **adapted their facilities to be a distribution centre for food drives** in Durbanville, Dunoon, Mamre, Bothasig and Tableview, Cape Town.

We made facilities available for **community testing**.

In support of our commitment to government and the SA Liquor Traders Association, we extended safety protocols to retailers and taverners and **supported 34 500 taverns with care packs** that include personal protective equipment, sanitiser, masks and edu-packs.

To support the taverners enrolled in our Taverner Training Programme, we launched a **text-based messaging service**. All manuals and training materials were compressed into simple, short messages that were sent out daily to all taverners. There was a **particular focus on generating content about areas of their business that came under pressure during lockdown**.

Read more about this from page 43.

Aware.org.za partnered with the Department of Social Development and the National Association of Child Care Workers to **fund child and youth care workers** who were deployed in vulnerable communities to provide comprehensive services to families.

In partnership with the Department of the Civilian Secretariat for Police Service, Aware.org.za also **collaborated with policing forums and community safety departments** to issue MeMeZa alarms. These are personal alarms that emit a high-pitched sound when triggered and are linked to a victim's local police station. MeMeZa alarms were issued to women in three provinces across South Africa.

Read more about Aware.org.za's various initiatives and programmes from page 35.



The outbreak of COVID-19 and the subsequent measures to mitigate its impact put a spotlight on the importance of alcohol harm reduction. As a purpose-led company, we encourage the responsible use of our products and strive to create memorable moments and craft a better future through our brands.

Our responsibility to promote responsible drinking starts with our employees and extends into the communities where our products are consumed, and we are focused on combating the social and economic impact of alcohol abuse. We unpack our response in more detail in our Group CEO's report on page 8.



We are committed to **promoting healthy lives and the well-being** of our employees, communities and consumers. This includes taking bold action to **reduce the harm that alcohol abuse** can have on individuals, their families and communities.



Girls and women everywhere must have **equal rights and opportunities**, and be able to live free of violence and discrimination. **Promoting women empowerment and eliminating gender-based violence** is therefore a key focus that informs our approach to harm reduction.



Our goals and ambitions can only be achieved through **strong partnership and collaboration**, as alcohol abuse and its associated harms, such as drink driving and gender-based violence, are **complex social and public health issues**. We are therefore focused on collaborating with our **industry, government and Aware.org.za** to deliver on our ambitions.

We acted quickly to get **emergency supplies distributed to the environmental assistants (EAs) and recyclable waste buy-back centres (BBCs)** who form part of GreenUP, our flagship recycling programme. We collaborated with several organisations, including Rise Against Hunger, Mpack Recycling, and RecyclePaperZA, to provide **food parcels, hand sanitiser and face masks** to EAs and BBCs within the Western Cape.

Read more about this on page 70.



Our ultimate ambition is to find business-led solutions that are responsive to the needs of our employees, communities, markets and consumers.

PROMOTING RESPONSIBLE DRINKING

Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development. At Distell, we recognise our responsibility to reduce alcohol-abuse-related harm. Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDG 3.

We indirectly contribute to SDGs 5, 8 and 17.



As part of our ambition to create memorable moments and craft a better future for all our stakeholders, we promote responsible consumption of our products. Our responsibility to promote responsible drinking extends into the communities where our products are consumed, and we are focused on combating the social and economic impact of alcohol abuse. We invest in harm reduction initiatives (including responsible advertising) and ensure that we expand our portfolio to offer consumers greater choice.

CONTRIBUTING TO HARM REDUCTION

Alcohol can form part of a balanced lifestyle when consumed responsibly. However, maintaining this balance, including choosing to drink or not to drink, can be challenging for some consumers. Alcohol abuse results in health and behavioural risks that put significant strain on individuals and their families and can disrupt communities.

As a key player in the alcoholic beverages industry, we understand our responsibility to be part of the solution and reduce the harmful impact that alcohol abuse can have on health and well-being. We are a proud member of Aware.org.za. In addition, we have developed transformational partnerships with FASfacts and FARR. Through these partnerships we focus on empowering women in the communities in which we operate by applying theories of change and equipping them with the knowledge and skills they need to improve their lives and the lives of their children. This supports our broader transformation agenda as well as our contribution to the SDGs.

As expanded on in our Group CEO's report, we are implementing a targeted COVID-19 Alcohol Responsibility Strategy that looks at opportunities where we can make an immediate impact in reducing harm linked to alcohol. Most of our efforts will be focused on driving meaningful change through the introduction of further alcohol harm reduction initiatives. These are above and beyond the ones that we already do to help address the major social challenges we face in South Africa. Read more in our Group CEO's report on page 8.

Our partnership with Aware.org.za

Established in 1989, Aware.org.za acts as the alcohol industry's response to concerns regarding the problems caused by alcohol misuse and abuse. Distell has been a member of Aware.org.za since its inception in November 2017 (and previously known as ARA of which Distell was also a member) and Wim Bührmann (managing director: southern Africa) sits on the board. In addition to Distell, members of Aware.org.za include various alcoholic beverage manufacturers in South Africa as well as 2 500 primary wine producers. More information about Aware.org.za is available on their website: aware.org.za.

Aware.org.za focuses on key areas to put an end to alcohol abuse and misuse in South Africa. We invested R22 million in Aware.org.za in 2020. In 2021, we will continue to work alongside Aware.org.za and provide meaningful support and investment.

"Since its inception, Aware.org.za has promoted responsible alcohol consumption. Importantly, I believe that we are well placed to rewrite the narrative of alcohol abuse in South Africa. However, this is not something that we can do as an industry alone. Alcohol abuse and the behavioural challenges associated with it, such as gender-based violence, are multi-faceted rather than single-source problems. To achieve deep and sustainable change, all stakeholders must play their part. This requires stronger collaboration between the alcohol industry, government and other important stakeholders, as well as nationwide efforts to raise the level of consciousness among South Africans about what is right and wrong. Looking forward, Aware.org.za will look to facilitate this collaboration through events such as industry summits that bring relevant parties together to find ways to disrupt the current trends and turn the tide on alcohol abuse and misuse."


Ingrid Louw, CEO of Aware.org.za

"Distell is firmly committed to reducing alcohol harm and through our various partnerships and interventions we are cultivating a culture of responsible drinking. It was a proud moment to represent Distell and be part of the Aware.org.za Code of Communication launch. The Code signifies industry's commitment to self-regulate and adhere to a set of principles when communicating, advertising and promoting alcohol products. During COVID-19 we stepped-up our alcohol harm reduction approach and implemented interventions to address responsible trading, COVID-19 sensitive advertising and an integrated harm reduction strategy. Distell will continue to focus on driving behavioural changes in our interventions that will reduce alcohol abuse."

Jolene Henn, head of Corporate Affairs Southern Africa




Aware.org.za's programmes across South Africa in 2020

 **A better tomorrow starts today**


Underage drinking (drinking alcohol when under the age of 18) is a challenge in South Africa and can lead to poor decision-making that increases the risk of physical and social harm. To tackle this problem, Aware.org.za developed a multi-pronged programme called 'It Starts Today'. This programme includes the distribution of specially developed material to schools, allied with workshops and online support for teachers. Ultimately, 'It Starts Today' aims to help South Africa's youth imagine – and then attain – a better tomorrow by changing their perceptions about underage drinking and educating them on the harm associated with alcohol abuse.

Over the past 12 months, the 'It Starts Today' programme was rolled out across the Botshabelo, Mangaung Metro, Bushbuckridge, Zwelitsha and Peddie communities in the Free State, Mpumalanga and Eastern Cape and reached 13 134 learners in 24 schools.

 **Know when you are drinking too much**


Aware.org.za is focused on enabling a culture of moderation and responsible alcohol consumption. This includes making people aware of the dangers of binge drinking – a term used to describe an excessive amount of alcohol consumed by an individual in a short period of time.

In partnership with the Vinpro Foundation, Aware.org.za developed and piloted a tailor-made intervention programme to promote responsible alcohol consumption among wine farm workers in the Western Cape.

 **Don't drink and drive**


Drink driving remains one of the biggest threats to road safety in South Africa. Aware.org.za encourages responsible consumption. This includes creating awareness about the dangers of drinking and walking in the road and understanding the rules for legal alcohol consumption in South Africa when driving (a blood alcohol limit of 0,05 g per 100 ml).

In partnership with the National Institute for Crime Prevention and Rehabilitation of Offenders, Aware.org.za rolled out the Road Offences Panel Programme. The programme targets road offenders and creates awareness of the dangers and consequences of driving under the influence, as well as reckless and negligent driving. The programme was rolled out in Eastern Cape, Free State, KwaZulu-Natal, Western Cape, Limpopo, Mpumalanga and North West and reached a total of 2 605 road offenders.

 **Safe, sensible and responsible drinking and retailing**

This includes collaborating with liquor traders to ensure that communities have access to well-kept, safe public spaces and alcohol retail outlets. To achieve this goal, Aware.org.za is collaborating with various strategic partners to roll out its Responsible Traders Facilitation (RTF) Programme in four provinces across South Africa. These include Mpumalanga, Free State, Eastern Cape and Gauteng.

About 720 tavern owners around these provinces benefited from Aware.org.za's RTF Programme. Importantly, these beneficiaries were equipped with an understanding of the implications of applicable liquor laws on their businesses and were provided with mentorship. Ultimately, the RTF Programme aims to foster positive relationships between retailers and the communities they serve.

 **Their tomorrow starts when you don't drink**

Foetal alcohol spectrum disorder (FASD) can occur when a woman consumes alcohol during pregnancy. Alcohol use during pregnancy can be a leading cause of preventable birth defects and developmental disabilities in children worldwide. Aware.org.za is committed to creating awareness of FASD through a variety of programmes and campaigns that target at-risk youth and adults.

Currently, Aware.org.za has several FASD programmes in place across the Western Cape and Eastern Cape. These comprehensive programmes include extensive research, community awareness and capacity development as well as prevention programmes.

Responding to COVID-19

In addition to its existing programmes that were rolled out across the country, Aware.org.za launched COVID-19-specific initiatives:

Encouraging consumers to make responsible decisions
Aware.org.za launched a national awareness campaign urging consumers to 'Choose Responsibly' in line with government's nationwide lockdown.

Encouraging social distancing in 35 400 of South Africa's taverns

All major taverns in South Africa received **COVID-19 safety packs** that include sanitiser, face masks, protective screens for bar areas as well as posters detailing preventative measures that can be displayed around taverns.

All major taverns in South Africa received **COVID-19-specific educational material** that focuses on:

- Legal compliance to COVID-19 trading regulations
- Health and safety protocols related to COVID-19
- Practical guidelines on how to lay out outlets to enable social distancing

Gender-based violence is a wide spread problem in South Africa. Through Aware.org.za, the alcohol industry undertook the following initiatives:

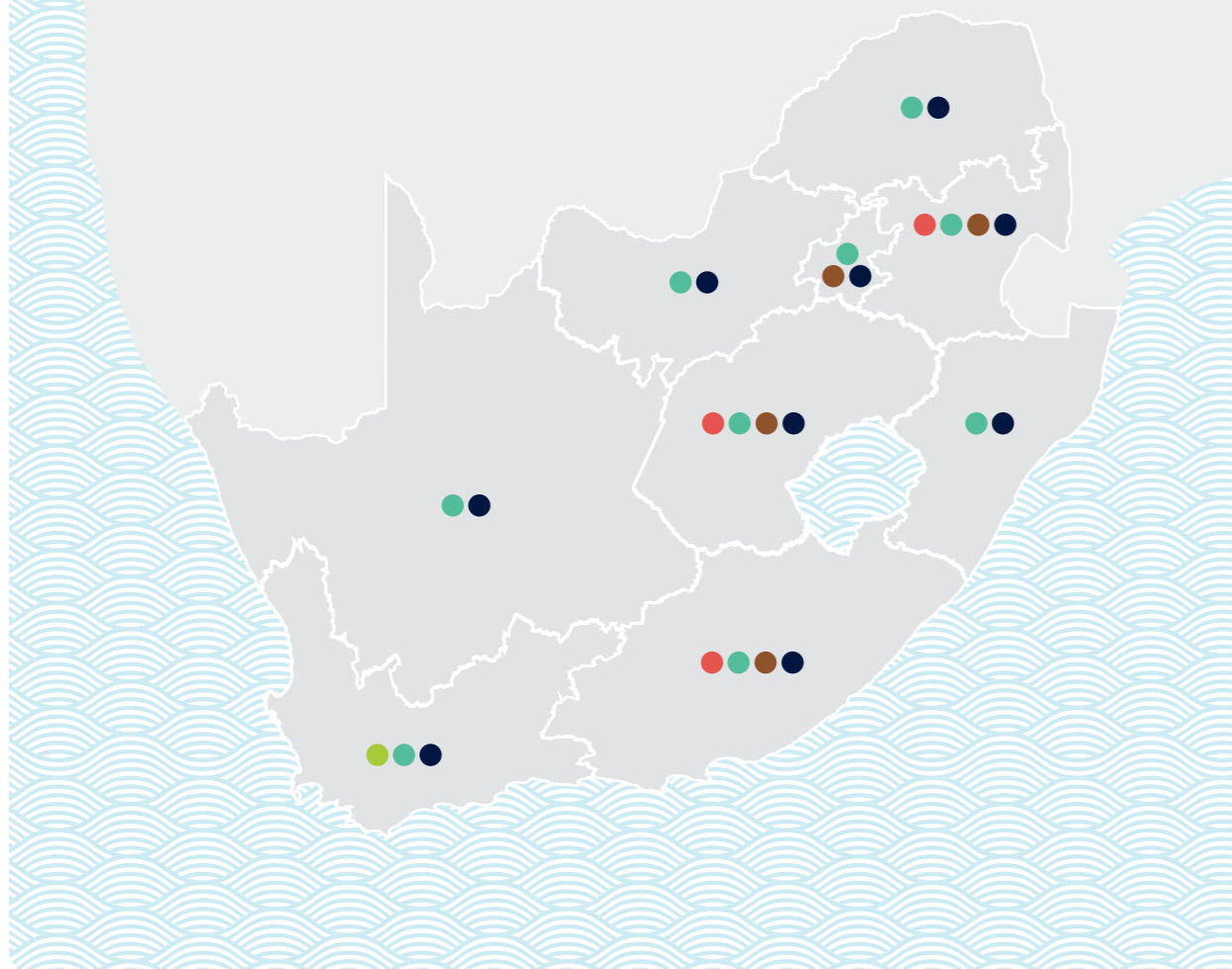
To support victims of abuse, the #NoExcuse movement introduced a WhatsApp line that provides direct access to police and counselling services.

Aware.org.za partnered with the Department of Social Development and the National Association of Child Care Workers to fund child and youth care workers. These workers were deployed in vulnerable communities to provide comprehensive services to families. These services include:

- Education and awareness on COVID-19
- Identification of alcohol and substance abuse and provision of support and referrals
- Identification of child protection matters and gender-based violence
- Distribution of food and access to food vouchers
- Support on how to access social grants
- Psychosocial support

In partnership with the Department of the Civilian Secretariat for Police Service, Aware.org.za collaborated with policing forums and community safety departments to issue MeMeZa alarms. These are personal alarms that emit a high-pitched sound when triggered and are linked to a victim's local police station. MeMeZa alarms were issued to women in three provinces across South Africa. Aware.org.za plans to continue this into 2021 and is in discussion with United Nations Women to expand the reach and impact of this initiative.

Leveraging the support and investment of its members, Aware.org.za implements a range of different programmes and initiatives across South Africa each year. Here we provide details on just some of the projects undertaken by the organisation in 2020 across each of its focus areas.



Aware.org.za's programme footprint as at February 2020.

Support provided during the year includes:

Training sessions for pregnant women and mentors

Psychosocial counselling sessions for mentors to help them better support pregnant women

Counselling and motivational sessions for pregnant women and their families

Responding to COVID-19
 While under lockdown, FASfacts was unable to roll out the PWMP's usual services, for example, training could not be undertaken as public gatherings were prohibited. Due to restrictions on movement and physical contact, mentors and community workers were also prevented from visiting pregnant women and conducting face-to-face counselling. Despite these restrictions, FASfacts' employees continued to work from home and made alternative resources available to facilitate service delivery. Services such as support, counselling, mentorship and training were delivered by means of a text-based service as well as through phone calls or via video conferencing. To provide an effective and efficient technology-based service, FASfacts ensured all employees were equipped with laptops, airtime, data and Wi-Fi access. Airtime and data were especially important to mentors to ensure that they could communicate with the women enrolled in the programme and deliver critical services during this difficult time.

Established in 2002, FASfacts is a non-profit organisation that works with at-risk communities to create awareness about the dangers of drinking alcohol during pregnancy. We have supported FASfacts' Pregnant Women Mentoring Programme (PWMP) since 2012.

1 028 pregnant women have benefited from the PWMP and 316 mentors have been enrolled in the PWMP in the Western Cape.

The PWMP is managed by community workers and run in partnership with community members in Worcester, Western Cape. The programme offers support, counselling and mentorship to expectant mothers, as well as training on how to make positive choices during pregnancy. Expectant fathers are also included, thereby encouraging both parents to take responsibility for the future of their unborn child. The benefits of this programme are wide reaching. For example, many beneficiaries break the cycle of substance abuse and return to school to complete their education or enrol in learnerships after completing the programme.

12 new mentors were trained to provide support to pregnant women in Worcester, bringing the total number of mentors in this region to 40. These mentors successfully supported 124 pregnant women during the year. In addition to women reached through the PWMP, community workers also ran a series of awareness campaigns and information sessions that reached 252 members of the public in Worcester, Western Cape.

Collaborating with FASfacts in the Eastern Cape

We were approached by the Eastern Cape Liquor Board for input on how to manage and reduce the socio-economic effects of excessive alcohol consumption in the province.

Owing to the success of the PWMP in the Western Cape, we entered into a strategic partnership with FASfacts, the Eastern Cape Liquor Board and Rhodes University to roll out the programme in the Mdantsane and Gonubie areas in East London. Rhodes University was selected as a research partner to ensure that the PWMP is implemented effectively and targets pregnant women most at risk. The PWMP was launched in Mdantsane in January 2018.

To strengthen the reach and impact of the PWMP, FASfacts has an office manager and two full-time community workers in Worcester as well as a full-time community worker in Mdantsane. The community workers contribute significantly to the success of the PWMP as they provide a critical link between the mentors, pregnant women and social workers involved in the project.

"We believe that the PWMP is an innovative and much needed intervention. The upskilling of local community members to be trainers and mentors not only harnesses the resources of local communities but also ensures that the knowledge stays within the targeted community. This encourages bottom-up growth in community awareness about FASD. Furthermore, making mentors available to pregnant women who consume alcohol also provides these women with much needed support and assistance."

Feedback received from the Critical Studies in Sexualities and Reproduction research programme, Rhodes University

"Pregnancy care, and particularly the reduction or abstinence of prenatal exposure to alcohol in expectant mothers, is vital to ensure healthy foetal development. To support our vision of children being born without FAS and FASD, we have been at the forefront of prevention, education, and intervention campaigns in our most vulnerable communities since 2002. Distell shares this social consciousness by investing in initiatives linked to the prevention of alcohol abuse-related harm, and has been a valued partner of FASfacts for over ten years."

Francois Grobbelaar, CEO of FASfacts



During the year, FASfacts also reached 1 345 members of the public through educational talks that created awareness about foetal alcohol syndrome (FAS) and how to prevent it. These talks were presented at health facilities, community centres and schools in the East London area.

FARR focuses on the prevention and management of FASD



Between April 2019 and March 2020, 180 women were recruited to the HMHB Programme. The programme indirectly benefited 900 other people within the targeted communities.

Responding to COVID-19
 While under lockdown, FARR's community workers were unable to visit the pregnant women under their care. However, they ensured that all beneficiaries had access to emergency numbers and essential support material during this difficult time. FARR also invested in in-service training for community workers and project co-ordinators. Importantly, FARR provided support to government and assisted with COVID-19 response programmes in regions where FARR has offices.

FARR is one of South Africa's leading organisations driving research on FASD and has implemented nationally acclaimed prevention, support, management and training programmes across South Africa. During the year, we funded FARR's Healthy Mother Healthy Baby (HMHB) Programme as well as a FASD Awareness Programme that included health promotions and community awareness events.

FARR's Healthy Mother Healthy Baby Programme

The HMHB Programme supports pregnant women in vulnerable communities around Upington, Northern Cape, irrespective of whether they use alcohol or not. The programme provides motivational group support, home visits and a buddy system to help expectant mothers avoid prenatal alcohol abuse, entrench harm reduction thinking and enjoy healthy pregnancies and babies. This includes providing expectant mothers with additional mentoring related to general health, well-being and nutrition as well as psychosocial support.

FARR's FASD Awareness Programme

Leveraging the internationally accredited Institute of Medicine Framework, FARR rolled out a series of evidence-based activities in collaboration with the Departments of Health and Social Development. The programme aimed to raise awareness of FASD and foster a sense of accountability among women of childbearing age and their families in high-risk communities in and around Upington.

We also provided the funding for this programme, which was used to:

- **Create community awareness** through workshops and a series of talks that reached a combined total of 1 463 participants
- **Host health promotion events** that reached a combined total of 626 participants

"FARR is immensely grateful for Distell's funding since 2016. This funding enables FARR to render a sustainable and high-quality awareness, prevention, support and capacity development project to communities in and around Upington. Restricted by limited access to resources and high levels of poverty, community members are often left in desperate need of psychosocial and health support services. The government cannot fulfil all these demands on its own. However, with the support of organisations such as FARR, and the funding provided by corporates and the private sector, we can collectively increase and improve on service delivery to at-risk communities. Through public-private-civil society partnerships like the one we have with Distell, we bring essential healthcare and support to those who would not have otherwise received it."

Dr Leana Olivier, CEO of FARR

OFFERING OUR CONSUMERS MORE CHOICE

While there is an increasing call from consumption-focused consumers for premium non-alcoholic and low-alcohol experiences, they still desire the same depth of flavour and sense of occasion associated with alcoholic drinks. Our current portfolio of non-alcoholic and low-alcohol brands continues to expand:

In South Africa, we are growing and building on our existing low-alcohol and non-alcoholic portfolio (Drostdy-Hof Extra Light, J.C. Le Roux Non-alcoholic, and Savanna Light) with additional new offerings such as Savanna Lemon (non-alcoholic cider) and Hunters (non-alcoholic cider). 4th Street (our largest wine and also South Africa's largest wine) is a naturally lower-alcohol wine at 8% alcohol by volume.

- In Africa:
- Chamdor Sparkling Red
 - Chamdor Sparkling White

We continue to innovate by growing our offering and providing our consumers with an expanded selection of non-alcoholic and low-alcohol products. This supports our ambition to combat alcohol abuse and inspire responsible enjoyment.

MAKING SURE WE ADVERTISE RESPONSIBLY

We use our marketing expertise to encourage consumption with care and deliver high-impact campaigns that will positively impact consumer behaviour. We also comply with the principles set out in the Aware.org Code of Communication regarding responsible advertising and communication.

Developing and distributing marketing content responsibly

Our Marketing Ethics and Brand Communication Policy guides our approach to developing and distributing ethical and responsible content when marketing and promoting alcoholic beverages to consumers. This includes, for example, marketing moderate drinking as a relaxed, sociable and enjoyable part of life in safe and appropriate circumstances. We use clear, factual and neutral information about the alcohol content of our brands, and we communicate the dangers associated with alcohol abuse and drinking and driving through health warnings on our product labels. This policy includes an internal review and approval process to ensure compliance, as well as strict regulation of all marketing that uses digital and social media platforms.

Many of our employees are exposed to alcohol in the workplace. To encourage responsible behaviour within Distell, employee conduct is guided by a strict company-wide alcohol policy that is based on leading practice within our industry.

Marketing activities undertaken in 2020

We launched our #RespectNotRegret campaign in December 2019. This campaign encouraged responsible alcohol consumption among consumers by reminding them that no matter what they choose to drink, they must know when they have had enough. #RespectNotRegret reflects our ongoing efforts to create awareness about the dangers of alcohol abuse and was advertised via social media, reaching over 2 million people nationwide.

Responding to COVID-19
 To support government and encourage the public to stay safe, we combined industry and company marketing expertise and resources to enforce positive messaging around COVID-19. We developed a series of social media campaigns that ran in June 2020. These campaigns addressed each stage of lockdown and promoted responsible drinking, discouraged drinking and driving and enforced safety guidelines such as physical distancing, sanitising and staying home. The campaigns reached over 1,2 million people nationwide.

COMBATING TRADE IN ILLICIT ALCOHOL
 Illegal alcohol products pose a serious risk to the health and safety of individuals as they contain potentially dangerous substances.

Global market research company, Euromonitor International, undertook a study to determine the impact of the illicit trade of alcohol in 24 countries, including South Africa. The study, released in 2018, concluded that one in four bottles of alcohol consumed globally are illicit, representing 25,8% of the market. In addition, it found that the South African economy suffered a fiscal loss of R6,4 billion in 2017 due to illicit alcohol activities.

Economic loss due to the illicit trade in alcohol was exacerbated by trade restrictions in response to COVID-19, since demand remained the same but supply shifted to illicit trade. Police reported an increase in contraband being smuggled into South Africa from its neighbours and a spate of burglaries of stores stocking alcohol. Responsible trading by registered traders, bound by laws and regulations, is preferable to illicit trade, which does not comply with industry guidelines and promotes irresponsible consumption.

Partnerships with governments in all our key markets are vital to address challenges linked to alcohol abuse and its impact on the health sector and to combat illicit trade. Through industry bodies like the CGCSA and the South African Liquor Brand Owners Association in South Africa, we play an important role in managing and coordinating industry initiatives to prevent the illicit trade in alcohol.

As a patron of the arts, we run various initiatives for our people to build internal brand advocacy and strengthen employee engagement. This year, we ran a photography competition. Each photo was accompanied by a short caption explaining how our purpose is reflected in the image. Congratulations to Erwan Nzomo from Kenya whose captivating image won the grand prize!



"Every dark cloud has a silver lining. In this time of a pandemic, taking some time to ourselves might be a good thing. Fresh air, a bottle of wine and solitude."

Erwan Nzomo, network security administrator at KWAL



"Savoured this Nederburg The Winemasters Sauvignon Blanc to celebrate our first anniversary on lockdown day 34!"

Marvin Naidoo, electronic technician at Libertas Vineyards and Estates



"Can't get any cooler!"

Joel Mathope, ICT business systems analyst at Distell Corporate



"Be as bold as a cold Hunter's on a hot summer's day."

Arthur-John Jacobs, Goudini, Distell Supply Chain



"Bubble up with Pongrácz!"

Nolwazi Mtethandaba, admin co-ordinator (Mthatha) at Distell Southern Africa

A lack of decent work opportunities erodes the basic social contract underlying democratic societies: that all must share in progress. Sustainable economic growth therefore requires quality jobs and decent working conditions that stimulate the economy while not harming the environment. At Distell, we focus on inclusion and economic growth along our value chain to reduce poverty and inequality (including gender inequality).

Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDGs 5 and 8.

We indirectly contribute to SDGs 1 and 17.



This focus area aligns with the 'purpose' and 'profit' pillars of our sustainability strategy.

PROMOTING GENDER EQUALITY MEANS BETTER BUSINESS AND STRONGER COMMUNITIES

We used the WEP Gender Gap Analysis Tool in November 2018 to assess gender equality within our business. Developed in consultation with more than 170 companies, this online tool uses a global framework and helps companies identify strengths, gaps, and opportunities to improve their gender equality performance.

We achieved a score of 30% (against a global average of 26,6%) and the ranking of 'Improver'. This means that we understand the importance of gender equality but are still working on a strategic approach to implement our commitment and measure and report on progress. This includes taking steps to contextualise and localise the suggested management practices for the business units across our value chain to ensure that our approach is aligned with global better practice.

As reported last year, our efforts in this regard now fall under the Distell Gender Inclusivity Flagship Programme. This programme not only frames our conversation around diversity and the importance of inclusivity but also guides our approach to ensure projects along our value chain are relevant for women and viable for business.

The Distell Gender Inclusivity Flagship Programme looks at the four dimensions of the WEPs: leadership, workplace, marketplace and community. We undertook various initiatives under each dimension during the year.

<p>Leadership</p>	<p>We joined the 30% Club Southern Africa</p> <p>The 30% Club comprises an international group of chairpersons, CEOs and senior partners of organisations that are committed to bringing more women onto boards of directors. The 30% Club's efforts are premised on empirical evidence that diverse leadership results in company success. Globally, and in southern Africa, the 30% Club runs advocacy, coaching and other initiatives aimed at broadening the pipeline of women at senior executive and board level.</p> <p>We hosted two LeadersWalk events</p> <p>The LeadersWalk is an initiative started by Business Engage, a South African-based organisation that leads strategic thinking on how to mainstream gender equality within companies. The aim of the LeadersWalk is to nurture the development of aspiring leaders and help them unlock their future potential. This is done during interactive networking sessions that encourage meaningful engagement and dialogue. We hosted two LeadersWalk events during the year.</p> <p>Other steps taken during the year</p> <ul style="list-style-type: none"> • Our Group CEO signed a statement of commitment • Our executive management team showed their support through one-on-ones with high-potential women employees and by appointing an executive management team sponsor
<p>Workplace</p>	<p>We are taking steps to accelerate the role of women in the workplace</p> <p>Achieving gender equality is important to us and we are aware of Distell's current representation disparity. Over the past 12 months, we made great strides to bridge the gap between male and female employees:</p> <ul style="list-style-type: none"> • 39% of appointments and 49% of promotions went to women • We continue to work towards a 50% gender representation across all management occupational levels <p>Read more about this from page 82.</p> <p>Other steps taken during the year</p> <ul style="list-style-type: none"> • Our strong gender inclusivity focus is supported by our dedicated HR team • We undertook workshops to understand challenges and barriers
<p>Marketplace</p>	<p>We are taking steps to increase the participation of women-owned businesses within our supply chain</p> <p>In recent years we have taken big steps to transform our supply chain by adopting an innovative approach to enterprise and supplier development. One of the key objectives underpinning this approach is the incubation of black women-owned business. Through a focused approach to preferential procurement, we are also increasing our spend on black women-owned enterprises. Read more about this from page 50.</p> <p>During the year we engaged with women-owned businesses within our supply chain. These businesses were invited to attend an International Women's Day event that was hosted at Nederburg Wines. Aimed at female entrepreneurs, innovators and community builders, the event included motivational talks and panel discussions that featured trendsetters in the fields of business, media, fashion and philanthropy. Representatives from Distell invited eight women-owned businesses to this event and engaged with them about opportunities along our value chain as well as barriers to entry and how these can be overcome.</p>
<p>Community</p>	<p>We have various transformational community partnerships in place that focus on the empowerment of women</p> <p>These are featured throughout this report and include partnerships with FASfacts and FARR (page 36), our Taverner Training Programme (page 43) as well as the collaboration between Drostdy-Hof and the Pinotage Youth Development Academy (page 51). Through these partnerships we focus on empowering women in the communities in which we operate by equipping them with the knowledge and skills to improve their lives.</p> <p>Through our sponsorship of PROCARE we supported a Women's Day celebration</p> <p>PROCARE hosted a Women's Day event in August to celebrate Women's Month. The event was attended by 32 female employees from six of Distell's farms. During the event, a PROCARE social worker spoke to the attendees about the various important roles they play at home, at work and in greater society.</p>



While progress was made per dimension during the year, there is work to be done:

<p>Leadership</p>	<p>We will look to elevate our gender inclusive agenda and integrate it as part of our culture change journey. This includes identifying qualitative measures to support our executive management team journey. This includes identifying targets for representation of women on our board.</p>
<p>Workplace</p>	<p>We will develop toolkits to monitor and measure progress and leverage existing women leaders within our business to champion this journey. We will also integrate gender equality into our Employee Value Proposition.</p> <p>We will develop gender targets per business unit and region and continue to engage across Distell's workplace to ensure we understand the needs of women employees.</p>
<p>Marketplace</p>	<p>We are committed to assessing the enterprise and development needs of women-owned businesses. This includes partnering with stakeholders to develop policies that promote gender equality and reviewing existing programmes to ensure they include a gender lens and are aligned to best practice. We will also ensure progress is measured.</p>
<p>Community</p>	<p>We will look for ways to further assist and facilitate economic access for women in the communities in which we operate. This will be achieved by developing women-focused entrepreneurship interventions and reviewing our social wellness programmes to align with socio-economic requirements.</p>

ACHIEVING TRANSFORMATION

Transformation is integrated into every aspect of our business. In action, this means accepting differences, recognising the value of diversity and accelerating lasting socio-economic growth in the key markets in which we operate. In addition, transformation stretches across our full value and supply chain – from agriculture to procurement, B-BBEE, local economic development, as well as our employees and brands, underpinned by a strong focus on gender equality and promoting the full participation of women in the economy.

DELIVERING ON OUR B-BBEE COMMITMENT

Guided by our integrated B-BBEE strategy, we continue to develop and entrench business processes that support transformation.

In recent years, Distell has taken a focused approach to B-BBEE and its related elements. A concerted effort has been made to ensure integration of projects across the scorecard for maximum impact. Business functions have taken ownership of the work in their area of responsibility. This has resulted in many initiatives not only meeting B-BBEE requirements but also having real social benefit.

Another outcome of these efforts was attaining a level 3 on our B-BBEE scorecard in 2019, an improvement from our previous level 4 in 2018 and our level 8 in 2015.

However, the B-BBEE codes were revised during the year, with changes particularly impacting the skills development element. Compounded by the impact of COVID-19, which prevented planned training from taking place, these changes substantially decreased our previous skills development score. As a result, our B-BBEE score dropped from a level 3 in 2019 to a level 4.

Looking forward, we plan to relook our current B-BBEE strategy to ensure we implement the right course of action to maintain level 4, based on the current B-BBEE codes.

The below provides an outline of our performance against the various elements of the B-BBEE scorecard. We have indicated areas where we are satisfied with our performance and those where we need to do better.

	Maximum points available	Distell's verified score for FY2019	Distell's verified score for FY2020 ¹	
Equity ownership	25	25	22,05	The Distell Development Trust contributes to our B-BBEE ownership. Read more from page 84.
Management control	19	6,40	3,39 + 3,69 = 7,08	We understand the importance of and support inclusive transformation to realise South Africa's full potential. Our revised National Employment Equity Plan 2020 – 2024 sets key workforce transformation milestones. Read more from page 82.
Skills development	20 + 5 bonus = 25	17,95 + 3,88 bonus = 21,83	13,04	We have a range of skills development programmes in place to support and develop our employees. Read more from page 79.
Preferential procurement	25 + 2 bonus = 27	14,49 + 1,50 bonus = 15,99	19,04	Distell's inclusive purchasing strategy grows our preferential procurement pool and creates market accessibility. This is particularly important for small- and medium-sized black-owned and black women-owned businesses. Read more from page 50.
Enterprise and supplier development	15 + 2 bonus = 17	15 + 2 bonus = 17	6 + 11 = 17	Where market access has been created but capacity is still required to meet the market need, our enterprise and supplier development strategy facilitates business development and incubation. Read more from page 44.
Socio-economic development	5	5	5	We create value for the communities in which we operate by leveraging strategic partnerships across South Africa. Read more from page 52.
Total	109 + 9 bonus = 118	83,84 + 7,38 bonus = 91,22	83,21	Level 4 contributor

¹ Our B-BBEE Scorecard Certificate was issued on 25 September 2020 for the 2020 Financial Year. This scorecard is valid until 24 September 2021.

Key: ● Performance on track ● Performance lagging

A significant step planned for 2021 is to map the various elements of the B-BBEE scorecard to our priority SDGs. Through a focus on our four primary SDGs, we believe we can positively impact:

- Our industry (SDG 3)
- Our value chain (SDG 6)
- Our continent (SDG 8)
- The manufacturing sector (SDG 12)

We will also include a comprehensive and integrated approach to support our foundational SDGs:

- We will drive gender equality and empower women (SDG 5)
- We will collaborate to create value through public and private partnerships (SDG 17)

This demonstrates our commitment to contribute to the world's sustainable development challenges through business-led solutions that move beyond compliance and are responsive to the needs of markets, communities and consumers, locally and around the world.

Together we prosper: Our Taverner Training Programme



Of the 106 Tavern owners who participated in this programme in 2020, 96 were women.

"The Distell Taverner Training Programme offers courses to enhance retailer's business management skills. The courses are tailored for the main retail trading environment, with specific focus on issues that confront taverners daily. Besides providing solutions to everyday operational challenges, the programme also provides knowledge on how their suppliers – in this case Distell – can provide key marketing tools to grow their business and profits while operating in a responsible manner in a way that enhances community leadership. We were forced to halt the programme in March due to COVID-19. However, we identified the opportunity to engage with the taverners on a digital platform that enabled two-way communication. This enabled Distell to support the taverners during a very difficult period and contribute to their welfare and the long-term sustainability of their businesses. The content we shared on this platform was designed to reinforce the training and included elements on gender inclusivity and gender-based violence as well as ways to access the COVID-19 Solidarity Fund for small, medium and micro enterprises."

Eddie Morris, CEO: Universal E.M. Solutions

Distell's Taverner Training Programme is designed to empower taverners with basic business and in-trade execution skills to grow their businesses sustainably. The programme was launched in 2019 and advances collaboration from the boardroom to the taverns along our value chain.

The programme focuses on women-owned taverns and counter service outlet owners, offering them various courses on common retail issues and operational challenges as well as opportunities. It also provides insight into how they can utilise marketing tools to grow their business and execute in ways that excite consumers. The module touching on responsible retailing empowers and encourages tavern owners to operate in a socially responsible manner within communities.

The programme was a first for Distell and, following its success in 2019, a national roll-out was commissioned for 2020. Progress was positive; five training sessions were held between February and March 2020, reaching 106 taverners. The programme also delivered on its primary objective to empower female taverners, with 91% of attendees being women.

Responding to COVID-19

The programme is typically run over two days and consists of interactive training and development. However, with the national lockdown coming into effect in March 2020, we needed to adapt the programme to overcome the challenges of COVID-19.

As most taverners do not have access to online learning platforms, we launched a text-based messaging service. This service included all taverners trained in 2019 as well as those recruited in 2020. To ensure these taverners received the full value of the programme, all manuals and training materials were compressed into simple, short messages that were sent out daily to all taverners via the text-based messaging service. There was a particular focus on generating content about areas of their business that came under pressure during lockdown. This included, for example, messaging about stock taking and how to secure funding from government, as the taverners could not trade or generate an income.

Importantly, the text-based messaging service allowed taverners to respond and engage with Distell directly. This enabled us to respond quickly to areas of concern, provide relevant support and information and stay connected with the tavern owners despite restrictions on movement and trade.

LEADING THE WAY WITH AN INNOVATIVE APPROACH TO ENTERPRISE AND SUPPLIER DEVELOPMENT

The past year proved extremely tough for our suppliers and enterprise and supplier development beneficiaries. Challenging market conditions resulted in many companies downscaling their operations, leading to worker retrenchments and/or short-timing of their workforces. This was made worse by the impact of the COVID-19 and the national lockdown.

Distell used its purchasing power and networks to support its growing pool of black-owned suppliers and enterprise and supplier development beneficiaries. This support has flowed mainly through our E+Scalator and Agri+Gator programmes, which entailed the provision of financial and non-financial support.

Support interventions called for strong collaboration to seek innovative and sustainable means of easing financial pressure. This included, for example, leveraging our network of sister companies within the Remgro Group, as well as partners such as Pick n Pay and Tiger Brands.

We see collaboration as a tool we can use to increase business prospects for our programme beneficiaries and potential suppliers. We took steps during the year to strengthen internal collaboration by developing an enterprise and supplier development forum. The mandate of this forum is to support the transformation of our supply chain and ensure it reflects our business priorities and South Africa's transformation agenda. This will be achieved by bringing together individuals from business units across Distell that are involved in procurement. Together, these representatives will identify and act on opportunities to partner with suppliers and enterprises that fit the profile of businesses we want to support. This includes, for example, black-owned and black women-owned businesses.

In South Africa, entrepreneurship and the growth of small- and medium-sized enterprises (SMEs) are widely recognised as critical to achieve inclusive economic growth and development and stimulate job creation. We will therefore continue to work hard to transform our supply chain and contribute to meaningful development that supports a more equitable and sustainable society.

We are doing this by increasing the number of black-owned and black women-owned enterprises from which we procure goods and services. We are also empowering small business owners with the tools they need to become key partners to our business.

Responding to COVID-19

To support our growing pool of suppliers and beneficiaries of our enterprise and supplier development programme, we offered temporary relief by enabling them to reschedule and/or restructure loan payments. Our aim was to shield them from the economic impact of COVID-19 by supporting their cash flows during this crisis.

E+SCALATOR

E+Scalator programme

The inclusion of SMEs in our core business value chain remains challenging. We therefore take a collaborative approach with our E+Scalator programme.

E+Scalator was launched in 2016 with six key objectives in mind:

1. To incubate black-owned and black women-owned businesses
2. To discover and develop new empowered suppliers
3. To provide market access by awarding offtake agreements
4. To secure and invest enterprise and supplier development funding to achieve financial inclusion
5. To deliver targeted and relevant support services that grow suppliers
6. To create meaningful employment opportunities

The total value of our E+Scalator Programme is R36.8 million, comprising R6.1 million in interest-free loans, R21.4 million in equity investments, and R9.3 million in in-kind support.

8
investment cases completed

17/17
available points for the enterprise and supplier development realised in 2020

AGRI+GATOR

Agri+Gator programme

During 2020, we increased our focus to supporting emerging black-owned grape and apple farmers through our Agri+Gator programme. The Agri+Gator programme aims to provide structured engagement and direct support to improve the yield, output, participation, access to market and growth of empowered apple and grape farmers within our value chain.

During 2020, Distell provided over R45,5 million in direct financial support to beneficiary companies. Of this, R38 million was in the form of short-term, zero-interest bridging finance loans as an advance on grape and/or wine sales. Our aim was to help beneficiaries through the challenges resulting from the lockdown and the cyclical nature of grape farming. To achieve this, we also provided a variety of business development support services, such as facilitating access to markets and financial inclusion. In that regard, we worked closely with commercial financial institutions.

We plan to scale up investment into our Agri+Gator programme in the upcoming financial year and have already onboarded seven new producers during 2020 as part of this programme.

"Apple farming in the highlands of Zimbabwe has the potential to totally transform and re-launch the apple and fruit farming industry. Growing apples commercially could not only contribute to the localisation of apple concentrate production in the long term, but also generate foreign exchange through the sale of first grade apples into international markets."

Cecil Gombera, managing director of African Distillers Limited

Implementation of SHERPA on Agri+Gator beneficiary farms

SHERPA is an integrated online management system designed to support and empower business owners, managers and management teams within agricultural supply chains. In particular, it assists with the development and implementation of proactive, relevant and impactful sustainability strategies for their businesses.

Through various graphic reports, SHERPA enables farm managers to visualise the economic, social and environmental dimensions of their businesses in a holistic and integrated manner. Importantly, it provides the level of detail necessary to identify specific areas of strength and weakness, measure progress and drive continuous improvement.

SHERPA assessments were undertaken at six farms supported by our Agri+Gator programme, with several implementing recommended interventions in the past few months.



Strength of dimension

- Environmental Dimension
- Social Dimension
- Economic Dimension



Strength of principle

- P.2 Environmental "Sources" Conserved
- S.2 Expectations of Society Satisfied
- E.4 Productive Potential Maximised
- E.2 Optimised Resource-Use
- P.1 Environmental "Sinks" Protected
- S.1 Needed Inputs from Society Secured
- E.3 Sufficient Financial Resources
- E.1 Sufficient Profitability



HELPING SMALL BUSINESSES THRIVE THROUGH EFFECTIVE SUPPLIER DEVELOPMENT

"Enterprise and supplier development is the most important component of local economic development as it is these businesses that create sustainable jobs and wealth creation opportunities in society. The Distell strategy is therefore based on providing businesses with the services and support they require to help them overcome the many challenges that prevent them from growing their businesses."

Distell will therefore continue to develop and implement interventions and programmes that seek to help its suppliers and other programme beneficiaries survive the challenging business environment they encounter. Notwithstanding the incredibly difficult environment we have been operating in, Distell has managed to increase its portfolio of support to qualifying SMEs to over R100 million. This is a clear affirmation of Distell's commitment to developing the capacity and resilience of our enterprise and supplier development beneficiaries to be able to weather the COVID-19 storm and recessionary environment we operate in."

Charles Wyeth, Group manager: local economic development at Distell

Maeto Holdings: relooking procurement to support women empowerment

Maeto Holdings is a 100% black women-owned transport business and one of the businesses that benefitted from the remodeling of our transport and distribution sourcing approach. As an outcome of this, Maeto Holdings was awarded a contract to trade directly with Distell in March 2020. This demonstrates our commitment to create more opportunities within our value chain for women-owned businesses by reviewing our procurement processes to support empowerment.

Adama Wines: transforming South Africa's agricultural landscape

Adama Wines is a 56% black-owned business (30% black women-owned) situated in Wellington in the Western Cape. Adama Wines is led by an all-black women team and operates across the value chain, from resource to consumer. This includes sourcing grapes, making wine as well as marketing and sales.

We supported this venture by providing an interest-free loan valued at R30 million. We have also entered into an annual sales contract with Adama Wines, where they source required grapes for our cellars and work with our wine makers to ensure appropriate wines are produced at the correct price point. Adama Wines is a partnership between Bosman Adama, Apollo Investments and the Dynasty Trust.

"For small businesses, cash is truly king! Managing cash flow is one of the most important and critical functions when operating a small business. We are therefore very grateful to Distell for proving us with cash as bridging finance on our harvest. Without Distell's support, we would have had to incur significant costs in servicing loan finance from a bank for our operating costs."

Praisyl Dlamini, CEO of Adama Wines



Stellar Agri and Ebenhaeser Agri: job creation and community development for emerging farmers

Situated in the Western Cape, Stellar Winery is South Africa's largest producer of organic, fair trade wines. Stellar Agri is a development project that was created to help Stellar Winery meet market demand for high-quality organic fair trade wine. This is being achieved by empowering the employees of Stellar Winery and supporting local, emerging grape farmers. These employees largely come from the community of Ebenhaeser.

Stellar Agri has a 26% shareholding in Stellar Winery. The company farms organic, fair trade grapes on land leased from Stellar Winery and sells these grapes to Stellar Winery at market-related prices. Stellar Agri intends to develop 128 hectares of organic vineyards on this land. Through the provision of financial and technical support, we assist grape farming activities within the community of Ebenhaeser and Stellar Agri. This is being achieved through the provision of an R18 million interest-free loan through Stellar Winery, directed at participating farmers to establish vineyards that implement the latest farming technologies and practices for organic grape farming. In addition, we collaborate with these farmers to safeguard the viability of Stellar Agri and ensure that the community are farming efficiently and effectively to enable them to meet the resource requirements of Stellar Winery.

"Preferential procurement remains a continued focus area for the company. Distell is committed to drive increased black women-owned and black-owned expenditure by ensuring access to opportunities, access to funding as well as mentoring and business support programmes. In the year under review the company increased expenditure in these categories by over 30%. The company won the Youth Development Award at the 2020 ABSA-Business Day supplier development awards ceremony."

Ethel Matenge-Sebesho, a member of our SEC

Veritas Wines: unlocking transformation opportunities

Veritas Wines is a majority black-owned 133 hectare farm located on the slopes of the Paardeberg mountain, between Wellington and Paarl in the Western Cape. The farm is planted with 44 hectares of wine grapes, which are produced and delivered into our supply chain in terms of a long-term supply agreement. In addition, our viticulturists provide technical support and guidance. This is underpinned by a business and development plan to help unlock the farm's full potential. In 2020, Distell provided Veritas Wines with R7,5 million as co-funding to acquire the farm 'Kersfontein'. This farm will increase the land available for grape farming and increase the long-term viability and profitability of Veritas Wines.

Stargrow Suikerbosrand Farm: empowering apple farmers along our value chain

As Distell is the second largest global producer of ciders, the sustainable sourcing of apple juice concentrate, ideally from empowered local sources, is strategically important for our business. We have developed a focused programme to increase apple production in South Africa. Even more important is sustainable transformation of South Africa's agricultural sector to stimulate economic growth and inclusion. We currently source two-thirds of our apple juice concentrate locally but aspire to locally source even more in future.

Suikerbosrand Farm is an 85 hectare apple farm in the Koue Bokkeveld region of the Western Cape. The farm is leased by the Suikerbosrand Joint Venture, which is jointly owned by the Stargrow Group and a BEE partner. The company is majority black-owned (51%), with a B-BBEE level 2 rating, and has established 22 hectares of apple and pear orchards over the past two years. Distell has provided support through a R3,3 million interest-free loan to Suikerbosrand Joint Venture. This, combined with funding received from government and investment by Stargrow Group, has enabled Suikerbosrand Farm to not only establish the 22 hectares of apple and pear orchards, but also lay the foundation for further orchard expansion. The next phase is to plant an additional 35 hectares of apples over the next two years.

Our apple and grape transformation programme was selected as a Presidential Job Summit programme – and we are on track to achieve our targets.

Over the past year Distell has proactively engaged apple and grape farmers to support land-ownership transformation initiatives, apple orchard and vineyard expansion, and to develop the capacity of farmers to apply sustainable farming practices.

We signed Memoranda of Agreements with farms totalling 1 313 ha. This will position us to work with farmers to secure the funding for land ownership transfer deals and/or orchard and/or vineyard expansions.

These fund-sourcing initiatives are underway, and will contribute to changing the profile of land ownership in one of the most racially-skewed segments of the economy.

We also worked with farmers, mainly through technical partners, to deliver on-site technical support that will enable farmers to apply best practices and other cost-saving interventions on their farms. Over the past year, the support Distell has provided to these 38 farmers has resulted in the creation of over 80 seasonal jobs, sustained over 200 jobs, and improved the farming practices on over 500 ha of orchards and vineyards.

Memoranda of Agreements signed with farms totalling

1 313 ha

Support provided to

38 farms

200 jobs

sustained and 80 seasonal jobs created



Distell's Young SDG Innovators: accelerating business innovation towards the SDGs

Bringing together companies that participate in the UNGC, Young SDG Innovators is a nine-month programme designed to develop and drive innovative solutions through new technologies, initiatives and business models, and deliver on companies' sustainability objectives.

We nominated three employees to represent Distell within the Young SDG Innovators programme. They are Karmany Reddy, Sphiwe Ngwenya and Blain van Wyk. Given our core business operations, our Young SDG Innovators focused on SDG 3 (good health and well-being) and explored how digital innovation can be utilised to address the challenge of responsible drinking and alcohol harm reduction.

Find out more: <https://www.unglobalcompact.org/sdgs/young-sdg-innovators>



"As a young SDG Innovator, I have accepted the responsibility to make decisions today that will translate to a better tomorrow for all. Because, as said by Robert Swan, the greatest threat to our planet and business is the belief that someone else will save it."

Sphiwe Ngwenya, regional channel manager: mainstream at Distell



"The Young SDG Innovators programme was a highlight in my career. It allows young people to dedicate time and effort to ideate around some of humanity's most dire challenges. One of the most important results of Distell's involvement in the programme is its ability to incorporate the SDGs into its company-wide business goals. Going forward, I encourage more individuals to become familiar with the SDGs and objectives, seek purpose-led projects and pioneer impactful solutions."

Karmany Reddy, digital innovation manager at Distell



"I read Distell's sustainability report and from there I knew I wanted to be part of the company. Being in sustainability has been holistically rewarding; I get to nurture a career while forming part of a company that is passionate about fostering change our world desperately needs."

Andries Motau, temporary sustainability co-ordinator at Distell

"I joined Distell in 2018 as an intern for the corporate and regulatory affairs department, and I am currently the sustainability specialist with a focus on shared value. I am truly fortunate to be in a position to create business value for the company and at the same time work towards solving societal problems. I do believe that Distell is passionate about creating opportunities for young talent, and providing tools and guidance that allow them to equip themselves to become better and to grow within the company."

Blain van Wyk, sustainability specialist at Distell



Image supplied by PETCO



"As part of Distell's contribution to South Africa's National Development Plan, we help businesses to increase their capacity to create wealth and jobs. After being named as overall winner at the 2019 Absa Business Day Supplier Development Awards, the enterprise and supplier development team was ecstatic to receive six awards at the 2020 Absa Business Day Supplier Development Awards. These awards are highlighted here for our stakeholders. These awards recognise leading companies in South Africa who are championing supplier development, building resilient supply chains and creating lasting value that moves beyond compliance."

**Charles Wyeth, Group manager:
Local economic development at Distell**



SUPPORTING ECONOMIC INCLUSION THROUGH A FOCUSED APPROACH TO PREFERENTIAL PROCUREMENT

Our vision for procurement is to drive sustainable value through smart expenditure management that enables innovation and builds quality partnerships along our value chain.

We do this through a focus on:

- **Certificate compliance:** As per our procurement policy, we require all suppliers to attain a certain B-BBEE level to continue their partnership with us. We therefore collaborate with our suppliers, particularly SMEs, and encourage them to obtain and provide us with valid B-BBEE certificates to safeguard our partnerships with them. In collaboration with our transformation partners, we also assist these suppliers by providing basic advice as well as the relevant B-BBEE templates to support their administrative process. This is important to us as it supports our broader transformation agenda.
- **Shifting spend and supply:** We continue to shift spend from large enterprises and/or non-transformed suppliers to SMEs and black-owned suppliers. This has resulted in a significant and continued increase in the number of black-owned and black women-owned businesses with which we have partnered.
- **Supplier development:** This remains a priority focus, supported by our E+Scalator and Agri+Gator programmes. Read more about this from page 44.
- **Increased spend:** We increased our preferential procurement score from 15,99 to 19 points out of a maximum of 27 (as per the amended codes). This is a 18,82% increase on the previous year. We also increased the spend in black-owned and black women-owned enterprises in our supply chain.

Our supplier code of conduct requires all suppliers to care for the environment and ensure compliance with all applicable laws and regulations in the country where products or services are manufactured or delivered. We encourage our suppliers to track their environmental impact and measure things such as water consumption and electricity usage. In the year ahead, these measures will help us shape our risk assessment for suppliers.

Read more about how we reduce our environmental impact along our value chain from page 60.

Preferential procurement is a priority element of the B-BBEE scorecard that encourages the use of black-owned and black women-owned businesses as suppliers and partners.

"For us at Distell, preferential procurement is a lever to support socio-economic transformation and empowerment by promoting and nurturing the participation of SMEs, and particularly black-owned and black women-owned enterprises, in our economy. This is critical if we are to drive inclusive growth in South Africa. Accordingly, there has been a step change in our approach to preferential procurement in the past year, driven by smarter spend management and greater internal collaboration. This includes, for example, collaboration with our enterprise and supplier development team through the enterprise and supplier development forum. The fact that we delivered a 18,82% year-on-year increase in our preferential procurement score, despite lower procurement activity related to COVID-19 and the effects of lockdown, is testament to our commitment to embed a sustainable and inclusive procurement programme. We are committed to improving on this continuously and sustainably in the year ahead and have agreed on a stretch target."

Lyndon Isaacs, Group manager: procurement at Distell

+8% spend

increase in black-owned enterprises – this resulted in a 18% increase in B-BBEE (converted) spend.

+39% spend

increase in black women-owned enterprises – this resulted in a 58% increase in B-BBEE (converted) spend.

BRAND WITH PURPOSE

Drostdy-Hof and PYDA: A collaboration for change



Drostdy-Hof and the Pinotage Youth Development Academy (PYDA) have partnered to ensure a sustainable wine industry for the future.

Based in Stellenbosch, Western Cape, PYDA adopts an innovative approach to develop young talent for employment. The Academy targets historically disadvantaged South Africans between the ages of 18 and 25 and offers a holistic year-long work readiness programme focused on demand-led locally prominent industries that currently include wine and tourism. By completing the programme, students acquire relevant technical and personal skills needed for employment in these industries, as well as an industry-endorsed qualification.

In 2019, Drostdy-Hof collaborated with PYDA to accelerate the wine career of a promising young woman by giving her the opportunity to embark on a one-year immersion programme at Distell after successfully graduating from PYDA. Apehele Mvamva from Kayamandi in Stellenbosch was chosen as the first Drostdy-Hof Graduate in November 2019, with her graduate programme at Distell commencing in January 2020.

The programme includes exposure to various aspects of the wine business – from production and planning to marketing and sales. Importantly, Apehele has been mentored by several members of Distell's senior management team. The internship includes a four-week programme in Sweden, which is one of Drostdy-Hof's key consumer markets, in partnership with Altia. Due to local and international travel restrictions imposed by COVID-19, this has been postponed to 2021.

This collaboration reflects Drostdy-Hof's brand promise: Working Towards Sustainability. Importantly, it reflects the brand's commitment to grow the diversity of South Africa's wine industry and preserve wine-making excellence for the future of South Africa.

"While all short-listed candidates were worthy contenders, what gave Apehele the edge, apart from her solid academic record and good inter-personal skills, was her hunger to succeed. She has tremendous energy, wants to make a difference in other people's lives and envisages having her own business one day."

Liezl Dippenaar, Drostdy-Hof international marketing representative

"I was aware of wine but had no direct contact with it until my sister started studying at PYDA. She would share her knowledge with me. It kindled such a curiosity in me to learn more, that I also applied to PYDA and was lucky enough to be accepted. Initially I thought I would be most comfortable learning about the marketing and business side of things because at school I studied accounting and commerce. It came as a total surprise to me how I just fell in love with the idea of agriculture once I got into the vineyards. People keep asking me where I see myself five years from now. I think my year of immersion in the industry will guide me, but I do have a dream of one day running my own business involving wine. I want to create job opportunities for people in Kayamandi to give back. I'm hungry to make the most of this opportunity. I have an open mind and an open heart and I'm ready."

Apehele Mvamva, 2020 Drostdy-Hof Graduate



EMPOWERING COMMUNITIES

We believe the communities in which we operate should be better off because we are there. We focus on sustainable economic initiatives that create positive and long-lasting socio-economic impact, build enterprising communities and support local economies, with a particular focus on empowering women. We believe in the potential of arts and culture to drive sustainable development and create inclusive job opportunities, while acting as a catalyst for individual and social empowerment that benefits community upliftment at large.

Obtaining a quality education is the foundation to creating sustainable development. In addition to improving quality of life, access to inclusive education equips individuals with the tools they need to develop innovative solutions to the world's greatest problems.

For us at Distell, we create positive change and promote the well-being of individuals, communities and society through a focus on sustainable economic initiatives and arts and culture. Through the programmes and partnerships discussed in this chapter, we indirectly contribute to SDGs 1, 4, 5 and 17.



This focus area aligns with the 'people' pillar of our sustainability strategy.

INVESTING IN PROGRAMMES TO GROW BUSINESS SKILLS AND ACCELERATE JOB CREATION

UNIVERSITY OF STELLENBOSCH BUSINESS SCHOOL'S SMALL BUSINESS ACADEMY: TRANSFORMING THE LIVES OF SMALL BUSINESS OWNERS

We have been a proud sponsor of the Small Business Academy's Development Programme since its start in 2013. Through this programme, the Small Business Academy transforms the lives of small business owners from disadvantaged communities by building business skills and promoting a culture of entrepreneurship and ownership.

Participants often face extraordinary challenges such as running their businesses from home or working on their own – with many being either single women or women with children. This requires a remarkable balancing act and makes it particularly challenging for the Small Business Academy to identify, support and encourage participants.

In response, the programme developed an innovative and people-centric mentoring approach that is offered voluntarily by alumni and other business people. Mentors are matched with participants and provide academic and practical business support throughout the duration of the programme – this includes on-site mentoring and networking opportunities.

In addition, the programme offers modules in computer skills, business essentials, marketing, financial management, and business plan development and presentation. Academic assignments are based on the small business owner's own business to develop sustainable business practices. Through this blended learning approach, participants come to understand the unique issues facing their businesses and find solutions to grow and expand. A highlight for the year was the Small Business Academy's Outreach Day, where participants exhibited their products and were addressed by guest speakers.

"During COVID-19, the Small Business Academy's Development Programme is more important than ever. Small-business owners need support, as they need to change their business models and their ways of operating. It is wonderful and encouraging to see how our participants are making new plans for survival and also growth during these times. The knowledge and support that we are providing through the programme has a wider impact on communities. Jobs are preserved, and even created in a few instances, because of the fact that the small-business owners have acquired new skills."

Dr Marietjie Theron-Wepener, Small Business Academy Head and Senior Lecturer

Responding to COVID-19

In response to COVID-19, the Academy moved business modules online. Students responded positively to the change despite initial obstacles. For example, certain students previously made use of public library facilities and did not have access to laptops.

To assist these students, the Small Business Academy asked employees from the University of Stellenbosch to donate laptops that were then passed on to students who needed them. The Small Business Academy also supplied data and Wi-Fi routers to all students to enable them to complete assignments and participate in online lectures.



Ranyaka Community Transformation: Chicago Development Initiative



"The Chicago Development Initiative is based on the principle of building a resilient community that has the ability to sustain its own development over time. Whilst the process we followed is underscored by strong methodology in the areas of urban planning, sustainable design and measurement through indicators, the practical implementation entails the in-depth, hands-on involvement of local residents and stakeholders in every aspect of the programme. From their participation in a detailed solutions design workshop and project meetings to the actual on-the-ground management of the project, the participating community members are acquiring new skills and being exposed to international best-practice that will aid them in navigating their own future and creating a better Chicago for all.

The garden transformation project at Orleansvale Primary has, for example, already created ten temporary employment opportunities and five permanent jobs will be created. Here, community members work side by side with experts in the field of landscaping, placemaking and business planning - learning as they co-create a viable and sustainable enterprise that will not merely serve the school, but will hopefully also become an income generator while also serving the surrounding community."

**Johan Olivier, executive director:
Ranyaka Community Transformation**

Ranyaka Community Transformation uses urban planning methodologies to implement a collaborative community development model and bring restoration, resilience and growth to communities across South Africa.

Through Nederburg Wines, we partnered with Ranyaka Community Transformation to launch the Chicago Development Initiative.

The Chicago Development Initiative is a community-led intervention that aims to increase the resilience and prosperity of Chicago, a community situated in Paarl East in the Western Cape that struggles with high levels of poverty and gang activity. The objective is to develop Chicago so that the community is healthy, educated and active; there are opportunities for jobs and businesses to thrive; and the area is safe, clean and attractive. As part of our strategy, we will expand the Ranyaka approach in other provinces in South Africa.

The following programmes form part of the initiative:



Sports and recreation
Establish sport clubs and informal leagues and support campaigns and events. This includes, for example, assisting with coach training, access to equipment as well as sourcing funding and sponsors.



Strong schools
Assist with curriculum support, school safety and the development of teachers, among others.



Building business
Identify community entrepreneurs and enterprises and provide enterprise development and entrepreneurial support. This includes, for example, creating access to market opportunities, training and mentorship, and financing.



Fix your space
Create spaces that promote health, happiness and well-being by initiating projects that improve the aesthetics of selected areas and build community pride, cohesion and ownership.



Community safety
Develop response plans, install and distribute safety lights and alarms, and install public project noticeboards, among others.



Tell your story
Promote therapeutic storytelling, celebrate good news and identify emerging talent that can benefit from local mentorship and training opportunities.

In addition to these programmes, Ranyaka Community Transformation hosted a design-for-change session. This session created a safe space for dialogue and provided an opportunity for community members to explore and test project and idea options. Various other project milestones were reached before the national lockdown was initiated. These include:

- A series of discussions that were held with the aim of renovating an empty space for community and retail purposes
- The identification of a site for Chicago's first community garden and safety project
- The completion of a Building Business showcase event, which included entrepreneurs and enterprises from the community

Responding to COVID-19

Following the announcement of the national lockdown, Ranyaka Community Transformation initiated the following activities to support the Chicago Development Initiative as well as the local community:

- R50 000 was spent on food parcels, which were distributed to vulnerable community members.
- Ranyaka Community Transformation bought data and airtime for local project co-ordinators to help them stay in touch with the community.
- Selected entrepreneurs were identified to take part in the Building Business COVID-19 Support Programme, which is an online capacity building and support programme.



The Distell Inter Hotel Challenge: Creating opportunities for South Africans to excel

The Distell Inter Hotel Challenge has mentored rising talent in the hospitality industry since 2013, and we have been a proud sponsor of this important initiative for the past eight years. The primary objective of the Distell Inter Hotel Challenge is to create and sustain a strong national base of top quality chefs, wine stewards and concierges. This year, two new career elements were added to the mentorship programme: a barista programme and a category for pastry chefs. An important aspect of this programme is exposure to the international hospitality industry; top candidates are typically flown overseas for in-depth work experience. This is underpinned by strong mentorship and learning, with the overall winner receiving a bursary to further their education and training.

Responding to COVID-19

With the advent of COVID-19, the hospitality industry faced an unprecedented downturn. Recovery will require ingenuity and innovation, which are qualities demonstrated by the Distell Inter Hotel Challenge in its response to the pandemic. All skill-building and training sessions were moved into a virtual space.

"It is an honour for Distell to be the naming brand behind the Inter Hotel Challenge for the eighth year running, demonstrating our commitment as a company to skills development and transfer. We believe that this is essential to the successful progression of the hospitality and tourism industry in South Africa, honing the incredible talent and ability of our country's young chefs, sommeliers and wine stewards. The world is taking note of South Africa and our tourism offering. We in the industry are at the forefront of shaping perceptions and building the hospitality trade beyond its current strengths. This is what makes the Distell Inter Hotel Challenge such an exciting and progressive platform. It encourages the pooling of talent, skill and resources to create greater impact."

Richard Rushton, Group CEO

EMPOWERING COMMUNITIES THROUGH ARTS AND CULTURE

We believe in the value of the arts to build community resilience, foster social cohesion, act as a vehicle and catalyst to drive change, and play a role in the empowerment of youth and women in particular. We therefore continue to support cultural and creative industries to fuel South Africa's economy and benefit community upliftment at large.

SUPPORTING THE ARTS

During the year under review Distell supported the following initiatives:

The Artscape Technical Training Programme

Distell's focus is to support women in the internship programme, which was fortunately concluded before the lockdown due to COVID-19.

The Zabalaza Theatre Festival, a Baxter Theatre Centre Development Programme

This festival has provided opportunities to more than 150 000 young South Africans in the performing arts industry since 2011.

US Wordfees and Amazink: Sustaining and growing communities through visual and performing arts

Distell sponsors the In Solidarity prize, which is awarded to an individual who plays an important role in bringing artists closer to communities. Our funding also goes towards Amazink, South Africa's first community theatre restaurant that is based in Kayamandi, Stellenbosch. Amazink helps bring to stage unique performances while creating opportunities for locals and tourists to experience the authentic culture of South Africa's township life. Ultimately serving as an enterprising community project, Amazink teaches skills, identifies talent and has been the launching pad for several young artists in the country.

"The company's longstanding contribution to South Africa's cultural development is based on the belief that the arts are a catalyst for individual, social and environmental transformation. As an integral part of everyday life, arts and culture can play an important role in building mindfulness and responsible living. For Distell, arts funding is not about charity or empty philanthropy. It is an investment in our future. We recognize how much our cultural life contributes to the health of communities across our nation and, indeed, around the world. This is a fundamental part of Distell's ambition to be an African Champion, being a dynamic business that appeals to a broad spectrum of South Africans and Africans."

Phumza Rengqe, Group manager: corporate brand

FLEUR DU CAP THEATRE AWARDS: HONOURING EXCELLENCE IN THEATRE

For more than five decades, the Fleur du Cap Theatre Awards have honoured excellence in theatre. Along with other initiatives, such as the Distell National Playwright Competition, these awards support our commitment to empowering communities through arts and culture.

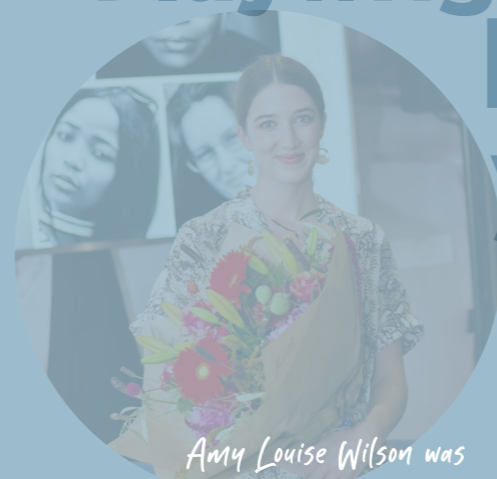
"The planned 55th Fleur du Cap Theatre Awards in March were cancelled in the week of the ceremony in response to President Cyril Ramaphosa announcing a hard lock down. While we were disappointed to miss an opportunity to celebrate excellence with the theatre makers, this pales in comparison to the impact the pandemic has had on the livelihoods of those in the sector. The announcement of the winners in May allowed us to still celebrate, albeit from the comfort of our homes. This was well received as reflected by these words in an email to me from one of the winners: "This has come at a time when I needed some light in my life." Distell's continued support of the Fleur du Cap Theatre Awards has ensured that these are indeed the most prestigious and respected awards in the country. The industry will forever be grateful. Thank you Distell."

Africa Melane, chair of the Fleur du Cap Theatre Awards

Responding to COVID-19

The winners of this year's Fleur du Cap Theatre Awards reflected a dynamic mix of emerging and established local talent. Instead of the traditional awards ceremony which was planned to be hosted at the Baxter Theatre in Cape Town, the ceremony was held virtually and hosted on the Fleur du Cap YouTube channel.

The Distell National Playwright Competition: Developing young writers



Amy Louise Wilson was selected as the winner of the Distell National Playwright Competition in 2020 for her script Another Kind of Dying. Amy Louise won R20 000 as well as the opportunity to stage her play at the National Arts Festival in the Eastern Cape.

Distell launched the Distell National Playwright Competition in 2018. The competition honours the late Adam Small and his wife Rosalie Small for their contribution to South African literature, philosophy, education and advocacy against social injustice. The competition calls for powerful stories that promote diversity and inclusivity in any of South Africa's 11 official languages. It is a celebration of talent and transformation that targets debut playwrights who are yet to stage their work. Distell partnered with the National Arts Festival for this programme in 2020. Past winners have been Chase Rhys and Koleka Putuma.

"It's imperative that new work comes into the South African theatre space. However, new playwrights often battle to have their work produced. As a result, we do not see nearly enough new work on our stages. There is no shortage of ideas though, and this wonderful partnership with Distell has enabled us to bring these ideas to light and assist writers in taking them to the next level."

Nobesuthu Rayi, National Arts Festival's executive producer

Responding to COVID-19

COVID-19 has put significant strain on the arts sector. As the National Arts Festival provides revenue for the arts and downstream industries in Makhandla and the greater Eastern Cape, it was held virtually in 2020 rather than being cancelled. This enabled the festival to continue to support artists and communities. As part of the online festival, Amy Louise presented a character study from her play. We are investigating opportunities to showcase the full production in 2021.



On The Cusp exhibition during Stellenbosch Triennale: Showcasing a new generation of contemporary African artists



The Stellenbosch Triennale featured work by 48 different artists from 14 countries across the continent. All supplies were procured locally and six previously unemployed youths were given temporary employment working at the exhibition.

We proudly sponsored the On The Cusp exhibition, which featured work by young, up-and-coming contemporary African artists. The exhibition formed part of the Stellenbosch Triennale, a large-scale contemporary art exhibition that hosted a range of artists from Africa. Exhibitions were free of charge, with many hosted in venues within or close to traditionally under-resourced communities. The focus was on accessibility, development and the democratisation of art and its numerous benefits for all.

Responding to COVID-19

The Stellenbosch Triennale, including On The Cusp, was scheduled to be open between February and April. However, due to COVID-19 regulations, all exhibitions were closed toward the end of March. In response, the exhibition redirected its funding to create a virtual presence. This included clips of all artists speaking about their work and an opportunity to view a video of the exhibition online.

"Through their diverse and expressive talents, artists can challenge cultural narratives, shift imagery, create dialogue and inspire emotions in a way that traditional methods rarely do. And for a continent as rich and diverse as ours – and one with a challenging disparate history, the arts remain an important tool for shining its light on those difficult questions, sparking critical conversations and also for fostering social cohesion. As a deeply unifying force, On the Cusp is about revealing and unravelling the creative talents of tomorrow. Focused on emerging artists who have pushed their creative boundaries and arrive and sit on the cusp of beauty and magic through their work, it reflects Distell's drive and ambition to be an African champion, a dynamic business that appeals to a broad spectrum of Africans."

Bridgitte Backman, director: corporate and regulatory affairs at Distell

"The very aim of making On the Cusp, the exhibition of emergent art practices and artists, a significant part of the Stellenbosch Triennale was to initiate a formidable platform for new names and forms in the contemporary African art scene. We dared to break boundaries of tradition to unearth "aesthetic, conceptual, critical and material" innovations in the practices that were exhibited. A major aspect of the On the Cusp exhibition was the collaboration between the Stellenbosch Triennale and Distell. Being a relevant company in Stellenbosch, Distell's role was definitely significant. Being located on the major street in the city, the exhibition literally became a gateway to the city and the Triennale itself. We sincerely hope that this welcome collaboration would remain with the Triennale. It is important that such an influential company as Distell would help in initiating a platform that seeks to nurture the future career in art."

Bernard Akoi-Jackson, curator of On the Cusp



Clean, accessible water for all is an essential part of the world we want to live in. However, water scarcity, poor water quality and inadequate sanitation negatively impact food security, livelihood choices and educational opportunities for individuals across the world. Moreover, sustainable consumption and production is required to promote resource and energy efficiency and provide access to basic services, green and decent jobs and a better quality of life for all.

For us at Distell, we preserve and protect the environment on which we depend. This includes developing reliable, sustainable and resilient infrastructure.

Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDGs 6 and 12. We indirectly contribute to SDGs 7, 9 and 11.



To enhance value for all stakeholders along our value chain, we aim to be best-in-class on matters related to labour and agricultural practices and social compliance. We also understand that our long-term sustainability is intrinsically linked to the environment and the natural resources on which we depend, from farm to consumer and back again. We must therefore ensure that our supply chain practices are efficient, agile and geared to protect the planet – while meeting our customers' requirements in full.

To optimise our supply chain we realigned the technical Health, Safety, Environment, Risk and Quality components of our manufacturing operations under a separate SHERQ (safety, health, environment, risk and quality) strategy. This strategy has three main focus areas: Zero Defect, Zero Harm, Zero Waste. For each of these focus areas, we have set aspirational sustainability goals to take us forward to 2025. Read more on page 62.

QUALITY AS A DRIVER OF EXCELLENCE

Quality is a critical component to ensure we deliver superior products and packaging. This includes working with procurement to establish quality requirements for external suppliers, ensuring that our manufacturing and production processes meet international and national quality standards for each product type, and establishing and maintaining quality controls.

We conduct on-site audits and, where necessary, assist suppliers to improve their production processes to ensure consistent quality. This ultimately ensures we function as effectively as possible to stay ahead of our competitors.

Our quality scorecard is carefully monitored and our performance against targets is reported to the sustainability council and the social and ethics committee.



This focus area aligns with the 'purpose' and 'planet' pillars of our sustainability strategy.

MANAGING OUR ENVIRONMENTAL RESPONSIBILITY

We carefully manage our supply chain to ensure we deliver reliably, responsibly and sustainably and at the right quality.



Our GHG reporting database plays a critical role in monitoring and managing our environmental emissions at an operational level.



We integrated our site services dashboard (SSD) and monthly engineering report (MER) to create a single reporting dashboard. This enables us to monitor our performance against our sustainability targets related to water, electricity, fossil fuel-based energy usage and wastewater discharged.



We manage our production activities according to the ISO 14001 Environmental Management System (EMS). Our compliance with ISO 14001 EMS is audited internally and externally, and is in most cases externally certified.



We regularly review all new and proposed environmental legislation, regulations and policies to assess their potential impact on our business and operations, and to provide feedback to government where appropriate.



We regularly engage with the relevant municipal authorities to proactively manage issues of mutual interest.



We closely adhere to our environmental policy, which is based on six key principles. The policy acknowledges our responsibility to the environment and society and commits us to building and preserving the environmental resources upon which we depend. Read our full environmental policy online at www.distell.co.za.



We encourage employees and stakeholders to provide us with feedback on how to further improve our environmental management strategy via our dedicated email address – environmental@distell.co.za.

"In 2019, we continued to build a stronger SHERQ foundation that supports our relentless pursuit for quality perfection and drive to delight our customers and consumers.

This foundation proved critically important with the advent of COVID-19, which illustrated the value of agility as we minimised the impact of the pandemic on our operations and quickly reconfigured our workplace to ensure it remains safe for our employees. We demonstrated that even under the most challenging circumstances, if we work together as One Distell team, we can rise to any challenge. I remain extremely encouraged by the passion for continuous improvement that is lived by each Distell employee."

Anthony Jagessur, Group manager: SHERQ at Distell

MANAGING OUR SUPPLY CHAIN SUSTAINABLY

journey to quality excellence

ZERO DEFECT

The focus is on quality
Read more above.

crafting a safer Distell

ZERO HARM

The focus is on health and safety
Read more from page 80.

crafting sustainably

ZERO WASTE

The focus is on the environment
Read more in this chapter.

PRESERVING OUR ENVIRONMENT

We monitor performance against our aspirational goals for 2025 related to water, electricity, fossil fuel-based energy usage and wastewater discharged.

Our aspirational goals****	Base year 2014***	Target 2020***	Actual 2020	% reduction achieved	2020 target achieved	Target 2021***	Aspirational goals 2025	Target 2025 on track
Reduce water usage by 50% (ℓ/ℓ)*	3,893	3,023	3,386	-12%	✗	3,025	1,946	✔
Reduce non-renewable electricity usage by 30% (kWh/ℓ)	0,129	0,109	0,125	-15%	✗	0,118	0,090	✔
Reduce on-site fossil fuel-based energy usage by 20% (MJ/ℓ)	1,23	1,129	1,138	-1%	✗	1,098	0,988	✔
Reduce greenhouse gas emissions by 22% (tCO ₂ e/ℓ)	0,254	0,225	0,261	-16%	✗	0,245	0,198	✔
Reduce effluent volume produced by 60% (ℓ/ℓ)	2,370**	1,818	2,199	-21%	✗	1,802	0,948	✔
Reduce effluent load discharged by 60% (gCOD/ℓ)	11,482**	9,802	9,852	-1%	✗	8,599	4,593	✔

ℓ: Litre
 kWh: One kilowatt hour
 MJ: One megajoule
 tCO₂e: Tonnes of carbon dioxide equivalent emissions
 gCOD: Gram chemical oxygen demand
 * Litres of water used per litre of packaged product.
 ** The target to reduce effluent volume produced by 60% and effluent load discharged by 60% is off a 2017 base year and not a 2014 base year.
 *** Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and portion of Groenhof farm in 2018).
 **** Aspirational goals have been revised for 2025.

In 2015, Distell introduced revised resource efficiency targets for 2020 related to the usage of water, non-renewable electricity and fossil fuel-based on-site energy in our production processes. This revision came as a result of reaching our initial targets, which were set in 2012 to be achieved by 2018, at the end of 2014. We also established new wastewater volume and organic load-based discharge targets in 2018. These targets use 2017 as a base year.

During the reporting year, we reviewed our environmental targets with the aim of setting new aspirational goals for 2025. As part of the process, we reviewed each area of our environmental performance. A key outcome was recognising that setting a fixed target for a five-year horizon would not be prudent.

Projects since 2012 focused on quick-wins and have been easier to implement. Therefore, to make a real impact on resource usage and reduce emissions going forward, projects will become more complex and more expensive to implement. This impacts project implementation timelines and makes it difficult to plan five years into the future. This challenge is even more pronounced with the advent of the current COVID-19 pandemic, which has compounded existing economic and social uncertainty.

We have therefore set 2025 aspirational goals based on current focus areas and anticipated implementation timeframes. However, we will review the progress against these aspirational goals annually and set annual sub-targets based on the projects to be implemented in the specific target year. This could result in quick reductions in some focus areas while others might lag. However, this is a more realistic management process that will enable us to set fixed targets on an annual basis while keeping our long-term aspirational goals in sight.

Impact of COVID-19 on performance

Performance during 2020 was negatively impacted by the COVID-19 pandemic and the subsequent lockdown and ban on alcohol production and sales imposed by the South African government on 26 March 2020. The alcohol sales ban was lifted on 1 June 2020. However, this was too late in the financial year to recover production volumes. As a result, production volumes for the financial year were only 73,6% of the budget. This negatively impacted performance against our efficiency-based sustainability targets. The details of this impact are unpacked in more detail on the following pages of this report.

Our 2020 efficiency targets have been revised with our 2025 aspirational goals. The revised 2025 aspirational goals will be broken down into annual sub-targets to help us drive yearly improvements and ensure we reach our long-term goals.

✗ Reduce water usage by 50%

We did not reach our stated 2020 target.

We experienced operational delays with commissioning the wastewater reclamation plants at Springs and Adam Tas. The delays were the result of damage to the membranes¹ at Adam Tas and reduced recovery rates at Springs due to suspended solids in the effluent. The membrane supplier replaced the Adam Tas membranes at their cost. However, delivery of the membranes to the site was impacted by COVID-19 and the subsequent travel ban.

We installed a Dissolved Air Flotation (DAF) unit at Springs to address the suspended solids carry-over into the final effluent. However, due to COVID-19 and the subsequent ban on alcohol production and sales, the Springs facility did not produce effluent. The effluent plant was therefore placed in standby mode to maintain the biological biomass. Reduction in water use will be a key focus area during the new financial year, with a particular focus on completing the commission of the wastewater treatment and water reclamation facilities at Springs and Adam Tas. Read more from page 66.

¹ Membranes are used in the treatment process as a physical barrier to remove certain pollutants. The type of membrane and the size of the membrane pores determine how much pollutant is filtered from the wastewater as part of the treatment process.

✗ Reduce non-renewable electricity usage by 30%

We did not reach our 2020 reduction target due to reduced production volumes.

This was despite increasing the total kWh renewable electricity used and the percentage of renewable electricity usage out of the total electricity usage to 3,6% (2019: 2,5%). Renewable electricity was sourced from our Springs 1 400 kWp solar PV electricity generation plant, from which we bought the generated 1 661 011 kWh of solar power through a power purchase agreement (2019: 2 036 786 kWh). The new biogas/methane based electricity generation unit, which is part of the Springs wastewater treatment facility, became operational in July 2019 and generated 1 047 783 kWh (2019: 0 kWh). We also generated 28 115 kWh through the 20 kWp solar PV installation at our Group engineering facility in Stellenbosch (2019:24 800 kWh). Read more from page 64.

✗ Reduce on-site fossil fuel-based energy usage by 20%

We did not reach our 2020 reduction target due to reduced production volumes.

This was compounded by the continued use of fossil fuels at Greenpark as one of the production lines remained operational beyond the original timeline for closing down operations at the site. We expect improved performance going forward as the benefits of our production site consolidation are realised. Read more from page 64.

✗ Reduce greenhouse gas emissions by 22%

We were unable to reach our 2020 target to reduce our GHG emissions.

We completed a business case for solar PV installations at seven of our production sites. We envisage starting with the implementation during the 2021 financial year on a prioritised site basis. Read more from page 64.

✗ Reduce effluent volume produced by 50%

We were unable to meet our 2020 target due to the reduction in production volume throughput and due to delays in commissioning the wastewater reclamation plants at Springs and Adam Tas, as explained above.

In the year under review the absolute volume of wastewater and effluent from our sites decreased by 19,6% to 1 101 435 ℓ (2019: 1 369 706). Wastewater intensity increased to 2,199 litres of effluent per litre of packaged product (2019: 1 973 ℓ/ℓ). This increase was due to the reduction in production volume throughput. Read more from page 66.

✗ Reduce effluent load discharged by 20%

We did not reach our 2020 target.

However, the effluent load discharged was reduced by 9,6% to 9 852 gCOD/ℓ – down from 10,903 gCOD/ℓ in 2019. This was due to the continued treatment benefits obtained from the Adam Tas and Springs effluent treatment plants. Read more from page 66.

CURBING OUR CARBON EMISSIONS

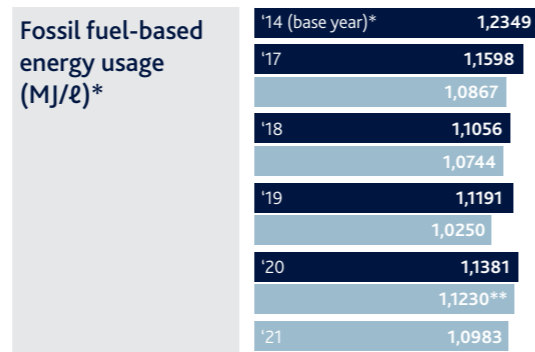
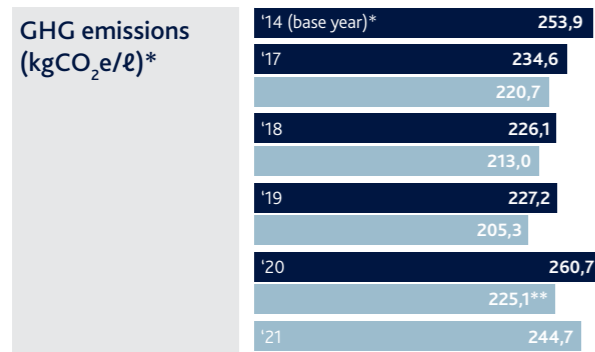
To reduce our direct and indirect GHG emissions and minimise our carbon footprint, we focus on reducing our dependence on fossil fuel-based electricity

How we did in 2020

Direct emissions decreased by 17,4% to 130 299 tCO₂e (2019: 157 710 tCO₂e). Total GHG emissions, including Scope 3 and 'out of scope' emissions, amounted to 363 056 tCO₂e (2019: 468 455 tCO₂e). This is a 22,5% decrease from last year.

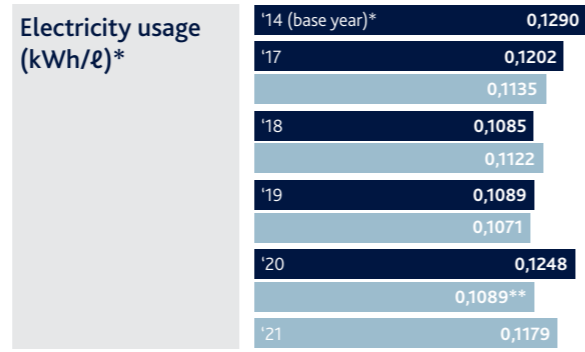
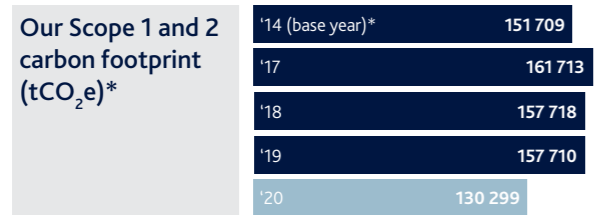
We completed the business case for solar PV installations at seven of our production sites. We will start implementation during 2021 on a prioritised site basis. We expect to receive renewable hydro-electrical energy during 2021 from the private L'Ormarins hydro-electrical scheme.

We reduced our non-energy-related GHG emissions by capturing, purifying and using the CO₂ released during the fermentation of apple juice for cider production and fermentation of grain for whisky production to carbonate our products. This reduces our CO₂ purchases. CO₂ captured decreased by 5,6% to 6 971 tonnes. This was due to reduced production volumes as a result of the government's ban on alcohol production.



● Achieved ● Target

● Achieved ● Target



● Achieved ● Target

* Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and a portion of Groenhof farm in 2018).
 ** 2020 target revised post publication of 2019 sustainability report due to rebased base year and changes related to closing of Bergkelder and Greenpark production sites.

"During the reporting year Distell was heavily impacted by the COVID-19 pandemic. This highlighted the business risk related to unforeseen external influences. It also reiterates our need to focus on managing our natural resources in a responsible manner and increasing our resilience in dealing with environmental influences such as climate change impact and sustainable water supply. The key focus areas for the new financial year will be to fully realise the potential benefits of the programmes developed to date such as the wastewater treatment and water reclamation projects and the new solid waste management and recycling program with our new service provider."

Jacques Rossouw, Group manager: environmental sustainability at Distell

Distell's carbon footprint (tCO₂e)

	2014* ¹	2015 ¹	2016 ¹	2017 ¹	2018 ^{1,2}	2019 ²	2020 ⁶
Scope 1 direct emissions							
Stationary combustion	65 287	68 961	70 005	74 434	73 885	71 222	52 983
Mobile combustion – forklifts	1 152	1 191	1 429	1 305	1 342	1 257	890
Mobile combustion – vehicle fleet	3 867	5 247	5 153	4 899	5 139	5 479	5 104
Fertiliser application on farm	306	385	380	339	270	390	290
Wastewater treatment				1	0	1	1
Generation and consumption of electricity, heat or steam	–	–	–	–	–	0	0
Total Scope 1 emissions	70 612	75 784	76 967	80 977	80 636	78 349	59 268
Scope 2 indirect emissions – location based							
Purchased electricity – non-renewable	81 097	81 598	81 251	80 736	77 082	79 361	71 031
Purchased electricity – renewable solar PV	0	0	0	865	2 227	1 976	1 611
Total Scope 2 emissions – location based	81 097	81 598	81 251	81 601	79 309	81 337	72 642
Scope 2 indirect emissions – market based							
Purchased electricity – non-renewable	81 097	81 598	81 251	80 736	77 082	79 361	71 031
Purchased electricity – renewable solar PV	0	0	0	0	0	0	0
Total Scope 2 emissions – market based	81 097	81 598	81 251	80 736	77 082	79 361	71 031
Total Scope 1 and 2 emissions – location based	151 709	157 382	158 218	162 578	159 945	159 686	131 910
Total Scope 1 and 2 emissions – market based	151 709	157 382	158 218	161 713	157 718	157 710	130 299
Scope 3 indirect emissions							
Purchased goods and services (packaging material)	283 340	297 645	271 897	283 500	306 378	280 800	204 798
Business travel (commercial airlines)	4 573	5 588	4 741	4 125	4 235	5 517	4 773
Third-party transport and distribution (owner driver)	4 466	4 266	3 722	3 231	1 060	1 942	3 950
Third-party transport and distribution (unbottled product)	34 038	32 040	33 032	33 809	15 998	16 032	15 183
Third-party transport and distribution (bottled product)	6 851	7 901	11 116	16 828	5 145	5 794	3 220
Total Scope 3 emissions	333 268	347 440	324 508	341 493	332 816	310 085	231 923
Total Scope 1, 2 and 3 emissions – market based	484 977	504 822	482 726	503 206	490 534	467 795	362 222
Other emissions							
Non-Kyoto Protocol GHG emissions – Freon R22	18	0	0	0	0	0	0
Outside of Scope 1, 2 and 3 – biogas ³	0	0	0	788	305	659	833
Outside of Scope 1, 2 and 3 – biomass (wood chips)	285	0	0	0	0	0	0
Total emissions	485 280	504 822	482 726	503 994	490 839	468 455	363 056
Full-time employees (FTE)	4 629	4 719	4 434	4 314	4 173	4 067	4 046
kWh electricity consumed	81 097 201	79 221 288	78 884 711	80 792 963 ⁵	80 110 207 ⁵	83 877 069 ⁵	75 964 544
kWh per FTE	17 519	16 788	17 791	18 728	19 197	20 624	18 775
Tonnes CO ₂ e per FTE ⁴	32,8	33,4	35,7	37,5	37,8	38,8	32,2
Tonnes CO ₂ e per million litres of packaged product ⁴	253,9	234,9	240,5	234,6	226,1	227,2	260,7

* 2014 is our base year as per ISO 14064-3.
¹ Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and a portion of Groenhof farm in 2018).
² Updated following independent verification of data in 2020.
³ Biogas produced as a result of anaerobic waste water treatment and used for steam production as part of the production process and electricity generation.
⁴ Market based Scope 1 and 2 only.
⁵ Updated to include solar PV electricity generation and usage.
⁶ Data will be externally verified in 2021 as part of the CDP reporting process.

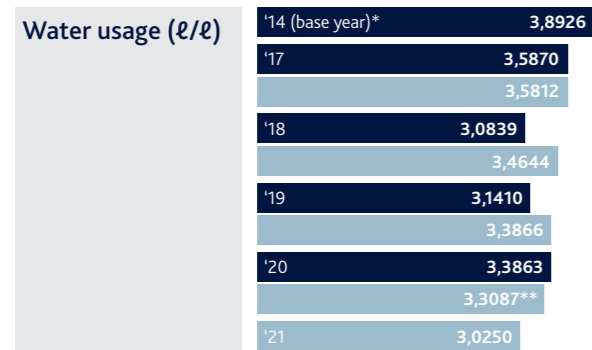
TACKLING WATER CONSUMPTION

We depend on water for agriculture, the production of raw materials and for our production processes. We therefore recognise our obligation to use water responsibly and treat and dispose of wastewater sensibly.

We continue to investigate and invest in longer-term sustainable interventions to build water supply resilience into our operations. Water usage at our production sites is measured and continuously recorded on our monthly engineering report (MER) system. This enables improved management and reporting of water usage.

How we did in 2020

We did not reach our 2020 target. Water use will reduce in the new financial year once the commissioning of the wastewater treatment and water reclamation facilities at our Springs and Adam Tas facilities is complete. Both were impacted by the COVID-19 lockdown.



● Achieved ● Target

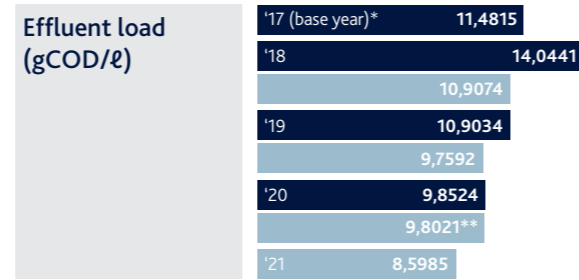
* Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and a portion of Groenhof farm in 2018).
 ** 2020 target revised post publication of 2019 sustainability report due to rebased base year and changes related to closing of Bergkelder and Greenpark production sites.

MANAGING EFFLUENT AND WASTEWATER

The bulk of our wastewater results from washing and cleaning in place (CIP) practices. CIP is critical to ensure our products comply with product quality and health and safety standards and cannot be eliminated. Our approach is to look for ways to reduce the load on the local authorities and use treated wastewater for irrigation while minimising our environmental impact.

How we did in 2020

The absolute volume of wastewater and effluent from our sites decreased by 19,6%, while our wastewater intensity increased to 2,199 litres of effluent per litre of packaged product (2019: 1,973 ℓ/ℓ).



● Achieved ● Target

* Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and a portion of Groenhof farm in 2018).
 ** 2020 target revised post publication of 2019 sustainability report due to rebased base year and changes related to closing of Bergkelder and Greenpark production sites.

The Adam Tas anaerobic waste water treatment facility in Stellenbosch is fully operational. The new wastewater treatment facility at our Springs production plant was fully operational but was impacted by the drop in effluent production due to the COVID-19 lockdown and was placed in standby mode to maintain the biological biomass. Recommissioning of the plant will take place in the 2021 financial year. The anaerobic treatment facility produces biogas/methane, which was used to generate electricity at the plant during the year. Construction of the new wastewater treatment facility at our Worcester production plant commenced during the year and is planned for completion in December 2020 with commissioning to start in early 2021.

Effluent characterisation studies were completed at our Wadeville, Monis and Port Elizabeth production plants. The designs for effluent buffering and pH correction plants were completed for the Monis and Wadeville facilities. Construction was delayed due to the COVID-19 lockdown and is currently planned to start towards the end of the new financial year.

Co-Go and the Stellenbosch River Collaborative: Enabling collaborative spaces for engagement and action



For over 300 million years, freshwater rivers have nourished ecosystems. However, over time, human interference, wasteful consumption, land degradation and pollution have damaged the very water systems we rely on to sustain life. This requires urgent action and the willingness of multiple relevant stakeholders to collaborate and restore health to the rivers.

We are proud to be a founding member of the Stellenbosch River Collaborative (SRC) and an active participant in the Co-Go initiative, both of which are working hard to restore health to the rivers in the Eerste River Catchment. The Eerste River supports a number of land uses that include nature conservation, commercial forestry, residential use, various forms of agriculture (vineyards, orchards and crop production) as well as communal grazing.

Where there are dragonflies, there is hope and harmony

The symbol of Co-Go is the dragonfly, an ancient aquatic creature that has shown remarkable resilience over the past 40 to 60 million years. However, the dragonfly is highly sensitive to new threats such as water pollution, land degradation and the presence of alien or invasive trees. When dragonflies start to vanish, it tells us that the health and overall environmental quality of their ecosystem is under threat. In this way, the dragonfly gives a strong indication of whether we are caring for or damaging our natural environment and the freshwater systems on which we depend. Their disappearance is a critical call to action to intervene before it is too late.

This is the driving force behind Co-Go, which looks to preserve endangered dragonflies and other freshwater life. Co-Go makes use of the Dragonfly Biotic Index (DBI), which monitors the presence of dragonflies to assess the environmental conditions within a freshwater ecosystem. In this way, the DBI provides a natural early warning system and is a valuable resource to fast track awareness of water pollution or other risks along rivers while creating opportunities for stakeholders to engage and act.

- 2013** Launched in 2013, the SRC brings together various stakeholders to address the problems around degraded ecosystems and the social and economic risks to communities that rely on these rivers. This collaboration is key to addressing the deteriorating water quality and requires different stakeholders to work together to find a solution to a complex problem.
- 2018** One of the SRC's main ambitions has been to develop a collaborative governance framework to influence policy and enable sustainable water stewardship strategies, not only in the Eerste River Catchment but across South Africa. This led to the launch of the Co-Go initiative in November 2018. Co-Go encourages multi-stakeholder engagement and action by providing a collaborative space. Co-Go uses science-based turnaround strategies with sustainable links between the environment, society and governance to develop new ideas, relationships and commitments and inspire innovative solutions.
- 2020** Co-Go registered as a co-operative: Registration meant that Co-Go finalised its constitution and code of governance. This ensures that this important collaboration can continue to work for the benefit of all members and pursue a common purpose, while enjoying the protection of legal support and guidance. Co-Go launched its website: visit the website @cogo.africa.
- The Distell team presented on Day Zero and the Co-Go model to attendees of the Water Symposium during Amsterdam's International Water Week (November 2019): The Vrije University and the Netherlands Consulate invited Co-Go to share an economic perspective on water shortages and how the SRC and Co-Go concepts work.
- Distell and Co-Go formed part of the convening economics task team during the W12 Congress: Co-Go attended the Cities Facing Day Zero conference, working closely with Western Cape Government's Deputy Director of Green Economy as co-convenor.
- The China-Africa Design Summit (October 2019): Co-Go presented its dragonfly narrative, which demonstrates a successful example of how science and art can collaborate with industry to protect the environment.
- June 2020 Co-Go attended the CSSI2020 (Cross-Sector Social Interactions) 2020 Symposium: Showcasing Co-Go's dragonfly project on panel at doctorate colloquium, with Distell featuring as panel members.

"Co-Go has been a game changer for us at Distell in terms of SDG 17 (partnership for the goals) in action to deliver on SDG 6 (clean water and sanitation). Co-Go brings a diverse set of stakeholders together in a safe and pre-competitive space – enabling us to work together on water security matters. We are most grateful for this collaborative governance approach."

Eric Leong Son, Group manager: sustainability at Distell

MINIMISING PACKAGING AND WASTE

Waste is an output of the production, packaging and distribution of our products. The majority of our waste consists of organic primary waste, and inorganic waste such as glass bottles and other packaging waste. We are actively working towards reducing the impact of glass in our packaging activities by adopting the 'three Rs' of waste management: reduce, reuse, recycle.

How we did in 2020

We bought 181 694 tonnes of new glass, a 26,1% decrease compared to 2019 (245 755 tonnes). This decrease can be attributed to the reduction in the number of glass bottles required due to the reduction in bottled volumes.

Through the 'Give back, Get back' initiative we reused a total of 53 461 tonnes (2019: 79 146 tonnes) of glass. This amounts to 96,1 million bottles (2019: 139,4 million) and represents 22,7% (2019: 24,4%) of our total glass requirements. The volume of glass recycled decreased to 4 937 tonnes (2019: 6 736 tonnes). This is a 26,7% decrease from 2019. We have introduced a range of initiatives to reduce, reuse and recycle packaging material, without compromising the quality or image of our products or brands. Where appropriate, we have switched to materials that are more environmentally friendly or reduce volume and weight to landfills.

We appointed a new single solid waste management service provider, Averda, to take over the complete management of our solid waste handling, recycling and disposal. The focus is on increasing the recycling of waste and the reduction of waste to landfill. Averda is operational at all our production facilities, with the exception of Port Elizabeth where it should go live in the first quarter of the new financial year.

Other packaging and production waste (tonnes)

	2017	2018	2019	2020
Cartons and paper	1 490	1 118	1 118	600
Plastic ¹	1 040	818	826	1 019
Tetra Pak	0	0	0	0
Metal (including cans)	276,5	244,1	118,0	157,0

¹ An increase in the amount of plastic waste recycled reflects the waste resulting from the packaging of consumables bought from suppliers, rather than waste generated through our own production activities. The fluctuation in weight from year to year should be read in this context.

TREADING LIGHTER, USING LESS, BEING BETTER – ONLY 1% OF OUR TOTAL PACKAGING BY WEIGHT IS PLASTIC!

We are proud to report that only 1% of our total packaging by weight is plastic. This remarkable achievement is the result of our journey and commitment to lead the way in responsible and sustainable packaging that considers people and planet as much as profit.

This journey has been underpinned by multiple strategic actions taken along our value chain. Integrated team discussions led to key decisions on our capital and operational expenditure over time, to reduce plastics in our value chain.

Looking forward, we will continue to strive for excellence and are investigating new and innovative ways to contain and reduce plastic packing in our operations and combat the harmful impact this substance has on the environment. Ultimately, we pledge to craft sustainably and leave the world in a better way than we found it.



Creating internal SA Plastics Pact champions: Tackling a global problem through committed company action



Our choice to become a founding member of SA Plastics Pact supports our strong focus on the SDGs, particularly SDGs 8, 12 and 17, as well as our commitment to innovate and stretch Distell for action.

"At Distell, we are aiming for many voices but one message. We believe that to win on SA Plastics Pact's targets and make a significant difference, we need to collaborate. No one company or entity can tackle this challenge alone. Through SA Plastics Pact and the platform it creates, we can learn from one another and address the challenges we face in achieving our targets, while also supporting SMEs and the informal sector. This is similar to the Distell GreenUP campaign."

Eric Leong Son, Group manager: sustainability at Distell

According to a report released by the World Economic Forum, by 2050 there could be more plastic in the ocean by weight than fish. This requires urgent action by businesses and individuals to ensure that we keep our environment free of plastic pollution.

We are pleased to announce that we are a founding member of SA Plastics Pact, a collaborative initiative launched in January 2020 that aims to keep plastic in the economy and out of the natural environment. This will be achieved by moving away from a linear economy (where we take, make and dispose of plastic) towards a circular economy.

SA Plastics Pact was developed by the World Wide Fund for Nature South Africa (WWF-SA), in partnership with various non-profit organisations and with the support of national government, to bring together key stakeholders in South Africa's plastics value chain. SA Plastics Pact has identified plastic supply chain commitments that tie in with global commitments but are tailored to the South African context. Accordingly, all founding members have committed to ambitious targets for 2025 to prevent plastics from becoming waste or pollution.

In addition, Distell has committed to creating internal SA Plastics Pact champions to ensure that every employee (including members of the executive committee) support the role that Distell will play in SA Plastics Pact and our broader South African community. This will be done by:

- Promoting **company-wide knowledge** about SA Plastics Pact via internal communications platforms.
- Integrating SA Plastics Pact **actions into existing inter-departmental working groups**. This includes, for example, procurement, marketing, innovation and supply chain.
- Reporting project and **commitment progress to the executive committee** through the designated internal champion.



GreenUP: Creating employment and cleaner environments from post-consumer waste



Image supplied by PETCO

GreenUP is our flagship recycling programme that aims to create employment, prosperity and cleaner environments by formalising an effective value chain for the collection, separation and processing of recyclable post-consumer waste in the informal sector.

GreenUP is about empowering communities and includes the creation of sustainable income streams for environmental assistants (EAs) (also known as waste pickers), who are provided with training, resources and access to recyclable waste buy-back centres (BBCs) near their working environments.

This helps to empower entrepreneurs with the tools they need to operate solid-waste recycling, sorting and collecting businesses and instils them with a sense of purpose and dignity. The BBCs also help to address the low percentage of recyclables being collected from landfills and at source.

GreenUP is based in Khayelitsha, Western Cape, and is a tripartite partnership between Distell, the Western Cape Department of Environmental Affairs and Development Planning, and the City of Cape Town. We are particularly proud of this partnership as it brings together public and private stakeholders to address socio-economic challenges facing South Africa.

The tripartite partnership will invest R8,8 million per year into the project.

Partnering for change

GreenUP also partnered with Baphumelele, a community organisation based in Khayelitsha. Through this partnership, we hope to raise awareness of our GreenUP programme within the local community and build trust among potential EAs and BBCs.

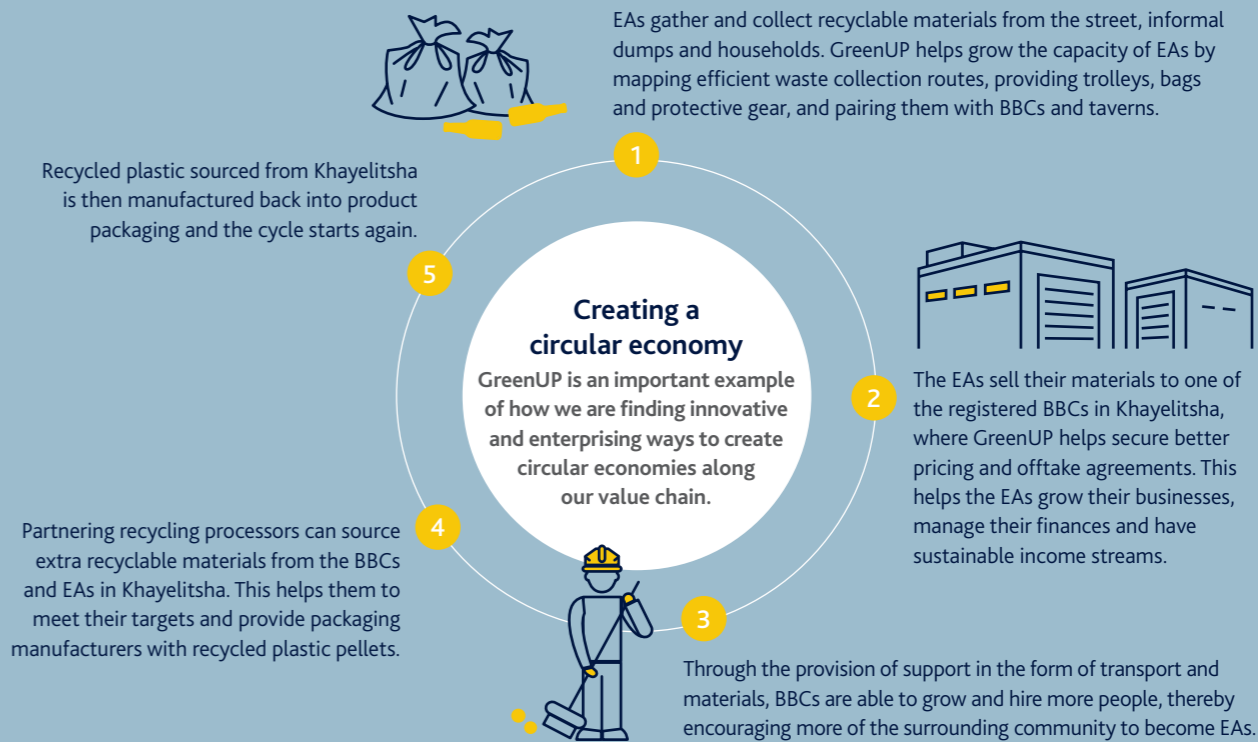
We support Baphumelele's Fountain of Hope, which provides a platform for youth without formal education, employment or training to learn valuable skills that will enable them to become contributing members of society. Young people will have the opportunity to join GreenUP and earn an income through waste collection and recycling; be exposed to training in waste management, entrepreneurship and basic financial skills; and be ambassadors for the programme in the surrounding communities of Philippi and Khayelitsha.

The trolleys supplied to the EAs are custom-built and provide a basic but robust platform. Each is fitted with oversized wheels and castors to navigate rough terrain, and the fully galvanised chassis is corrosion resistant. Trolleys are also fitted with an advertising board that can be used by sponsors or advertisers. In addition, the board displays partner and EA information to assist with safety and security. High-visibility features include reflective chevron on all sides as well as solar-charged strobe lights that are mounted on a mast. Each trolley is further fitted with a GPS tracking device. This device acts as a security feature and is valuable in assisting partners to plot waste flows.

As at 30 June 2020, 141 EAs were registered with 6 BBCs in Khayelitsha. We see potential to expand this programme and will broaden our focus on women empowerment.

"The global COVID-19 pandemic has illuminated a host of structural issues in South Africa, including local plastic pollution, unemployment and inequality. However, it has also highlighted the importance of entrepreneurship and how economic development can stimulate local jobs. As we navigate this new reality, workers in the informal economy, and specifically EAs, are particularly vulnerable to this crisis despite the fact that they have long worked on the frontlines to keep our cities, towns and villages free from waste pollution and litter. In such uncertain times, dignifying EAs through GreenUP not only strengthens their entrepreneurial spirit but also helps promote community resilience."

Ronald Mukanya, Director: sustainability at the Department of Environmental Affairs and Development Planning, Western Cape Government



We have partnered with the following organisations to increase the impact of GreenUP

Nedbank Group – one of South Africa's leading financial services groups

In partnership with Nedbank, EAs can now open bank accounts and receive basic financial training on how to manage their finances and budget.

Kudoti – collaborating with an app developer to build a digital platform that will support our local waste management industry

To enable us to track the impact of GreenUP and enhance the programme for our EAs we partnered with Kudoti, a software developer, to develop a digital platform that can replace reliance on paper. Currently, EAs use paper to track all business transactions, such as the frequency of their visits to BBCs, weekly income, and the receipt of personal equipment. Not only is this inefficient, it is also error-prone. The digital platform we will use going forward will digitise and automate waste management operations from start to finish. The new system records waste-handler and BBC transactions and tracks performance so that efforts may be better rewarded.

"Partnerships are important to support sustainability within our communities and develop a proper plan that can sustain individuals for the long term. By doing so, it helps them become independent entrepreneurs. Once these communities are financially independent, they are able to manage their capital and natural resources. This places them on the right path to economic freedom."

Priscilla Booysen, Head: Events and Partnership, Solid Waste Cleansing at the City of Cape Town

Responding to COVID-19

Due to restrictions during the national lockdown, EAs and BBCs were forced to stop working and, as a result, many lost their only source of income. While the easing of restrictions has meant that many can return to work, EAs and BBCs remain particularly vulnerable to infection as the nature of their work exposes them to waste material from thousands of households and individuals. Therefore, despite their work benefiting the health of the cities within which they work, almost none of these valuable workers are able to suspend activity to sustain their own health. At Distell, we therefore acted quickly to get emergency supplies distributed to EAs, BBC and their families. We collaborated with several organisations, including Rise Against Hunger, Mpack Recycling, and RecyclePaperZA, to provide food parcels, hand sanitiser and face masks to EAs and BBCs within the Western Cape.



Image supplied by PETCO

GreenUP is an important milestone on our journey to unlock opportunities along our value chain and make a positive and lasting difference in the lives of people living in the communities in which we operate. Ultimately, when they prosper, we prosper.

RESPONSIBLE AGRICULTURAL PRACTICES

We believe our values are synonymous with our continuous drive to improve the health, safety, and fundamental rights of our employees and to protect and enhance the communities and environments we operate in.

As a key local player in the alcoholic beverages industry, we are also determined to take the lead in social compliance. We are creating a best-in-class, company-wide social standards framework to align our standards with all major national and global social compliance frameworks. This policy outlines the resources required to implement and drive this framework, as well as the governance structures required to ensure it is implemented ethically and effectively.

We are also collaborating with our producers, suppliers, manufacturers and distributors to ensure all our products will be harvested and manufactured to these same environmental, ethical and human rights standards. This includes collaboration with leading industry players such as the Wine and Agricultural Ethical Trade Association (WIETA) to develop a country-wide social compliance framework that can be used by other organisations and business across South Africa for greater reach and impact.

WORLD WILD FUND FOR NATURE AND THE BIODIVERSITY AND WINE INITIATIVE

The Biodiversity and Wine Initiative is a partnership between the South African wine industry and the conservation sector. It requires that all farms voluntarily set aside land for conservation to enable the natural habitat to flourish.

Our collaboration with WWF will enter a new phase during the new financial year. Distell will provide financial support to WWF to assist with developing a new alien-clearing approach in collaboration with the Winelands Fire Protection Association (WFPA) in the Boland Water Source Area. The new approach will complement the WFPA's Integrated Fire and Land Management Plans.

During the reporting year, Nederburg was certified as a WWF Conservation Champion. They join Plaisir de Merle as our second conservation champion farm.

INTEGRATED PRODUCTION OF WINE SCHEME (IPW)

IPW is a voluntary environmental sustainability scheme that promotes biodiversity conservation and aims to reduce the environmental impact of agricultural activities. This includes specifying good agricultural and manufacturing practices related to grape and wine production and packaging activities. Since 2001, all our purchasing contracts stipulate that suppliers must comply with and supply proof of IPW compliance. In addition, all our current suppliers are monitored and assisted, where necessary, to maintain IPW compliance.

WIETA

WIETA is a proactive and world class ethical trade programme for the South African wine industry and related sectors. WIETA operates as a multi-stakeholder initiative and seeks to bring stakeholders, such as Distell, together to participate in social dialogue and best practice initiatives aimed at improving the lives of workers in the wine supply chain.

The WIETA Code of Ethical Best Practice outlines the social standards that members of the association commit themselves to. These are aligned to international best practice. Companies who join WIETA, such as Distell, are expected to adopt similar and aligned social responsibility, sustainability values and fair labour business practices. They are required to demonstrate these practices and their continuous improvement therein, by way of undertaking regular risk-based third-party audits against the WIETA standard.

LACON GmbH

LACON GmbH's organic certification programme allows Distell to respond to the public's growing awareness of sustainability issues and the push to protect natural resources and biodiversity. Papkuilsfontein Vineyards, Adam Tas and Nederburg Cellars (including other operations in the organic production chain) are inspected and certified each year by LACON GmbH. This ensures compliance with the organic production requirements of the intended market. Papkuilsfontein Vineyards, Adam Tas and Nederburg cellar have valid organic certificates.

WWF South Africa is sincerely grateful for Distell's support of the Boland Water Source Area Project. Their financial contribution vitally impacts the work of WWF South Africa, and inspires and enables us to continue working towards a future in which we live in harmony with nature. WWF South Africa deeply appreciates Distell's demonstration of vision and leadership in support of this water project. Their support empowers us as we continue to strive for a future that is sustainable and equitable in which both people and nature thrive. In particular, the support and enthusiasm of the Distell team is greatly appreciated.

Justin Smith, Head: business development unit, WWF-SA

PROCARE: A step change in our approach to social compliance



Events of 2020:

Leadership training and team building,
attended by managers, supervisors and shop stewards

A Women's Day event in August to celebrate Women's Month,
attended by 32 female employees from six of Distell's farms

Health and wellness days,
attended by farm workers and their families and touching on issues such as general wellness, HIV/AIDS and TB screening and counselling

Established in 1995, PROCARE is one of South Africa's leading emotional wellness companies. Strengthened by a national network of highly qualified wellness counsellors and trainers, PROCARE offers an innovative, practical and hands-on approach to psychosocial wellness.

Distell partnered with PROCARE in 2018 to provide psychosocial support to farm workers and their families across six of our farms. PROCARE's emotional wellness programme enhances general well-being in the workplace and aims to reduce the effects that personal, work-related and socio-economic challenges can have on individuals and their families.

Activities include informal talks, the distribution of monthly themed posters and pamphlets as well as training and life skill programmes with employees, family members and children. PROCARE also offers confidential face-to-face counselling to farm workers and their families.

"The COVID-19 pandemic has created fear, anxiety and rapid change, which has caused immense stress for employees and their families. PROCARE's emotional wellness programme is essential as it offers support, knowledge and related skills to employees and family members to deal with these unpredictable challenges during this uncertain time."

Sunette Le Roux, executive manager (operations) at PROCARE

"I had hit rock bottom, but PROCARE supported me and helped me overcome my problems. They went beyond that and helped me make good decisions regarding my children. They even helped get them into schools."

"PROCARE play a supportive role in my community. The entire community trusts them and believe in the work they do. The talks they present are informative and relevant to the community."

"PROCARE played a big role in helping the children understand COVID-19 and spearheaded a mask-making project. The community feels like they can trust the people of PROCARE with their personal problems. They help everyone from the elderly to small children."

Messages from farm workers at Libertas Vineyards and Estates, Stellenbosch

Responding to COVID-19

During the national lockdown, PROCARE's social workers counselled farm workers and their families telephonically and via online platforms. They also presented COVID-19 information sessions in small groups to farm workers and their families. These sessions focused on symptoms, prevention, as well as the emotional impact of the pandemic on individuals and communities.



BRAND WITH PURPOSE



Amarula is intimately connected to Africa



Ultimately, Amarula captures the freedom, generosity and warm spirit of Africa and its responsibility to conserve the continent's iconic species through the Amarula Trust. It also offers consumers the opportunity to escape and share an indulgent, quality cream liqueur experience.

Amarula's unique and distinctive flavours starts with the use of marula fruit. This natural ingredient can only be found in subequatorial Africa where it is harvested and handpicked from marula trees that grow wild, free and uncultivated – all carried out in partnership with local communities.

Amarula is also intimately connected to Africa's elephants through this unique fruit. The Amarula Trust and WildlifeDirect joined forces in 2016 with the shared vision to protect Africa's elephants, which are a keystone species with an enormous influence on the ecosystem. Through donations made by consumers to WildlifeDirect, global passion for Amarula contributed more than R1 million towards elephant conservation in the last year.

Another important initiative associated with this iconic brand is The Handwork Hub, a black women-empowered enterprise developed in partnership with our E+Scalator programme in 2017. The Handwork Hub supplies around 70% of our Amarula bottle tassels. Through this initiative, informal handwork was converted into formal employment.

We are also offering exciting new marula-based flavour variants from ingredients of African provenance such as Amarula Madagascan Vanilla Spice and, more recently, Amarula Raspberry, Chocolate and African Baobab. These offerings give consumers the chance to discover and explore more about the continent and its rich culture.

"Global trends show that consumers desire premiumisation, beautifully crafted products as well as increasing transparency and sustainability. What's more, in a life that can feel somewhat overwhelming, it's important that our consumers stop, connect and explore the small joys in life. Products that have an authentic story to tell enhance this moment. Amarula is positioned strongly to deliver this and, through this iconic brand, we are able to champion a positive and progressive narrative about Africa through platforms that give people the freedom to take a little escape."

Gillian Skinner, marketing director of Venture Business

"Purpose is a key factor for any brand and its existence is essential for the new generation of consumers looking for holistic brand value, especially in these times. It is the underlying essence that makes a brand relevant and necessary to its customers. Purpose sits firmly at the centre of a brand's vision and should inform every business decision. A brand should solve to some degree a consumer problem or unmet need. This creates loyalty, affinity and connections with our consumers and customers in the long term."

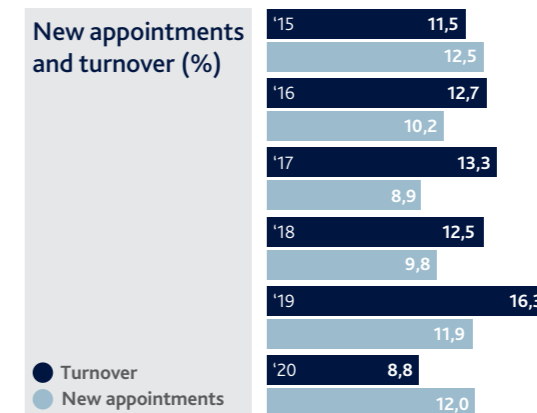
Natasha Maharaj, marketing director: southern Africa

Amarula is a 'real free spirit' and will continue building brand affinity with consumers globally by showcasing the innovation, creativity and ingenuity of the African continent.

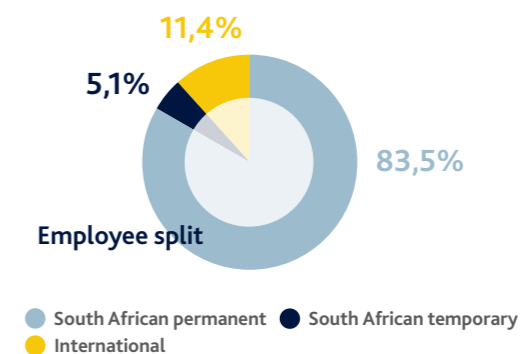
EMPOWERING OUR PEOPLE

The SDGs promote sustained economic growth, higher levels of productivity and technological innovation.

To achieve this, we need to promote full and productive employment, and decent work, for all women and men. We also recognise the importance of promoting gender equality and eradicating barriers to women empowerment in the workplace. Through the programmes and partnerships discussed in this chapter, we primarily contribute to indicators under SDGs 5 and 8.



This focus area aligns with the 'people' pillar of our sustainability strategy.



OUR EMPLOYEE COMPOSITION

Employees	MALE				FEMALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	2	1	9	1	1	4	19	
Senior management	10	12	12	63	3	5	3	127	
Professionally qualified ¹	59	48	17	128	22	39	15	446	
Technically skilled ²	310	208	17	202	128	176	23	1 263	
Semi-skilled ³	743	479	11	33	157	130	7	1 599	
Unskilled ⁴	258	162	2	6	85	79		592	
Total permanent	1 381	911	60	441	395	430	49	379	4 046
Temporary employees ⁵	86	22	4	14	59	21	5	37	248
Offshore	148	11	1	201	33	19	1	137	551
Grand total	1 615	944	65	656	487	470	55	553	4 845

¹ Professionally qualified and experienced specialists and mid-management.
² Skilled technical and academically-qualified workers, junior management, supervisors, foreman and superintendents.
³ Semi-skilled and discretionary decision-making.
⁴ Unskilled and defined decision-making.
⁵ Temporary employees include those employees who only work for a period on contract.

CHANGE · EVOLUTION · IMPACT

ENHANCING OUR EMPLOYEE VALUE PROPOSITION

OUR EVP AND OUR RESPONSE TO COVID-19

We launched a project during the year to align our value proposition with a specific focus on crafting a differentiated future-fit value proposition. This includes flexible working arrangements as well as rewards and benefits relevant to changing business needs and attracting younger generations entering the workplace.

Our current Employee Value Proposition (EVP) focus areas are outlined below.



Employer of choice: Defined by a great company spirit, resilient leaders and a high performance culture. Employees can learn and grow across a wide range of global business processes and functions that make up our expanding value chain.



Holistic well-being: Our approach to well-being is comprehensive and includes a focus on career, physical, mental, financial, community and social well-being.



Exciting and meaningful work: We are committed to crafting an exciting workplace that provides meaningful work and contributes to a high performance culture.



Learning in the flow of life: We provide opportunities for our employees to gain new knowledge and skills continuously, not only in the workplace but seamlessly integrated throughout their daily lives. It is a way of learning rather than a type of learning.



Our reward offering: We apply a multi-layered approach and consider the principles of market competitiveness, internal equity and pay for high performers to ensure our reward offering is fair and aligned with best practice and attract best-in-class talent.

Responding to COVID-19

The unprecedented arrival of COVID-19 underlined the importance of continued investment in employee well-being, and this will remain a key pillar of our EVP going forward. We also realigned our value offering during the crisis as follows:

- **Policy and practices reviewed:** To support the well-being of our people and the sustainability of our business, we reviewed our leave and remote work policies and implemented return to work and physical distancing policies.
- **Working from home:** We developed a guideline for working from home, which includes ensuring that our employees are equipped with the necessary IT resources and systems.
- **Flexible work arrangements:** We adjusted our working hours to allow for more flexibility and to support work-life balance during this crisis.
- **Workplace readiness:** We ensured that all working environments are safe and offer sufficient protection against exposure to COVID-19. This includes, for example, floor demarcations, sanitising stations, provision of personal protective equipment, on-site health questionnaires and temperature testing.
- **Employee wellness:** To manage anxiety and uncertainty arising from the pandemic, we designed and implemented a wellness toolkit.
- **Employee development:** We ensured that all employees can continue with their development during lockdown, learning in the flow of life by leveraging our already robust online learning platform.
- **Zero Harm Ambassadors:** We appointed internal safety ambassadors across the business and developed a health and safety toolkit, which provides guidance on our approach to safety in the workplace and tips to minimise exposure to COVID-19.

We realise that our business will never be the same, and that aspects such as remote work, optimisation of work spaces, cross-functional teaming, leveraging talent as and where needed and alternative work models will become our new normal. We are confident that the resilience of our people, our world class resources and our agility will pull us through this crisis.

"When we learn how to become resilient, we learn how to embrace the beautifully broad spectrum of the human experience."

Jaeda Dewalt, American author

DISTELL'S CULTURE JOURNEY

Our culture defines our identity and is fundamental to our success. A key aspect of our business transformation journey has been reshaping and realigning our culture with our strategic ambitions, purpose and values, which reflect the evolution of our business in recent years.

We continue with our culture strategy to successfully embed our values and drive a purpose-led culture.

- **We rolled out functional onboarding workshops** across the organisation to embed our new purpose and values supported by the desired behaviours.
- **We launched Executive Leadership Accelerated 360.** Our executive team understand the crucial role they play in shaping our culture and leading from the front. Our executive leaders participated in a leadership assessment programme to further enhance their leadership portfolios.
- **We rolled out Finding Your Music** workshops as part of our ongoing journey to create memorable moments and craft a better future. The workshops encapsulated an empowering musical journey to unlock authenticity and the potential of our employees to become future-fit.

Building our Distell leadership brand as part of our culture-shaping journey

We will launch the Distell Leadership Top 120 journey. This will focus on building leadership capabilities that are best-in-class, future-fit and demonstrate the right behaviours and levels of empathy – a need that has been emphasised by the impact of COVID-19.

"At Distell we embrace challenges as an opportunity to transform. The last few months have tested our organisation's resilience to reveal its true strength, purpose and grit. We have demonstrated that by working as a collective, we can leverage the rich diversity of our teams and emerge more purpose-led, more unified, and more transformed than ever before."

Natasha Moller, Global Lead Talent and Culture at Distell



Giving back to communities through our ForGood platform



"Our Distell employee volunteer programme is greatly supported through the ForGood platform, which allows us to align our volunteer programme with our bigger CSI focus. During COVID-19 we were able to give our staff various opportunities to reach out and help support communities in dire need of basic support such as food and hygiene products whilst complying to the lockdown regulations. All the campaigns that we undertook during this time could be done virtually from the safety of employees' own homes (for example, donating products through online shopping and delivery, online support with a newsletter, or donating funds online). Our staff were not put at any risk, but could still fulfil an inherent need to give and do good – to Care and Contribute."

Jolene Henn, head of Corporate Affairs Southern Africa

Through our employee volunteer programme, employees are able to make a significant contribution to their communities. Distell ForGood is an online platform that enables employees to sign up and make a contribution to more than 380 non-profit organisations on the platform. Employees can volunteer time, goods or funds. Alternatively, they can choose another way to make a lasting difference.

We ran various campaigns in 2020 where employees could lend a hand within their communities. This included specific campaigns in response to COVID-19.

International Coastal Clean-up Day was done in collaboration with the Consumer Goods Council of South Africa (CGCSA) and hosted in Durban, KwaZulu-Natal. Employees collaborated with other member companies to participate in this clean-up event.

World Food Day is commemorated annually around the world. Employees contributed by donating non-perishable food items to several organisations to help promote healthy diets and achieve zero hunger.

Giving Tuesday is celebrated on the first Tuesday after Black Friday and Cyber Monday and is a global day of giving to non-profit organisations by donating time and skills, among other things.

Time 4 Giving Stationery Drive was initiated in December 2019. Instead of toys, employees donate school stationery to children of the Chicago community. Read more about how we support this community on page 54.

One Billion Rising is one of the biggest global mass actions calling for an end to violence against women. Distell encouraged employees to support causes that help victims of gender-based violence.

Volunteering in the time of COVID-19 was launched at the start of the lockdown to address the needs of non-profit organisations for basic items such as food, clothes, blankets and toiletries. Most of these needs could be addressed virtually by donating funds or shopping online and having goods delivered to specific organisations.

Gender-based violence in the time of COVID-19 was a campaign launched to address the rising rates of gender-based violence reported during the national lockdown. Employees could reach out to organisations that support victims.

SUPPORTING OUR EMPLOYEES THROUGH LEARNING AND DEVELOPMENT PROGRAMMES

We are committed to growing Distell's future leaders and investing in training programmes that include internships, learnerships, skills programmes, apprenticeships and adult basic education.

In addition to providing exciting work and development opportunities and a great company culture, we regard learning and development as a key element of our EVP. At Distell, learning and development is underpinned by a leadership and behavioural development framework that guides line managers and ensures that employee development is executed in line with Distell's strategic ambitions.

- Our **learning and development philosophy** drives a high performance culture by ensuring that our employees are well equipped, motivated and committed to the success of Distell.
- Our **learning and development strategy** attracts, develops, motivates and retains talented employees who enable us to pursue and achieve our strategic ambitions, thereby enhancing stakeholder value.
- Our **learning and development needs** are based on competency assessments conducted by line managers as well as the insights and inputs gained from talent review forums.

Total spend on training initiatives

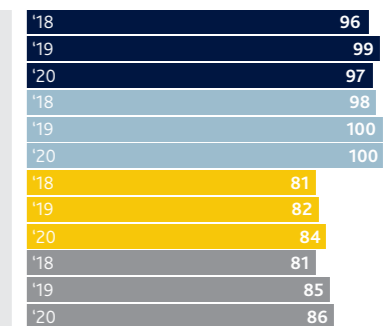
R24,6 million

2020

R39,2 million

2019

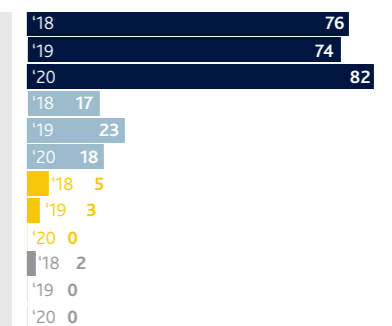
Percentage of learners who are PDIs* (%)



● Learnerships ● Internships ● Leaderships
● Other (including skills and mentorship programmes)

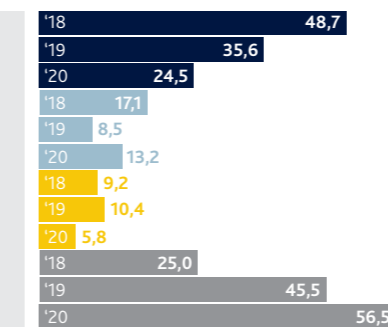
* Previously disadvantaged individuals.

Interns by race (%)



● African ● Coloured ● Indian ● White

Learning and development percentage split (%)



● Learnerships ● Internships ● Leaderships
● Other (including skills and mentorship programmes)

WHAT WE DID IN 2020 Distell Distilleries (Academies)

We set up internal academies, which are known as distilleries, across certain areas of the business. The main focus of these distilleries is to develop core functional and behavioural skills to improve capability. Currently, there are three distilleries: human resources, marketing and sales. A supply chain distillery is being developed.

Responding to COVID-19

Learning and well-being during a time of a crisis

COVID-19 not only impacted our approach to work but also employee well-being, motivation and productivity. This brought about new workforce dynamics and business and employee concerns. In response, we launched an integrated learning and development framework that focused on employee well-being and self-leadership. Messages were released weekly and aligned to communications by our Group CEO and other executives. The themes focused on, among others, personal accountability, human response to change, self-motivation, personal care and self-development. Employees embraced this opportunity; 1 893 items were completed between April and May 2020. Over and above this training, we reconfigured the workplace to align with social distancing, hygiene and screening protocols. Read more about this from page 28.

Honing our response to crisis in line with employee feedback

To ensure we continued receiving feedback from employees during a time of crisis, we developed a fit-for-purpose survey focused on self-awareness and working remotely, leadership and engagement, as well as communication and awareness.

ENHANCING EMPLOYEE WELL-BEING, HEALTH AND SAFETY

We are serious about providing our employees with a working environment where they feel safe and can do their job without any risk to their health and well-being.

We have a focused and well-maintained **employee safety, health and wellness programme** at Distell. Established health and safety committees and first-aid workers are located throughout the business.

We have a comprehensive **occupational health and safety (OHS) strategy** that emphasises the documentation and monitoring of health and safety risks through safety assessments twice a year. These assessments equip us with the knowledge to implement improved safety measures across our production sites.

We have on-site clinics at our bottling plants and manufacturing and distribution sites to provide **occupational health services** to operational employees. These services range from fitness assessments to helping employees manage their chronic illnesses. Altogether 20 428 consultations were carried out during the year.

We conduct **annual education sessions** that cover different wellness topics possibly affecting our employees. Multiple training sessions were held during the year, attended by 425 employees. These sessions addressed topics such as first aid, financial planning and stress and anxiety, among others.

Our **employee assistance programme (EAP)** also offers employees the chance to address personal issues that may be impacting their work with external facilitators, social workers or nurses. These issues can include, for example, substance abuse and work-related stress. The EAP also includes a disease and disability management programme, which helps affected employees return to work as quickly as possible after injury.

Wellness, health and safety are particularly important in a production or manufacturing environment, as employees are potentially exposed to various occupational injuries and diseases during the workday. An effective strategy to manage and mitigate these risks is therefore essential to ensure that our employees can function at their best.

Distell's health and safety performance continues to show steady improvement year on year due to ongoing efforts to improve employees' on-site awareness, underpinned by our comprehensive OHS strategy.

55

Number of injuries resulting in lost time
2019: 74 | 2018: 100

550

Number of lost days
2019: 1 015 | 2018: 1 213

274

Number of site incidents
2019: 302 | 2018: 333

1

Number of reported occupational diseases
2019: 6 | 2018: 0

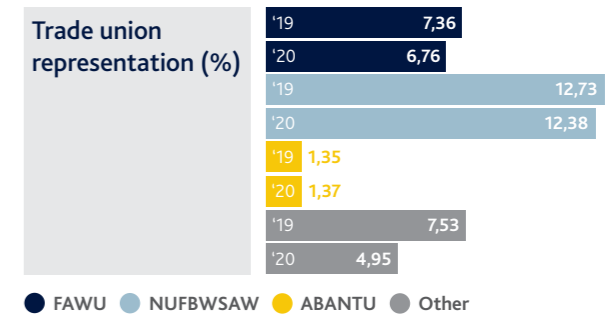
0

Number of work-related fatalities
2019: 0 | 2018: 0

ENSURING SOUND EMPLOYEE RELATIONS AND FAIR EMPLOYMENT PRACTICES

We are committed to sound employee relations and fair employment practices in line with relevant labour legislation, our Code of Ethics and Conduct, conditions of employment, collective bargaining agreements and our corrective action code.

We fully support our employees' right to freedom of association and recognise their right to belong to a union of their choice or to refrain from union membership. To support open communication, managers meet regularly with union representatives at plant level. In South Africa, 25,46% (2019: 28,97%) of our permanent employee base is unionised, with several unions represented. We have formalised relationships with the Food and Allied Workers Union (FAWU), the National Union of Food, Beverages, Wine, Spirits and Allied Workers (NUFBWSAW) and the Agricultural Broadbase and Allied National Trade Union (ABANTU).



To ensure that we protect the human rights of all workers, especially on our farms, we adhere to and exceed requirements set out in South Africa's Basic Conditions of Employment Act, No. 75 of 1997.

- Employees from our wholly owned farms can participate in the Distell Provident Fund.
- Farmworkers can join subsidised medical funds, and mobile clinics provide additional health support.
- Functional literacy programmes are available to workers on all our farms.
- Employment-linked housing is made available and, in some instances, is available rent-free. This includes water and electricity. Some farms provide free transport to assist farmworkers with their weekend shopping and attending sports, school and religious and cultural events.
- Our farmworkers earn between 20% and 74% more than the minimum amount prescribed by law, depending on their employment grade.

In addition, we offer the following benefits beyond what the Basic Conditions of Employment Act prescribes:

- Annual leave (five days more per annum)
- Family responsibility leave (three to six days more per annum)
- Annual bonus (13th cheque)
- Maternity leave (33% to 50% more than prescribed)

We have stringent measures in place to ensure compliance with all laws pertaining to employment in South Africa. At all operations, the relevant labour legislation is visibly displayed on notice boards, is accessible to all employees, and each employee has a contract of employment. All prospective employees must submit proof of identification to ensure that they are of legal working age before we will consider employing them. We also adhere to recommendations set out in the Code of Good Practice for the agricultural sector and abide by the South African Bill of Rights as enshrined in our Constitution. All employees, including farmworkers from our wholly owned farms, have the right to join or form a trade union. These rights include the following:

- Trade union access to the workplace
- Deduction of trade union subscriptions
- Collective bargaining

BUILDING A DIVERSE WORKING ENVIRONMENT

Our employees' diverse backgrounds, perspectives, ideas and experiences help create an organisation that is resilient and effective in the face of adversity. We leveraged the capability of our diverse talent in the past year to overcome a challenging and rapidly evolving working environment.

Addressing our workforce profile remains a key imperative and we made good strides to diversify our overall representation in terms of age, gender and race across all occupational levels. Ultimately, we strive to be representative of all South Africans and everyone representing our business operations outside of South Africa.

The appointment and promotion of people from designated groups is anchored in our revised National Employment Equity Plan 2020 – 2024, which has been rolled out across all business functions. This plan remains our primary strategy to attain set transformation and diversity targets and address government's national transformation goals. The plan prompted us to implement actions and soft behaviours required to embed an all-inclusive culture throughout our transformation journey:

- We invest in our EAP, including a bursary scheme and learnerships aimed at disabled learners. This investment affirms the value we place on our employees.
- We maximised our appointments and promotions for the year. This was despite external challenges, such as a constrained market for specialist technological and digital skills and the impact of COVID-19, which resulted in minimal talent acquisition opportunities.

Reflecting on our transformation journey, we are proud of the progress we have made but recognise that we still have work to do.

We have various workplace forums embedded across Distell that carefully track our commitment to achieve sustainable transformation. These include, for example, Employment Equity Forums, Talent Review Forums, a Sustainability Council and our social and ethics committee. These forums hold us accountable and monitor our progress against set transformation and diversity targets:

- 75% directive on African, coloured and Indian (ACI) appointments and promotions
- 50% female directive on appointments and promotions

INCREASING THE REPRESENTATION OF EMPLOYEES WITH DISABILITIES

Distell learnership for people with disabilities

A total of 37 learners (2019: 83 learners) participated in and completed our learnership programme, which included business administration and practice, hygiene and cleaning, as well as plant production. A programme to support job creation for people with disabilities is being finalised.

Doing more for employees with disabilities in 2020

As reported in 2019, we embarked on an internal Disability Awareness Campaign. The campaign was aimed at creating awareness on various disabilities and encouraged employees to declare their disability status. Both objectives were met, and we were encouraged by our own employees' and their families' stories of living with various disabilities or raising children with disabilities. These learnings helped us to develop a roadmap to take us forward as well as identify immediate actions which include but are not limited to:

- National workplace assessments conducted by our site risk personnel
- Demarcation of designated parking areas for persons with disabilities
- Staircase rails fitted, where applicable
- Walkabout assessments by external organisations
- The launch of a disability toolkit

ACCELERATING THE ROLE OF WOMEN IN THE WORKPLACE

Achieving gender equality is important to us and we are aware of Distell's current representation disparity. Over the past 12 months, we made great strides to bridge the gap between male and female employees:

- 39% of appointments and 49% of promotions went to women
- We continue to work towards a 50% gender representation across all management occupational levels

Future plans to accelerate women within Distell include:

- Continued partnership with Business Engage
- Ongoing engagement with 30% Club Southern Africa (read more about this from page 41)
- Collaborating with the United Nations Women Flagship Programme
- Establishment of the Distell Women Network Forum
- Increasing African female learners

The attraction and retention of women is of critical importance and we strive to create an environment that is conducive for them to thrive. In line with our strategic ambitions, we plan to have nursing rooms to support working mothers at our mega sites in the coming year with a view of replicating these at most sites going forward.

PROGRESS AGAINST OUR EMPLOYMENT EQUITY TARGETS

Between 1 July 2019 and 30 June 2020, we made the following progress against our employment equity targets for appointments and promotions within the business:

Percentage of PDIs – top and senior management	2017	2018	2019	2020	2022 Target
Appointments	64%	69%	56%	56%	75%
Promotions	50%	56%	54%	94%	95%

Percentage of PDIs – middle management	2017	2018	2019	2020	2022 Target
Appointments	78%	89%	81%	92%	95%
Promotions	45%	78%	87%	85%	95%

Percentage of PDIs – junior management	2017	2018	2019	2020	2022 Target
Appointments	90%	95%	92%	94%	95%
Promotions	88%	89%	93%	91%	95%

"We are transforming into a wiser, more inclusive, and better organisation because we listen and embrace what is both common and different. Our One Distell value unites and propels Brandcrafters, customers, suppliers and the communities in which we operate to greater success. We are motivated by the opportunities that lie ahead".

Elizabeth Msimang, Transformation Manager at Distell

ACCELERATED DEVELOPMENT PROGRAMME

We continue to leverage our Accelerated Development Programme to fast track the career development and progress of PDI candidates. Ten of the 11 delegates enrolled in the programme are from previously disadvantaged groups, and three delegates are female.

AFRICA LEADERSHIP DEVELOPMENT ACADEMY

The Africa Leadership Development Academy was successfully completed by a number of delegates from African countries. The programme creates well-rounded business leaders who can drive the Distell growth and performance agenda in chosen markets on

the continent and adapt, thrive and lead others effectively. The programme is action-learning based and identifies real questions and dilemmas faced by leaders in their current world of work as the departure point for learning. Upon completion, delegates acquire improved capabilities in the following categories:

- Cultural astuteness
- Managing risk and growth
- Route-to-market acumen
- Regulatory affairs
- Supply chain excellence

The programme is testament to our commitment to develop future leaders and attain our strategic growth ambitions. 11 of 14 delegates enrolled in the programme are from previously disadvantaged groups, and one delegate is female.



EMPOWERMENT OF RURAL COMMUNITIES (WITH A FOCUS ON BLACK WOMEN AND YOUTH)

Vikispan Proprietary Limited: Based in Malmesbury, Western Cape, this organisation aims to give farm workers (particularly youth and women) access to basic education and primary agricultural skills. In this way, Vikispan hopes to create sustainable socio-economic enterprises that stimulate and restore the strength and dignity of rural communities.

Inspire Children and Youth: Based in Malmesbury, Western Cape, this organisation is an incubator for innovative rural development programmes. In particular, the needlework empowerment project equips rural women with sewing and printing skills that enable them to pursue employment and income-generating opportunities.

Responding to COVID-19

In addition to their normal programmes, Inspire Children and Youth started producing cloth masks and distributing fresh vegetables to households where women were unable to work as well as to children from surrounding farms who were unable to attend afterschool programmes due to lockdown.

Thanda: Based in Mtwalume, KwaZulu-Natal, this community-based organisation provides innovative solutions for sustainable development by creating educational, skill-building and micro-entrepreneurial opportunities to individuals. In particular, Thanda's organic farming programme has had a profound impact on the wellness and financial security of the Mtwalume community, and many participating community members are earning an income for the first time in their lives.

Ubunye Foundation: Based in Makhanda and Peddie in the Eastern Cape, this rural development trust addresses chronic economic poverty and economic marginalisation. The foundation's ambition is to help people realise their own agency and shape their lives and communities in positive and sustainable ways. The Ubunye Foundation follows a community-driven approach that emphasises local ownership and empowerment.

EDUCATION, TRAINING AND WORK READINESS

School Turnaround Foundation: Based in Worcester, Western Cape, the School Turnaround Foundation works predominantly with children affected by FASD in four schools across the province.

Rural Education Access Programme (REAP): Based across South Africa, REAP assists learners from rural areas to study and succeed at university. This is achieved by providing them with the mentorship and financial assistance they need to graduate and become the leaders of tomorrow.

Responding to COVID-19

A portion of last year's funding went towards ensuring that all the students supported by the Distell Development Trust have laptops. The provision of these laptops proved invaluable as students could use them to learn remotely. REAP also supported students in the form of virtual tutorials and mentorship.

SA College for Tourism: Based in Graaff-Reinet, Eastern Cape, the SA College for Tourism supports students entering the job market. The college's unique hospitality skills development programme aims to empower unemployed and unskilled youth (particularly women) from rural areas with the skills needed to enter South Africa's growing eco-tourism industry. To facilitate this, the college helps to place participants in paid internships or learnerships within the hospitality industry after they graduate.

Responding to COVID-19

In consultation with parents, students and the Department of Health, the SA College for Tourism decided not to close during lockdown but rather have all students self-quarantine on campus. Theory courses continued via video.

Usiko Stellenbosch: Based mainly in Stellenbosch and surrounding areas in the Western Cape, Usiko Stellenbosch provides support and mentoring to school students to build their skills and knowledge. Ultimately, this foundation aims to open pathways for sustainable livelihoods that are underpinned by strong family and community ties.

South African Medical and Education (SAME) Foundation: Based across South Africa, the SAME Foundation undertakes high-impact community development projects with the goal of positively influencing millions of South Africans. Their aim is to improve healthcare and educational facilities in poverty-stricken communities. One of their projects, the Masia Maths and Science Academy (MMSA), provides education programmes for primary and high school learners.

EMPOWERMENT OF PERI-URBAN COMMUNITIES (WITH A FOCUS ON BLACK WOMEN AND YOUTH)

Ray Mhlaba Skills Training Centre: Based in the Eastern Cape, the Ray Mhlaba Skills Training Centre is a vocational skills development organisation that focuses on the social upliftment of underprivileged youth and aims to reduce youth unemployment. The training centre offers skills and social development programmes that equip participants with the knowledge required to obtain formal employment or pursue entrepreneurship opportunities.

Amy Foundation: Based mainly in the townships of Gugulethu, Khayelitsha, Nyanga, Langa, Crossroads, Philippi and Bonteheuwel on the Cape Flats in the Western Cape, the Amy Foundation specialises in programmes to develop and empower children and youth in vulnerable communities. The foundation's Youth Skills Development and Entrepreneurship Programme supports unemployed youth between the ages of 18 and 35.

Responding to COVID-19

In addition to their normal programmes, Amy Foundation started producing cloth masks to help fight the spread of COVID-19.

During the year, the Trust disbursed R10.7 million (2019: R9.9 million) to 11 programmes.



Middelpos farm



KZN project, Thanda



This is the SAME foundation project in Masia village in Limpopo. We converted a dilapidated school block into Maths labs and computer labs, as well as partnered with Stakeholders such as the university of Venda, Dept of Education so that they supply teachers and tutors for learners from 16 different schools in the region. Starting from grade 4 to grade 12.

THE BACKGROUND OF THE DISTELL DEVELOPMENT TRUST

The main purpose of the Distell Development Trust is to identify opportunities to advance black economic empowerment in the interest and benefit of beneficiaries. The Trust deed further specifies that 85% of beneficiaries should be black people, and at least 50% of these beneficiaries should be women. This is done with the aim of alleviating poverty, unemployment and inequality. Since the Trust is a B-BOS (Broad-based Ownership Scheme), it is required to fulfil its mandate. This is assessed independently by an Independent Competent Person's Report. An independent board of trustees further strengthens the governance of the Trust.

"The objective of the Distell Development Trust is to holistically empower the disempowered by improving socio-economic equality and significantly increasing levels of employment and income in the communities where the Trust has invested. In the last financial year, this was achieved in partnership with beneficiary organisations by incubating the establishment of an alternative rural economy to the benefit of marginalised rural communities. We also focused on training and upskilling township youth, the majority of who were placed in permanent jobs in the formal sector while others started their own micro-enterprises."

Lwazi Mankahla, head: Distell Development Trust

"A focus on creating social value is indispensable for triggering desired changes towards sustainable value for all stakeholders in society."

Lisle Svenson, outgoing chairperson: Distell Development Trust and Dr Benny Mokaba, incoming chairman: Distell Development Trust

THE DISTELL DEVELOPMENT TRUST

The Distell Development Trust focuses on three strategic imperatives when selecting initiatives to invest in. The following programmes were supported by the Trust during the year.