

WE ARE DISTELL

Distell is a business with deep roots in South Africa with a growing African and International presence. We are Africa's leading producer and global marketer of wines, spirits, ciders and other ready-to-drink beverages (RTDs).

CREATING AND SHARING VALUE

Our purpose captures the customer and consumer experience associated with our award-winning brands. It recognises our role as a corporate citizen and our obligation to act responsibly and pursue excellence in everything we do.

OUR PERFORMANCE IN 2021

The year has been undoubtedly challenging. However, it also presented an opportunity for us to realign the Group's strategy. Distell has proven to be a resilient African business with a strong and diverse portfolio. This will enable us to thrive in the long term.

Brands

CIDERS & RTD'S

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

- Savanna
- Hunter's
- Extreme
- Bernini

SPIRITS

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

- Amarula
- Bunnahabhain
- Scottish Leader
- Viceroy

WINES

Distell owns key wine brands, including:

- 4th Street
- Drostdy-Hof
- Nederburg
- Sedgwick's Old Brown

www.distell.co.za

2021 SUSTAINABILITY REPORT



2021 SUSTAINABILITY REPORT

NAVIGATING THIS REPORT

To make it easier to read and engage with content in this report, we have included interactive tools:

- [Access additional info on the web](#)
- [Read more within this report](#)

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.

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.

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.



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ABOUT OUR REPORT

Distell is a business with deep roots in South Africa and with a growing African and international presence. We are Africa's leading producer and marketer of ciders, ready-to-drink beverages (RTDs), spirits and wines enjoyed responsibly by people across the world. Our brand portfolio 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.

SCOPE AND BOUNDARY

This sustainability report (report) covers the non-financial performance of Distell Group Holdings Limited (Distell or the Group) for the financial year ended 30 June 2021 (FY21 or the year) and relates to our operations in South Africa only, unless otherwise indicated. We have an extensive worldwide distribution network, supported by local production capability and joint ventures and associate partnerships.

This report is part of a suite of publications we produce to best meet our stakeholders' needs and expectations. [↓](#) These publications are available online.



This report provides insight into the **MATERIAL SUSTAINABILITY ISSUES** we face and the matters vital to our future prosperity. The report is aimed at a **WIDE RANGE OF STAKEHOLDERS** who influence our business as well as those with an interest in our **ENVIRONMENTAL, SOCIAL AND GOVERNANCE** (ESG) impacts.



Our **INTEGRATED REPORT**, which includes our summarised consolidated annual financial statements, is aimed at all of our stakeholders but particularly our shareholders and the local and offshore investment community which provides our financial capital.



Our **SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS, NOTICE TO SHAREHOLDERS** and separate **PROXY FORM** provide information to enable shareholders to participate in the annual general meeting (AGM).



Our complete **ANNUAL FINANCIAL STATEMENTS** provide a comprehensive report of the Group's financial performance for the year.



Our statement of **COMPLIANCE WITH THE KING IV REPORT** on Corporate Governance™ for South Africa, 2016 (King IV)¹ provides an overview of our compliance with King IV.

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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.

FORWARD-LOOKING STATEMENTS

Due to the future-orientated principle of reporting, some statements in this report constitute forward-looking statements.

These are not guarantees or predictions of future performance. As discussed in this report, Distell faces risks, opportunities and other factors outside of 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.

OUR MATERIALITY APPROACH

Our approach to determining report content is guided by our commitment to the United Nations Sustainable Development Goals (SDGs). We track performance against our foundational and primary SDGs and structure the report according to the five key focus areas along our value chain where we can make the most significant contribution to these global goals. [🔗](#) Read more in the 'Our strategy and focus areas' section on page 12.

APPROVAL

The social and ethics committee 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 FY21.

Gugu Dingaan
Chairperson: Social and ethics committee

20 September 2021

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 again verified more than 80% of the sustainability information contained in key sections of this report. We are pleased to see that ongoing collaboration between the cross-functional teams, underpinned by a strong methodology and framework, continues to result in improved accuracy and validity of the information reported.”

KUMEREN PILLAY, DISTELL CHIEF AUDIT EXECUTIVE

WE ARE DISTELL

OUR BRAND PORTFOLIO

Our multi-category beverage portfolio is uniquely adaptive to key trends because it 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.

This is underpinned by a culture of innovation to maintain relevance as consumer preferences blur across beverage categories:

OUR VISION

▶▶▶ Making a difference by creating shared value in our chosen markets

▶▶▶ We aim to build the Distell of tomorrow, while helping to regenerate economies and communities, and allowing the environment to thrive.

OUR PURPOSE

▶▶▶ Creating memorable moments, crafting a better future

▶▶▶ Our purpose captures the customer and consumer experience associated with our award-winning brands. It recognises our role as a corporate citizen and our obligation to act responsibly and pursue excellence in everything we do.

OUR VALUES

- ▶▶▶ **Customer and consumer focus:** We are passionate about our customers and consumers.
- ▶▶▶ **Excellence:** We are committed to excellence in everything we do.
- ▶▶▶ **One Distell:** We win by collaborating with integrity, honesty and respect.

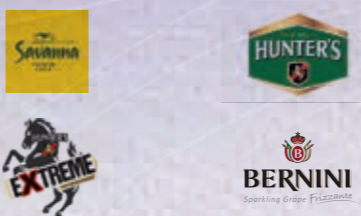
▶▶▶ Our values reflect what we stand for as an organisation and act as guiding principles. At the foundation of these values is a total commitment to our consumers and customers, characterised by an unwavering passion to serve their needs with integrity and excellence.

THE BEHAVIOURS THAT UNDERPIN OUR VALUES

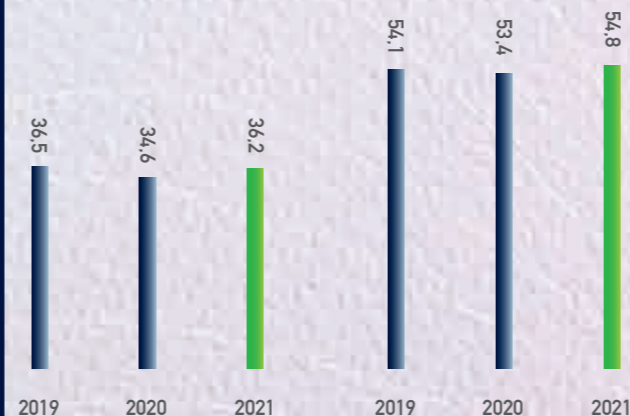
- ▶▶▶ We delight our consumers by putting them first
- ▶▶▶ As our customers grow, we grow
- ▶▶▶ We think and act like business owners
- ▶▶▶ We challenge, then commit
- ▶▶▶ We are digitally fluent
- ▶▶▶ We fail fast and learn faster
- ▶▶▶ We dare to care
- ▶▶▶ We build trust together
- ▶▶▶ Together, we play to win

CIDERS AND RTDS

We pioneered the cider category in South Africa and are the second largest global producer of ciders.



Contribution to Group revenue (%) | Volume contribution (%)

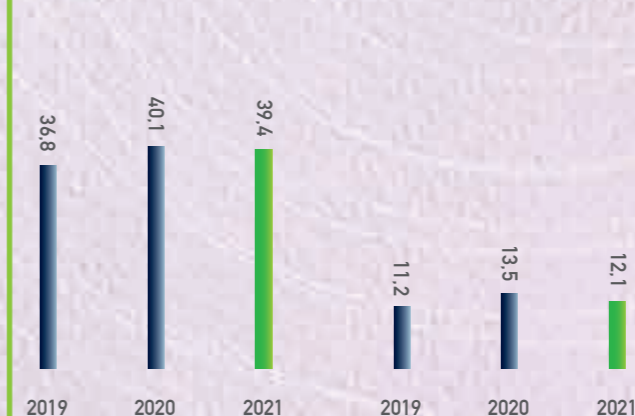


SPIRITS

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



Contribution to Group revenue (%) | Volume contribution (%)

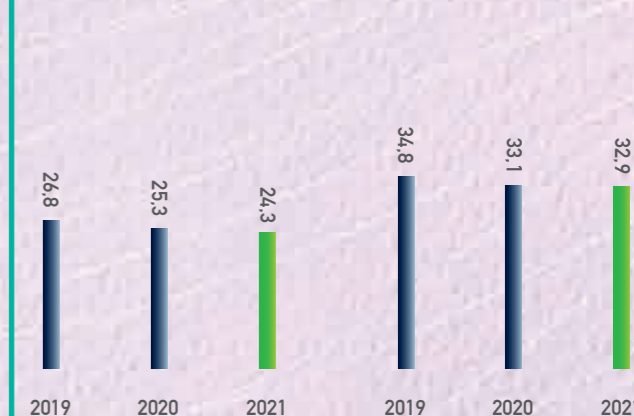


WINES

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



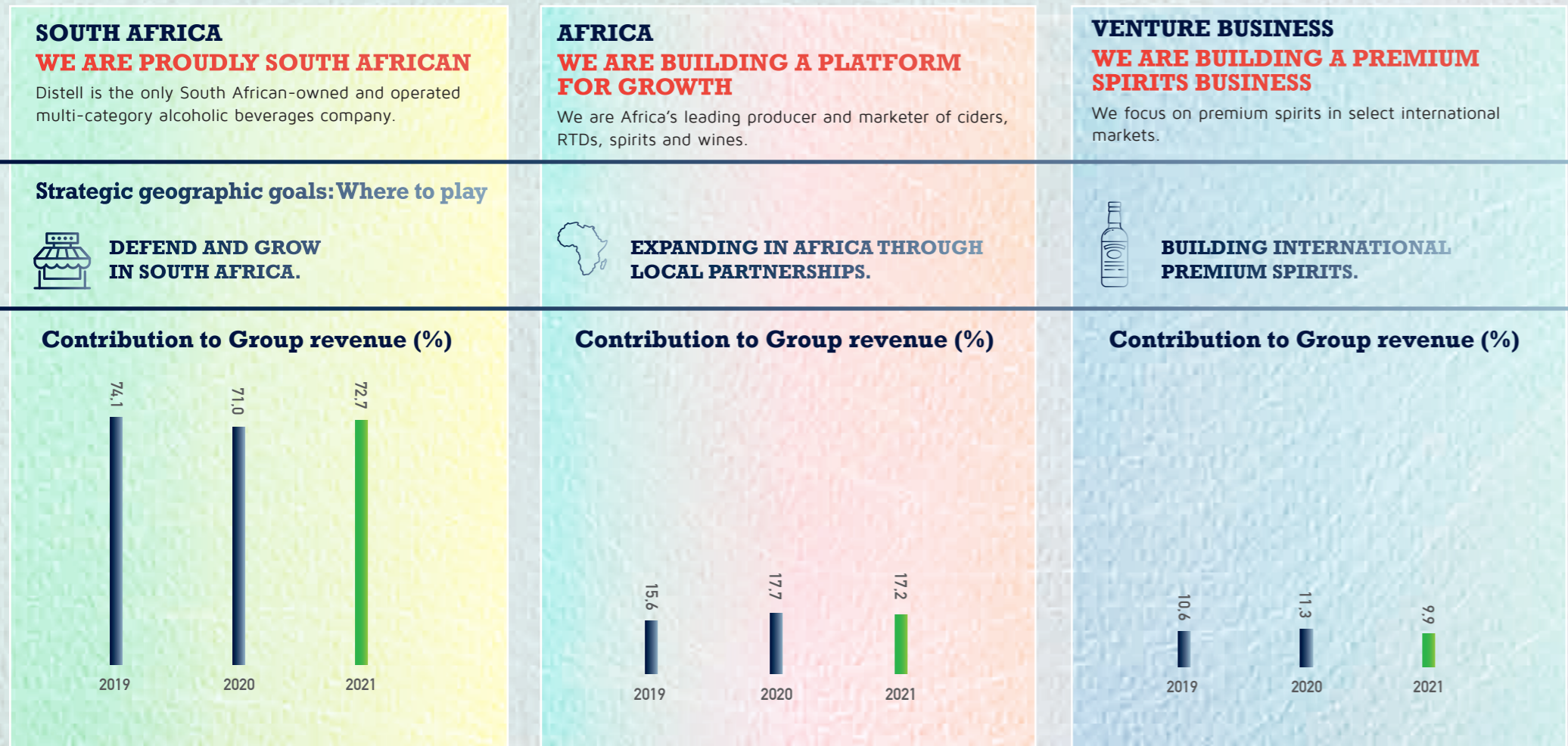
Contribution to Group revenue (%) | Volume contribution (%)



OUR OPERATING MODEL

Distell's operations are driven through three regional business divisions: South Africa, Africa and our Venture Business.

Each function acts as a specialist division, with its own decision-making processes, thus enabling quick responses to the unique macro-economic conditions and evolving consumer and competitor behaviour in its geographic region. Oversight of sustainability resides in the corporate centre.



Find out more about our brand portfolio, our operations, and our performance in the regions in which we operate in our integrated report.

OUR BUSINESS MODEL

Our business model enables us to fulfil our purpose of creating memorable moments, crafting a better future. It explains how we preserve and create value through the successful management of interconnected resources.

The way the Group navigated the challenging circumstances of the past two financial years, to emerge stronger than before, highlighted our key competitive advantages. These include:



OUR BUSINESS MODEL IS UNDERPINNED BY STRONG GOVERNANCE.

The Distell board takes great care in ensuring good governance. In an unpredictable world, governance requirements continually evolve and present new challenges, especially given Distell's growing footprint in regions with high operating risks. The board applies integrated thinking as promoted by King IV, and Distell's governance practices, risk and compliance frameworks, policies and controls exist to:

- support the Group to achieve our strategic ambitions and goals;
- ensure the sustainability of the Group; and
- optimise value for our shareholders and other stakeholders.

Read more in our governance report, available in our integrated report.

RESOURCE INPUTS INTO OUR BUSINESS MODEL

To craft our distinctive brands and fulfil our purpose, we make use of a range of resources. By applying these resources responsibly, ethically and effectively, through the business activities and processes along our value chain, we create and preserve sustainable value – and curtail value erosion – for all of our stakeholders.



Financial resources

Financial resources include: Funding from providers of capital, equity raised, retained earnings and access to debt funding. Distell is rigorous and measured regarding capital allocation. We invest financial resources in accordance with our strategy, economic value added and ROIC. We allocate capital to support our business activities and maintain and enhance our asset base. To grow, we invest in our brand portfolio, and select geographies on the African continent.

Risks to the availability of financial resources

- Economic decline, particularly in South Africa, intensified by COVID-19
- Approximately 20% trading days lost due to COVID-19-related restrictions on the sale of alcohol

For our response, read more

- ↓ The Group CFO report in our integrated report for a review of our financial performance for 2021.
- ↓ The summary consolidated annual financial statements available online.



Manufactured resources

Manufactured resources include: Our corporate office buildings, information technology infrastructure and the physical assets we use to produce, cellar, package, warehouse, sell and distribute our brands. We continually invest to maintain and optimise our asset portfolio and work to digitally transform our internal systems and customer- and consumer-facing platforms.

Risks to the availability of manufactured resources

- Increased health and hygiene standards to keep our operations safe for employees
- COVID-19-related disruptions to our export supply chain
- Increased utility costs, including electricity and water
- Escalated illicit trade and the increased threat of theft from our production facilities and logistics systems

For our response, read more

- ↓ Detail on capital investments, upgrades and consolidation of assets can be found in our integrated report.



Social and relationship resources

Social and relationship resources include: A network of internal and external relationships we develop and maintain with stakeholders. These relationships are guided by our purpose and values and we work with our stakeholders to fulfil our vision to make a difference by creating shared value in our chosen markets. We invest in these relationships to maintain our reputation and legal and social licence to operate.

Risks to the availability of social and relationship resources

- Socio-economic strain affects the wellbeing of consumers and the communities we serve
- COVID-19-related restrictions put pressure on our suppliers and trade customers, many of which are small- and medium-sized enterprises (SMEs)
- Government, communities and consumers are concerned about the adverse effects of irresponsible alcohol consumption

For our response, read more

- 🔗 Distell's material stakeholder groups and our engagement with each are discussed on page 36.



Intellectual resources

Intellectual resources include: Our focused and innovative brand portfolio, operational knowledge and strategic partnerships, our systems, protocols and intellectual property. Our decentralised operating model (🔗 page 6) enables prompt decision-making, heightened commercial responsibility and improved brand resonance with consumers. A dedicated growth and innovation function manages the application of intellectual resources in line with changing consumer preferences, evolving market trends, quality control and product innovation.

Risks to the availability of intellectual resources

- Heightened cyber security risks, increased by remote working to meet physical distancing requirements

For our response, read more

- 🔗 We have invested significant financial resources in a multi-year end-to-end digital transformation journey, read more on page 24.
- 🔗 Brand innovations can be found on page 62.



Human resources

Human resources include: Our culture and our people, including the board, management and employees. The diversity of our teams and our collective competencies, capabilities, experience and motivation to innovate. To attract and retain the best talent to pursue our growth strategy, we proactively recruit key skills and incentivise competitively. We invest in our people to develop their careers and maintain an engaged and competent talent pool. We rely on employees to live Distell's values and commitment to our consumers and customers, characterised by an unwavering passion to serve consumers' and customers' needs with integrity and excellence.

Risks to the availability of human resources

- Salary and benefit reductions to preserve jobs during the COVID-19 crisis
- The physical and mental well-being of employees required to work under new safety protocols or from home

For our response, read more

- ↓ All salary and benefit reductions have been reimbursed. See the remuneration report in our integrated report.
- 🔗 Learn more about our culture journey on page 100.



Natural resources

Natural resources include: The land, water, energy and agricultural produce, such as apples and grapes, we depend on for production, packaging and manufacturing. We understand that our long-term sustainability is intrinsically linked to the environment and these natural resources, from farm to consumer and back again. We are committed to reducing our consumption of natural resources in our operations since the depletion of these resources would threaten the Group's business model.

Risks to the availability of natural resources

- Delays in the import, export and in-country movement of agricultural resources due to COVID-19 restrictions

For our response, read more

- 🔗 Material initiatives to reduce our environmental impact can be found on page 90.

WHERE WE DO BUSINESS

4 440 EMPLOYEES

19 DISTRIBUTION CENTRES (INCLUDING FOUR IN NAMIBIA)
2 MEGA DISTRIBUTION CENTRES

24 TRADE EXPRESS SITES (INCLUDING ONE IN ESWATINI)
3 DEDICATED EXPORT WAREHOUSES



Distilleries and processing:

- South Africa:
 - Worcester
 - Goudini
 - Van Ryn's, Stellenbosch
 - Wellington
 - Monis, Paarl
- Scotland:
 - » Tobermory, Ilse of Mull
 - » Bunnahabhain, Islay
 - » Deanston, Stirling

Blending and packaging:

- South Africa:
 - Adam Tas
 - Nederburg
 - J. C. Le Roux
 - Gqeberha
 - Springs
 - Wadeville
 - Van Ryn's, Stellenbosch
- Nigeria
- Kenya
- Angola
- Scotland:
 - » East Kilbride

Wineries:

- South Africa:
 - Nederburg
 - Adam Tas
 - J. C. Le Roux
 - Durbanville Hills

OUR STRATEGY AND FOCUS AREAS

In the face of global challenges such as poverty, inequality, climate change and environmental degradation, we recognise the need to identify holistic, sustainable and innovative programmes, processes and policies that will equip us to respond. At Distell, our leadership implements robust management processes to ensure we succeed in this important journey.

Our approach is guided by the SDGs, which provide the blueprint to achieve a better and more sustainable future for all through 17 specific outcomes that are universally recognised.

One of the outcomes of our multi-year SDG journey was identifying 11 SDGs most relevant to our business. We categorise these as foundational (SDGs 5 and 17), primary (SDGs 3, 6, 8 and 12) and secondary (SDGs 1, 4, 7, 9 and 13). We track our performance against our foundational and primary SDGs. [Read more about our SDG journey on page 32.](#)

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; and
- feed targets into a multi-year plan to 2025.



OUR VISION:
Making a difference by creating shared value in our chosen markets

OUR PURPOSE:
Creating memorable moments, crafting a better future

THE SDGS
are the blueprint we use to achieve our purpose, with our contribution to the SDGs shaped by the five key focus areas along our value chain where we can make the most significant impact.

PROMOTING RESPONSIBLE DRINKING

ACHIEVING TRANSFORMATION

PROMOTING ENVIRONMENTAL RESPONSIBILITY

EMPOWERING OUR PEOPLE

EMPOWERING COMMUNITIES

To advance the concept of shared value, our sustainability strategy remains guided by four strategic pillars: purpose, planet, people and profit. These pillars reinforce the connection between environmental health, social well-being and Distell's financial success and resilience. In line with our business strategy, we set broad sustainability targets and plans to take us to 2025.

PURPOSE

We commit to leading Africa's alcoholic beverage sector by leveraging our brands with purpose and embedding a purpose-led culture across Distell, underpinned by our commitment to deliver shared value.

Targets to 2025

We measure our performance against 10 SDG-linked targets that are embedded within our Group-wide short-term incentive (STI) scorecard. These targets incentivise purpose-led performance, underpinned by awareness campaigns to ensure our culture journey supports performance. [Read more about our STI scorecard from page 14.](#)

PLANET

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

Targets to 2025

Underpinned by our safety, health, environment, risk and quality (SHERQ) strategy, we set targets to reduce our use of electricity, water and energy, as well as our GHG emissions, effluent discharge and waste. We invest in programmes and partnerships to support circular economies and waste reduction along our value chain. [Read more about these from page 91.](#)

PEOPLE

We ensure that the communities in which we operate are better off because we are there. Our purpose acts as a talent magnet for Distell and supports our employee value proposition. We remain committed to being leaders in this space, championed by our STI scorecard. [Read more about our people from page 98.](#)

Targets to 2025

Together with our strategic partners, we implement key projects to decrease vehicle accidents attributable to drink driving, the incidence of babies born with fetal alcohol spectrum disorder (FASD) and the incidence of gender-based violence. These projects are informed by targeted research and implementation to deliver impactful and measurable results.

PROFIT

We progressed on our journey to embed 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. This includes pursuing job creation as a primary outcome of our actions. Icon for SDG 8

Targets to 2025

Create 1 000 jobs per annum through our enterprise and supplier development programmes.

Aligning our sustainability and business strategies

In 2021, we asked ourselves: "What do we need to do to stay relevant to all stakeholders in the longer term?"

We considered the environment we operate in, changing customer and consumer needs, the competitive landscape and stakeholders' growing concerns around ESG issues.

THIS SET US ON THE PATH OF A SHARED VALUE JOURNEY, WITH THE VISION OF MAKING A DIFFERENCE BY CREATING SHARED VALUE IN OUR CHOSEN MARKETS.

This new vision speaks to a transformative journey while remaining committed to our purpose of creating memorable moments and crafting a better future. As part of this journey, we refocused our business strategy to integrate it more fully with the Group's sustainability strategy. Our vision was approved by the board of directors (board).

The care and contribute strategic driver, which embodied our drive to be eco-efficient and a force for good in society, and our strategic ambition of developing purpose-led brands were combined into a new strategic ambition: creating shared value. This is an important step in our journey to move beyond corporate social responsibility by including social and environmental considerations, policies and operating practices in our strategy for the benefit of communities while advancing the Group's competitiveness.

[Read more about this journey in our Group chief executive officer \(CEO\) report on page 22.](#)

This recognises the fact that sustainability is central to Distell's long-term success, and that every strategic decision we make needs to not only deliver business benefits, but also societal and environmental benefits.

[Read more about our business strategy in our integrated report.](#)

Measuring our sustainability performance

We track our long-term performance against sustainability targets and plans to 2025. In the shorter term, our SDG targets are tracked year on year and feed into a multi-year plan to 2025. To support performance against these targets, we instituted a single Group-wide STI scorecard that includes non-financial measures based on our selected SDGs.

[Read about our STI scorecard on page 14. Review our performance against our SDG targets on page 15.](#)

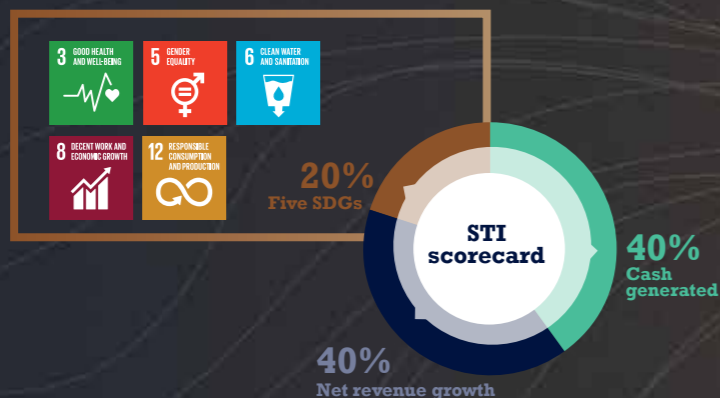
Governance oversight

Our Sustainability Council oversees our sustainability strategy and plays an important role in ensuring alignment between our business strategy and sustainability efforts. The Council also provides critical oversight of the various sustainability functions within Distell. The ultimate custodian of sustainability at Distell is the social and ethics committee, while the board is accountable for the Group's overall performance and is entrusted to provide direction and leadership on the various financial, economic and ESG-related issues that arise within our operating environments.

[Read more about how we govern sustainability on page 28.](#)

OUR SUSTAINABILITY PERFORMANCE

We identified targets for our primary SDGs and one of our foundational SDGs (SDG 5) to help us realise our broader 2025 targets.



FY21 WAS THE FIRST YEAR SETTING TARGETS FOR OUR REVISED STI SCORECARD. WE NOW HAVE A BETTER UNDERSTANDING OF THE COMPLEXITIES AND OPPORTUNITIES FOR EACH SDG TARGET. WE ARE THEREFORE USING OUR FY21 ACTUALS AS OUR NEW BASE YEAR, FROM WHICH WE HAVE IDENTIFIED REVISED STRETCH TARGETS FOR FY22. LOOKING AHEAD, OUR APPROACH TO IDENTIFYING AND SETTING TARGETS WILL CONTINUE TO EVOLVE EACH YEAR, AS WE CHALLENGE OURSELVES TO REMAIN AMBITIOUS AND FOCUSED ON LIVING OUR PURPOSE.

REMUNERATION GOVERNANCE

The remuneration committee primarily consists of non-executive directors who review and oversee Distell's remuneration policy. The Group CEO and other executives may attend remuneration committee meetings by invitation, but do not vote, and are not present when their own remuneration is discussed. To navigate through the COVID-19 pandemic, the remuneration committee held seven meetings during the year and the committee composition and attendance are reflected in our integrated report.

The terms of reference of the remuneration committee are reviewed annually and include, among others, the following responsibilities:

- considering and recommending a Remuneration Policy to the Board which gives effect to its direction on fair, responsible and transparent remuneration and to assess the Group Remuneration Policy's effectiveness, for final approval by the shareholders;
- reviewing and approving short-term and long-term incentive plans, including applicable hurdle-rates and targets of the incentive plans;
- satisfying itself with regards to the accuracy of recorded performance measures which govern the vesting of shares or other incentives; and
- reviewing and approving the individual remuneration levels of the Group CEO, and other executives who report directly to the Group CEO.

[Download the remuneration committee's full terms of reference.](#)

To support performance against these targets, we instituted a Group-wide STI scorecard that includes 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. This drives 'One Distell' and ensures that each employee takes responsibility for our performance and overall sustainability.

🔗 The STI scorecard is aligned to our broader sustainability strategy, which is detailed on page 12.

Our performance against our scorecard is detailed below.

SDG targets identified by Distell	Distell's internal targets to measure our contribution to our chosen SDG targets	Achieved in FY21
Decrease vehicle accidents attributable to drink driving (SDG target 3.6: halve the number of global deaths and injuries from road traffic accidents) Supported by SDG 17	Achieve a reduction in road accidents within targeted nodes of our road safety campaign over Christmas and Easter, as measured by the South African Police Service THRESHOLD TARGET: 10% MAXIMUM TARGET: 15%	62,7% reduction achieved. 🔗 Read more about our road safety campaign on page 51.
Decrease the incidence of babies born with FASD (SDG target 3.5: strengthen prevention and treatment of substance abuse) Supported by SDG 17	Decrease the percentage of FASD babies born (on programme) to: THRESHOLD TARGET: 40% MAXIMUM TARGET: 35%	19.9% reduction achieved. 🔗 Read more about FASfacts and FARR from page 60.
Decrease the incidence of gender-based violence through a holistic, targeted, multilayered and multifaceted programme with measurable impact (SDG target 5.2: eliminate all forms of violence against all women and girls in the public and private spheres) Supported by SDG 17	Reach our employees through a targeted internal communications campaign and reach people outside our organisation through a targeted external campaign THRESHOLD TARGET: 70% OF EMPLOYEES AND 1 250 EXTERNAL PEOPLE MAXIMUM TARGET: 90% OF EMPLOYEES AND 1 500 EXTERNAL PEOPLE	100% of Distell employees reached through our gender-based violence awareness campaign. 9 188 individuals outside of our organisation reached through our external gender-based violence awareness and support initiatives. 🔗 Read more about these from page 56.
Reduce water usage intensity (ℓ/ℓ) (SDG target 6.4: increase water use efficiency)*	Improve water usage intensity THRESHOLD TARGET: 3,0250 (ℓ/ℓ) MAXIMUM TARGET: 2,8595 (ℓ/ℓ)	While we improved our year-on-year water usage intensity to 3,2001 ℓ/ℓ – we missed our FY21 target. 🔗 Read more on page 86.
Reduce wastewater load discharged intensity (gCOD/ℓ) (SDG target 6.3: improve water quality)*	Reduce wastewater load discharged intensity THRESHOLD TARGET: 8,5985 (gCOD/ℓ) MAXIMUM TARGET: 8,0000 (gCOD/ℓ)	We reduced wastewater load discharged intensity to 7,3774 (gCOD/ℓ) – achieving our FY21 target. 🔗 Read more on page 87.
Increase procurement spend with black-owned businesses as a percentage of total procurement spend (SDG target 8.3: promote development-oriented policies)	Increase procurement spend as a percentage of total procurement spend with black-owned businesses THRESHOLD TARGET: 23% MAXIMUM TARGET: 25%	We increased procurement spend as a percentage of total procurement spend with black-owned businesses to 25,4% . 🔗 Read more on page 72.
Increase procurement spend with black women-owned businesses as a percentage of total procurement spend (SDG target 8.3: promote development-oriented policies)	Increase procurement spend as a percentage of total procurement spend with black women-owned businesses THRESHOLD TARGET: 10% MAXIMUM TARGET: 11%	We increased procurement spend as a percentage of total procurement spend with black women-owned businesses to 18% . 🔗 Read more on page 64.
Create jobs that will support economic growth and community resilience (SDG target 8.2: achieve higher levels of economic activity)	Create jobs along our value chain to support economic growth and community resilience THRESHOLD TARGET: 350 MAXIMUM TARGET: 500	We created 1 157 jobs during FY21. 🔗 Read more on page 23.
Achieve a verified B-BBEE rating of level 4 (SDG target 8.3: promote development-oriented policies)	Achieve a B-BBEE rating of level 4 THRESHOLD TARGET: 80 POINTS MAXIMUM TARGET: 82 POINTS	We achieved a B-BBEE rating of level 4. 🔗 Read more on page 74.
Reduce non-renewable electricity usage intensity (kWh/ℓ) (SDG target 12.2: achieve the sustainable management and efficient use of natural resources)*	Reduce non-renewable electricity usage intensity THRESHOLD TARGET: 0,1179 (kWh/ℓ) MAXIMUM TARGET: 0,1065 (kWh/ℓ)	We reduced non-renewable electricity usage intensity to 0,1011 (kWh/ℓ). 🔗 Read more on page 85

* Target based on the percentage reduction in intensity from a 2014 base year. 🔗 Read more on page 82.

“With the assistance of our executive management team, we shifted our SDG journey into a new gear with the launch of the Group-wide STI scorecard. The ten performance measures and underlying targets were workshopped with cross-functional teams to ensure they cut across our value chain and were then approved by the board and remuneration committee. As this was the first year tracking against these targets, we will refine them each year to drive focused and purpose-led performance. As One Distell we are proud of the commitment each and every employee has shown in support of this journey.”

ERIC LEONG SON, GROUP MANAGER: SUSTAINABILITY

PROMOTING RESPONSIBLE DRINKING

- >>> Formed a **Social Compact** undertaken with external stakeholders, civil society and local industry to launch programmes and related campaigns focused on alcohol harm reduction
- >>> R2,1 million invested in **responsible trade** initiatives
- >>> In partnership with the Department of Transport, we rolled out an Arrive Alive **road safety campaign**
- >>> We launched an internal **gender-based violence awareness campaign**: Never In Our Name
- >>> We leveraged our 10 brands with purpose to deliver high-impact social media campaigns that promoted the **responsible consumption of our products and adherence to COVID-19 hygiene and social distancing guidelines**
- >>> Ongoing support of **Aware.org.za, FARR and FASfacts**
- >>> The COVID-19-associated sales bans **increased the demand for illicit alcohol** (the value of the illicit alcohol market in South Africa has increased by 17,0% since 2017, to R20,5 billion)

>>> Value created
 >>> Value sustained
 >>> Value eroded

ACHIEVING TRANSFORMATION

- >>> Distell paid for the **development of a B-BBEE toolkit** that helps farmers and companies within the agri-sector evaluate the different elements of their scorecard
- >>> We **increased our preferential procurement score** from 15,99 to 19 points out of a maximum of 29 (as per the amended codes)
- >>> We updated our **Human Rights Policy**
- >>> Distell became a **member of Sedex** in July 2020
- >>> We achieved a B-BBEE rating of **level 4**
- >>> Distell maintained its over **R100 million portfolio of support** to qualifying SMEs

PROMOTING ENVIRONMENTAL RESPONSIBILITY

- >>> We reached our **2021 non-renewable electricity usage intensity reduction target** achieving 0,101 (kWh/ℓ) against a target of 0,118 (kWh/ℓ) due to the completion of four new solar photovoltaic (PV) facilities
- >>> We reached our **2021 fossil-fuel-based energy usage intensity reduction target** achieving 1,033 (MJ/ℓ) against a target of 1,098 (MJ/ℓ) due to realising the benefits of production process efficiencies and increased production volumes
- >>> We reached our **2021 GHG emissions intensity reduction target** achieving 0,196 (tCO₂e/ℓ) against a target of 0,245 (tCO₂e/ℓ) due to completing the installation of four solar PV installations at our production sites and consuming an additional 1 899 021 kWh of renewable electricity
- >>> We reached our **2021 effluent load discharged intensity reduction target** achieving 7,377 (gCOD/ℓ) against a target of 8,599 (gCOD/ℓ) due to the continued treatment benefits obtained from the Adam Tas and Springs effluent treatment plants and the benefits from the new Worcester effluent
- >>> Ongoing support of the **Stellenbosch River Collaborative and Co-Go**
- >>> Continued to support our environmental assistants through **GreenUP**, our flagship recycling programme
- >>> Leveraging experience gained through GreenUP, we partnered with external stakeholders to **roll out recycling initiatives elsewhere in South Africa and Mozambique**
- >>> While we improved our year-on-year water usage intensity, we **did not reach our 2021 reduction target** achieving 3,200 (ℓ/ℓ) against a target of 3,025 (ℓ/ℓ) due to delays with commissioning the wastewater reclamation plants at Springs and Adam Tas

EMPOWERING OUR PEOPLE

- >>> R24,5 million invested in **training initiatives**
- >>> We **exceeded our employment equity targets** for previously disadvantaged individuals (PDIs)
- >>> COVID-19 accelerated new ways of working: we responded with agility and adapted our people practices to ensure these **remain fit-for-purpose**
- >>> We deeply regret **one employee fatality** during the year

EMPOWERING COMMUNITIES

- >>> Ongoing support of **community empowerment programmes**
- >>> Ongoing support of **arts and culture** (Zabalaza Theatre Festival and Body of Evidence)
- >>> **350 non-profit organisations supported** on our ForGood employee volunteering platform



MAKING A POSITIVE IMPACT ALONG OUR VALUE CHAIN

At Distell, we look at each stage of our operations for opportunities to make a positive impact. The graphic that follows unpacks the activities along our value chain. It also shows how our chosen SDGs intersect with our value chain and how we contribute to addressing the ongoing challenges within our industry and country.

Read more about our multi-year SDG journey and the approach taken to map our chosen SDGs along our value chain on page 32.

VALUE CHAIN

GROWTH AND INNOVATION

To deliver breakthrough brand and product innovations, our growth and innovation business function uses research platforms, methodologies and advanced marketing analytics to gain consumer insights.

At our various centres of excellence, subject matter experts bring new and innovative product and packaging ideas to the market. This ensures we continue to produce award-winning ciders, RTDs, spirits and wines.

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.

PROCUREMENT

We pursue partnerships to sustainably source high-quality raw materials and ingredients including apple juice concentrate and grapes.

The bulk of our raw materials is sourced locally, particularly in South Africa, but also in other markets where we have production facilities. We drive sustainable value through smart spend management that enables innovation and builds quality partnerships along our value chain.

Distell's inclusive purchasing strategy results in the growth of our preferential procurement pool and creates market accessibility, particularly for small and medium-sized black-owned and black women-owned businesses.

This is supported by our Agri+Gator programme, which aims to provide structured engagement and direct support to grow empowered apple and grape farmers within our value chain.

We constantly seek to enhance our responsible social compliance practices to support our employees and our farmworkers and their families. PROCARE, one of South Africa's leading emotional wellness companies, is a key partner on this journey. Our recent membership with Sedex, one of the world's leading ethical trade service providers, will also support us and our suppliers on our social compliance journey.



CELLARING, DISTILLING AND BOTTLING

We process, cellar, mature and package per brand under safe and controlled conditions that adhere to international standards.

We have an employee safety, health and wellness programme and a comprehensive occupational health and safety strategy in place. Our on-site clinics at our bottling plants and manufacturing and distribution sites provide occupational health services to operational employees.

We promote environmental responsibility in the production of our products by monitoring our water and electricity usage and managing effluent and wastewater.

This is supported by a range of environmental management programmes that include, among others, solar PV installations at production sites; capturing, purifying and using CO₂; and the use of anaerobic wastewater treatment facilities.

PACKAGING

We look for opportunities to reduce the waste associated with our product packaging.

We are increasing the recycling of waste and reducing waste to landfill.

We are increasing the number of SMEs within our value chain to create meaningful employment opportunities.

We take a collaborative approach with our E+Scalator programme, which aims to discover, incubate and develop black-owned and black women-owned businesses while providing market access by awarding offtake agreements.

Our packaging strategy includes communicating the dangers associated with alcohol abuse and drinking and driving through health warnings on our product labels.



DISTRIBUTION, MARKETING AND SALES

We sell our products to various trade customers which include wholesalers, retailers and tavern owners. These customers are the interface between us and our consumers.

Through our Taverner Training Programme, we empower taverns and counter service outlet owners with basic business and in-trade execution skills to grow their businesses sustainably. This includes touching on responsible retailing to encourage tavern owners to operate in a socially responsible manner within communities.

We develop and distribute ethical and responsible content when marketing and promoting alcoholic beverages to consumers.

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 informing and encouraging consumers to make the right choices when enjoying our brands.

CONSUMPTION

Our brands are consumed by people from all walks of life who enjoy mixed-gender drinking occasions around the world. As part of our ambition to create memorable moments and craft a better future for all of our stakeholders, we promote the responsible consumption of our products.

We are focused on combating the social and economic impact of alcohol abuse. Our response includes our Social Compact undertaken in partnership with external stakeholders, civil society and local industry to launch programmes and related campaigns focused on alcohol harm reduction. This includes recent partnerships with the South African National Tax Council (SANTACO) and the Department of Transport, bolstered by our long-term partnerships with Aware.org.za, FARR and FASfacts.



Our investment along our value chain extends to the communities in which we operate.

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.

MANAGING POST-CONSUMER WASTE

We are finding innovative and enterprising ways to create circular economies along our value chain and manage post-consumer waste.

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

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.

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. This includes our Give back, Get back initiative.



A MESSAGE FROM THE CHAIRPERSON OF OUR SOCIAL AND ETHICS COMMITTEE

The past year was full of uncertainty and volatility, with the COVID-19 pandemic continuing to build on the disruption caused midway through FY20. We faced unprecedented challenges, which sparked unique and difficult conversations between Distell and our internal and external stakeholders.

FOCUSED AND RESPONSIVE STAKEHOLDER ENGAGEMENT

As the social and ethics committee (SEC), we played a critical role in overseeing stakeholder engagement to ensure that issues and concerns were addressed and responded to accordingly.

This included understanding the difficult trade-offs required to preserve employment and balance employees' safety and well-being while managing the impact of the pandemic and government-imposed alcohol bans on Distell's profitability.

Considering the volatility in our operating environment, the remuneration committee endorsed management's recommendation that the Group protect employees' jobs and the financial stability of the business by implementing temporary salary reductions and benefit adjustments. This difficult decision was fully supported by Distell's employees. As the SEC, we were particularly pleased with the outcome of this engagement, as it is a testament to the positive impact of Distell's culture change journey and the strength of the Group's employee engagement strategy.

COVID-19 and the subsequent measures to mitigate its impact continued to put a spotlight on the importance of alcohol harm reduction and safe consumption. The South African government's approach to COVID-19 lockdowns, including banning the sale of alcohol, influenced and intensified these debates and necessitated ongoing engagement to ensure Distell's voice is heard.

The SEC was pleased to note how Distell pursued constructive and open engagement with government, underpinned by a clear commitment to promoting responsible drinking and a culture of moderation. This approach to engagement has long been part of Distell's stakeholder engagement strategy, which favours ongoing and open engagement over a knee-jerk response to a crisis.

The pandemic further underscored the importance of enhancing global and local collaboration and effective partnerships among all sectors and stakeholders. This is not only important to overcome the immense challenges posed by COVID-19 but also to build more sustainable, resilient and inclusive societies.

Multi-stakeholder collaboration is embedded in the Group's sustainability strategy – as seen by its commitment to SDG 17 (partnerships for the goals) as a foundational goal. During the year, the Group took steps to develop new and innovative partnerships to help deliver on its purpose of creating memorable moments, crafting a better future.

Milestones include signing up for Sedex to help the Group drive responsible business practices in its supply chain, as well as launching partnerships locally and outside South Africa to create circular economies and manage post-consumer waste.

Another milestone was the formation of the Group's Social Compact to launch programmes and related campaigns focused on alcohol harm reduction, with many undertaken in partnership with external stakeholders and industry bodies. This includes, for example, announcing a ground-breaking road safety partnership with the Department of Transport as well as partnering with SANTACO to deliver road safety training to 1 324 taxi drivers.

For the Group, partnerships are essential to delivering on the transformational changes required by the SDGs and Distell has made good progress in recent years to establish strong partnerships that position it well to deliver positive environmental and social impact at scale. This is important not only in living its purpose but also in supporting its vision of making a difference by creating shared value in its chosen markets.

ONGOING MONITORING OF DISTELL'S ESG PERFORMANCE

BEING SOCIALLY AND ENVIRONMENTALLY RESPONSIBLE IS NECESSARY TO DISTELL'S LONG-TERM SUCCESS AND IS IMPORTANT TO THE GROUP'S STAKEHOLDERS WHO INCREASINGLY EXPECT EVIDENCE OF PROGRESS TRACKED AGAINST METRICS AND TARGETS.

It is with deep regret that Distell reported one employee fatality in the past year. This fatal injury was sustained in the employee's capacity as a farm manager and related to working at heights. In response, the Group initiated an investigation to understand the root cause. Corrective and preventative measures have since been implemented and key learnings were shared across the Group. The SEC is comforted by the Group's reinforced commitment to ensure that every employee returns home safely at the end of each day.

COVID-19 remained one of the most significant risks to employee health and safety during the year – with every employee impacted. Since the start of the pandemic in 2020, 674 employees tested positive for COVID-19 and 562 recovered. Sadly, 12 of Distell's employees passed away as a result. Each of these employees contributed to the culture and success of the Group and tribute is paid to them in this report on page 26.

While the Group achieved a year-on-year improvement related to water usage, it unfortunately missed its 2021 target. However, it achieved its stated targets against electricity and fossil fuel-based energy usage and wastewater discharged. This is an improvement on last year when performance was negatively impacted by COVID-19 and government's ban on alcohol production and sales, which resulted in production volumes being significantly below the financial year's budget.

We continue to monitor the Group's performance against its broad, longer-term targets and plans to 2025 as well as its performance against its SDG targets is tracked annually. In particular, we welcome the introduction of the Group-wide STI scorecard that includes non-financial measures based on the Group's selected SDGs. This is an innovative and leading way of showing that the Group is serious about its social and environmental commitments and provides a meaningful way of holding each employee accountable on Distell's journey to sustainable development.

During the year, the social and ethics committee also considered and approved the Group's Human Rights Policy and closely monitored whistleblowing reports and related investigations and resolutions. We further monitored reports on compliance, bribery and corruption. The SEC is satisfied that all reported matters are properly followed up on, investigated and appropriate action taken where justified.

Despite challenges experienced during the year, Distell continued to invest in its employees through various skill development initiatives and bursaries. They continued to invest in enterprise and supplier development initiatives through its E+Scalator and Agri+Gator programmes, increasing procurement from black-owned and black women-owned businesses. The Group also continued to invest in social and economic development programmes and initiatives. Achieving its level 4 B-BBEE score is a reflection of the impact of Distell's various initiatives on its stakeholders and South Africa Inc.

Overall, we are satisfied that Distell's leadership embraced the mandate of the committee and that initiatives are undertaken with the higher purpose of Distell being a good corporate citizen and having a positive impact on stakeholders.

OUTLOOK FOR 2022

THERE IS STRONG EVIDENCE THAT THE MATTERS THAT FORM PART OF THE SOCIAL AND ETHICS COMMITTEE'S REMIT WILL ONLY GROW IN IMPORTANCE AND THAT OUR ROLE WILL INCREASINGLY BE ONE OF ENSURING THAT DISTELL BUILDS BACK BETTER IN A POST-COVID-19 WORLD.

These matters include, among others, monitoring Distell's performance with regards to good corporate citizenship, the environment (including climate change), health and public safety, consumer relationships and labour and employment matters as well as compliance with laws and regulations.

As a committee, we were particularly comforted and encouraged to see the board and executive management teams lead ethically, without exception, throughout the crisis. This is critical to maintaining business resilience, safeguarding Distell's reputation and retaining stakeholders' trust in the business in a time of uncertainty.

As we move into 2022, the social and ethics committee will continue to support Distell in fulfilling its role as an ethical and responsible corporate citizen. A key area in this regard will be monitoring the Group's focus on improved disclosure for environmental and social performance. In particular, the SEC will increase its governance and oversight of disclosure by identifying a list of material ESG-related topics that will be reported on as and when there are significant changes rather than only during mandated committee meetings.

We will also evaluate how our SEC meetings are structured to ensure that we address Distell's key ESG themes, in line with the Group's commitment to align its reporting with global best practice. For example, ensuring comprehensive feedback on matters such as climate change and the Group's application of reporting standards and frameworks such as the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The Group is on the right track, as can be seen by Distell retaining its certification as a constituent company in the FTSE4Good Index Series.

Other focus areas include:

- Monitoring the implementation of Distell's planned COVID-19 vaccination drive for employees and communities
- Monitoring the Group's actions to promote employee wellbeing in the workplace, particularly assisting employees to rebuild and recover from the devastating impact of COVID-19 on their lives
- Monitoring Distell's delivery and progress on the SDGs
- Overseeing the Group's approach to stakeholder engagement, with a particular focus on Distell's various initiatives that impact society at large
- Monitoring the Group's partnership and collaboration with government to promote responsible alcohol consumption and reduce the negative impact thereof
- Continuing to focus on executive management's efforts to improve the management control and employment equity elements of the B-BBEE scorecard

Gugu Dingaan

Chairperson of the social and ethics committee

20 September 2021

FROM THE GROUP CEO

The year has been extremely challenging. However, one thing has remained the same: our focus on Distell's long-term sustainability.

ALIGNING OUR BUSINESS AND SUSTAINABILITY STRATEGIES

The COVID-19 pandemic presented significant volatility and uncertainty. In particular, the extensive socio-economic impact of the pandemic highlighted the urgent need for businesses to re-align their growth ambitions with the needs of stakeholders. It also necessitated greater collaboration between business, government, labour and civil society to enable the nation to enjoy a better future.

At Distell, our business and sustainability strategies remain agile and responsive to the needs of our stakeholders. For many years, we have recognised that our success depends on our ability to stimulate economic prosperity and safeguard the environment to support prosperous communities and consumers.

During the year, we took this approach further by repurposing our vision to focus on creating shared value in our chosen markets as well as incorporating shared value into our strategic ambitions. This will require changes on multiple fronts, including shifting our sustainability strategy which previously focused mainly on corporate social responsibility towards shared value and embedding shared value in our culture and human resources development programmes.

Several programmes that support our sustainability strategy are aligned with our shared value journey. These include our GreenUP recycling programme and Taverner Training Programme. Both make a positive and lasting impact on the lives and livelihoods of individuals while unlocking commercial opportunities along our value chain. There is certainly an opportunity to scale up these programmes and we have made this a key consideration in our future plans.

Looking forward, we will investigate ways to reimage and repurpose our existing business opportunities and programmes (operational, human resources and sustainability-focused) to align them with our shared value journey. This includes developing a comprehensive picture of the outcomes we wish to achieve, underpinned by a target-led roadmap to ensure we can measure success and failure.

MANAGING RISK AND SEIZING OPPORTUNITY

Our commitment to promoting responsible drinking and harm reduction

COVID-19-related lockdowns and the resultant restrictions on alcohol sales in South Africa threatened the Group's financial stability and placed significant pressure on our ability to invest in social and environmental initiatives. The lockdowns and restrictions also threatened the livelihoods of almost a million people employed in South Africa's alcohol industry across diverse fields including agriculture, retail, manufacturing, logistics and more.

Despite these challenges, I am extremely proud that Distell managed to recalibrate, respond and restore momentum during the pandemic. Not only did we keep our business moving forward, we also played a role in advocating for our industry and supporting partners along our value chain. Overall, we invested over R25 million in alcohol harm reduction programmes and campaigns to reposition the alcohol industry in South Africa and promote a culture of responsible consumption and moderation.

We remain supportive of government's efforts to stem the spread of the pandemic. We are facing a humanitarian and health crisis that requires all hands on deck – business, government and civil society must work together.

It is therefore imperative that government and the alcoholic beverages industry collaborate to achieve a balance between protecting lives and livelihoods.

The liquor industry remains an important contributor to South Africa's broader economy. The alcohol manufacturing industry employs about 90 000 people and millions more rely on the industry's value chain. As Distell, we created 1 157 jobs in FY21 with a target of creating 1 000 jobs per annum through our enterprise and supplier development programmes.

We are firm in our belief that collectively, we must find ways to support and sustain economic growth and employment provided by the liquor industry while confronting the realities of alcohol-related harm.

Our Social Compact is a bold step in the right direction. We will use science-based data to develop change management programmes that address alcohol-related harm where it happens. This includes raising awareness about and taking concrete action against health and societal problems such as drink driving and interpersonal and gender-based violence. These programmes must be scalable so that we can also apply them in partnership with government and other key stakeholders for true societal impact.

Ultimately, Distell remains a willing partner to all of our stakeholders and we are excited by opportunities to collaborate and share our experience, skills and expertise to do good in our communities, beyond the call of duty.

Examples of this during the year include our partnership with SANTACO to train 1 324 taxi drivers on the importance of road safety, as well as working with community policing patrollers in nine locations across South Africa where gender-based violence is rife. We also collaborated with the liquor industry to help address the critical shortage of medical supplies during the COVID-19 outbreak. As part of this collaboration, we provided essential personal protective equipment (PPE) and N95 respirators to 24 hospitals across four provinces.

Our commitment to environmental sustainability

The focus on climate-related risks has been increasing globally, and climate change is one of the most defining issues of our time. We recognise the fact that, in support of commitments made by the South African government, our climate change response requires urgent action.

As part of the growth and innovation function's forward-looking strategic work, we are defining Distell's unique contribution to fighting climate change. Specifically, we will look at how to align this work with the recommendations of TCFD, which will help us provide information to stakeholders about climate-related financial risks as well as opportunities we may identify along this journey.

Further to our commitment to promote environmental responsibility, we continue to identify new opportunities to develop circular economies and minimise the impact of our products on the environment. This is in addition to our existing programmes and partnerships.

This approach has positioned us well to respond to the extended producer responsibility (EPR) regulations published in South Africa during the year. These regulations require producers to take responsibility for their products up to and including the end-of-life stage of their product cycle.

RICHARD RUSHTON

We are preparing to be fully compliant with EPR regulations and are defining the scope of our activity for 2022. This includes, for example, gaining a more comprehensive understanding of the scope of relevant products or materials covered under the regulations, as well as establishing an estimate of our packaging footprint.

These actions support our efforts to better understand Distell's impact on the natural environment and the role we can play in safeguarding the resources on which we and our stakeholders rely. Importantly, we are building a more comprehensive understanding of how our performance stacks up against local and global peers and how it compares to best practice so that we can improve our reporting and enhance our policies and procedures to be best-in-class.

A strong focus on environmental responsibility further supports our commitment to South Africa's agricultural sector, particularly developing transformational partnerships that generate long-term value for the national economy. This is part of our ambition to contribute meaningfully to the challenges of land transformation and food security in South Africa, which remain a priority concern for business, society and government.

Our commitment to digital transformation

We continue to invest in digital innovation. Digital platforms enable us to increase internal efficiencies and, importantly, to interact more directly with stakeholders along our value chain to better meet their needs.

There are several examples of innovation that support our sustainability strategy. Our flagship recycling programme, GreenUP, partnered with software developer Kudoti to better track and measure waste management activities. We also integrated digital animation into our Taverner Training Programme through a series of online videos. A further example is the various tools we developed for our Agri+Gator programme to support and empower business owners. These include SHERPA, an integrated online management system that enables farm managers to identify specific areas of strength and weakness within their businesses to drive continuous improvement. In the past year, we also paid for the development of a B-BBEE toolkit that helps farmers and companies within the agri-sector evaluate the different elements of their scorecard.

OUR SDG JOURNEY

In 2018 we undertook a formal process to align our business activities and programmes with the SDGs. This was the first step in our journey of defining our contribution to the world's biggest sustainable development challenges.

Past efforts have given us a strong base from which to move forward – but we are not satisfied yet. Each year brings an opportunity to align our business activities and programmes more meaningfully with the SDGs and identify business-led solutions that are responsive to the needs of markets, communities and consumers, locally and worldwide.

Milestones in recent years include:

- embedding the SDGs in our sustainability strategy, with our contribution to the SDGs shaped by the five key focus areas along our value chain where we can make the most significant impact;
- allocating our primary and foundational goals to the members of our executive team based on their areas of influence and oversight;
- launching our Better Together campaign in 2020, which provided employees with insight into each of our chosen SDGs; and
- implementing a single Group-wide STI scorecard that includes non-financial measures based on our four primary SDGs.

I am proud to say that in 2021, the majority of targets related to the SDGs were met, and employees will be rewarded accordingly. Looking ahead to 2022, we plan to launch the Distell Sustainability News Network (SNN). SNN will be broadcast across our various media platforms and accessible to all Distell employees. It will provide an engaging platform to keep our employees in the loop and informed about our contributions to the SDGs. Another exciting campaign for 2022 is our Human Rights Policy booster campaign to help our employees understand the purpose and value of our revised Human Rights Policy. The booster campaign will evoke change management and drive a responsible culture across our operations, together with uplifting our employees.

OUTLOOK AND APPRECIATION

Despite the uncertainty, our purpose remains our true north and we remain resolute and focused on what we need to deliver in the new financial year.

I am confident in our ability to bounce back from setbacks. If we learnt anything in the past year, it is to expect the unexpected and be well prepared for any eventuality. Distell showed resolve in the face of crisis and I do not doubt that we are well placed to excel in the year ahead.

In such trying times, I express my sincere appreciation to all employees for playing their part in the massive team effort it took to work through this crisis. Everyone responded magnificently and as a result, Distell emerged a stronger, more resilient, more adaptive and more innovative organisation. Although extremely trying, in many ways this was our best hour. Our people showed up and rose to the occasion, which is a great source of pride.

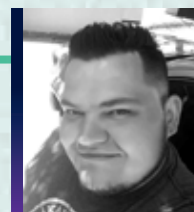
As always, we remain confident about the direction that we are pursuing and that, together with all our stakeholders, we will overcome the challenges ahead.

Richard Rushton
Group CEO

20 September 2021



PAYING TRIBUTE TO THE COLLEAGUES WE HAVE LOST



JACQUES DU PLESSIS

Artisan
Springs
1 March 2017 – 11 December 2020



JERMAINE CLAASEN

Forklift Driver
Adam Tas
1 July 2019 – 18 December 2020



RICARDO ELDERS

Supervisor
Plaisir De Merle Farm
1 August 2011 – 13 December 2020



LERATA SIMON MKHWANAZI

Sales Consultant
Pretoria East
3 February 1992 – 3 March 2021



AVRON KNOPF

Checker
Export Siding Adam Tas
5 March 2012 – 19 June 2021



KENNETH SINKAMBA

Head of Trade
Zambia
1 January 2020 – 25 June 2021



SHARONEY WITBOOI

Quality Assurance Manager
Adam Tas
4 September 2017 – 2 September 2021



NICOLAAS CLAASSEN

Electronics Technician
Adam Tas
1 June 1992 – 2 January 2021



MARK NICHOLAS

Machine Operator
Adam Tas
16 January 1995 – 3 January 2021



BRIAN SIKANYIKA

Sales Representative
Zambia
9 November 2020 – 13 January 2021



ZWELINZIMA MAQUMGU

Machine Operator
Wadeville SC
19 October 1992 – 4 August 2020



BONGANI MASEKO

Machine Controller
Wadeville SC
1 July 2012 – 17 August 2020



ELIZABETH SHIYA

Machine Operator
Wadeville SC
14 November 1979 – 7 July 2020

* Dates employed at Distell

GOVERNING SUSTAINABILITY

The board is accountable for the Group's overall performance and is entrusted to provide direction and leadership on the various financial, economic and ESG-related issues that arise within our operating environments.

➔ Read more about our board, the key topics addressed by the board in 2021 and our governance systems and structures in our integrated report.

Corporate governance should contribute to an ethical culture that stretches beyond compliance to the principles of true accountability, transparency and fairness.

The ultimate custodian of sustainability at Distell is the SEC. The SEC's purpose and role are to assist the board in discharging its responsibility to:

- ensure the Group's ethics are managed effectively and to provide effective leadership based on an ethical foundation;
- promote and sustain an ethical corporate culture by endorsing the Group's values and monitoring and reporting on the measures we take to adhere to these values;
- ensure we are a responsible corporate citizen by endorsing the values, strategy and conduct congruent with being a responsible corporate citizen; and
- advise on and review transformation and empowerment within Distell.

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

- good corporate citizenship;
- the environment (including climate change);
- 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, No. 71 of 2008, as amended and the ten principles of the UN Global Compact (UNGC). Per 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 SEC in our integrated report.

Our Sustainability Council oversees our sustainability strategy and provides critical oversight of the various sustainability functions within Distell. In particular, the Sustainability Council monitors Distell's action plans and performance against set metrics relating to:

- environment, health and public safety:
 - » SHERQ;
 - » consumer relations;
- social and economic development:
 - » B-BBEE (ownership, management control, skills development, preferential procurement, enterprise and supplier development, socio-economic development (corporate social investment/responsibility));
 - » employment equity, diversity and inclusion;
 - » transformation;
- stakeholder relations;
- SDGs, UNGC and UN ten principles;
- public policy and regulatory affairs;
- good corporate citizenship:
 - » anti-bribery and corruption;
- labour and employment:
 - » human rights; and
 - » social compliance.

"In the face of challenges brought on by COVID-19, as well as ongoing low economic growth, political uncertainty and social unrest present in South Africa, it is increasingly important that businesses and individuals embrace the concept of sustainability. Distell's SEC plays a critical role in ensuring the Group remains alert to issues at hand and responds ethically and in the best interests of its stakeholders."

DR PRIEUR DU PLESSIS, SEC MEMBER ERIC LEONG SON, GROUP MANAGER: SUSTAINABILITY

ALIGNING TO RELEVANT ESG STANDARDS AND INITIATIVES

We recognise that understanding issues that promote or threaten our sustainability, resilience and stability helps to derisk our business and attract the right partners and investors for sustainable growth

Across our sustainability and integrated reports, we unpack the social, environmental and governance-related issues that are strategically important to Distell – both in terms of safeguarding our long-term viability and ensuring we play a meaningful role in the communities and countries in which we operate. Our efforts in this regard are guided by our sustainability strategy and five key focus areas, which remain our primary reporting framework informed by our commitment to the SDGs.

We further recognise the impact of climate-related risks on our business and are undertaking a process to define Distell's unique contribution to fighting climate change, leveraging the recommendations included in the TCFD.

Our journey and commitments going forward illustrate our intent to align with relevant ESG standards and initiatives, thereby providing our stakeholders with a more comprehensive and comparable response to ESG issues and opportunities along our value chain. ➔ Read more about our ESG performance data in our appendix on page 118.

HOW WE MEASURE SOCIAL IMPACT

We want to ensure that sustainable social practices are embedded within the programmes and initiatives 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. Its approach uses 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, a leading methodology to measure social impact. Importantly, this approach ensures we are gathering effective data to monitor, evaluate and, ultimately, conduct impact assessments on the programmes we support.

We continue to apply this methodology to the various programmes along our value chain and in the manner in which we have embraced the SDGs within our business. We also leveraged this approach in developing our Social Compact to ensure we create sustainable and measurable value.

HOW WE GOVERN CLIMATE CHANGE

Climate change is a significant global challenge requiring a comprehensive understanding of climate-related risks and opportunities for business. It is also critical that climate-related issues receive appropriate board and management attention.

Our Sustainability Council includes executive management (including the Group CEO). In addition to the areas outlined on page 28, the Council meets quarterly and reviews the Group's fossil fuel and electricity usage and GHG emissions.

Under the leadership of the Group CEO, the Council assesses and approves strategic projects and capital investments related to our climate change impacts. The decisions of the Council are presented to the SEC, which comprises four members of our board. Looking forward, we will enhance disclosure on our governance of climate-related risks and opportunities. This has been identified as a priority for FY22.

TAX TRANSPARENCY

Our key objective is to ensure full compliance with the tax rules and regulations of all countries in which we operate to safeguard our reputation as a responsible taxpayer

Our tax principles

- Comply fully with tax laws and regulations in the countries in which we operate and fully disclose inadvertent errors
- Ensure a sound organisational approach for appropriate tax management and planning and compliance with tax laws
- Ensure policies to control and limit tax risk are in place and effectively identify and manage key risks
- Develop and maintain professional working relationships with tax authorities
- Adopt tax planning with a sound commercial objective that can be defended robustly

[Download our tax strategy](#)

PREVENTING BRIBERY, FRAUD AND CORRUPTION

We are committed to protecting our revenue, expenditure, assets and reputation from attempts to gain financial or other benefits in an unlawful, dishonest or unethical manner and any such attempts are not tolerated.

Anti-bribery, fraud and corruption strategies are integrated into our overall business strategy and ensure we comply with relevant legislation and government initiatives. In doing business with Distell, all of our employees, associated suppliers or service providers and business partners are required to comply with our Anti-fraud and Anti-corruption Policy as well as our Anti-bribery and Corruption Policy. During the year, we held a virtual compliance training session on anti-bribery that reached 900 employees.

[Download our Anti-fraud and Anti-corruption Policy](#)

[Download our Anti-bribery and Corruption Policy](#)

HOW WE GOVERN AND MANAGE RISK

Risk is a fact of business life. Distell's risk and compliance committee assists the board to ensure risk is managed in a way that supports the Group in setting and achieving its strategic objectives, thereby creating value without compromising long-term sustainability.

All levels of management and employees are responsible and accountable for implementing risk management. Our enterprise and risk management (ERM) policy and framework provide a basis for management to deal effectively with the uncertainty of associated risks and opportunities, thereby enhancing its capacity to build value. The ERM policy and framework are supported by the risk and compliance committee's terms of reference, which extend to the Group and to all its subsidiaries, affiliates and/or joint ventures who are required to have a risk and compliance committee.

[Read more about how we govern and manage risk in our integrated report.](#)

REPORTING UNETHICAL BEHAVIOUR

To uphold our values, all employees, suppliers and business partners must remain vigilant in preventing, detecting and reporting any suspected illegal, non-compliant or unethical behaviour.

We provide an Ethics Line which is managed by an independent party to combat this kind of conduct. The Ethics Line is a confidential 24/7 whistle-blowing service that operates 365 days a year.

[Contact our Ethics Line.](#)



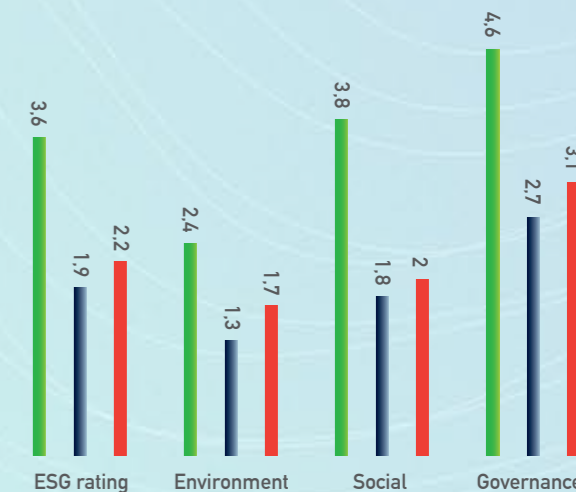
"We remain committed to demonstrating strong ESG practices, as evidenced by our inclusion as a constituent company in the FTSE4Good Index Series. I am proud of this outstanding achievement. We will always strive to raise the bar and look forward to going from strength to strength in the years ahead."

RICHARD RUSHTON, GROUP CEO

DISTELL IS A CONSTITUENT COMPANY IN THE FTSE4GOOD INDEX SERIES

In 2021, we retained our certification as a constituent company in the FTSE4Good Index Series. FTSE4Good identifies companies that demonstrate strong ESG practices against globally recognised standards. We achieved an ESG rating of 3,6 out of 5, with outstanding decile performances related to social and governance practices.

Rating



DISTELL GROUP HOLDINGS
SUBSECTOR AVERAGE: DISTILLERS AND VINTNERS
INDUSTRY AVERAGE: CONSUMER GOODS

OVERSIGHT AND ACCOUNTABILITY OF OUR

SDG JOURNEY



We conducted an **EXTERNALLY FACILITATED, CROSS-FUNCTIONAL WORKSHOP** in 2018 to understand the SDGs and identify where Distell can make the most significant impact. Relevant SDGs were mapped to the activities and programmes along our value chain.

To ensure a measurable contribution, we validated our chosen SDGs in 2019 by reviewing their underlying targets against the key performance indicators tracked across our value chain. This process used an end-to-end data analytics platform that gives us oversight of our performance data and enables us to **MONITOR OUR PROGRESS AGAINST AND CONTRIBUTION TO OUR CHOSEN SDGs.**

As an outcome of this **EVIDENCE-BASED ASSESSMENT**, we reviewed the SDGs reported on in 2018 to ensure they reflect where our business activities and programmes can have a meaningful impact. We further undertook several **BENCHMARKING EXERCISES** to assess our progress against our peers and worked alongside the National Business Initiative to gain a better understanding of how our journey and associated outcomes compared with local and global best practice.

In 2019, we **IDENTIFIED KEY INTERNAL PERFORMANCE INDICATORS** that will be used to track our contribution to our chosen SDGs. These performance indicators are aligned to our sustainability strategy and support our 2025 targets. 📖 Read more on page 15. Once we agreed on the internal performance indicators, we looked into resourcing for success. This included gaining a better understanding of the time, investment and internal action plans required to deliver on our commitments.

To ensure that **OUR SUSTAINABILITY AGENDA** was elevated within Distell and well-understood by leadership we conducted a series of workshops and one-on-one engagement sessions with our executive committee in 2019 that outlined our chosen SDGs and our priorities and targets.

As an outcome of the sessions, we allocated our primary and foundational goals to the members of our executive team based on their areas of influence and oversight. This **SUPPORTS 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.

In 2020, we **LAUNCHED OUR BETTER TOGETHER CAMPAIGN** to inform employees across the Group about our SDG journey. The campaign focused on the importance of our chosen goals to the business, our contributions and our future focus areas.

In 2020, we implemented a **SINGLE GROUP-WIDE STI SCORECARD**, with non-financial measures based on five SDGs (four primary and one foundational) and contributing 20% to the overall scorecard.

We **DEVELOPED SNN** in 2021. This exciting platform will be **LAUNCHED IN 2022** and will provide a space to share our sustainability and SDG-related stories with our employees innovatively and creatively.

OUR SDGS HAVE BEEN ALLOCATED TO OUR EXECUTIVE MANAGEMENT TEAM



Primary




3 GOOD HEALTH AND WELL-BEING

“In the wake of the COVID-19 pandemic, we remained true as a proudly South African alcohol company by supporting our government in fighting the virus to protect lives and livelihoods. We have built long-lasting relationships with various government departments, SANTACO, the South African National Council on Alcoholism and Drug Dependence (SANCA), the National Liquor Traders Council (NLTCC), Aware.org.za and many other partners along our value chain to help us spearhead alcohol harm reduction programmes that reduce instances of alcohol abuse. This also gave rise to our industry Social Compact commitment with government – a milestone in our journey to focus on reducing the harmful use of alcohol through our programmes and interventions. I am therefore personally encouraged by all the positive work done over the past year. We will continue on this trajectory with greater impact beyond COVID-19 to build a better South Africa.”

Wim Bührmann, managing director: southern Africa

6 CLEAN WATER AND SANITATION

“As an agri and beverage business, we depend on water for agriculture and production. As water is a finite resource, and one continually under threat by issues such as drought, pollution and climate change, the sustainable and responsible utilisation of water is of paramount importance. This philosophy remains entrenched across our value chain: we strive to find innovative solutions to optimise water consumption and partner with leading organisations to implement best practice.”

Johan van Zyl, director: supply chain




8 DECENT WORK AND ECONOMIC GROWTH

“At Distell, we look for opportunities to help our partners, stakeholders and communities prosper – recognising that their success supports our own. A critical enabler of this remains sustained and meaningful employment. We therefore proactively look to solve problems that affect our business while placing a strong emphasis on creating jobs across our value chain. This approach helps us remain a purpose-led organisation with a commitment to make a real difference, underpinned by our renewed vision to create shared value in our chosen markets.”

Richard Rushton, Group CEO




12 RESPONSIBLE CONSUMPTION AND PRODUCTION

“At Distell we have changed our vision to focus on making a difference through creating shared value in our chosen markets. This requires change on multiple fronts, reducing planetary impact throughout our value chain via innovative business models, products and packaging. We continue to find enterprising ways to create circular economies and manage post-consumer waste while looking for opportunities to embed shared value in the way we design and evaluate business opportunities. This includes considering inequality and climate change as pressing social and environmental imperatives that could impede our ability to create shared value.”

Donovan Hegland, director: growth and innovation

Foundational




5 GENDER EQUALITY

To promote gender equality, we are implementing initiatives along our value chain to eradicate barriers and promote the full participation of women in the economy. This includes incubating black women-owned businesses and investing in transformational community partnerships that empower women by equipping them with the knowledge and skills to improve their lives. Internally, we are advancing the role of women in the workplace, underpinned by our Gender Acceleration Framework launched during the year.”

Kate Rycroft, managing director: venture business




17 PARTNERSHIPS FOR THE GOALS

“Collaboration creates opportunities to find integrated solutions to complex societal issues. Our partnerships encompass a wide range of stakeholders that include academia, suppliers, industry associations, organised labour, NGOs, government and civil society. We see these partnerships as not only essential to create shared value but also to deliver on our commitment to the SDGs and the UN’s 2030 Agenda for Sustainable Development. Without partnerships at all levels, including internal collaboration among our employees, we cannot mobilise the means or resources required to build a better South Africa.”

Andre Opperman, director: human resources

ENGAGING WITH OUR STAKEHOLDERS

Our ability to deliver on our strategy is dependent on a diverse group of stakeholders who have a legitimate interest in the way we conduct our business.

HOW WE MANAGE STAKEHOLDER RELATIONSHIPS

Distell has a robust stakeholder relations strategy. We are committed to maintaining sound, transparent relationships with all of our stakeholders and continue to work hard to understand and respond to their interests and expectations.

Engagement

Stakeholder engagement is aimed at building and maintaining quality relationships that help us achieve more and do better. We welcome stakeholder feedback and take it seriously. Traditionally, engagement happened through a range of personal interactions across our business. However, stakeholder engagement changed significantly with the onset of COVID-19, and we have adapted our engagement methods where necessary with the aim to keep communication channels open and all stakeholders safe.

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. This is underpinned by a strong focus on gender equality and promoting the full participation of women and PDIs in the economy.

HOW WE GOVERN STAKEHOLDER RELATIONSHIPS

The SEC is responsible for oversight of effective stakeholder engagement on behalf of the board. The SEC oversees and monitors the implementation of the Group Stakeholder Management framework, which outlines our philosophy and guides our relationships with stakeholders.

HOW WE MONITOR STAKEHOLDER RELATIONSHIPS

Regular engagement with our stakeholders helps us understand issues affecting them and respond accordingly. The board monitors the quality and effectiveness of our stakeholder relationships and engagements to gain insight into the nature and quality of these relationships. In response, stakeholder needs and interests are considered when determining the Group's material risks, opportunities and strategic response.

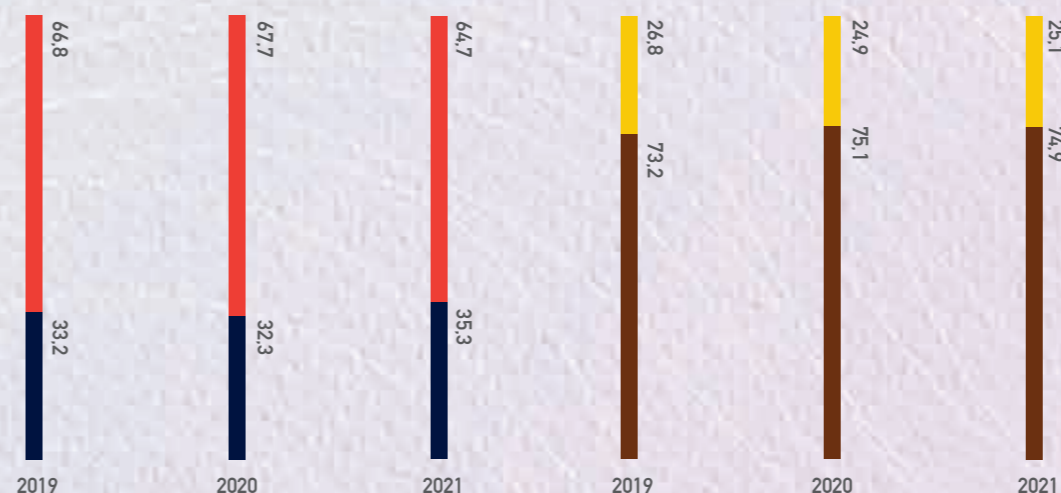
We engage with a wide variety of stakeholders. The material relationships we disclose here are those with stakeholders who have an interest in our business and can have a positive or negative impact on our ability to create or preserve value. If not managed proactively, these relationships can sometimes result in value erosion. We have provided a high-level profile of each material stakeholder group and a summary of our stakeholder management approach for each.

06 GOVERNING SUSTAINABILITY



EMPLOYEES

We depend on our diverse and engaged workforce to enable us to execute our strategy and deliver long-term value.



FEMALE (%)
MALE (%)

BLACK (%)
WHITE (%)

TOTAL EMPLOYEES (NUMBER)

2021: 4 440 **2020: 4 845** **2019: 4 936**

Employee priorities

- Alignment with the Group's vision, purpose and values
- Fair and competitive remuneration and benefits
- Functional role clarity, career opportunities, skills development and employee wellness
- An inclusive, diverse and safe working environment
- Communication around change
- Training and development for personal and career
- Digital enablement for new ways of working

Our strategic response

Employer of choice	Holistic well-being	Exciting and meaningful work
Learning, career and talent development	Our reward offering	Diversity and inclusion

- Occupational health and safety strategy
- On-site clinics
- Work-life balance
- Employee assistance programme
- Annual education sessions
- Training programmes, internships, learnerships, skills development programmes, apprenticeships and adult basic education
- Employee volunteer programme, Distell ForGood

How we engage

At Distell, we promote a culture of respect, trust and mutual understanding through open, two-way communication and encouragement.

- Team meetings and one-on-one engagements held online or in a responsible socially distanced manner
- The Distell employee intranet portal
- Quarterly town hall engagements through webcasts
- Group CEO communication via digital channels
- Topic-specific webcasts
- Monthly newsletters
- Training and development programmes
- Formal performance evaluations
- Ongoing engagement with labour unions

Key measures we track

- Employee surveys
- Salaries and benefits paid
- Investment in employee skills development and training
- Employment equity score



CONSUMERS

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

Consumer priorities

- Quality brands that provide memorable moments
- A variety of choices at different price points
- Good corporate citizenship
- Responsible marketing campaigns

Our strategic response

- Good value, quality and innovative products
- A portfolio that offers choice across categories, drinking occasions and alcohol volumes
- Promotion of responsible enjoyment of our products
- Harm reduction initiatives
- Responsible advertising

How we engage

Appealing to consumer needs and expectations is central to our business model, which is why we seek out and value consumer feedback and insights.

- Responsible marketing and promotional campaigns
- Dedicated customer-care line
- Social media platforms
- Consumer satisfaction surveys
- Data-driven insights

Key measures we track

- Sales growth
- Consumer satisfaction survey results
- Reputation measures
- Brand and marketing awards
- Data-driven insights



TRADE CUSTOMERS

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

Trade customer priorities

- Consistently reliable supply
- Fair treatment and payment terms
- Brand and consumer insights that lead to relevant marketing communications
- Reward programmes that drive loyalty and retention
- Supporting transformation by empowering taverns and counter service outlet owners to grow their businesses sustainably

Our strategic response

- Good value, quality and innovative products
- A portfolio that offers choice
- Distell's customer loyalty programmes
- Supply chain excellence
- Taverner Training Programme

How we engage

Our engagement with trade customers facilitates a thorough understanding of our brand portfolio and focuses on demand trends to ensure supply consistency.

- Regular site and facility visits
- One-on-one meetings and joint business planning meetings
- Training initiatives
- Customer surveys
- Trade customer conferences will be resumed when they become legal and safe again

Key measures we track

- Loyalty programme members
- Customer surveys
- Sales growth

06 GOVERNING SUSTAINABILITY



SUPPLIERS

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

Supplier priorities

- Certainty of supply
- Transparent negotiations, fair treatment and payment terms
- Efficient administration and logistical support
- Loyalty and collaboration
- Transformation

Our strategic response

- Ethical behaviour and practices
- Preferential procurement
- Enterprise and supplier development
- The Distell E+Scalator programme
- The Distell Agri+Gator programme
- Environmental and human rights standards

How we engage

Our suppliers benefit from long-term and mutually beneficial relationships with Distell.

- Supplier visits and audits conducted to assess quality, food safety and safety standards
- E+Scalator and Agri+Gator, which form part of our enterprise and supplier development programme
- We joined Sedex in 2020
- Collaboration on B-BBEE and preferential procurement requirements
- Supplier conferences and workshops will be considered when it is legal and safe to host them again
- Supplier engagement sessions on key issues such as transformation, climate change and land reform

Key measures we track

- Supplier performance in our sustainable sourcing programme
- Preferential procurement spend means our supplier development programmes are effective



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.

Strategic business partner priorities

- Profitable and sustainable business opportunities
- Ongoing business support
- Return on investment
- Support and infrastructure to enable productivity
- Local community support and reinvestment

Our strategic response

- Mutually beneficial relationships
- Signatory to the Department of Trade, Industry and Competition's Guidelines for Good Business Practice in Africa

How we engage

- Regular forum and one-on-one meetings, which have recently been held online
- Roadshows and conferences as a form of engagement will be revisited when they become legal and safe again

Key measures we track

- Volume growth in the markets where we have partnerships



INVESTORS

Our investors include equity and corporate debt lenders. Our equity holders include institutional and individual investors from across the globe. These constituents are also communicated to via sell-side analysts who cover Distell both formally and informally. Remgro is a shareholder of reference alongside the Government Employees Pension Fund (GEPF) managed by the Public Investment Corporation (PIC).

↓ An analysis of Distell's shareholders is available in our integrated report

Investor priorities

- Sustainable and growing financial returns and distributions
- Well-capitalised balance sheet to protect against downside shocks
- Clear strategic direction and strong operational execution
- Experienced management team and fair executive remuneration
- Evidence of good corporate citizenship
- Transparent reporting and disclosures

How we engage

- We believe proactive, regular and transparent engagement can enhance the valuation of our Group, thereby improving our access to capital.
- Dedicated investor relations manager
 - Our dedicated investor website
 - Regular market updates
 - Interim and annual results presentations
 - AGM
 - Trade and site visits
 - Conference calls and webinars
 - Access to management teams

Our strategic response

- High standards of corporate governance
- Compliance with JSE Listings Requirements
- Transparent communication about operational and financial performance, approach to capital allocation and sustainability
- Quick response times, as investor feedback is relayed directly to the appropriate board committees



INDUSTRY BODIES

Distell is represented on several industry bodies, including Business Unity South Africa, Business Leadership South Africa, the South African Liquor Brand owners Association (SALBA) and the Consumer Goods Council of South Africa (CGCSA). We engage on wine strategy and transformation with various organisations, including Vinpro, Wines of South Africa, SALBA, SA Plastics Pact, UNGC and UN Women.

Industry body priorities

- Promoting responsible drinking
- Supplier and enterprise development
- Industry regulation
- Social compliance, transformation and job creation
- Matters of environmental concern

How we engage

Through industry bodies, we engage with government and other stakeholders.

- Regular meetings
- Issue-specific task teams

Key measures we track

- The stability and predictability of the environments in which we trade and operate

Our strategic response

- Industry leadership
- Proactive, transparent and cooperative engagement

Key measures we track

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

06 GOVERNING SUSTAINABILITY



GOVERNMENT

Distell engages with all spheres of government including national and regional governments and government agencies. We are regulated by various laws and regulatory bodies in the countries where we operate.

Government priorities

- Compliance with legal and regulatory requirements
- Tax compliance in all jurisdictions
- Participation in industry and regulatory working groups
- Good corporate citizenship, strong governance frameworks and ethics
- Transformation
- Harm reduction

How we engage

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

- Industry engagement
- In-country visits and engagements with African ministers and presidents where possible
- Assisting governments in South Africa and the rest of Africa with crisis management or disaster relief initiatives as necessary

Our strategic response

- Support of the South African government's National Development Plan and transformation goals
- Alignment with the SDGs
- Engagement on the proposed National Liquor Policy
- Regulatory compliance
- Collaboration to find sustainable solutions to industry issues

Key measures we track

- Direct and indirect tax contribution by jurisdiction
- Policy decisions in the best interest of the industry and its stakeholders



COMMUNITIES

Our communities include the citizens of the countries where we operate. We believe the communities in which we operate should be better off because we are there.

Communities priorities

- Investment in community upliftment and support
- Skills development
- Job creation (focused on youth and women empowerment)
- Environmentally responsible operations

Our strategic response

- Sustainable economic initiatives that create positive and long-lasting socio-economic impact, build enterprising communities, support local economies and empower women
- Support of arts and culture initiatives
- The Distell Development Trust

How we engage

- Collaboration with partners along our value chain
- 'Brands with purpose' initiatives
- Collaboration with the Distell Development Trust

Key measures we track

- Social return on investment measurements
- Corporate social investment spend



THE ENVIRONMENT

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.

Environmental priorities

- The responsible use of natural resources
- Climate action
- Waste management

Our strategic response

- Efficient supply chain practices
- We are a member of the CGCSA and Strategic Water Partners Network, and collaborate with WWF South Africa
- We support the Good Green Deeds campaign
- We are a founding member of SA Plastics Pact
- We fund the GreenUP recycling programme

How we engage

- Partnerships along our value chain
- Through our dedicated email address: environmental@distell.co.za
- Regular engagement and interaction with relevant environmental regulatory bodies and local authorities, either directly or through industry bodies. This includes collaboration with WWF South Africa, the Biodiversity and Wine Initiative and the Integrated Production of Wine scheme

Key measures we track

- Water usage
- Electricity usage
- GHG emissions
- Reduction in effluent discharged
- Fossil-fuel-based energy usage intensity reduction

OUR OPERATING

During our 2021 strategy development process, we identified the following material external drivers that impact our strategy, positively or negatively, and in the short or long term.

CONTEXT

	Macro-economic trends in our regions of operation	Consumer trends	Category trends
Short-term impact	Economic recession, exacerbated by COVID-19, impacts the disposable income of consumers	Consumption occasions have shifted to off-trade driven by at-home consumption due to COVID-19-related restrictions	Our diverse portfolio capitalises on dynamic categories, like ciders, flavoured alcoholic beverages and gin
	On-trade consumption is limited because of COVID-19-related restrictions on trading hours for restaurants, bars and taverns	While social distancing measures persist, consumers prefer longer-keeping, storable, and transportable packages	Distell has gained significant market share in the accessible cider, spirits and wine categories
Long-term impact	The South African economy is likely to remain constrained, even after normalising from the impact of COVID-19	In South Africa and the rest of Africa, female consumers are the fastest growing segment	Beer has declined in the long term
	The Group's expansion in Africa provides access to high growth markets	More habitual at-home consumption may remain in the long term	In South Africa, scale wine excess puts the future sustainability of the category at risk
	There is an increased likelihood for restrictive liquor legislation in future, due to renewed focus on harm reduction	Consumers have an increased and accelerated need for digital experiences and e-commerce	Ciders, flavoured alcoholic beverages and wine compete against lower-cost beer
		Moderation and abstinence are rising, led by the health and wellness trend. Research and development is fast evolving in better for you 'beyond alcohol' alternatives	Alcoholic beverage categories are blurring

Positive impact Negative impact Neutral impact

MACRO-ECONOMIC TRENDS IN OUR REGIONS OF OPERATION

In the short term, economic recession, exacerbated by COVID-19, impacts the disposable income of consumers in all of our markets

The reason we classify this impact as neutral is that Distell's brand portfolio has proven resilient in difficult economic conditions. Consumers were able to trade down within our portfolio as they faced disposable income constraints.

According to the International Monetary Fund (IMF)¹, global growth is projected at 6,0% in 2021, lessening to 4,4% in 2022. This is an improved outlook from what we reported last year due to the anticipated vaccine-driven recovery, the adaptation of economic activity to subdued conditions and fiscal support in larger economies.

Given this relatively positive outlook, McKinsey notes that, in advanced economies, there is reason to be optimistic for a robust recovery in consumer spending once COVID-19 is controlled, which bodes well for our Venture Business.

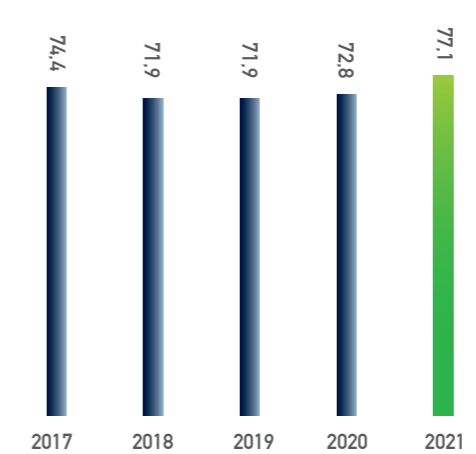
However, the IMF notes that economic recovery is varied in different countries and sectors, reflecting disparities in pandemic-induced disruptions and the extent of government and policy support. For this reason, the following longer-term trend is classified as negative for Distell. The South African economy is likely to remain constrained, even after normalising from the impact of COVID-19.

South Africa was already in a recession before the pandemic, with the local economy characterised by high unemployment levels, rising household costs, constrained consumer spending, low growth and muted investor confidence.

South African annual gross domestic product growth (%)²



Household debt to disposable income (%)³



The following trends also impact our business in South Africa:

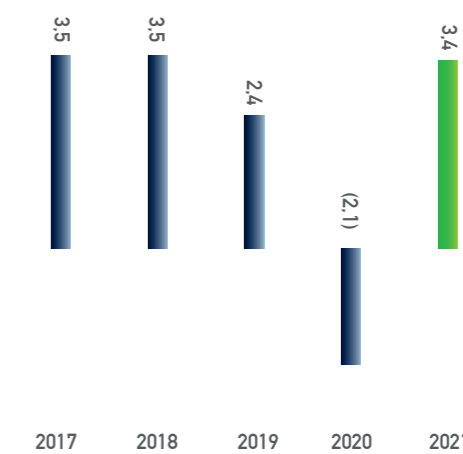
- On-trade consumption remains limited because of COVID-19-related restrictions on trading hours for restaurants, bars and taverns. We classify this impact as neutral since gradual recovery should lessen the extent of restricted hours. In addition, our portfolio caters well to at-home consumption in comparison to competitors, as evidenced by market share gains this year.
- There is an increased likelihood for restrictive liquor legislation in future. This trend is classified as having a negative impact on Distell and is one of our key strategic risks, as discussed below. However, we remain committed to industry collaboration for sustainable solutions. See the message from our Group CEO on page 22.

Since South Africa remains our largest market, these trends are concerning. However, we remain confident that our strategy for the region positions Distell to gain market share and capitalise on growth and innovation opportunities. Read more in our integrated report.

THE GROUP'S EXPANSION IN AFRICA PROVIDES ACCESS TO HIGH-GROWTH MARKETS

Africa has a young population, fast-growing cities and rapidly increasing disposable income. Growth on the continent is spurred by investment into infrastructure, logistics and internet connectivity.

Annual gross domestic product growth in Africa (%)⁴



Distell's strategy to expand in Africa has provided stellar results over the past years, despite the impacts of COVID-19 and volatility across the continent. Read more in our integrated report.

¹ International Monetary Fund, World Economic Outlook Managing Divergent Recoveries, April 2021

² McKinsey Global Institute, The Consumer Demand Recovery and Lasting Effects of COVID-19, March 17, 2021, ³ Source: Statista, ⁴ Source: African Development Bank

CATEGORY AND CONSUMER TRENDS

According to a forecast from the IWSR, global beverage alcohol is showing signs of recovery and is projected to grow in volume by 2,9% by the end of the 2021 calendar year. By 2023, the IWSR expects total beverage alcohol consumption to return to pre-COVID-19 levels.

According to the IWSR, this recovery will be boosted by the industry being able to pivot rapidly and take advantage of shifting trends. The categories the forecast highlights are those catering to at-home occasions, thus emphasising a trend that is positive for the Group, given our portfolio: consumption occasions have shifted to off trade driven by at-home consumption due to COVID-19-related restrictions.

The trend of consumers not wanting to leave home often will persist while social distancing measures are in place, meaning:

- consumers have an increased need for digital experiences and e-commerce; and
- consumers prefer longer-keeping storable and transportable packages. This is positive for Distell, as our portfolio includes spirits and bag-in-box options, which generally last longer.

Our diverse portfolio also capitalises on dynamic categories like ciders, flavoured alcoholic beverages and gin, and we have gained significant market share in the accessible cider, spirits and wine categories.

This plays into a shift towards what is called 'accessible badging'. 'Badge drinking' or 'conspicuous consumption' refers to a trend whereby consumers display their social status through the medium of alcoholic drinks brands.

At-home consumption gave rise to a trend where consumers no longer feel the need to consume top-tier premium brands, as they would in a bar or restaurant, and trade down to more accessible, but still premium, choices. This plays into our portfolio, particularly our premium ciders and RTDs.

RTDs posted double-digit global growth in 2020, resonating with consumers across all demographics and driven by the trend for convenience, refreshment and flavour. The IWSR projects that RTD volumes will increase by 26,6% in the 2021 calendar year. Gin is forecasted to increase by 4,5% to 2025, particularly in South Africa.

In addition, alcoholic beverage categories are blurring. The consumer trend towards healthier choices is no longer new. Moderation and abstinence are rising, led by the health and wellness trend. Research and development is fast evolving in better for you 'beyond alcohol' alternatives. Functional and healthy beverages are on the rise, and low and non-alcohol RTD offerings have boomed. In addition, there is a global array of interesting new product developments, packaging innovations and surprising mergers and acquisitions with the lines between the health movement, the low and non-alcoholic categories and the wider drinks industry becoming increasingly blurred.

This trend is classified as neutral for Distell, as we engage and collaborate with government, communities and consumers on issues related to harm reduction.

In addition, we have been innovating in this space for some time. 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. 📖 See our brand innovations on page 62.

The competitive landscape

Beer was the most exposed category during lockdown, losing 7,1% volume globally in 2020. This trend has been positive for Distell. However, beer volume is forecasted to grow by 2,5% in 2021. This will increase the competitive landscape for Distell, as ciders, flavoured alcoholic beverages and wine continue to compete against lower cost beer. However, the IWSR projects that RTD volumes will increase by 26,6% in 2021, and 10,2% CAGR to 2025, driven by the trend for convenience, refreshment, and flavour.

IN SOUTH AFRICA, SCALE WINE EXCESS PUTS THE FUTURE SUSTAINABILITY OF THE CATEGORY AT RISK

This is classified as a negative impact trend for Distell. COVID-19-induced liquor bans have left South African wine producers with excess wine volumes. Without a route-to-market, the knock-on effect of this unsold excess will be devastating for the industry, with Vinpro estimating it could ultimately lead to 27 000 job losses across the industry.



OUR FIVE KEY FOCUS AREAS

The following pages of this report unpack the five key focus areas along our value chain where we believe we can make the most significant impact and contribute towards sustainable development. For each focus area, we feature programmes and partnerships that shape our contribution to our chosen SDGs. Our focus areas also align with the four pillars of our sustainability strategy (purpose, planet, people and profit).

 **PROMOTING RESPONSIBLE DRINKING** 

 **ACHIEVING TRANSFORMATION** 

 **PROMOTING ENVIRONMENTAL RESPONSIBILITY** 

 **EMPOWERING OUR PEOPLE** 

 **EMPOWERING COMMUNITIES** 

KEY PROGRAMMES AND PARTNERSHIPS ACROSS SOUTH AFRICA



NATIONAL PROGRAMMES

BRANDS WITH PURPOSE
TAVENER TRAINING PROGRAMME
NEVER IN OUR NAME (NION)
DISTELL'S SOCIAL COMPACT

PROMOTING RESPONSIBLE DRINKING



As part of our ambition to create memorable moments and craft a better future for all of 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.

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 targets 3.5 and 3.6 under SDG 3.



We indirectly contribute to SDGs 5, 8 and 17.



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



Supporting policies and governance

Supported by the Sustainability Council, the SEC is responsible for assisting the board with monitoring Distell's actions, commitments and progress on alcohol harm reduction and promoting responsible drinking.

The SEC's specific focus areas that relate to promoting responsible drinking include:

- consumer relationships;
- stakeholder relationships; and
- good corporate citizenship (in particular endorsing the values, strategy and conduct which are congruent with being a good corporate citizen)

The SEC ensures that an appropriate strategy and management practices are in place, with clear guidelines and accountabilities. During the year, this included reviewing the alcohol responsibility strategy to ensure it can achieve its stated outcomes, supported by the launch of the Group's Social Compact.

This is supported by our department of corporate and regulatory affairs, which works alongside our marketing and human resources departments to operationalise our commitments to alcohol harm reduction.

Supporting internal policies, systems and controls:

- Our Marketing Ethics and Brand Communication Policy
- Our Group-wide alcohol policy

We also comply with the principles set out in the Aware.org.za Code of Communication regarding responsible advertising and communication. As a signatory to this Code, we abide by its rules and procedures, supported by our internal self-regulatory structure (as embodied in our internal policies and governance approach).

CONTRIBUTING TO ALCOHOL 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 therefore committed to driving positive change in attitudes and behaviours towards responsible consumption.

Last year we implemented an alcohol responsibility strategy to help us drive real, meaningful and measurable change in consumer drinking behaviour. As part of this strategy, the industry committed to a Social Compact with government, external stakeholders, civil society and local industry to launch programmes and related campaigns focused on alcohol harm reduction.

These programmes and related campaigns are above and beyond our long-term investment as a member of Aware.org.za and our 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.



Safety first! Arrive Alive this festive season and travel responsibly.



Scan QR code to redeem your uber voucher



OUR SOCIAL COMPACT FOR HARM REDUCTION

Our Social Compact focuses on four key areas to reduce the harmful impact that alcohol abuse can have on individuals, society, health and well-being. These focus areas are summarised below and unpacked in more detail on the following pages of this report.

ALIGNMENT TO INDUSTRY SOCIAL COMPACT



“We recognise the value of public-private partnerships that enable us to achieve our strategic ambitions while contributing to large-scale social and economic transformation. We believe that no business is sustainable unless it meets the surrounding needs of the communities in which it operates. In this regard, working with government is particularly important to help address South Africa’s complex sustainable development challenges. For example, combating alcohol-related harm requires an “all of society approach”, as suggested by the World Health Organisation, and the support of government and other stakeholders to bring about meaningful change. We therefore look forward to continuing with our collaborative journey with government in the upcoming year, building on the successes of our recent partnerships with the National Departments of Health, Transport and Social Development, as well as the many provincial government departments that we have engaged with.”

PRAVASHINI GOVENDER, GROUP HEAD: REGULATION AND POLICY

“As Distell, we formed a Social Compact focused on alcohol harm reduction. This Social Compact signifies our commitment to drive behavioural change and implement targeted interventions to address responsible trading, road safety, gender-based violence and binge drinking. It also creates opportunities for multiple stakeholders and industry players to work together towards building a better South Africa.”

CLARENCE SIBIYA, CAMPAIGN MANAGER

RESPONSIBLE TRADE

We are committed to promoting responsible trading and COVID-19 safety protocols to ensure that communities have access to well-kept, safe taverns and alcohol retail outlets. Responsible trade has become even more important in light of COVID-19 and the associated trade restrictions, which necessitate compliance with trade, health and safety regulations. Creating and supporting a culture of responsible trade is critical to ensure we protect the livelihoods of the many thousands of people across the industry’s value chain.

Our initiatives

- Merchandise on responsible trading practices and principles distributed to 18 300 liquor outlets
- Monthly compliance audits on COVID-19 safety protocols and liquor licence conditions
- 1 080 customers trained to improve compliance
- Community policing patrollers deployed to nine locations across South Africa where gender-based violence is rife

WE INVESTED OVER R9,6 MILLION IN RESPONSIBLE TRADE INITIATIVES DURING THE YEAR.

ROAD SAFETY

IN DECEMBER 2020, WE ANNOUNCED A GROUND-BREAKING ROAD SAFETY PARTNERSHIP WITH THE DEPARTMENT OF TRANSPORT. TOGETHER, WE ROLLED OUT AN ARRIVE ALIVE ROAD SAFETY CAMPAIGN.

Across 15 nodes throughout South Africa, we:

- completed 1 331 consumer awareness activations;
- reached over 91 000 road users; and
- supported three Arrive Alive launches.

We invested over R25 million in programmes which included:

- road safety enforcement, education and awareness for drivers and pedestrians;
- pedestrian safety kits for 70 672 pedestrians;

- consumer awareness communication campaigns to not drink and drive;
- a safely at home reward programme – with vouchers distributed to 13 302 drivers; and
- training of over 1 324 taxi drivers through our SANTACO partnership.

This multi-media campaign included outdoor billboards as well as messaging via television, radio and social media. It also showcased multiple influencers to drive the messaging home for consumers.

“As an industry, we have come to appreciate that COVID-19 cannot be defeated unless we forge stronger commitment between government, community-based organisations and business. An example of this is the partnership we have forged with Distell, which focuses not only on training drivers about road safety but also on the pandemic. The pilot project targeting drivers is underway and we have trained 1 324 drivers so far. We hope to extract lessons from this partnership to strengthen programmes going forward.”

PHILIP TAAIBOSCH, PRESIDENT OF SANTACO

AS PART OF OUR ROAD SAFETY FOCUS, WE LAUNCHED AN INTERNAL DRIVE-ME-HOME SERVICE, 1 FOR THE ROAD (1FTR). THIS SERVICE IS AVAILABLE TO ALL DISTELL EMPLOYEES.



BINGE DRINKING

We leveraged our 10 brands with purpose to deliver high-impact social media campaigns that promoted the responsible consumption of our products. This is part of our ambition to promote a culture of moderation.

“Our engagements with stakeholders have emphasised that consumers are increasingly driven to choose brands based on what they stand for and that customers and suppliers desire to partner with businesses that demonstrate ethical and sound practices. Social and environmental responsibility is part of the Distell DNA, as can be seen by the inclusion of the Group’s chosen SDGs in performance metrics and KPIs. Embedding purpose in our top 10 brands is a natural step on our journey to create shared value and pave the way for an exciting, purpose-led future.”

NATASHA MAHARAJ, DIRECTOR: MARKETING SOUTHERN AFRICA

Savanna

UPLIFTING A NATION THROUGH HUMOUR.

In 2020 Savanna supported an industry in need by launching the Savanna Virtual Comedy Bar. When South Africa faced the first hard lockdown, the virtual platform became a steady income stream for the country’s best comedic talent. Since then, the SAFTA nominated show has run for three seasons and won the Top Comedy Sponsor and Top Online Show at the 2020 South African Comedy Awards. Looking ahead, Savanna will continue to support the comedy industry by safely revitalising comedy clubs in line with COVID-19 requirements.

130 COMEDIANS

EMPLOYED

R12 MILLION INVESTED

INTO THE SOUTH AFRICAN COMEDY AND ENTERTAINMENT INDUSTRY

300 HOURS

COMEDY CONTENT CREATED



Bernini

WOMEN HELPING WOMEN.

Bernini launched a female-empowerment podcast entitled The Squadcast to pay tribute to the achievements of women in our society and their journeys to success. Having now run for three series, the podcast has become a space for open and honest conversation between influential South African women across industries and professions. These conversations aim to inspire listeners by addressing a range of topics, from self-care and career progression to gender-based violence.

J.C. Le Roux

SPARKING APPRECIATION.

In partnership with Vikispan and Middelpos Communal Property Association, J.C. Le Roux donated 40 000 glass Consol bottles to an olive oil initiative that helps impoverished women help others in their communities. Olive trees were planted in 2016, with the first harvest in April 2021. Once harvested, the olives were converted into oil and packaged into the glass bottles provided by J.C. Le Roux, with the final product being sold to local retailers. This initiative currently provides jobs to 40 rural farm women, with the opportunity to create more jobs in the year ahead.

Hunter's

REFRESHING YOUTH CULTURE BY INSPIRING AND ENABLING YOUNG PEOPLE TO CREATE THEIR SUCCESS IN NEW WAYS.

In 2020, Hunter's created a platform for up-and-coming musicians and entertainers leveraging the sponsorship of Channel O's #LockdownHouseParty. During lockdown, this show not only provided entertainment and opportunities to connect with the outside world but also exposure and income for musicians and presenters who lost gigs while traditional events were cancelled. With an exponential increase in viewership, the #LockdownHouseParty was the second most popular hashtag in South Africa in 2020, falling only behind #Covid19. The sponsorship was further acknowledged by the European Group of Television Advertising Journal of Most Creative Campaigns – an incredible feat!

Bain's

ADVANCEMENT THROUGH FUELLING CURIOSITY.

The World's Best Grain Whisky, Bain's is also made in a sustainable way that benefits the environment. Initiatives that have earned global acclaim include collecting CO₂ emanated during fermentation and repurposing this greenhouse gas for use in carbonated drinks; recycling spent grains which are high in protein for animal feed; capturing methane gas as a by-product from the anaerobic digester to reduce coal usage; and facilitating a reverse osmosis plant that treats wastewater onsite, thereby saving of 35% of our water requirements.

The Bain's Green Label campaign, which includes the new payoff line of 'Whisky Remastered', focuses on the critical role that environmental sustainability plays in production, and celebrates the Green Company of the year award won in 2019. Building on this award, Bain's partnered with the non-profit organisation, Greenpop, to plant 5 000 trees in Gauteng and create an urban forest for each case of Bain's sold during the campaign period. The brand can now claim to not only be the World's Best Whisky made by the World's Best Distiller, Andy Watts, but also that it is made in an environmentally sustainable manner.

GREEN COMPANY OF THE YEAR 2019

BUSINESS INTELLIGENCE GROUP

SUSTAINABLE DISTILLERY OF THE YEAR 2020

GLOBAL ICONS OF WHISKY

SUSTAINABILITY LEADERSHIP AWARD 2020

BUSINESS INTELLIGENCE GROUP

Three Ships Whisky

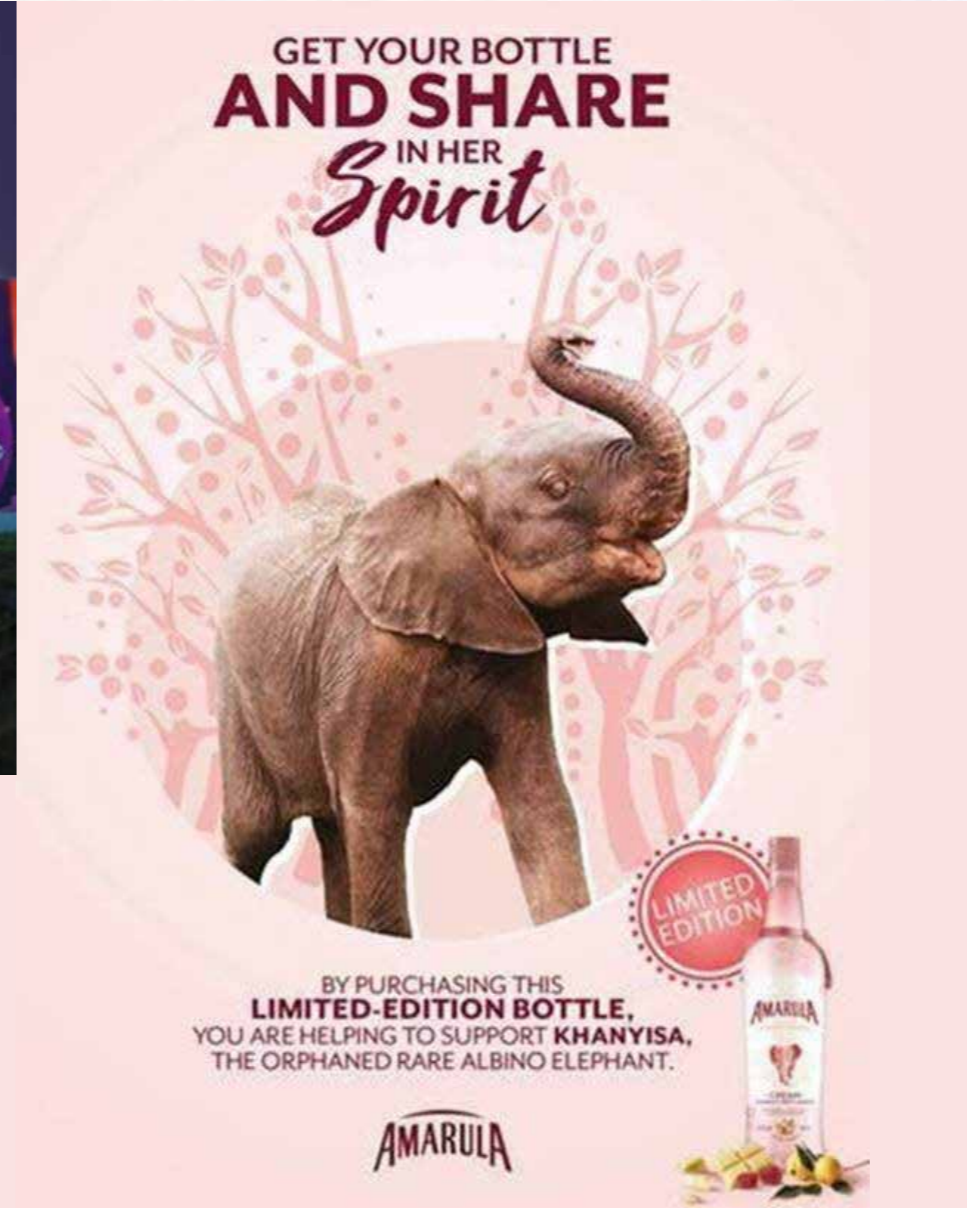
THREE SHIPS WHISKY IS A SYMBOL THAT INSPIRES SOUTH AFRICAN EXCELLENCE.

The James Sedgwick Distillery embodies the tenacity of a team dedicated to crafting exceptional whisky. It is with this spirit of resilience and determination that Three Ships Whisky inspires South African excellence. The brand has celebrated champion spinner Stacey-Lee May, crowned the Queen of Smoke at rallies across the globe. It has showcased Durban born DJ Lag, a pioneer of the local music genre Gqom, to crowds across the world. The brand highlighted Kent Lingeveldt, the passionate skateboarder crafting longboards for global skaters. It inspired others with dancer, choreographer, model and radio host Kitty Phetla, one of only a handful of black ballerinas in the world. The thought-leading poet Puno Selesho's unapologetic and encouraging words have also become part of the visual collaboration series by Three Ships Whisky which features inspirational South Africans.

Scottish Leader

TO INSPIRE PEOPLE TO DO THINGS THEIR WAY, IN SPITE OF THE NORM, AND IN SPITE OF WHAT'S EXPECTED.

One of the few whiskies to be headed up by a female Master Distiller, Julieann Fernandez, Scottish Leader's philosophy is that magic can be found by simply taking a different view on the world around you. South Africa is blessed with unique creative talent, and brands like Scottish Leader have an opportunity to support and develop this. The brand has created a platform to showcase interesting, colourful characters who have chosen to live their truth, whatever that may be. Scottish Leader has commissioned creators within marginalised communities, like the LGBTQIA community, to star in and develop their creative content and campaigns. The brand uses its events and experiences to create inclusive, safe, non-prejudicial events where people feel truly free to be themselves.



Amarula
GENEROSITY OF SPIRIT.

Like the Marula tree that gives fruit freely to those around it, Amarula aims to inspire the same generosity of spirit within the world. Founded in 2008, the Amarula Trust was established to support local communities farming the Marula fruit; empower local women through the Handwork Hub; and to conserve and protect Africa's wild elephants with partners like Hoedspruit Elephant Rehabilitation and Development (HERD) and Wildlife Direct. In October 2021, Amarula will launch Project Khanyisa in the UK and German markets. This is an initiative to support HERD, South Africa's first elephant orphanage, through a limited-edition bottle of the Raspberry, Chocolate and African Baobab variant. For every limited-edition bottle sold, Amarula will donate R10 to HERD to support the rehabilitation of Khanyisa – a four-month-old albino elephant that was found trapped in a poacher's snare near the Kruger National Park.

Klipdrift
TO INSPIRE DEEPER CONNECTIONS THAT LEAD TO FULLER LIVES.

In October 2021, Klipdrift will launch its Friends with Purpose campaign – a series profiling friends who have started initiatives centred on giving back to society and their communities. The first story features the Khayelitsha Canoe Club – an initiative started by two brothers, Siyanda and Akhona Sopangisa, whose kinship and friendship inspired them to bring their passion for canoeing to their local community. What started as a simple idea of cleaning the polluted waters in Khayelitsha soon grew into a tourism business. This is one of many stories that Klipdrift will share to show how deeper connections can lead to fuller lives.

4th Street
ACCESS AWESOME.

4th Street's platform, Access Awesome, focuses on uplifting unused community spaces in collaboration with trend culture artists and aligned to on-trade spaces. The brand has revitalised six urban locations, with large scale murals and in-trade value adds for tavern owners. Six more sites were rolled out during July 2021. Looking forward, the platform will expand nationally and create opportunities for additional young and talented artists to join this movement.

GENDER-BASED VIOLENCE

We remain committed to supporting efforts to reduce the harm caused by alcohol abuse and misuse, this includes a zero-tolerance approach for any acts of gender-based violence. We subscribe to the tenets outlined in SDG 5 and, as a proudly South African company, we further align our response to gender-based violence with government’s National Strategic Plan. Our gender-based violence initiatives are further implemented in partnership with the Department of Social Development.

Our initiatives

- Distributed personal alarms to 4 600 at-risk women and installed 40 home alarm systems
- Conducted 45 community policing patrols each week through our Responsible Trader programme – and to date, we have identified nine gender-based violence hot spots
- Trained 1 084 people through 40 tavern dialogue sessions
- Distributed 2 450 care packs to victims in gender-based violence hot spots

AS PART OF OUR FOCUS ON GENDER-BASED VIOLENCE, WE LAUNCHED AN INTERNAL CAMPAIGN TO ENCOURAGE THE MEN AND WOMEN IN OUR BUSINESS TO BECOME A FORCE FOR SOCIAL CHANGE.

Entitled Never In Our Name (NION), this campaign aims to:

- create awareness and understanding about gender-based violence and femicide;
- establish internal support for employees, including victims and perpetrators;
- change attitudes around gender equality; and
- encourage action-driven behaviours to prevent future acts of gender-based violence.

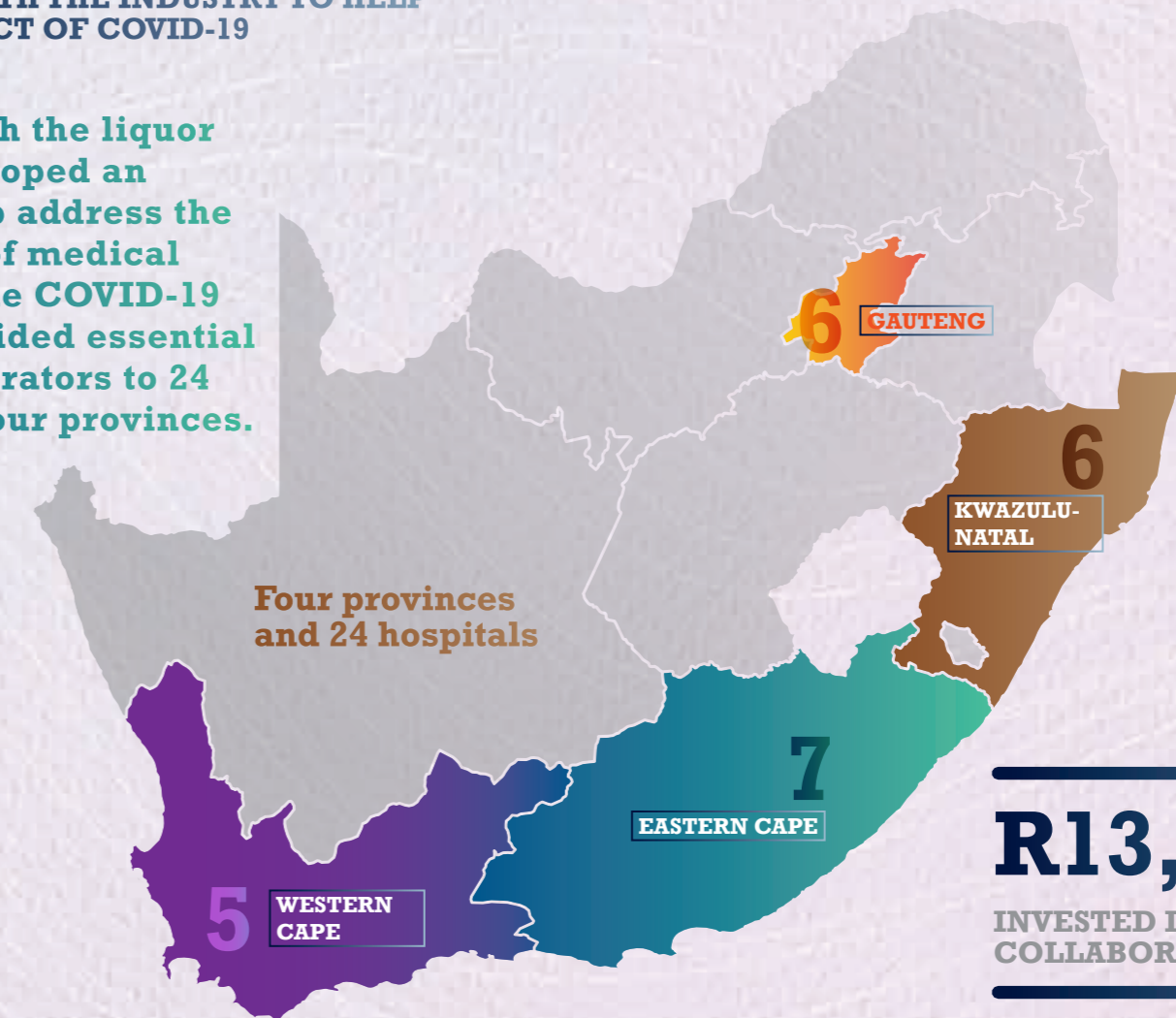
As part of NION, we launched a training module on gender-based violence for our employees. This included background on why we launched NION and focused on creating an understanding of how to identify gender-based violence and what to do if someone you know is a victim of or perpetrator of gender-based violence. The module further provided insights into what each employee can do to establish a culture of tolerance, support and change.

Employees were also encouraged to sign the NION pledge, which demonstrates their commitment to take a stand against gender-based violence within their families, among their friends or within their communities.



COLLABORATING WITH THE INDUSTRY TO HELP MITIGATE THE IMPACT OF COVID-19

In partnership with the liquor industry, we developed an action plan to help address the critical shortage of medical supplies during the COVID-19 outbreak. We provided essential PPE and N95 respirators to 24 hospitals across four provinces.



PPE delivered

- Disposable coveralls
- N95 respirator masks
- Disposable medical gloves
- Disposable medical masks
- Face shield
- Medical goggles

R13,5 MILLION

INVESTED IN THE HOSPITAL PPE COLLABORATION CHARTER

OUR PARTNERSHIP WITH AWARE.ORG.ZA



Aware.org.za focuses on key areas to put an end to alcohol abuse and misuse in South Africa. Our total investment in Aware.org.za in 2021 was R30,5 million (2020: R22 million). We will continue to work alongside Aware.org.za to provide meaningful support and investment.

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). Wim Bührmann (managing director: southern Africa) and Jolene Henn (head of corporate affairs southern Africa) sit 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.

[↓ Find out more about Aware.org.za](#)

DRINKING, DRIVING AND WALKING

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.

Key activities in 2021

- In partnership with the Road Traffic Management Corporation, over R11,8 million was invested in on-the-ground support, education and awareness over the festive season and Easter weekend
- Designated driver campaign was rolled out via community radio, supported by digital and social media platforms
- R10,6 million was invested in community patrollers to monitor compliance at taverns and help pedestrians get home safely

“Since Aware.org.za’s inception in 2017, the industry has invested more than R450 million in targeted, evidence-based campaigns and programmes to make South Africans aware of the need for responsible drinking and to create a better societal understanding of how to reduce alcohol abuse and misuse. Aware.org.za adopts a whole-of-society and multi-stakeholder approach and believe it is important to get South Africans talking about alcohol with a significant focus on individual behaviour change. This is necessary if we are to achieve deep and sustainable social change for the greater good. Our industry members and strategic partners are the lifeblood of our organisation. We thank Distell for their unwavering support of Aware.org.za and their tireless work in our communities to encourage the moderate and responsible consumption of alcohol.”

INGRID LOUW, CEO OF AWARE.ORG.ZA

UNDERAGE DRINKING

AWARE.ORG.ZA AIMS TO CREATE AWARENESS ABOUT THE DANGERS OF UNDERAGE DRINKING (DRINKING ALCOHOL WHEN UNDER THE AGE OF 18), WHICH CAN LEAD TO POOR DECISION-MAKING THAT INCREASES THE RISK OF PHYSICAL AND SOCIAL HARM.

Key activities in 2021

- Underage ID Verification Logo and Toolkit was developed for use on all marketing, communication and advertising platforms, point-of-sale materials, physical trade and retail environments. The toolkit demonstrates visible and voluntary compliance to not sell or serve alcohol to minors
- Underage drinking campaign was rolled out over June/ July 2021 – #YouCanDrinkOrYouCanMakelt

RESPONSIBLE TRADING

AWARE.ORG.ZA IS COLLABORATING WITH VARIOUS STRATEGIC PARTNERS TO ROLL OUT ITS RESPONSIBLE TRADE FACILITATION (RTF) PROGRAMME. ULTIMATELY, RTF AIMS TO FOSTER POSITIVE RELATIONSHIPS BETWEEN RETAILERS AND THE COMMUNITIES THEY SERVE.

Key activities in 2021

- 1 392 liquor outlets were equipped with an understanding of the implications of applicable liquor laws on their businesses
- To complement the RTF programme, TradeAware was introduced in April 2020. TradeAware is a COVID-19 education and awareness intervention

COMMUNITY SUPPORT

AWARE.ORG.ZA PROVIDES SUPPORT TO GOVERNMENT AND OTHER IDENTIFIED STRATEGIC PARTNERS TO MITIGATE THE IMPACT OF ALCOHOL ABUSE AND MISUSE AND RELATED ALCOHOL HARM IN COMMUNITIES.

Key activities in 2021

- In partnership with the Child and Youth Care Programme, 30 857 beneficiaries were reached and 9 242 home visits were conducted, providing COVID-19 support services as well as psychosocial support that touches on underage drinking, gender-based violence and FASD
- In partnership with the EverGrow Foundation, 570 individuals were reached through an alcohol abuse intervention that spanned 62 communities within the Western Cape.
- 40 Awareness Ambassadors were appointed to support the EverGrow Foundation and provide holistic support to targeted areas, families, and individuals

FETAL ALCOHOL SPECTRUM DISORDER

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

Key activities in 2021

- Ongoing studies to monitor the health and psychosocial effects of FASD in adolescence and adulthood
- 191 counselling sessions on FASD provided to parents and caregivers
- FASD awareness sessions that reached 478 participants, empowering community members to make informed decisions and know where to access resources and support
- FASD training was provided to individuals working with children affected by FASD, reaching 143 direct participants and indirectly benefitting 1 140 participants

Distell remains a proudly South African company, committed to working alongside government and various players within our industry to address concerns about alcohol abuse-related harm. Despite being faced with COVID-19, we stepped up our sustainability efforts and the promotion of responsible alcohol consumption. Integrated into our harm reduction strategy, which focuses on drinking and driving, responsible trading, underage drinking, gender-based violence, FASD and binge drinking, we aim to cultivate a culture of responsible alcohol consumption that ultimately changes behaviour. I am proud to be a Distell Brandcrafter and will continue striving to make a positive difference in the communities in which we operate.”

JOLENE HENN, HEAD OF CORPORATE AFFAIRS SOUTHERN AFRICA

FASFACTS: SUPPORTING AT-RISK COMMUNITIES

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.

Since 2012, 1 140 pregnant women have benefited from the PWMP and 238 mentors have been enrolled in the PWMP in the Western Cape.

The PWMP is managed by community workers and social 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 included to a lesser degree, 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.

35 mentors successfully supported 112 pregnant women during the year. In addition to pregnant women reached through the PWMP, community workers also ran awareness campaigns and information sessions that reached 37 members of the public.

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.

Since 2018, 180 pregnant women have benefited from the PWMP and 29 mentors have been enrolled in the PWMP in the Eastern Cape.

During the year, 20 mentors successfully supported 60 pregnant women. FASfacts also reached 2 622 members of the public through educational talks that created awareness about fetal alcohol syndrome and how to prevent it. These talks were presented at health facilities, community centres and schools in the East London area.



“As alcohol is a teratogen that impacts fetal growth and development at all stages of pregnancy, complete abstinence during pregnancy is vital to ensure healthy fetal and brain development. FASfacts has a vision to reach everyone in South Africa by providing education on the dangers of drinking while pregnant and thus reduce the prevalence of FAS. In line with this vision, FASfacts recently embarked on the registration of provincial offices in all nine provinces. Distell recognises their corporate responsibility to reduce the harmful impact that alcohol abuse can have on the health and well-being of people, families and communities and has been a valued partner to FASfacts' FAS Awareness and Intervention Programmes for over 10 years.”

FRANCOIS GROBBELAAR, CEO OF FASFACTS

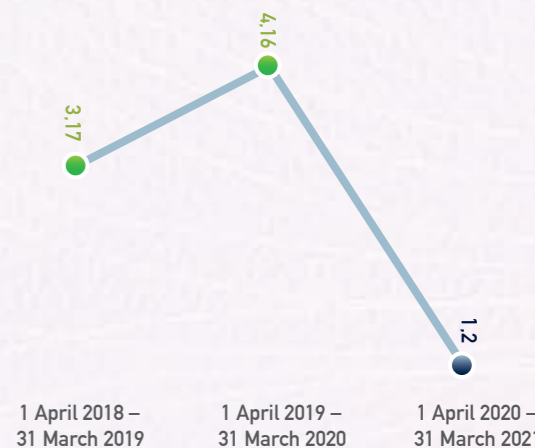
FARR: PREVENTING AND MANAGING FASD

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.

FARR's HMHB© 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 and psychosocial support.

% FASD diagnoses



BETWEEN APRIL 2020 AND MARCH 2021, 179 WOMEN WERE RECRUITED TO THE HMHB© PROGRAMME. FARR FURTHER HELD TWO NINE-MONTH BABY CLINICS AND EVALUATED 248 BABIES FOR FASD. RESULTS OF THESE TWO BABY CLINICS INDICATED THAT ONLY 1,2% OF THESE BABIES WERE BORN WITH FASD. THIS IS AN EXCELLENT RESULT THAT SHOWS THE IMPACT OF FARR'S HMHB© PROGRAMME¹.

¹ In areas where there are no intervention programmes (such as the HMHB programme) Upington's FASD prevalence rate is 7,4%. In surrounding areas, the prevalence rate can be as high as 12%.



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. This supports our ambition to combat alcohol abuse and inspire responsible enjoyment.

OUR LATEST BRAND INNOVATIONS

Vawter Hard Seltzer

Hard seltzers have shown enormous popularity globally and the category is currently the fastest growing RTD segment. This exciting new brand is ideal for everyone looking for an alternative light alcoholic beverage. It offers a unique range of spirit coolers: Sparkling water with a dash of vodka and infused natural fruit flavours.

Viceroy Smooth Gold

A growing number of consumers want to make responsible choices with their alcohol consumption. Smooth Gold offers a lowered alcohol product that still delivers on the flavour and quality people expect from Viceroy. The brandy has a lower alcohol content (23%) than regular brandy (43%), but still offers a full-bodied flavour, and is smooth and easy to drink.

Durbanville Hills Low Alcohol

Durbanville Hills' latest range of low alcohol wines are light yet full of flavour. They offer an option for those who are mindful of their consumption without compromising on taste. The wines strike the right balance between keeping the integrity of taste while lowering the alcohol and calories.



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.

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 GROUP-WIDE ALCOHOL POLICY THAT IS BASED ON LEADING PRACTICE WITHIN OUR INDUSTRY.

¹ Source: Euromonitor International, Illicit Trade: Alcoholic Drinks in South Africa in 2020, 20 May 2021.

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 trade restrictions in response to COVID-19 on the illicit trade of alcohol in South Africa. The study, released in May 2021, concluded that the sales bans increased the demand for illicit alcohol, incentivising syndicates to take advantage of the depressed legal market for profit. The study found that the value of the illicit alcohol market in South Africa has increased by 17,0% since 2017, to R20,5 billion.

The study further found that indirect consequences saw a rise in homebrew-consumption-related deaths and an increase in criminal activity. Police also reported an increase in contraband being smuggled into South Africa from its neighbours and a spate of burglaries of stores stocking alcohol. Distell was not immune to this criminal activity and experienced stock losses during the year.

Responsible trading by registered traders, bound by laws and regulations, is far preferable to illicit trade, which does not comply with industry guidelines and promotes irresponsible consumption.

PARTNERSHIPS WITH GOVERNMENTS IN ALL OF OUR KEY MARKETS, PARTICULARLY IN AFRICA, 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 SALBA IN SOUTH AFRICA, WE PLAY AN IMPORTANT ROLE IN MANAGING AND CO-ORDINATING INDUSTRY INITIATIVES TO PREVENT ILLICIT ALCOHOL TRADE.

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. This is underpinned by a strong focus on gender equality and promoting the full participation of women and PDIs in the economy.

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) while protecting labour rights.

Through the programmes and partnerships discussed in this chapter, we primarily contribute to target 5.2 under SDG 5 and targets 8.2 and 8.3 under SDG 8.



We indirectly contribute to SDGs 1 and 17.



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



SUPPORTING POLICIES AND GOVERNANCE

Supported by the Sustainability Council, the SEC is responsible for assisting the board with monitoring Distell's actions, commitments and progress on B-BBEE, transformation and social compliance.

The SEC's specific focus areas that relate to transformation include:

- B-BBEE;
- transformation;
- human rights;
- social compliance; and
- good corporate citizenship.

The SEC ensures that an appropriate, integrated B-BBEE strategy exists and that it is aligned with B BBEE and associated Codes of Good Practice. The SEC further reviews and approves internal policies and controls to bolster social compliance across the Group. This includes, for example, reviewing Distell's updated Human Rights Policy during the year.

Transformation within Distell is further supported by various departments and business units that work together to deliver on our commitments. This includes corporate and regulatory affairs, Group procurement and human resources. These departments further work alongside stakeholders within our value chain to help us deliver on our ambition of being best-in-class on matters related to labour and social compliance.

Supporting internal policies, systems and controls:

- Supplier Code of Conduct
- Distell Code of Conduct
- Human Rights Policy

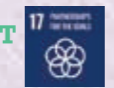
ENTERPRISE AND SUPPLIER DEVELOPMENT

COVID-19 continued to challenge our suppliers and enterprise and supplier development beneficiaries. In response, we leveraged our purchasing power and networks to support our growing pool of black-owned suppliers and enterprise and supplier development beneficiaries.

Support interventions called for strong collaboration to seek innovative and sustainable means of easing financial pressure and keeping our suppliers and beneficiaries in business.

This included, for example, leveraging our network of sister companies within the Remgro group and partners such as Tiger Brands. We also worked in collaboration with the Department of Agriculture, Land Reform and Rural Development. This department provided on-site technical support to enable farmers to apply best practices and other cost saving interventions on their farms while we identified business opportunities with commercial institutions. In this way, we leveraged complementary activities to maximise impact.

WE SEE COLLABORATION AS A TOOL TO INCREASE BUSINESS PROSPECTS FOR OUR PROGRAMME BENEFICIARIES AND POTENTIAL SUPPLIERS AND THIS WILL REMAIN A CORE ELEMENT OF OUR ENTERPRISE AND SUPPLIER DEVELOPMENT APPROACH GOING FORWARD.



We offered temporary relief by enabling suppliers and beneficiaries to reschedule and/or restructure loan payments.

We shielded them from the economic impact of COVID-19 by supporting their cash flows. We anticipate an improved trading environment in 2022, which should increase our suppliers' ability to pay back these loans in the year ahead.

We continue to strengthen internal collaboration through our enterprise and supplier development forum, launched in 2020.

This forum supports the transformation of our supply chain and ensures it reflects our business priorities and South Africa's transformation agenda. This is achieved by bringing together individuals from business units across Distell that are involved in procurement. Together, these representatives 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 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.

NOTWITHSTANDING THE INCREDIBLY DIFFICULT ENVIRONMENT, DISTELL MAINTAINED ITS OVER R100 MILLION PORTFOLIO OF SUPPORT TO QUALIFYING SMES. THIS IS A CLEAR AFFIRMATION OF OUR COMMITMENT TO DEVELOP THE CAPACITY AND RESILIENCE OF OUR ENTERPRISE AND SUPPLIER DEVELOPMENT BENEFICIARIES.

“Our strategy is to provide our enterprise and supplier development beneficiaries with the services and support they need to overcome challenges preventing them from growing their businesses. This was particularly important given the severity of COVID-19, which placed many businesses under significant financial strain in an already recessionary environment. Despite these difficulties, Distell maintained its over R100 million portfolio of support to qualifying SMEs.”

CHARLES WYETH, GROUP MANAGER: LOCAL ECONOMIC DEVELOPMENT AT DISTELL

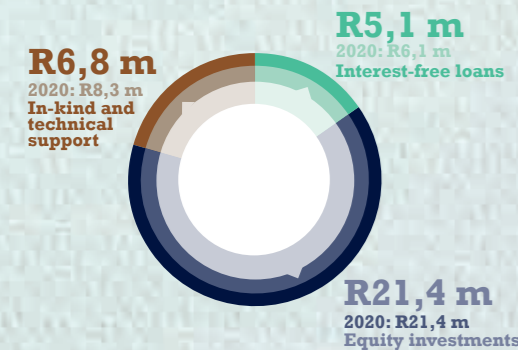
E+SCALATOR

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. Incubate black-owned and black women-owned businesses
2. Discover and develop new empowered suppliers
3. Provide market access by awarding offtake agreements
4. Secure and invest enterprise and supplier development funding to achieve financial inclusion
5. Deliver targeted and relevant support services that grow suppliers
6. Create meaningful employment opportunities

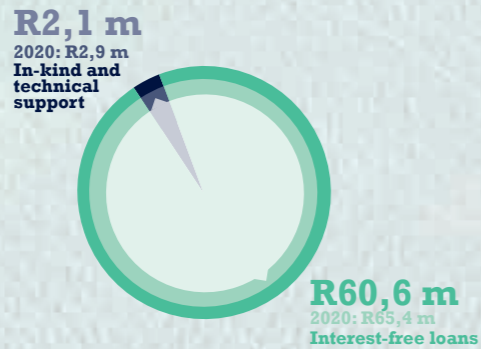
The total value of our E+Scalator programme is R32,3 million (2020: R 36,8 million).



AGRI+GATOR

AGRI+GATOR 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.

The total value of our Agri+Gator programme is R62,7 million (2020: R68,3 million).



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. Even more important is the sustainable transformation of South Africa's agricultural sector to stimulate economic growth and inclusion. We strive to procure the bulk of our apple juice concentrate locally and will therefore continue to support local farm ownership transformation interventions.

We continue to proactively engage with grape farmers to support land-ownership transformation initiatives, vineyard expansion, and to develop the capacity of farmers to apply sustainable farming practices.

In 2021, we supported beneficiaries through the challenges resulting from the lockdown and the cyclical nature of grape farming. To achieve this, we provided a variety of business development support services, such as facilitating access to markets and financial inclusion. In this regard, we worked closely with commercial financial institutions.

TO SUPPORT THE TRANSFORMATION OF APPLE AND GRAPE FARMERS IN SOUTH AFRICA, DISTELL PAID FOR THE DEVELOPMENT OF A B-BBEE TOOLKIT THAT HELPS FARMERS AND COMPANIES WITHIN THE AGRI-SECTOR EVALUATE THE DIFFERENT ELEMENTS OF THEIR SCORECARD. IT FURTHER PROVIDES A BROAD OVERVIEW OF THE STATUS OF THEIR SCORECARD, SUPPORTED BY DETAILED GUIDANCE ON HOW THEY CAN IMPROVE THEIR SCORES FOR EACH ELEMENT. THE TOOLKIT HAS BEEN SUPPLIED TO 15 FARMERS ALONG OUR VALUE CHAIN AND WE PLAN TO ENSURE THAT ALL OF OUR GRAPE AND WINE SUPPLIERS RECEIVE THE TOOLKIT BY THE END OF FY22.

We continue to implement SHERPA on Agri+Gator beneficiary farms. SHERPA is an integrated online farm 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 farming 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.

Strength of dimension



Strength of principle



HELPING SMALL BUSINESSES THRIVE IN A TIME OF CRISIS

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 achieved by empowering the employees of Stellar Winery and supporting local, emerging grape farmers. These employees largely come from the community of Ebenhaeser and the broader Vredendal region.

Stellar Agri has a 26% shareholding in Stellar Winery. The company farms organic fair trade grapes and vegetables on land leased from Stellar Winery and sells the 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, Distell is working with Stellar Winery to assist grape farming activities within the community of Ebenhaeser and the broader Vredendal region.

To support this, we provided an R18 million interest-free loan through Stellar Winery, directed at participating farmers to establish vineyards and vegetable crops 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 is farming efficiently and effectively to enable them to meet the resource requirements of Stellar Winery. This is done through focused training and capacity building that targets smaller groups of farmers to maximise impact and outcome.

We are also working alongside Stellar Agri to secure markets for its vegetable crops and we engaged with Rhodes Food and Tiger Brands to establish longer-term supply contracts.

This kind of support is invaluable, as small businesses require secure business opportunities in addition to technical and business development support to ensure their success.



GLOBESCOPE SECURITY SOLUTIONS: CREATING FOUNDATIONS FOR LASTING SUCCESS

GlobeScope Security Solutions, a 100% black-women-owned business, was onboarded to our E+Scalator programme in 2018. By working in partnership with our network of sister companies within the Remgro group, this business has grown from a small enterprise to a multi-million rand operation within three years. This was achieved by providing GlobeScope Security Solutions with a combination of market and financial support to help the business compete with other larger players in its industry.

“Since securing my first contract with Distell in 2018, I have enjoyed working with their enterprise and supplier development team. They provided me with invaluable guidance on how to service large corporates and other blue-chip companies, which gave me the confidence to pursue other contracts and expand my business. Having Distell on the books also strengthened the reputation of my business, creating more opportunities for me in the industry. This has been particularly significant as a black women-owned business in a traditionally male-dominated sector. I believe Distell sets a great example of what can be achieved when big businesses partner with small local enterprises. I look forward to a long-term relationship that will further enable the growth and development of my business, as well as the delivery of quality services to the broader Remgro Group.”

GLYNN MASHONGA, OWNER OF GLOBESCOPE SECURITY SOLUTIONS

COLLABORATING WITH THE AGRICULTURAL DEVELOPMENT AGENCY TO SUPPORT BLACK FARMERS AND ENHANCE FOOD SECURITY

The Agricultural Development Agency (AGDA) was launched in February 2020 to facilitate black farmers with access to market, affordable finance and production support. Access to finance in particular remains a major challenge for new entrants into the agri-sector. In November 2020, AGDA called for project proposals, and more than 62 projects were received.

Two of our funding applications were among the final eight that AGDA will present to potential funders. These applications are for Suikerbosrand Farm and Loufontein Farm, which have been part of our Agri+Gator programme since 2019.

If successful, funding provided through AGDA will support a further 65 hectares of combined apple orchard expansion and stimulate local job creation. Distell will continue to provide these farms with financial and business development support to enable them to develop and expand their farming operations.

We are confident that pursuing these and other types of fund-sourcing initiatives will contribute to changing the profile of land ownership in one of the most racially skewed segments of the economy.

Loufontein is a 700-hectare fruit farm located in the Villiersdorp region of the Western Cape. The farm is leased from the Department of Agriculture, Land Reform and Rural Development, by Sewis Van der Horst, a local black farmer who has been in fruit farming for over 25 years. Loufontein Farm has 22 hectares of established apple orchards with a further 50 hectares available for future expansion.



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 black economic empowerment partner. The company is majority black-owned (51%). Suikerbosrand Farm has 17 hectares of established apple orchards with a further 45 hectares available for future expansion.

DEFYNNE NURSERY: CREATING A FUTURE-FIT VALUE CHAIN

DeFynne Nursery is a 100% black-owned, 50% women-owned nursery in Wellington in the Western Cape.

DeFynne Nursery started in 2001, specialising in propagating and cultivating fynbos species for sale to retailers like Woolworths and Builders Express, and major plant nurseries like Stargrow. In 2017 it expanded into the propagation and cultivation of deciduous fruit trees. The nursery operates on a 25-hectare farm, acquired by the Western Cape Department of Agriculture through its Proactive Land Acquisition Strategy (PLAS) programme. In 2019, DeFynne Nursery approached Distell to help their company respond to growing opportunities in the deciduous fruit sector. We gave DeFynne Nursery an interest-free loan to help them expand their apple tree propagation and cultivation capacity.

During the COVID-19 lockdowns, the nursery was unfortunately unable to sell its products. However, by leveraging strong relationships with retailers and the support provided by Distell to restructure its loan, it was able to establish a strong foundation for future growth.

OMEGA PACKAGING: AN ONGOING SUCCESS STORY

Omega Packaging is a 100% black-owned manufacturing business that supplies cardboard bottle partitions made from 100% recycled material.

This business is labour intensive and employs people from the Cape Flats (Western Cape) and its surrounding areas. Omega Packaging joined our E+Scalator programme in 2017. The business continues to make great strides to expand its customer base and market presence. This ensures it is well positioned to withstand the financial challenges arising from COVID-19.

WG PIPEFITTERS: MAINTAINING FINANCIAL STABILITY AMID THE PANDEMIC

WG Pipefitters is a 100% black-owned plumbing/pipe-fitting and engineering business that delivers a variety of pipe-fitting, welding and maintenance services to Distell.

WG Pipefitters joined our E+Scalator programme in 2018. Due to the impact of COVID-19 on our business, we put certain capital expenditure on hold and rescheduled optional maintenance on equipment. While this temporarily reduced the volume of work available to WG Pipefitters through Distell, the business remained resilient by leveraging its existing network of customers (including dairy and food manufacturer Parmalat) to maintain financial stability amid the pandemic.

THE HANDWORK HUB: A WOMEN EMPOWERMENT PROJECT

The Handwork Hub is a black-women-owned enterprise developed in partnership with the E+Scalator programme in 2017.

The Handwork Hub supplies the tassels for our Amarula bottles. Through this initiative, informal handwork was converted into formal employment. Supported by Distell and other key stakeholders, the Handwork Hub has overcome recent challenges such as changes to its location and impacted production due to COVID-19. Its operating model is now stable and the enterprise is operating at 100% capacity.



TOP EMPOWERMENT AWARDS: DISTELL RECOGNISED AS A FINALIST

The 20th Top Empowerment Awards celebrated individuals and organisations that promote successful business practices in South Africa and have excelled at empowerment and transformation.

Distell was recognised as a finalist in the categories of 'socio-economic development' and 'enterprise and supplier development'. Our submission highlighted several of our community development programmes, such as FASfacts, FARR, Chrysalis Academy and GreenUP, as well as our commitments to develop the capability and capacity of new and existing black-owned and black women-owned enterprises. This includes business development services, offtake agreement support and access to specialised funding instruments.



PREFERENTIAL PROCUREMENT

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

We do this through a focus on:

- **Certificate compliance:** In collaboration with our transformation partners, we assist our 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.
- **Increased spend:** We increased our preferential procurement score from 15,99 to 19 points out of a maximum of 29 (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 water consumption and electricity usage, among others. In the year ahead, these measures will help us shape our risk assessment for suppliers.

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.

“Preferential procurement supports 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. Within Distell, we have therefore embedded a sustainable and inclusive procurement programme to help us support this crucial growth agenda and are proud of the year-on-year improvements in our preferential procurement score.”

FAAN DU TOIT, GROUP MANAGER: PROCUREMENT AND PLANNING

PROMOTING GENDER EQUALITY

We are taking steps to increase the participation of women-owned businesses within our supply chain and empower women in the communities in which we operate.

In recent years we have taken significant 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 businesses. Through a focused approach to preferential procurement, we are also increasing our spend on black women-owned enterprises.

As part of our commitment to promote gender equality, we are reviewing existing programmes to ensure they include a gender lens and are aligned to best practice.

We have various transformational community partnerships in place that focus on the empowerment of women. These are featured throughout this report and include partnerships with FASfacts and FARR, and our Taverner Training Programme. 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.

We continue to look for ways to further assist and facilitate economic access for women in the communities in which we operate by developing women-focused entrepreneurship interventions.

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. We have made a concerted effort to ensure the 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 in 2020, with changes particularly impacting the skills development element. The impact of these changes was compounded by COVID-19, which prevented planned training from taking place. This substantially decreased our previous skills development score.

DESPITE THESE CHALLENGES, DISTELL ACHIEVED A B-BBEE RATING OF LEVEL 4.

As we emerge from the pandemic, we remain committed to entrenching business processes that support transformation. This includes implementing the right course of action to again achieve level 4, based on the current B-BBEE codes.

The various elements of the B-BBEE scorecard further align with our priority SDGs. 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.

Through a focus on our four primary SDGs, we can positively impact:

- OUR INDUSTRY** 
- OUR VALUE CHAIN** 
- OUR CONTINENT** 
- THE MANUFACTURING SECTOR** 

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

- WE WILL DRIVE GENDER EQUALITY AND EMPOWER WOMEN** 
- WE WILL COLLABORATE TO CREATE VALUE THROUGH PUBLIC AND PRIVATE PARTNERSHIPS** 

Below is an outline of our FY20 performance against the elements of the B-BBEE scorecard¹. 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*	
Equity ownership	25	25	22,05	The Distell Development Trust contributes to our B-BBEE ownership. Read more from page 116.
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 105.
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 102.
Preferential procurement	27 + 2 bonus = 29	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 72.
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 65.
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 47.
Total	109 + 9 bonus = 118	83,84 + 7,38 bonus = 91,22	83,21	Level 4 contributor

Performance on track Performance lagging

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

¹ Our B-BBEE scorecard for FY21 will be available by end-September 2021. Our B-BBEE level for FY21 will then be updated accordingly.

TAVERNER TRAINING PROGRAMME

Distell's Taverner Training Programme empowers taverners with basic business and management skills. This includes upskilling them on in-trade guidelines and responsible retailing principles to enable them to grow their profits and businesses sustainably. The programme was piloted to 450 retailers in 2019 and launched nationally in 2020.

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 to explore modern methods of operating their businesses. It provides insight into how they can utilise marketing tools to grow their business and execute in ways that excite consumers. The modules on responsible retailing empower and encourage tavern owners to operate in a socially responsible manner within communities.

The programme is typically run over two days and consists of interactive training and development. However, we adapted the programme to overcome the challenges of COVID-19. We therefore offered two platforms: classroom-based as well as online training through social media platforms (WhatsApp and YouTube). The online training included a series of short videos that touched on topics such as responsible retailing, pregnancy and drinking, underage drinking, drinking and driving and more.

IN 2021, 552 RETAILERS PARTICIPATED IN THE CLASSROOM-BASED TRAINING PROGRAMME. THE PROGRAMME DELIVERED ON ITS PRIMARY OBJECTIVE TO EMPOWER FEMALE TAVERNERS, WITH 82% OF ATTENDEES BEING WOMEN. ONLINE TRAINING REACHED AN AVERAGE OF 12 642 RETAILERS.

To find out more about the videos featured in the online training, [follow this link](#) or scan the QR code.



RESPONSIBLE SOCIAL COMPLIANCE PRACTICES

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. To enhance value for all stakeholders along our value chain, we strive to be best-in-class on matters related to labour and social compliance.

Distell is a **PARTICIPANT IN THE UNGC**, a pact that encourages businesses and firms worldwide to adopt sustainable and socially responsible policies.

We **ADHERE TO OTHER INTERNATIONAL BODIES** including the International Labour Organization (ILO) and relevant in-country government legislation.

We collaborate with **PROCARE** (🔗 read more on page 79), **THE WINE AND AGRICULTURAL ETHICAL TRADING ASSOCIATION** (WIETA, a proactive and world class ethical trade programme for the South African wine industry and related sectors) and **SEDEX** (🔗 read more on page 77).

We undertake **THIRD-PARTY SOCIAL AND ETHICS AUDITS** to measure our compliance with national and international social compliance standards including WIETA audits and amfori Business Social Compliance Initiative audits (on request). We will further conduct Sedex Members Ethical Trade audits in the future.

We updated our **HUMAN RIGHTS POLICY** during the year (🔗 read more on page 78) and will publish an updated **RESPONSIBLE SOURCING POLICY** in FY22. These policies build on the [Distell Code of Conduct](#) and [Supplier Code of Conduct](#) as we work with our partners to adhere to and champion human rights and responsible sourcing across our operations and supply chain.

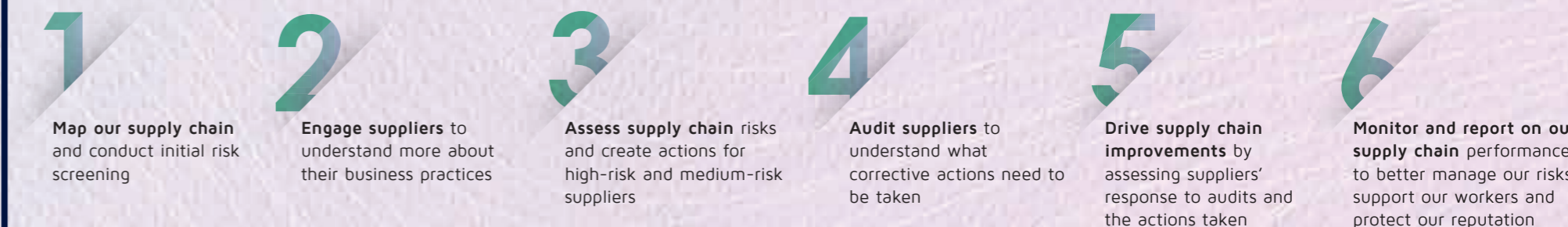
THE GROUP'S SOCIAL COMPLIANCE APPROACH SUPPORTS OUR CONTRIBUTION TO OUR FOUNDATIONAL SDGS.



Distell became a member of Sedex in July 2020. Sedex is a global membership organisation dedicated to helping companies drive responsible business practices in their global supply chains.

Working in partnership with our suppliers, Sedex will help us build a resilient, transparent and ethical supply chain, underpinned by responsible and sustainable business and sourcing practices.

How we will use Sedex



Actions taken during the year

- Distell's SHERQ governance team completed online training on the Sedex platform and systems
- Uploaded all relevant Distell sites to the platform and completed self-assessment questionnaires to better understand current business practices

[📄 Read more about Sedex.](#)



HUMAN RIGHTS

Distell's commitment to human rights is rooted in our core values of collaborating with integrity, honesty and respect. We strive to honour the inherent dignity of all who work for and with us, and are committed to respecting the Universal Declaration of Human Rights in its entirety and throughout our operations.

During the year we updated our Human Rights Policy, which outlines the principles we adhere to alongside the monitoring and remedial systems we have in place. Informed by the UN Guiding Principles on Business and Human Rights, we work within the framework of the International Bill of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, and the UNGC, to which we are a signatory.

[Download our Human Rights Policy.](#)

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, No. 75 of 1997 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

Embedding an understanding of the importance of human rights through an employee-focused booster campaign

To ensure our employees understand the purpose and value of our revised Human Rights Policy, we will launch an awareness booster campaign in the upcoming financial year. This campaign will evoke change management and drive a responsible culture across our operations, together with uplifting our employees. The campaign will leverage creative elements to embed meaningful engagement and understanding of our ten human rights principles.

PROCARE: A STEP-CHANGE IN OUR APPROACH TO SOCIAL COMPLIANCE

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 farmworkers 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 farmworkers and their families.

Activities undertaken in 2020

- **Gender-based violence awareness campaign** focusing on the causes and types of gender-based violence as well the cycle of abuse and how this impacts individuals, families and communities. Importantly, the campaign touched on prevention strategies and provided advice on how victims of gender-based violence can access help and support.
- **Men's awareness** days to equip men with the necessary knowledge and skills required to play their role in the fight against gender-based violence, particularly as perpetrators are most often male. The awareness days were facilitated by PROCARE's male social worker and allowed Distell's male employees to voice their concerns and perceptions while seeking support from their male colleagues.
- **Leadership training** was presented to middle- and upper-management, with Distell's farm managers and supervisors in attendance. The eight-session training course was based on Stephen Covey's acclaimed book, *The 7 Habits of Highly Effective People*, which combines leadership theory and principles into living and leading effectively.
- **Ongoing COVID-19 support and guidance** provided to employees and their families, including face-to-face and telephone counselling for those affected by the pandemic. This included several training sessions on emotional health and self-care, as well as training and individual discussions to motivate, foster and improve employee morale. These were considered particularly important focus areas for psychosocial support considering the stress associated with COVID-19.

"Caring for your employees is essential in the changing world. When an employee experiences care and compassion from their employer, it plays an integral role in their emotional health as well as their loyalty and commitment to their employer. We thank Distell for implementing an employee wellness programme at their farms and providing ongoing psychosocial support to employees and their families. They not only accommodate one-to-one counselling, but training such as that undertaken during the past year provides a holistic approach to wellness."

SUNETTE LE ROUX, EXECUTIVE MANAGER (OPERATIONS) AT PROCARE



PROMOTING ENVIRONMENTAL



RESPONSIBILITY

We 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 business operations and supply chain practices are efficient, agile and geared to protect the planet – while meeting our customers’ requirements in full.

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 are 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 targets 6.3 and 6.4 under SDG 6 and target 12.2 under SDG 12.



We indirectly contribute to SDGs 7, 9 and 11.



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



“Our SHERQ strategy clearly articulates our commitment to Zero Defect, Zero Harm and Zero Waste. As we overcame the initial challenges of COVID-19, we remained resilient and agile in the face of recurring lockdowns that challenged our operations. We continued to work together in the pursuit of quality perfection that delights our customers and consumers. I remain extremely encouraged by the passion for continuous improvement that is lived by each Distell employee.”

ANTHONY JAGESSUR, GROUP MANAGER: SHERQ AT DISTELL

SUPPORTING POLICIES AND GOVERNANCE

Supported by the Sustainability Council, the SEC is responsible for assisting the board with monitoring Distell’s actions, commitments and progress on environmental sustainability and responsible agricultural practices.

The SEC’s specific focus areas that relate to promoting environmental responsibility include:

- good corporate citizenship; and
- environment, health and public safety.

The SEC monitors Distell’s performance against its SHERQ strategy as well as its 2025 goals related to water, non-renewable electricity, fossil fuel-based energy usage, GHG emissions and wastewater discharged). The SEC further monitors partnerships and programmes that support circular economies and responsible agricultural conduct.

Our SHERQ department works alongside our corporate and regulatory affairs department to identify meaningful programmes and partnerships that will advance the Group’s environmental commitments.

Supporting internal policies, systems and controls:

- Our GHG reporting database plays a critical role in monitoring and managing our environmental emissions at an operational level.
- We monitor our performance against our sustainability targets related to water, electricity, fossil-fuel-based energy usage and wastewater discharged via our monthly engineering report to create a single reporting dashboard.

- We manage our production activities according to the ISO 14001:2015: Environmental Management System (EMS). Our compliance with ISO 14001:2015: 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.
- Our SHERQ strategy has three main focus areas: Zero Defect, Zero Harm, Zero Waste.
- 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 SEC.

In FY21, we submitted our eleventh annual carbon footprint and water reports to the CDP. More detail on our performance is available within this chapter.

Linked to the planet pillar of our sustainability strategy, we monitor performance against our 2025 aspirational goals related to water, electricity, fossil-fuel-based energy usage, GHG emissions and wastewater discharged.

Our 2025 aspirational goals*	Base year 2014****	Target 2021****	Actual 2021	% reduction achieved	2021 target achieved	Target 2022****	Target 2025****	Target 2025 on track
Reduce water usage intensity by 50% (ℓ/ℓ)**	3,893	3,025	3,200	-18%	✗	2,999	1,946	✓
Reduce non-renewable electricity usage intensity by 30% (kWh/ℓ)	0,129	0,118	0,101	-22%	✓	0,100	0,090	✓
Reduce on-site fossil-fuel based energy usage intensity by 20% (MJ/ℓ)	1,23	1,098	1,033	-16%	✓	0,996	0,988	✓
Reduce GHG emissions intensity by 22% (tCO ₂ e/ℓ)	0,254	0,245	0,196	-23%	✓	0,200	0,198	✓
Reduce effluent load discharged intensity by 60% (gCOD/ℓ) ***	11,482	8,599	7,377	-36%	✓	7,960	4,593	✓

ℓ: Litre
 kWh: One kilowatt hour
 MJ: One megajoule
 tCO₂e: Tonnes of carbon dioxide equivalent emissions
 gCOD: Gram chemical oxygen demand

* All targets are based on a percentage reduction in intensity from a 2014 base year, other than effluent load discharged, which is from a 2017 base year.
 ** Litres of water used per litre of packaged product.
 *** The target to reduce effluent load discharged intensity 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 intensity 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 organic load-based discharge intensity targets in 2018. This target uses 2017 as a base year.

During 2020, we reviewed our environmental targets to set new 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 onset of the 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 project 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 2021 returned to pre-COVID-19 production volume levels, despite further alcohol sales bans in December 2020. As a result, production volumes for FY21 were 122,1% of the original budget. This positively impacted performance against our intensity-based sustainability targets. The details of this impact are unpacked in more detail on the following pages.

OUR 2020 INTENSITY TARGETS WERE 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 intensity by 50% by 2025

While we improved our year-on-year water usage intensity, we did not reach our stated 2021 target. We experienced operational delays in commissioning the wastewater reclamation plants at Springs and Adam Tas. [Read more from page 86.](#)

✓ Reduce non-renewable electricity usage intensity by 30% by 2025

We reached our 2021 reduction target due to the completion of four new solar PV facilities. We increased the total kWh of renewable electricity used and increased the percentage of renewable electricity usage out of the total electricity usage by manufacturing to 6,3% (2020: 3,6%). [Read more from page 84.](#)

✓ Reduce on-site fossil fuel-based energy usage intensity by 20% by 2025

We reached our 2021 reduction target due to the realisation of benefits of consolidation of the production process and increased production volumes. The reporting year saw a return to pre-COVID-19 production volumes. This, together with the complete close-down of all production activities at Greenpark, improved the efficiency of the consolidated site operations. [Read more from page 84.](#)

✓ Reduce greenhouse gas emissions intensity by 22% by 2025

We reached our 2021 target to reduce our GHG emissions. We completed the installation of four solar PV installations at our production sites, which generated an additional 1 331 252 kWh of renewable electricity. The amount of renewable electricity generated will increase further in FY22 once the facilities are operational for a full financial year. [Read more from page 84.](#)

✓ Reduce effluent load discharged intensity by 60% by 2025

We reached our 2021 target. This was due to the continued treatment benefits obtained from the Adam Tas and Springs effluent treatment plants and the benefits from the new Worcester effluent treatment plant that started treating effluent in mid-May 2021. [Read more from page 87.](#)

We have started tracking our environmental performance across our operations outside South Africa. This is part of our commitment to better understand our impact and develop a more comprehensive view of risks and opportunities within our operations.

	South Africa	Africa*	Distell International**	Distell Group Holdings
Water usage intensity (ℓ/ℓ)	3,2001	5,0138	12,4403	3,3592
Non-renewable electricity usage intensity (kWh/ℓ)	0,1011	0,0466	0,1798	0,1004
On-site fossil-fuel-based energy usage intensity (MJ/ℓ)	1,0331	3,5400	18,3468	1,3111

* Angola and Kenya Wine Agency Limited.
 ** Based on Total East Kilbride Production litres.

“Despite challenges and setbacks during the year, such as delays with commissioning the wastewater reclamation plants at Springs and Adam Tas, we continue to work hard to realise the full benefits of the programmes and projects developed to date. We recognise how important these are in helping us to continue improving our environmental performance. To help us better understand our potential environmental impact and develop a more comprehensive view of climate-related risks and opportunities within our operations, we have started tracking our environmental performance across our operations outside South Africa.”

JACQUES ROSSOUW, GROUP MANAGER: ENVIRONMENTAL SUSTAINABILITY

CURBING OUR CARBON EMISSIONS

Climate change is one of the most defining issues of our time, impacting how we do business and necessitating careful and considered management of climate-related risks. For example, changes in temperature, rainfall, precipitation patterns and weather extremes, such as flooding and drought, could affect our ability to produce quality products.

Our largest impact on climate change is caused by burning fossil fuels on-site to generate steam for our boilers and by the purchase of coal-based electricity. To reduce our direct and indirect GHG emissions and minimise our carbon footprint, we focus on reducing our dependence on fossil fuel-based electricity.

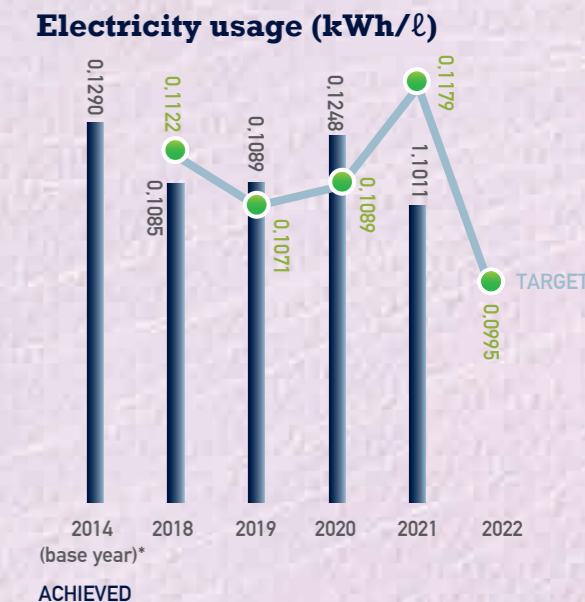
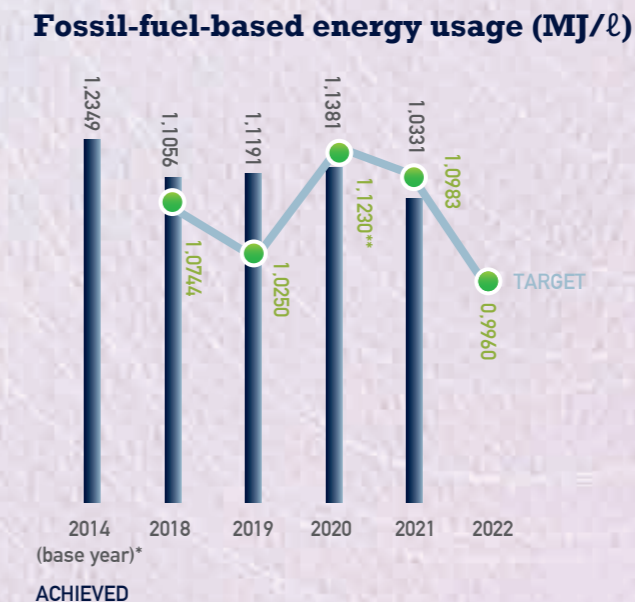
How we performed in 2021

Market-based direct emissions increased by 3,13% to 134 371 tCO₂e (2020: 130 299 tCO₂e). Total GHG emissions, including Scope 3 and out of scope emissions, amounted to 432 280 tCO₂e (2020: 363 056 tCO₂e). This is a 19,1% increase.

Renewable electricity was sourced from our Springs 1 400 kWp solar PV electricity generation plant, from which we bought the generated 1 875 364 kWh of solar power through a power purchase agreement (2020: 1 661 011 kWh). The biogas/methane-based electricity generation unit at the Springs wastewater treatment facility generated 1 402 664 kWh (2020: 1 047 783 kWh). We also generated 26 690 kWh through the 20 kWp solar PV installation at our Group engineering facility in Stellenbosch (2020: 28 115 kWh).

We completed four new solar PV facilities and bought the generated solar electricity through power purchase agreements. The new facilities were installed at Wadeville (1 340 kWp) where we bought 818 080 kWh; Adam Tas (1 350 kWp) where we bought 179 350 kWh; Nederburg (675 kWp) where we bought 239 366 kWh; and Monis (400 kWp) where we bought 94 456 kWh.

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 increased by 39,9% to 9 754 tonnes. This was due to the increase in production volumes during the reporting year.



IN FY21, WE SUBMITTED OUR TENTH ANNUAL CARBON FOOTPRINT REPORT TO THE CDP¹. AS WITH PREVIOUS YEARS, CARBON CALCULATED EXTERNALLY VERIFIED OUR DATA AGAINST THE ISO 14064-3:2006 STANDARD AND PROVIDED US WITH LIMITED ASSURANCE ON THE FY19 DISCLOSURE FIGURES. OUR FY20 REPORT RECEIVED AN A- PERFORMANCE SCORE (2019: B) BASED ON CARBON CALCULATED'S EVALUATION OF OUR PERFORMANCE AGAINST ITS BEST PRACTICE CRITERIA.

OUR CDP REPORT IS AVAILABLE ON OUR CORPORATE WEBSITE AND INCLUDES FURTHER DETAIL ON OUR APPROACH TO CLIMATE CHANGE ADAPTATION AND MITIGATION, AS WELL AS OUR RISK MANAGEMENT PROCEDURES.

Download our CDP report. For our full carbon footprint, go to page 122.

¹ In previous reporting years, the annual CDP submission date was before the end of our financial year. We therefore report our performance against our prior financial year as we are unable to capture all data for the current financial year before the required CDP submission date. Therefore, the CDP performance score featured in this year's sustainability report (and available on our corporate website) is based on the FY20 submission of the FY19 data, with the performance score reported in the FY21 sustainability reporting year.

* 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 the rebased base year and changes related to the closing of the Bergkelder and Greenpark production sites.

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 system. This enables improved management and reporting of water usage.

In FY21, we submitted our seventh annual CDP Water report¹. Our FY20 report, based on the FY19 disclosure figures, was assessed by CDP Water and received an A-performance score (2019: B) based on its evaluation of our performance against its best practice criteria.

Our CDP Water report is available on our corporate website and includes further detail on our approach to managing water-stressed or water-scarce regions and sites, as well as our risk management procedures.

[Download our CDP Water report](#)

How we performed in 2021

The Springs water recovery plant was operational from October 2020 to March 2021, recovering 23 323 m³ of water. However, the process was stopped due to an increase in effluent load produced from the manufacturing process. Further capital investment was approved to expand the treatment capacity of the treatment plant. This will allow the water recovery process to restart during the second half of FY22. [Read more on page 87.](#)

Water recovery at the Adam Tas facility was delayed due to instability in the anaerobic treatment process that arose from changes in the effluent composition due to altered manufacturing at the site. This was compounded by the unavailability of the calamity tank due to a leak. The calamity tank was re-instated on 29 April 2021. We further implemented process changes to allow the calamity tank to be used as a pre-buffer tank to break down particulate matter to improve process stability. This was effective. However, subsequently, there was a serious biological process failure on 3 June 2021 that resulted in the need to bypass untreated effluent to Stellenbosch Municipality. The process was only stabilised again on 25 June 2021. The exact reason for the incident is unknown but a potential biocide contamination is suspected. As a result, the aerobic process and water recovery system were unusable. Plans are being implemented to start the water recovery facility in the first half of FY22.

Water usage (ℓ/ℓ)



ACHIEVED

- * 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 the closing of Bergkelder and Greenpark production sites.

MANAGING EFFLUENT AND WASTEWATER

Water scarcity is a significant environmental risk facing society today. As a leading alcoholic beverage manufacturer that relies on water to produce its products, we must ensure we manage our effluent and wastewater while minimising our environmental impact.

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.

How we performed in 2021

The absolute volume of wastewater and effluent from our sites increased by 26,9%, while our wastewater intensity decreased to 2,036 litres of effluent per litre of packaged product (2020: 2,199 ℓ/ℓ). This is due to the production volume throughput in 2021 returning to pre-COVID-19 levels, up from the lower volumes in 2020.

The increase in demand for products produced at the Springs production plant increased the effluent load produced, exceeding the current treatment plant capacity. This resulted in effluent quality discharges exceeding the municipal discharge standards, necessitating the stoppage of the water recovery process in March 2021. Capital expenditure was approved to expand the organic treatment capacity during 2022. The increased effluent load expected to be discharged during the first half of FY22 is the reason why the 2022 load target is higher than the 2021 actual achieved.

Repairs to the calamity tank at the Adam Tas anaerobic wastewater treatment facility in Stellenbosch are complete and its use as a pre-buffer tank was reinstated. This will further assist in improving treatment efficacy. Construction of the new wastewater treatment facility at our Worcester production plant was completed and commissioning was also completed at the end of FY21.

Effluent characterisation studies were completed at our Wadeville, Monis and Port Elizabeth production plants. Construction of new effluent buffering and pH correction plants for the Monis and Wadeville facilities commenced during the reporting year and is planned for completion during the first half of FY22.

Effluent load (gCOD/ℓ)



ACHIEVED

- * 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 the closing of Bergkelder and Greenpark production sites.
- *** An explanation of why the 2022 target is higher than the 2021 actual is provided on page 82.

¹ In previous reporting years, the annual CDP submission date was before the end of our financial year. We therefore report our performance against our prior financial year as we are unable to capture all data for the current financial year before the required CDP submission date. Therefore, the CDP performance score featured in this year's sustainability report (and available on our corporate website) is based on FY20 submission of the FY19 data, with score reported in the FY21 sustainability report.

CO-GO: NAVIGATING COLLABORATIVE GOVERNANCE FOR INCLUSIVE WATER SECURITY AND PROSPERITY

WE ARE A FOUNDING MEMBER OF THE STELLENBOSCH RIVER COLLABORATIVE (SRC) AND AN ACTIVE PARTICIPANT IN CO-GO, A COLLABORATIVE GOVERNANCE CO-OPERATIVE WORKING TOWARDS WATER SECURITY BY MEDIATING CO-OPERATION BETWEEN CIVIL SOCIETY, THE PUBLIC AND PRIVATE SECTORS AND RESEARCH INSTITUTIONS, AND USING A PARTICIPATORY AND TRANS-DISCIPLINARY RESEARCH APPROACH.

Co-Go's primary focus is to restore health to the rivers in the Eerste River Catchment, which supports several land uses including nature conservation, commercial forestry, residential use, various forms of agriculture (vineyards, orchards and crop production) and communal grazing.

2013

The **SRC WAS LAUNCHED** to address the problems around degraded ecosystems and the social and economic risks to communities that rely on the rivers in the Eerste River Catchment. This collaboration was key to addressing the deteriorating water quality.

2018

One of the SRC's main ambitions was 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 Co-Go** in November 2018.

2020

Co-Go was **REGISTERED AS A CO-OPERATIVE**, ensuring that this 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.

2021

Co-Go became an **ACTIVE PARTNER IN THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION'S (UNESCO) BE-RESILIENT PROJECT**. Together with the Cape Winelands Biosphere Reserve, Co-Go also initiated a project with mobile education units that provide hands-on learning across the fields of science, technology, engineering, arts, mathematics and youth development. The intention is to educate, upskill and empower people in local communities and help them foster a deeper connection with the natural world.

Co-Go became a partner in UNESCO's Be-Resilient Project in 2021

During the year, Co-Go was identified as an implementation partner for UNESCO's Be-Resilient Project which aims to address climate risk and build adaptive capacity in South Africa's biosphere reserves.

Co-Go will collaborate with the Cape Winelands Biosphere Reserve (focusing on the Eerste River), the Gouritz Cluster Biosphere Reserve (focusing on the Goukou River) and the Marico Biosphere Reserve (focusing on the whole reserve) as co-lead implementation partners for the project.

The primary objectives of the project include:

- Establishing a bottom-up approach to gender-responsive climate change adaptation and ensuring an inclusive planning process for the sustainable development of vulnerable municipalities under climate change scenarios in targeted areas
- Developing national-level monitoring and early warning capacities for climate-related hazards and climate-change indicators
- Building the capacity of national and local stakeholders and ensuring technology transfer of innovative tools for climate change adaptation and monitoring

The project will be implemented along four different but complementary lines of action:

1. **Climate change impact assessment**, which involves identifying each biosphere reserve's vulnerability to climate change
2. **Tool development for disaster risk reduction**, which focuses on the development and application of innovative climate tools
3. **Education for sustainable development and citizen science**, which involves developing teaching materials aligned with the curricula of primary and secondary schools
4. **A strengthened Man and the Biosphere Programme**, another UNESCO project currently in place in 129 countries around the world that aims to establish a scientific basis for enhancing the relationship between people and their environments

To enhance the impact of this project, Co-Go will implement the principles and practices of the Climate Risk Informed Decision Analysis (CRIDA) methodology, underpinned by sound academic research and within the context of the SDGs and National Development Plan 2030.

The project supports SDGs 6, 13 and 17.



Where there are dragonflies, there is hope and harmony. The ambassador of Co-Go is the dragonfly, an ancient aquatic creature that has shown remarkable resilience over the past 40 to 60 million years. Importantly, the dragonfly is a leading indicator of healthy waterscapes and a proxy for water health.

↓ Find out more about Co-Go



MINIMISING PACKAGING AND WASTE

Waste is an output of the production, packaging and distribution of our products. As a leading alcoholic beverage manufacturer, we must ensure we minimise packaging and waste while minimising our environmental impact.

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 performed in 2021

We bought 230 120 tonnes of new glass, a 26,7% increase compared to 2020 (181 694 tonnes). This increase can be attributed to the increase in the number of glass bottles required due to the return to pre-COVID-19 production volumes in comparison to the lower bottled volumes in 2020.

Through the Give back, Get back initiative we reused a total of 96 193 tonnes (2020: 53 461 tonnes) of glass. This amounts to 179,8 million bottles (2020: 96,1 million) and represents 24,5% (2020: 22,7%) of our total glass requirements. The volume of glass recycled increased to 7 605 tonnes (2020: 4 937 tonnes). This is a 54% increase from 2020. The increase of glass packaging waste is due to the increase in the decanting of products that exceeded shelf-life limits. The decanting was the result of the impact of the COVID-19 lockdown and multiple alcohol sales bans in FY20 that resulted in slow product sales and hence products

exceeding shelf-life limits. 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.

As reported in 2020, we appointed a single solid waste management service provider, Averda, to take over the complete management of our solid waste handling, recycling and disposal on our production sites. However, Averda was unable to provide the required service levels.

As a result, their services were initially suspended at several of our production sites while a new request for proposals was sent to other services providers. Following a comprehensive review of our requirements, we appointed Enviroserve as the new single solid waste management service provider at all our production sites, excluding Spring as from 1 July 2021. The appointment of a waste management service provider at our Springs facility is still being finalised. The focus is on increasing the recycling of waste and the reduction of waste disposal to landfills.

Other packaging and production waste (tonnes)

	2017	2018	2019	2020	2021
Cartons and paper	1 490	1 118	1 118	600	1 077
Plastic ¹	1 040	818	826	1 019	783
Tetra Pak	0	0	0	0	0
Metal (including cans)	276,5	244,1	118,0	157,0	123

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.

CONTRIBUTING TO A CIRCULAR ECONOMY

As Africa's leading producer of ciders and RTDs, spirits and wines, we have the responsibility to develop circular economies and produce less waste in support of sustainable production and consumption.

We have been exploring partnerships, programmes and initiatives to minimise the impact of our products on the environment. This includes establishing and formalising effective networks for the collection, separation and processing of recyclable post-consumer waste. Not only is this important in terms of our environmental impact, but it also helps us combat socio-economic challenges and empower individuals within our broader value chain.

WE REMAIN COMMITTED TO TAKING ACTION BEYOND COMPLIANCE AND WILL CONTINUE TO HARNESS THE STRENGTH OF OUR EXISTING PROGRAMMES AND PARTNERSHIPS TO HELP US EXCEED THE REQUIREMENTS OF THE EPR REGULATIONS WHILE SUPPORTING AND GROWING CIRCULAR ECONOMIES.

During the year, EPR regulations were published in South Africa. The regulations require producers to take responsibility for their products up to and including the end-of-life stage of their product cycle. This is a new approach to waste management in South Africa and will contribute significantly to the diversion of waste from landfill. The date for final compliance is 5 November 2021, and 2022 will be the first year of implementation for EPR schemes, reporting and targets.

As we prepare to be fully compliant, we are defining the scope of our activity for 2022. This includes:

- agreeing on the scope of relevant products or materials covered under the EPR regulations;
- establishing an estimate of our packaging footprint for 2022, based on 2021 data; and
- developing a plan to collect and recycle a targeted percentage for each product or material with related producer responsibility organisations.

SA PLASTICS PACT: TACKLING A GLOBAL PROBLEM THROUGH COMMITTED COMPANY ACTION

DISTELL IS 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 brings together key stakeholders in South Africa's plastics value chain behind a common vision to create a circular economy for plastics. Entitled Roadmap to 2025, this vision is underpinned by targets to address plastic waste and pollution. These targets tie in with global commitments but are tailored to South Africa. Accordingly, all founding members committed to ambitious targets for 2025 to prevent plastics from becoming waste or pollution.

Targets to 2025

1. Taking action on problematic or unnecessary plastic packaging through redesign, innovation or alternative (re-use) delivery models
2. 100% of plastic packaging to be reusable, recyclable or compostable
3. 70% of plastic packaging to be effectively recycled
4. 30% average recycled content across all plastic packaging

Unpack the detailed 2025 targets and Roadmap to 2025

Key activities undertaken in the past year

- SA Plastics Pact investigated an evidence-based approach to further develop the Roadmap to 2025. In particular, the Council for Scientific and Industrial Research, a leading scientific and technology research organisation that researches, develops, localises and diffuses technologies to accelerate socioeconomic prosperity in South Africa, worked on localising the Breaking the Plastic Wave model to South Africa. This model assesses pathways towards stopping ocean plastic pollution. SA Plastics Pact is part of the technical advisory group giving input on this process.

Breaking the Plastic Wave shows that, if we fail to act, by 2040:

- the volume of plastic on the market will double;
- the annual volume of plastic entering the ocean will almost triple, from 11 million tonnes in 2016 to 29 million tonnes in 2040; and
- ocean plastic stocks will quadruple, reaching over 600 million tonnes.

Compared with business-as-usual, a circular economy has the potential to reduce the annual volume of plastics entering our oceans by 80%, reduce GHG emissions by 25%, and create 700 000 net additional jobs by 2040. We must therefore eliminate the plastic we do not need, circulate the plastic we do need and innovate at unprecedented speed and scale.

Source: Perspective on 'Breaking the Plastic Wave' study by the Ellen MacArthur Foundation

- In collaboration with product responsibility organisations, SA Plastics Pact's developed a high-level strategy to achieve target 4. This work will be refined with more detailed modelling of the packaging market in South Africa to 2025.
- In partnership with the South African Plastics Recycling Organisation and the SA Plastics Pact, WWF South Africa produced a report entitled Plastics: From recycling to (post-consumer) recycle: Industry views on barriers and opportunities in South Africa. This work will assist SA Plastics Pact in breaking down barriers to increased recycling rates and inclusion of recycled content.

- In partnership with the MAVA Foundation, SA Plastics Pact held the Reuse Innovation Challenge, a contest to develop innovative reusable packaging solutions. Entrants proposed a reusable packaging solution that could be implemented by South African brand owners and retailers. The solution had to be geared towards reducing the amount of single-use packaging in South Africa, ideally addressing currently non-recyclable plastics, or plastics that are often littered.

Find out more about SA Plastics Pact

"The SA Plastics Pact, led by GreenCape, is delighted to maintain its partnership with Distell to drive an inclusive and vibrant circular economy for plastic packaging in South Africa. We applaud Distell's strategic vision aligned to the SDGs, aimed at the practical application of the interventions to drive real progress. Commitment to these goals through – and despite – challenging economic times is an inspiration to South African brand owners. We look forward to further driving impact in a circular economy for plastics with Distell."

KIRSTEN BARNES, PROJECT LEAD, SA PLASTICS PACT

GREENUP: CREATING EMPLOYMENT AND CLEANER ENVIRONMENTS FROM POST-CONSUMER WASTE

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 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.

In addition, 67 EAs were part of the government's Expanded Public Works Programme in 2021. This is a key national programme aimed at providing poverty and income relief through temporary work for the unemployed.

165 EAS ARE REGISTERED WITH SEVEN BBCS IN KHAYELITSHA.

EAs are supplied custom-built trolleys that provide a basic but robust platform to store and conveniently transport collected waste material to BBCs.

Importantly, these trolleys enable EAs to collect more waste material, thereby creating an opportunity to earn more income. Each trolley is fitted with oversized wheels and castors to navigate rough terrain, and the fully galvanised chassis is corrosion resistant. 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 2021, 47 EAS HAD RECEIVED TROLLEYS FITTED WITH COLLECTION BAGS.

EAS COLLECT 80% TO 90% RECYCLABLE MATERIAL

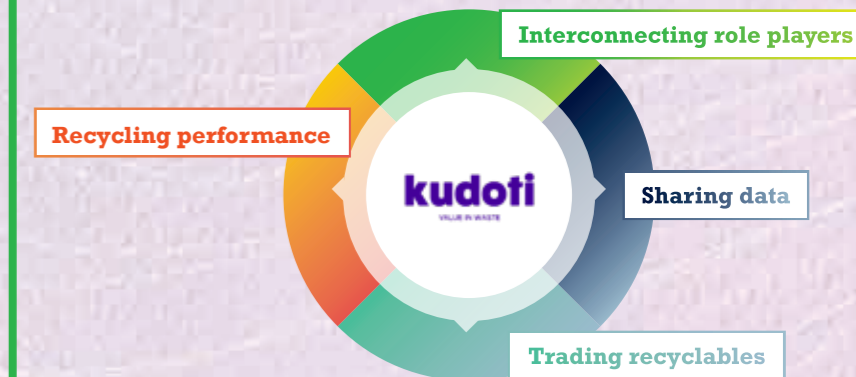
EACH EA COLLECTS APPROXIMATELY 200 KG OF RECYCLABLES DAILY

THERE ARE ABOUT 215 000 EAs IN THE INFORMAL ECONOMY

To enable us to track 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.

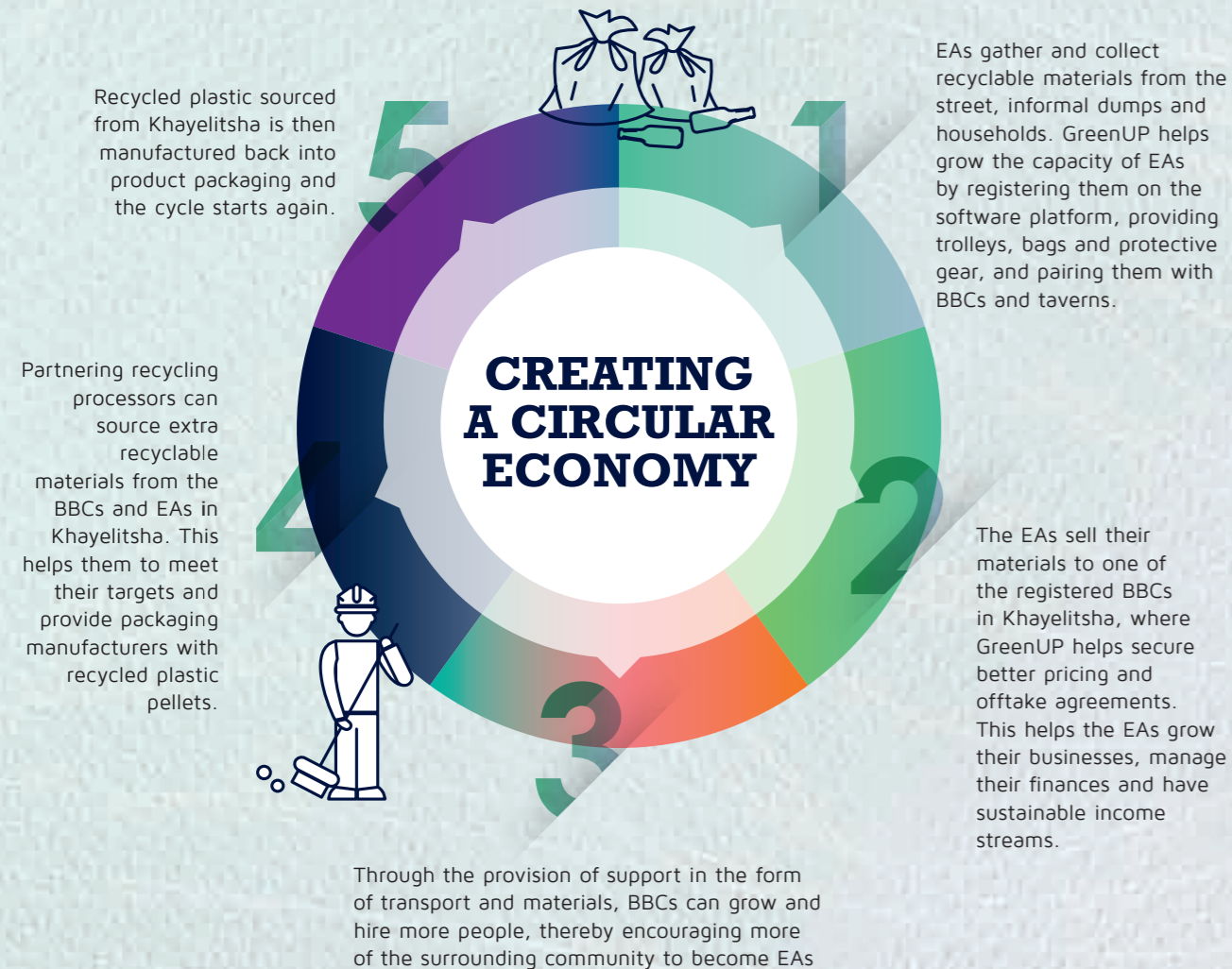
Currently, EAs use paper to track all business transactions, such as the frequency of their visits to BBCs, weekly income and the receipt of personal equipment. The digital platform digitises and automates waste management operations from start to finish so that efforts may be better rewarded.

We worked closely with BBCs and EAs to support them on this digital journey and ensure they understand the benefits of the platform.



To preserve the dignity and safety of the EAs, each receives safety gloves, boots and goggles; reflective jackets and trousers; and a raincoat.

GREENUP IS AN IMPORTANT EXAMPLE OF HOW WE ARE FINDING INNOVATIVE AND ENTERPRISING WAYS TO CREATE CIRCULAR ECONOMIES ALONG OUR VALUE CHAIN.



In 2021, GreenUP was named the winner of the Recycling Partnership Gamechanger category in the annual PETCO Awards. These awards are South Africa's premier environmental awards initiative, recognising excellence in reuse, recycling and waste minimisation among businesses, organisations, community groups and individuals within the South African polyethylene terephthalate (PET) plastic industry.



During the year we leveraged our longstanding partnership with PROCARE, one of South Africa's leading emotional wellness companies, to provide EAs with substance abuse training. All 165 registered EAs attended the training, which unpacked alcohol and drug abuse, including binge drinking and misuse, as well as the impact of substance abuse on individuals. EAs were also provided with information on how to access help and break the cycle of misuse or abuse. [Read more about PROCARE on page 79.](#)

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.

"Recycling is a key enabler. We have to understand the whole value chain and if we can encourage reuse, collection, recycling, job creation and empowerment of people, it tells a story that the circular economy is the way to go."
ERIC LEONG SON, GROUP MANAGER: SUSTAINABILITY

"Partnerships are crucial between all entities as waste management services often go unnoticed. To create sustainable communities, it is vital to support reclaimers with income and resources that give them pride and dignity. Most importantly, these women and youth gain skills that improve their economic freedom and help them sustain their families. Waste is a global environmental challenge and, in addition to supporting entrepreneurship, this programme also helps ensure that waste is diverted from landfills. This supports environmental sustainability. Looking forward, we need to identify opportunities to formalise these reclaimers by monitoring and auditing the recyclables yearly to sustain value."
PRISCILLA BOOYSEN, HEAD: EVENTS AND PARTNERSHIP, SOLID WASTE CLEANSING AT THE CITY OF CAPE TOWN

"The ongoing global COVID-19 pandemic continues to illuminate structural issues that exist in South African society. These include high levels of inequality, unemployment, poverty, poor recycling rates and plastic pollution. However, it also highlighted the importance of creating dignified opportunities that stimulate entrepreneurship. There is growing recognition that economic development can be fostered by leveraging our entrepreneurial spirit to stimulate local job creation. As we continue to navigate the challenges of COVID-19, workers in the informal economy (like our EAs) remain particularly vulnerable to this crisis. This is even though that they have long worked on the frontlines to keep our towns, cities and villages free from waste pollution and litter at no cost to government. Therefore, entering a voluntary collaboration with GreenUP was a no-brainer as it enables us to ensure EAs can continue to do this important work with dignity. It strengthens EAs entrepreneurial spirit and resolve. It also helps promote community resilience while creating a triple-win scenario for the EAs, our natural environment and the local community's economy."
RONALD MUKANYA, DIRECTOR: SUSTAINABILITY AT THE DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING, WESTERN CAPE GOVERNMENT

Leveraging the information, abilities and ideas gained through our flagship programme GreenUP, we partnered with external stakeholders to roll out recycling initiatives elsewhere in South Africa and in Mozambique.

SUPPORTING WOMEN WASTE PICKERS IN MOZAMBIQUE
 IN APRIL 2021, DISTELL MOZAMBIQUE PARTNERED WITH GROW IN PEACE TO EMPOWER AND BUILD THE CAPACITY OF 50 WOMEN EAS IN MAPUTO THROUGH FINANCIAL PLANNING, HEALTH AND SAFETY TRAINING AND THE PROVISION OF TRANSPORT AND PROTECTIVE GEAR.

Through this support, the EAs were able to collect more waste material and create opportunities to earn additional income. Based on the success of this project, Distell Mozambique received requests from many more women EAs wanting to partner with the Group, thereby stimulating job creation and social entrepreneurship.



IN PARTNERSHIP WITH HEINEKEN SOUTH AFRICA, WE ROLLED OUT THE KWAZULU-NATAL GLASS RECYCLING INITIATIVE

LAUNCHED IN JANUARY 2021, THIS PARTNERSHIP ONBOARDED NINE EAS TO COLLECT WASTE FROM 36 TAVERNS IN KWAZULU-NATAL. EAS WERE PROVIDED WITH BASIC SKILLS AND PROTECTIVE GEAR TO BUILD THEIR CAPACITY AND SUPPORT THEM IN THEIR NEW ROLES. THEY JOINED FORCES WITH AN EXISTING NETWORK OF NINE EAS, BRINGING THE TOTAL NUMBER OF EAS TAKING PART IN THE INITIATIVE TO 18.

As part of our contribution to a clean and healthy environment, the EAs assisted with a clean-up campaign at the main entry and exit gates of the Hluhluwe Imfolozi Game Reserve, which is located near the settlement of Hlabisa. This was undertaken in collaboration with Ezemvelo KZN Wildlife, which is entrusted with the long-term conservation of the region.

The EAs also took part in cleaning up 28 illegal dumpsites. Looking forward, 31 illegal dumpsites were identified. In addition to the taverns, these dumpsites will form part of the EAs' operating area.

As an outcome of the partnership, 72 tonnes of waste were collected from the taverns and illegal dumpsites and sold to a third-party recycling agent, generating income for the EAs. Due to the success of this initiative, more community members are expressing an interest in joining the EA network. We are also looking for opportunities to expand the value chain by creating a by-product from the waste collected by the EAs. Not only will this reduce pollution and waste, but it will also create more opportunities for job creation and entrepreneurship.

During the year, we completed a similar pilot project in the areas in and around Soweto, an urban settlement in Gauteng. This project will be expanded in the upcoming financial year, focusing on all waste streams and the empowerment of EAs and BBCs. This will create jobs in the informal sector while supporting a cleaner environment and creating a circular economy for post-consumer waste.

RESPONSIBLE AGRICULTURAL PRACTICES

We collaborate with our producers, suppliers, manufacturers and distributors to ensure all of our products are harvested and manufactured to high environmental standards. We collaborate with leading industry players in this regard.

WWF SOUTH AFRICA 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 South Africa entered a new phase during the year.

Distell provided financial support to WWF South Africa 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 complements the WFPA's integrated fire and land management plans.

NEDERBURG IS A CERTIFIED WWF CONSERVATION CHAMPION, MEANING IT IS RECOGNISED BY WWF AS AN ENVIRONMENTAL LEADER IN SOUTH AFRICA'S WINE INDUSTRY. IN PARTICULAR, NEDERBURG IS COMMITTED TO BIODIVERSITY-FRIENDLY AND REGENERATIVE FARMING PRACTICES, CONSERVING ITS NATURAL AREAS AND CONTINUALLY IMPROVING ITS WATER AND ENERGY EFFICIENCIES. WWF SOUTH AFRICA SUPPORTS NEDERBURG BY CO-DEVELOPING DETAILED ENVIRONMENTAL MANAGEMENT PLANS, SETTING TANGIBLE TARGETS AND HELPING IT TO PRIORITISE ACTIONS TO ADDRESS ITS MOST PRESSING ENVIRONMENTAL RISKS.

INTEGRATED PRODUCTION OF WINE (IPW) SCHEME

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.

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 cellars have valid organic certificates.



EMPOWERING OUR

PEOPLE

Talent is a critical driver of business performance, and our ability to attract, develop, deploy and retain talent will be a major competitive advantage far into the future. This means fostering a positive and safe working environment with opportunities for career development, and building a diverse and sustainable talent pipeline, which is reflective of global, regional and local business realities.

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. 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 targets under SDGs 5, 8 and 17.



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



SOUTH AFRICAN PERMANENT

81%

SOUTH AFRICAN TEMPORARY

6,5%

INTERNATIONAL

12,5%

SUPPORTING POLICIES AND GOVERNANCE

Supported by the Sustainability Council, the SEC is responsible for assisting the board with monitoring Distell's actions, commitments and progress on employee-related matters. Employee aspects related to remuneration fall within the mandate of the remuneration committee, which meets four times a year.

The SEC's specific focus areas that relate to employees:

- Labour and employment practices

The SEC monitors Distell's culture journey to ensure it aligns with the Group's strategic ambitions, purpose and values as well as our approach to diversity and inclusion and progress against our employment equity targets. The SEC further monitors the Group's occupational health and safety strategy, and employee relations and fair employment practices.

Employees are supported by our human resources department. Human resources teams work with line managers in areas such as talent acquisition, employee relations, training and development, performance management and transformation.

Supporting internal policies, systems and controls:

- Distell Code of Conduct
- Human Rights Policy
- Anti-fraud and Anti-corruption Policy
- Anti-bribery and Corruption Policy

In South Africa, the Basic Conditions of Employment Act, No. 75 of 1997 governs working conditions and relationships as set out in the Constitution. It also ensures that South African employers and employees comply with ILO obligations. Distell complies fully with the Act.

OUR EMPLOYEE COMPOSITION

New appointments and turnover (%)



TURNOVER NEW APPOINTMENTS

ENHANCING OUR EMPLOYEE VALUE PROPOSITION

Our employee proposition

We revitalised our employee value proposition pillars and included a specific focus on diversity and inclusion. Our employee value proposition will continue to evolve to attract and retain diverse talent and offer great employee experiences to our multigenerational workforce.



Employer of choice:
We are the largest South African manufacturer of award-winning alcoholic brands and the second largest cider producer globally. We are purpose-driven to create memorable moments and craft a better future for all.



Holistic well-being:
We recognise that a healthy, happy and motivated workforce is key to our business success.



Exciting and meaningful work:
Our people, across our extensive value chain from soil to sip, make a contribution and create value that leads to our success.



Learning, career and talent development:
We provide impactful learning experiences and robust career opportunities ensuring that our people are continuously up-skilled, re-skilled and future-fit to thrive.



Our reward offering:
Our reward offering is fair and aligned with best practice to attract best in class talent.



Diversity and inclusion:
Our commitment to build an all-inclusive culture remains steadfast. We choose to celebrate the rich diversity and talents of all our people.

Employees	MALE				FEMALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	2	1	9	-	-	1	3	17
Senior management	10	13	13	58	3	6	3	21	127
Professionally qualified ¹	54	53	17	125	25	38	14	109	435
Technically skilled ²	313	203	17	182	125	165	22	172	1 199
Semi-skilled ³	628	403	6	27	174	124	6	35	1 403
Unskilled ⁴	146	94	-	3	107	64	-	-	414
Total permanent	1 152	768	54	404	434	397	46	340	3 595
Temporary employees ⁵	112	6	4	8	93	23	3	41	290
Offshore	161	13	1	191	37	19	1	132	555
Total	1 425	787	59	603	564	439	50	513	4 440

¹ Professionally qualified and experienced specialists and mid-management.
² Skilled technical and academically qualified workers, junior management, supervisors, foremen 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 defined period on contract.

In addition to revitalised pillars, our employee value proposition now offers enhanced employee perks and an improved employee experience:

- Stationery discounts for working parents with school-going children as well as study loans towards college and university education
- Deals on data and devices from MTN, a local multinational mobile telecommunications company
- Discounts on tyres, automotive batteries and car rentals to support vehicle maintenance
- Supporting working parents on maternity leave
- Discounts on select hotel accommodation as well as discounts on dining out and pairings at our brand homes, these include Durbanville Hills, Nederburg, J.C. Le Roux, Van Ryn's and James Sedgewick Distillery
- Remote work flexibility based on operational requirements
- Access to personal protective equipment, including face masks, face shields and hand sanitiser
- A drive-me-home service (1FTR) is offered to all our employees

Distell's culture journey

WE BEGAN OUR CULTURE JOURNEY IN 2016 WHEN WE CRAFTED A CULTURE ROADMAP USING THE META FRAMEWORK (MOBILISE, EXECUTE, TRANSFORM WITH AGILITY). SHIFTING OUR CULTURE IS ONGOING WORK AND WE CONTINUE TO MAKE GOOD STRIDES WHILE CONSISTENTLY DRIVING A HIGH-PERFORMANCE CULTURE.

We delivered a resilient business performance over the past financial year which can be attributed to the dedication of our people, the ability to leverage our brand portfolio and our strong foundational business practices.



Our culture journey continues to evolve. Looking ahead, we will maintain our focus on key themes such as empowerment, reward and recognition, while driving continued investment in our bespoke leadership programmes. This is critical as our leaders have the greatest impact on our culture journey and set the tone in crafting great employee experiences.

Responding to the new world of work COVID-19 ACCELERATED NEW WAYS OF WORKING. WE RESPONDED WITH AGILITY AND ADAPTED OUR PEOPLE PRACTICES.

- Remote working:** We adopted a hybrid work model to enable our employees to work remotely during and beyond COVID-19. Remote working enables us to offer our employees more flexibility when balancing work and home demands.
- War for talent:** Digitisation has removed physical boundaries and created fierce competition for best-in-class talent. This requires us to futureproof our business and build great employee experiences, thereby positioning Distell as an employer of choice.
- Well-being in the workplace:** We have invested more than R5,5 million in holistic well-being interventions that range from financial wellness, emotional and digital well-being and health and safety programmes.
- Future-fit organisations:** Leadership, culture and digital transformation remain key focus areas to ensure we build a sustainable, purpose-led and future-fit business.
- Unleashing employee potential:** We redeployed talent and subject matter experts across Distell while building agile teams. We leveraged the diversity of thinking and problem solving while responding to the COVID-19 pandemic in real-time.

LEARNING AND DEVELOPMENT

WE REMAIN COMMITTED TO EMPOWERING OUR PEOPLE WITH THE CAPABILITIES REQUIRED TO EXECUTE OUR STRATEGY WITH PURPOSE AND FOCUS. THE NEW WORLD OF WORK NECESSITATES DIFFERENT TYPES OF LEADERSHIP, AND WE MADE GOOD PROGRESS ADAPTING TO NEW REALITIES, NOTWITHSTANDING THE IMMENSE CHALLENGES OF THE PANDEMIC.

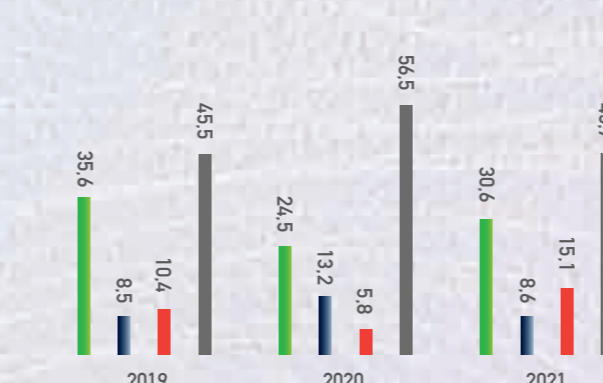
In support of our culture journey, we launched Distell's Flagship Leadership Programme during the year. This programme aims to equip our leaders with the skills they need to inspire employees and help them thrive and flourish in the face of complexity. Learning and development remains a key element of our business strategy and an integral component of our employee value proposition. We continue to implement skills development initiatives that provide meaningful opportunities to grow our talent pipeline. We also aim to unlock better futures for youths who otherwise would not have had the opportunity to optimise their potential through economic activity.

We achieve this through training programmes such as internships, learnerships, skills programmes, apprenticeships and adult basic education.

- 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.

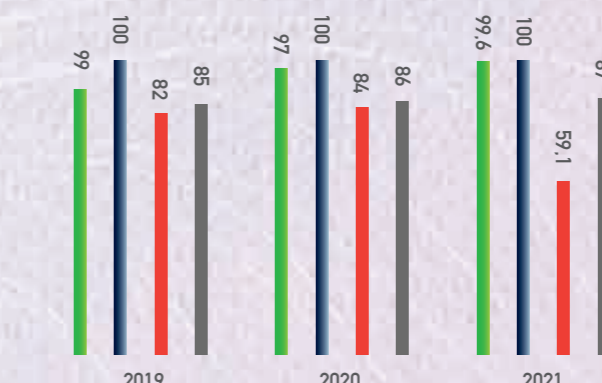
In 2021, we spent R24,5 million on training initiatives (2020: R24,6 million).

Learning and development percentage split (%)



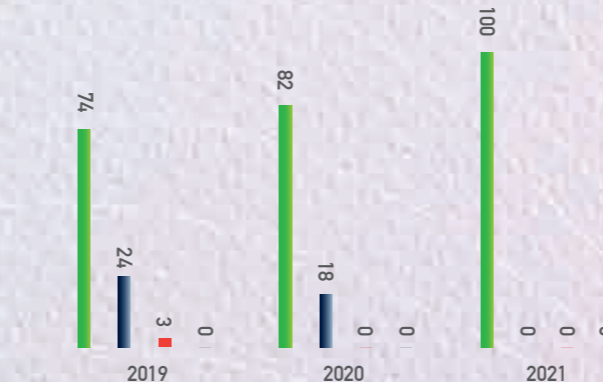
LEARNERSHIPS
INTERNSHIPS
LEADERSHIP
OTHER (INCLUDING SKILLS AND MENTORSHIP PROGRAMMES)

Percentage of learners who are PDIs



LEARNERSHIPS
INTERNSHIPS
LEADERSHIP
OTHER (INCLUDING SKILLS AND MENTORSHIP PROGRAMMES)

Interns by race (%)



AFRICAN COLOURED
INDIAN
WHITE

“One Distell is the culmination of a leadership and culture journey we have been on to diversify our teams and embrace a culture that is more open-minded, self-reflective and less conservative. This spirit of collaboration has brought new energy to the teams and is reflected in our performance. This year we saw a record number of hours of online learning by employees, which is testament both to their commitment to excellence and to the Group's investment in their career advancement.”

RICHARD RUSHTON, GROUP CEO



WELLBEING 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 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 28 568 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. These sessions addressed topics such as first aid, financial planning and hearing conservation, among others.

Our **EMPLOYEE ASSISTANCE PROGRAMME** 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 employee assistance programme also includes a disease and disability management programme, which helps affected employees return to work as quickly as possible after injury.

31 NUMBER OF INJURIES RESULTING IN LOST TIME
2020: 55
2019: 74
2018: 100

546 NUMBER OF LOST DAYS
2020: 550
2019: 1 015
2018: 1 213

183 NUMBER OF SITE INCIDENTS
2020: 274
2019: 302
2018: 333

6 NUMBER OF REPORTED OCCUPATIONAL DISEASES
2020: 1
2019: 6
2018: 0

1 NUMBER OF WORK-RELATED FATALITIES
2020: 0
2019: 0
2018: 0

Our disabling injury frequency rate (DIFR) has continued to improve over the last four years. Based on the number of lost-time injuries in FY21, Distell recorded its most improved DIFR of 1,13. While the industry best practice DIFR is below 1, the improvements are the outcome of our health and safety culture, driven by our Zero Harm strategy, capital investments and the commitment of leadership to foster a safe working environment for all employees. The focus for FY22 is to achieve a DIFR of below 1.



As a business, Distell places significant importance on its responsibility to ensure a safe working environment for employees and those who are exposed to our processes. It is with this focus that we regrettably report that one employee was fatally injured during the year. This fatal injury was sustained in his capacity as a farm manager and related to working at heights.

To prevent a recurrence, and in line with our standard practice, we investigated this incident to determine the root cause. Pending the outcome of this investigation, we will implement corrective and preventative measures across the business. In the interim, we placed a renewed focus on all high-risk activities and ensured that any high-risk task is pre-authorised through a 'permit to work' system. We continue to take a zero-tolerance approach to shortcuts or unsafe behaviour as embedded in our Zero Harm Culture. Our goal is to always ensure that each employee returns to their families and homes safely daily. We have therefore taken the learnings from this unfortunate experience and shared these throughout the Group.

OUR RESPONSE TO KEY HEALTH AND SAFETY RISKS IN 2021 DISTELL ALIGNS WITH INDUSTRY BEST PRACTICE TO MANAGE RISK AND DRIVE AN INTEGRATED RISK MANAGEMENT SYSTEM ALIGNED TO THE ISO 45001 STANDARD¹.

The most significant risk for FY21 was managing COVID-19 in the workplace. This not only significantly impacted our operations but also our employees' health. To mitigate the risk of spreading COVID-19 in the workplace, Distell implemented several controls:

- **Elimination:** we eliminated the standard way of work by implementing rotational- and remote-working patterns.
- **Substitution:** where processes were identified as high risk, we substituted our standard manual processes with digital aspects. An example of this is our access control which was equipped with digital scanning devices and online health pre-screening for our employees.
- **Engineering:** we installed biometric card access devices at all entrances to allow contactless access and egress. We installed thermal CCTV cameras at our entry points to allow us to seamlessly measure our employees' temperatures. This is linked to artificial intelligence technology so that we can quickly identify and react should a risk be flagged. All workplaces are demarcated and adjusted in line with our risk adjustment strategy to enable social distancing.
- **Administrative:** we co-developed policies and procedures to govern our way of work in the workplace. We partnered with our health service provider, Incon, to equip our on-site clinics with the facilities to perform rapid COVID-19 screening.
- **Personal protective equipment:** we issued all employees on planned intervals with face masks, face shields and an alcohol-based sanitiser.

As several sites are registered as MHIs (major hazardous installations), the risk of fire is present. To mitigate this, we partnered with fire design specialists, the local fire department and our insured body to:

- Ensure we remain legally compliant with fire by-laws
- Maintain our mobile firefighting equipment
- Develop and implement safe work procedures
- Complete regular insurance underwriting surveys
- Install high-quality fire protection systems specially designed for the relevant areas
- Appoint and train emergency on-site response teams

Based on the nature of our business this remains an inherent risk and a key health and safety focus.

¹ ISO 45001 is an international standard that specifies requirements for an occupational health and safety management system, with guidance for its use, to enable an organisation to proactively improve its occupational health and safety performance and prevent injury and ill-health.

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, 28,82% (2020: 25,46%) 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, Beverage, Wine, Spirits and Allied Workers (NUFBWSAW) and the Agricultural Broadbase and Allied National Trade Union (ABANTU).

Trade union representation	2019	2020	2021
FAWU	7,36%	6,76%	6,31%
NUFBWSAW	12,73%	12,38%	16,35%
ABANTU	1,35%	1,37%	0,55%
Other	7,53%	4,95%	5,61%

BUILDING A DIVERSE WORKING ENVIRONMENT

As a leading South African manufacturer and distributor of alcoholic beverages, we must build a better society for all, guided by our purpose. Diversity goes beyond employee demographics and is an inherent part of our culture. It is also an important part of our business strategy and is aligned to our 'One Distell' value.

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 and achieve better business results.

WE BUILD A DIVERSE AND INCLUSIVE BUSINESS THROUGH THE FOLLOWING PRACTICES:



We ensure we remain committed and accountable to our transformation agenda through the following governance structures:

EMPLOYMENT EQUITY FORUMS

TALENT REVIEW FORUMS

SUSTAINABILITY COUNCIL

SOCIAL AND ETHICS COMMITTEE

THIRD-PARTY B-BBEE VERIFICATION AUDITS

Governance is critical in holding us accountable in monitoring our progress against our transformation and diversity targets. Consultations with government regarding sectoral targets are well under way and we remain committed to supporting government in this regard.

In South Africa, addressing our workforce profile remains a key imperative for our business, society and nation. Our National Employment Equity Plan 2020 – 2024 provides a roadmap to attain our transformation and diversity targets. During the year:

- We made good progress in year two of our National Employment Equity Plan by maximising appointments and promotions despite a decline in recruitment opportunities when compared to previous years.
- We made a concerted effort to recruit diverse talent with rare skills.
- We exceeded our employment equity targets for PDIs (📖 read more from page 107).

Leading Inclusively Programme

After engaging with various leaders within the African business unit, we rolled out a virtual leadership development programme in 2021. This programme is aimed at creating awareness and ownership for diversity, equity and inclusion. Thirty current and future leaders participated in the first module which was made up of virtual four-part series. Module two, which will be rolled out in 2022, will embed individual awareness and facilitate personal shifts in behaviour.

INCREASING THE REPRESENTATION OF EMPLOYEES WITH DISABILITIES

Fifty learners (2020: 37) are participating in our learnership programme for people with disabilities in the following categories:

36 LEARNERS
END-USER COMPUTING

12 LEARNERS
PROFESSIONAL COOKERY

TWO LEARNERS
WELDING

Composition of learners with disabilities in 2021

100%
PDIS

53%
WOMEN

47%
MEN

ACCELERATING THE ROLE OF WOMEN IN THE WORKPLACE

37% of appointments (2020: 39%) and 35% of promotions (2020: 49%) went to female employees.

We made slow progress to narrow the gap between male and female employee appointments and promotions during the year. This was due to limited opportunities as a result of the moratorium on vacancies and the strained economy. We recognise that this will require a more concerted effort going forward and remain fully committed to attaining our aspiration of 50% gender representation across all management occupational levels.

Supporting our female leaders and working mothers

We continuously ensure we create an environment where our working mothers thrive:

- We launched a nursing room at our head office and plans to cascade this service to sites are under way.
- We continuously review our policies with a gender-based lens to eliminate any barriers.
- We support parents on maternity leave through Unemployment Insurance Fund assistance.
- As a UN Women signatory, we continuously strive to apply the Women’s Empowerment Principles (WEPs) throughout our value chain. We used the WEPs 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.

Supporting the UN Women flagship programming initiatives

The UN Women developed 12 flagship programme initiatives to support countries in their efforts to achieve gender equality and women’s empowerment. As a UN Women signatory, we support the following two initiatives:

- **Stimulating equal opportunities for women entrepreneurs:** Our preferential procurement practices aim to address structural barriers faced by women entrepreneurs. This is done by promoting gender-responsive procurement to create demand for women-owned businesses and by strengthening the capacity of women entrepreneurs to respond to the demand. [Read more on page 72.](#)
- **Prevention and access to essential services to end violence against women:** Our NION gender-based violence and femicide programme is a testament to our commitment. [Read more on page 56.](#)

[Read more about the UN Women series of flagship programme initiatives.](#)

Gender Acceleration Framework

Gender equality is integrated into our Gender Acceleration Framework. This framework is aligned with the UN Women flagship programming initiatives and aims to create an inclusive culture, eliminating barriers in the workplace and allowing women access to opportunities.

Launched during the year, this framework will support platforms where women are heard by focusing on the following key themes:

- Building a gender-balanced organisation with a focus on leadership
- Enhancing access to training and skills for women across the value chain
- Expanding opportunities for women in our value chain
- Reducing gender-based violence through a multi-layered approach
- Promoting safety for women in the communities where we operate

PROGRESS AGAINST OUR EMPLOYMENT EQUITY TARGETS

Between 1 July 2020 and 30 June 2021, we made the following progress against our employment equity targets for appointments and promotions within the business:

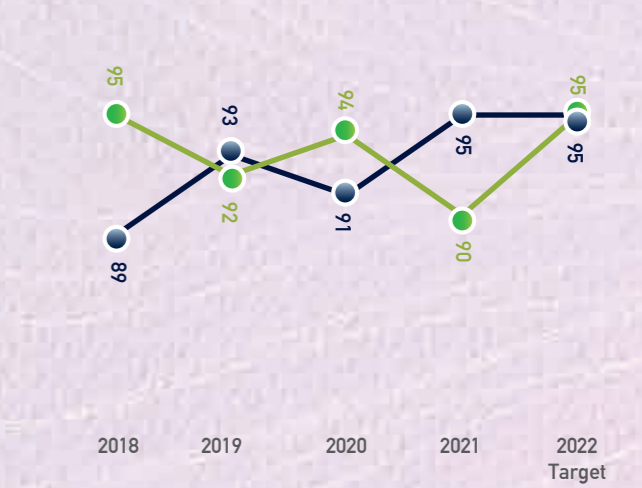
Percentage of PDIs – top and senior management (%)



Percentage of PDIs – middle management (%)



Percentage of PDIs – junior management (%)



“It was inspiring to see our leaders’ exceptional approach and response to the pandemic, leading with empathy, humility, inclusion, collaboration, transparency and decisiveness. This makes diversity, inclusion and equity not just concepts but truly lived experiences at Distell”.

ELIZABETH MSIMANG, TRANSFORMATION MANAGER AT DISTELL

EMPOWERING



COMMUNITIES

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. Arts and culture can drive sustainable development and create inclusive job opportunities while acting as a catalyst for individual and social empowerment that benefits community upliftment at large.

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.



SUPPORTING POLICIES AND GOVERNANCE

Supported by the Sustainability Council, the SEC is responsible for assisting the board with monitoring Distell's actions, commitments and progress on corporate social responsibility and good corporate citizenship.

The SEC's specific focus areas that relate to transformation include:

- stakeholder relationships; and
- good corporate citizenship.

The SEC monitors Distell's investment within communities to ensure that these activities embody good corporate citizenship and endorse the Group's values.

This is supported by Distell's corporate and regulatory affairs and marketing departments, which work alongside one another to ensure meaningful investment in programmes and initiatives aligned to Distell's purpose. This includes monitoring that all programmes and initiatives advance the Group's focus on strengthening communities and supporting women empowerment.

"In everything that we do, we look for opportunities to embed shared value and develop partnerships for change. In our approach to corporate social responsibility, we partner with internal and external stakeholders to ensure communities prosper as we prosper. This is part of our responsibility to ensure everyone benefits, with a particular focus on women and youth empowerment, and that communities are better off because we exist. This approach reflects our commitment to SDG 5 and SDG 17 as our foundational goals, which shape our processes and commitments along our value chain."

ERIC LEONG SON, GROUP MANAGER: SUSTAINABILITY

GROWING BUSINESS SKILLS AND ACCELERATING JOB CREATION

UNIVERSITY OF STELLENBOSCH BUSINESS SCHOOL'S SMALL BUSINESS ACADEMY

We have sponsored 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.

The programme follows 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 programme.

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.

In response to COVID-19, teaching switched from physical to online classes. To do this effectively and efficiently, data was provided to all participants and unused laptops were acquired from faculty members.



"BY ATTENDING THE SMALL BUSINESS ACADEMY'S DEVELOPMENT PROGRAMME, MY COMPANY GOT NEW WINGS AND, THROUGH THE KNOWLEDGE OBTAINED, I NOW LOOK AT MY BUSINESS WITH A FRESH AND EXCITING PERSPECTIVE. THANK YOU FOR ADDING SO MUCH VALUE TO MY LIFE AND BUSINESS!"

MICHELLE MALUQUA, MJ EVENTS AND HIRING

Michelle Maluqua started her own events company in 2017, using a portion of her monthly household income. In 2020, she attended the Small Business Academy's Development Programme which enriched her life as a small business owner. She now draws up her own marketing plans and has improved business processes and pricing strategies in place.

"The USB SBA aims to give life to its vision of having a meaningful impact in society and strives to make a difference in the lives of small business owners in low-income communities. Although the pandemic was a challenge and negatively impacted Distell's operations, they continued supporting the USB SBA in low-income areas and enabled them to continue developing their businesses during difficult times. We acknowledge with gratitude the generous support and involvement of Distell in the success of this initiative over the last eight years."

DR ARMAND BAM, SMALL BUSINESS ACADEMY HEAD

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 an 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 activate local community members and equip on-the-ground project teams to develop Chicago so that:

- the community is healthy, educated and active;
- there are opportunities for jobs and businesses to thrive;
- the area is safe, clean and attractive; and
- the community is socially cohesive.

Active citizenry lies at the heart of ensuring local buy-in and the sustainability of the initiative. 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:

- **Sport, Art and Culture:** Establish and support sports clubs and informal leagues; support existing campaigns and events; support local art and culture projects. This includes, for example, assisting with access to equipment, sourcing co-funding and sponsoring events that align with the programme objectives.
- **Strong Schools:** Assist with school safety, the development of teachers and encouraging parental involvement, 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 sponsoring equipment that enables the businesses to function and grow.
- **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:** Capacitate community-based safety initiatives, 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.

Due to COVID-19, no workshops or in-person meetings could be held for most of the 2020 calendar year. However, between February and June 2021, Ranyaka facilitated four working sessions with community project teams focused on its various programmes. These sessions reached a total of 140 participants and provided an opportunity to brainstorm ideas and draw up actions plans and interventions identified during the design-for-change sessions hosted in the previous year.

📄 Find out more about Ranyaka Community Transformation.



Examples of programmes and projects making an impact in the Chicago community

People Care and Development: Foundation of Hope Centre

Fountain of Hope Centre is managed by a resident, Vanessa Adams, who provides support services and runs various programmes within the community. These include an internet café, a learner centre where pupils can complete their school work, sports initiatives, as well as a soup kitchen.

Fix Your Space: Chicago Community Garden

This project gained momentum during the year. Progress included the clean-up and preparation of the property; the construction of a dance platform, which was identified as a need during the 2019 design workshop; as well as the installation of a food garden that would provide sustainable food relief and an income to members of the community.

Building Business: equipping local entrepreneurs

Through this programme, Ranyaka identified 11 local entrepreneurs who would benefit from assistance in the form of equipment for their businesses. Distell donated equipment to the following three entrepreneurs:

ROSIE KEET OF GENE'S RETAIL
(A CHICKEN RETAILER)

REZA HAMBURG OF LITTLE BEANS DAYCARE
(AN EARLY CHILDHOOD DEVELOPMENT CENTRE)

ANGELIQUE PETERSEN OF ANGIE'S MOBILE
(PROVIDING A GAMES ROOM AND TAKEAWAY FOOD)



DISTELL INTER HOTEL CHALLENGE

The Distell Inter Hotel Challenge has mentored rising talent in the hospitality industry since 2013, and we have sponsored this initiative for the past nine years. The primary objective of the Distell Inter Hotel Challenge is to create and sustain a strong national base of young, top quality chefs, wine stewards and concierges. An important aspect of this programme is exposure to the local and international hospitality industries and trends; all candidates are taken through practical training to enhance their knowledge in the various fields of expertise within the hospitality space. Winners in the various categories are awarded further opportunities to study through bursaries that enable them to further their education. The top winner is flown overseas for in-depth work experience. The programme is underpinned by strong mentorship, learning and inspiration from seasoned professionals.

“It’s an incredible honour for Distell to be the headline sponsor of the annual Inter Hotel Challenge. Our long-standing involvement is a clear demonstration of our commitment to South Africa’s hospitality sector and to skills development and transfer. What makes the Distell Inter Hotel Challenge such an important and progressive platform is the way it actively encourages the pooling of talent, skill and resources for greater impact, something that’s needed now more than ever before. We’re enormously excited by the potential of our country’s young hospitality talent and look forward to their contribution to this vitally important sector.”

RICHARD RUSHTON, GROUP CHIEF EXECUTIVE OFFICER



CHRYSALIS ACADEMY

THE NAME ‘CHRYSALIS’ DESCRIBES THE TRANSFORMATION OF A LARVA INTO A BUTTERFLY WITHIN A PROTECTIVE COCOON (THE ACADEMY) – THIS SYMBOLISES THE ACADEMY’S GOAL TO TRANSFORM VULNERABLE YOUTH INTO COMMUNITY LEADERS.

The Chrysalis Academy unleashes the potential and deepens the resilience of youth across the Western Cape through an empowering three-month residential programme. This programme has been cultivated over the last 20 years and exposes youth between the ages of 18 and 25 to a challenging but exciting learning environment. The programme touches on physical, mental, emotional and spiritual dimensions and includes four phases:



ORIENTATION PHASE: Introduce youth to personal mastery, emotional intelligence, diversity and inclusivity and leadership skills.



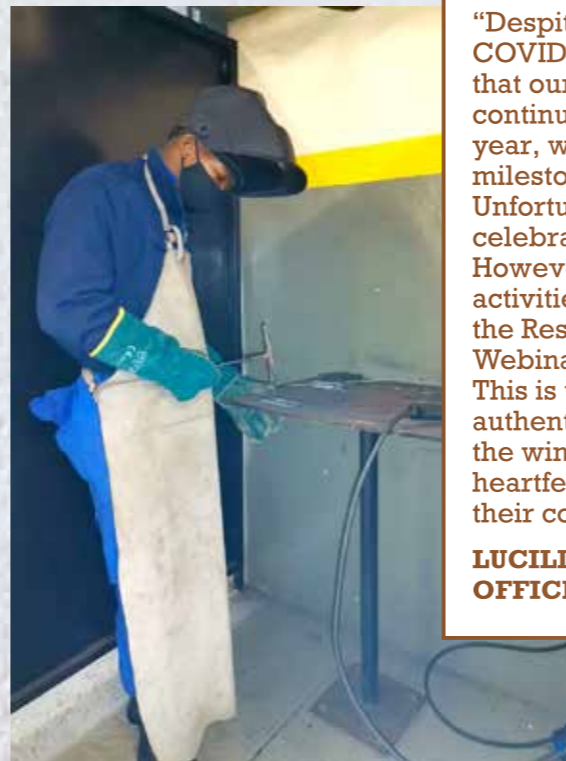
OUTDOOR PHASE: Build leadership capability and use the healing power of nature to overcome challenges, while creating environmental awareness.



SKILLS PHASE: Teach students basic skills such as electrical circuitry, firefighting, welding, cookery and youth development, among others. The focus on technical and entrepreneurial skills training has increased to help youth become independent and economically self-sufficient



COMMUNITY PHASE: Students engage in various career discussions, volunteer at community projects and prepare for their entry back into their communities.



In 2021, 319 students graduated from the Academy and were placed in one-year internships to gain work experience. This was supported by 379 counselling sessions.

“Despite the challenges caused by COVID-19, I am pleased to acknowledge that our partnership with Distell continued to flourish. During the year, we reached our twenty-year milestone since our formation in 2000. Unfortunately, this could not be properly celebrated due to lockdown restrictions. However, we were pleased to share our activities with Distell and participate in the Responsible Alcohol Consumption Webinar hosted for Distell employees. This is the nature of historical and authentic partnerships: they withstand the winter months and the summer. Our heartfelt thanks to the Distell team for their continued support.”

LUCILLE MEYER, CHIEF EXECUTIVE OFFICER OF CHRYSALIS ACADEMY

[Find out more about Chrysalis Academy.](#)

EMPOWER THROUGH ARTS AND CULTURE

SUPPORTING THE ARTS

Arts and culture build community resilience, foster social cohesion, act as vehicles and catalysts 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.

“Distell’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. Cultural life contributes to the health of communities and provides creative and inspiring platforms to unpack societal issues in ways that resonate differently across a broad spectrum of society. In a country facing challenges such as the misalignment of social processes to deal with poverty and inequality, economic imbalance, and interpersonal violence, arts and culture can be a healing force that Distell is proud to be behind.”

PHUMZA RENGQE, GROUP MANAGER: CORPORATE BRAND

THE ZABALAZA THEATRE FESTIVAL, A BAXTER THEATRE CENTRE DEVELOPMENT PROGRAMME

The Zabalaza Theatre Festival is a Baxter Theatre Centre Development Programme focusing on skills development for aspiring artists from historically and geographically marginalised communities in and around Cape Town. The programme provides a platform for amateur artists to develop their potential and grow their skills through access to professional theatre spaces and experienced technical and artistic mentors.

The beneficiaries of the Zabalaza Theatre Festival in 2021

536

BENEFICIARIES WHO STARTED THE PROJECT

252

WOMEN BENEFICIARIES

391

BLACK BENEFICIARIES

↓ Find out more about the Zabalaza Theatre Festival

BODY OF EVIDENCE: USING ART TO CREATE AWARENESS ABOUT GENDER-BASED VIOLENCE AND FEMICIDE

Body of Evidence, launched in November 2020, was a multifaceted, three-phase social and digital media campaign to create awareness about gender-based violence and femicide. The campaign featured a series of short, powerful musical, dance, visual, narrative, poetry and conceptual pieces and starred new and established South African artists. It was also linked to a 24/7 hotline established to support those impacted by gender-based violence and femicide, with fact-based information provided by PROCARE and the Uyinene Mrwetyana Foundation.

Campaign reach

47 JOBS CREATED BETWEEN OCTOBER 2020 AND MAY 2021

20 VIDEO EXHIBITIONS

3,5 MILLION PEOPLE REACHED BY THE BEST-PERFORMING POST IN PHASE 1

5,2 MILLION PEOPLE REACHED BY THE BEST-PERFORMING POST IN PHASE 2

5,4 MILLION PEOPLE REACHED BY THE BEST-PERFORMING POST IN PHASE 3

↓ Find out more about Body of Evidence

GIVING BACK THROUGH OUR FORGOOD PLATFORM

Distell ForGood is an online platform that enables employees to sign up and make a contribution to more than 350 non-profit organisations. Employees can volunteer time, goods or funds or find other ways to make a lasting difference. We ran various campaigns in 2021 where employees could lend a hand within their communities.

Digital Mandela Month was a virtual skills-based volunteering initiative that provided an opportunity for our employees to offer their professional expertise and skills to various non-governmental organisations to help them address their business-critical issues within a collaborative working environment.

Virtual Volunteering is safe volunteering encouraged employees to continue creating a positive social impact through our ForGood platform while remaining safe. The campaign featured multiple volunteering opportunities and called on employees to either volunteer virtually by taking on small digital tasks such as social media support, marketing or design, among others, or by donating money to help those in need.

Time for Giving encouraged employees to support the Chrysalis Academy and the community of Sutherland during the festive season. Donations included toiletries, non-perishable goods, reading material and pre-loved clothes and toys. 📖 Read more about how we support Chrysalis Academy on page 112.

Feed the Nation was a call to our employees to support ↓ Feed the Nation Foundation by making a financial contribution or by donating non-perishable products or toiletries to Pick n Pay stores nationwide. Feed the Nation Foundation distributes meals to vulnerable families in South Africa, with almost 30 million meals provided to date.

Empowering Communities asked employees to donate electronics such as laptops, tablets and smartphones or professional clothing to support the partnership between Drostdy-Hof and the ↓ Pinotage Youth Development Academy (PYDA). PYDA offers a holistic year-long work readiness programme focused on demand-led locally prominent industries that currently include Wine and Tourism. The donations assisted students with their school assignments or with graduation, interviews and other important meetings

Mandela Month National Tinned Food Drive created an opportunity for employees to drop off canned food at our sites. The canned food was then donated to any non-profit or non-governmental organisation selected by employees or to a cause featured on Distell ForGood.

THE DISTELL DEVELOPMENT TRUST

The Distell Development Trust's objective is to identify opportunities to advance black economic empowerment in the interest and benefit of beneficiaries and to holistically empower the disempowered. This is achieved by improving socio-economic equality and significantly increasing employment and income levels in the communities where the Trust has invested.

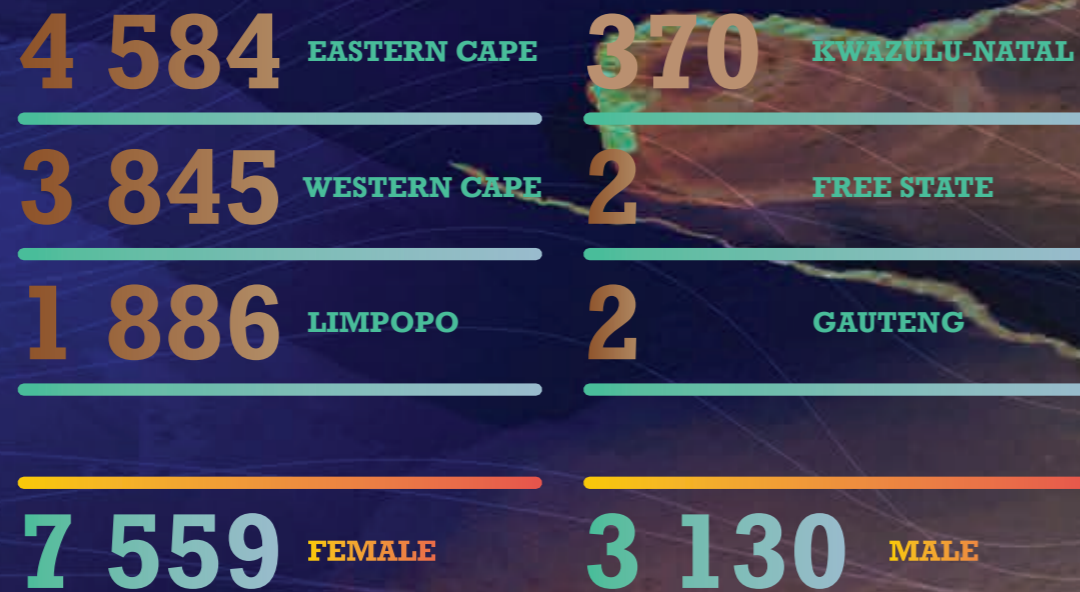
To deliver on its objective, the Distell Development Trust focuses on three strategic imperatives when selecting initiatives to invest in:

- Empowerment of rural communities (with a focus on disadvantaged women and youth)
- Education, training, work readiness programmes and entrepreneurship (being the vehicles/tools used to pursue the empowerment)
- Empowerment of peri-urban communities (with a focus on disadvantaged women and youth)

"The Distell Development Trust empowers the disempowered by improving socio-economic equality and significantly increasing levels of employment and income in the communities where the Trust invests. This is achieved in partnership with beneficiary organisations by incubating the establishment of an alternative economy to the benefit of marginalised rural communities. We also focus on training and upskilling township youth."

LWAZI MANKHLA, HEAD: DISTELL DEVELOPMENT TRUST

The Distell Development Trust reaches 10 689 individual beneficiaries:



THE FOLLOWING PROGRAMMES WERE SUPPORTED BY THE DISTELL DEVELOPMENT TRUST DURING THE YEAR. DURING THE YEAR, THE TRUST DISBURSED R5,3 MILLION (2020: R10,7 MILLION) TO 12 PROGRAMMES.

Empowerment of rural communities (with a focus on disadvantaged women and youth)

Vikispan Proprietary Limited: Based in Malmesbury, Western Cape, this organisation aims to give farmworkers (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.

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 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, work-readiness programmes and entrepreneurship

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.

Project Making A Difference: Based at the University of the Western Cape, Project Making A Difference aims to minimise students' financial stress by raising funds or providing in-kind support to help them focus on studies. This includes, for example, assisting with the cost of monthly transport or buying second-hand textbooks. Students are therefore empowered to focus on their studies, increasing their chance of completing their studies and graduating successfully.

SA College for Tourism: Based in Graëff-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.

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 to positively influence millions of South Africans. It aims to improve healthcare and education facilities in poverty-stricken communities. One of its projects, the Masia Maths and Science Academy, provides education programmes for primary and high school learners.

Empowerment of peri-urban communities (with a focus on disadvantaged 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.

THE BACKGROUND OF THE DISTELL DEVELOPMENT TRUST

The Distell Development Trust deed specifies that 85% of beneficiaries should be black people, and at least 50% of these beneficiaries should be women (80% were women in FY21). This is done to alleviate poverty, unemployment and inequality. Since the Trust is a 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.

ESG

APPENDIX

OUR ESG PERFORMANCE DATA

We recognise the importance of transparent, accurate and comparable ESG data. This not only enables our stakeholders to better assess our impact on the world around us but also ensures that we are better equipped to manage our business, people and operations in a way that contributes to sustainable, long-term value.

	2021	2020	2019
Environmental			
GHG emissions (kgCO ₂ e/ℓ)	195,6	260,7	227,2
Scope 1 and 2 carbon footprint (tCO ₂ e)	134 371	130 299	157 710
Fossil fuel-based energy usage (MJ/ℓ)	1,0331	1,1381	1,1191
Electricity usage (kWh/ℓ)	0,1011	0,1248	0,1089
Energy consumption (MWh)	283 052	321 612,49	325 988,05
Water usage (ℓ/ℓ)	3,2001	3,3863	3,1410
Total water discharged by destination: municipal sewer (ℓ)	1 282 360 000	1 007 645 000	1 069 135 000
Total water discharged by destination: land application – irrigation (ℓ)	115 536 400	87 481 000	114 145 000
Water withdrawal: Springs(ℓ)	1 090 774 000	759 257 000	1 034 763 000
Water withdrawal: Wadeville (ℓ)	196 027 000	150 937 000	114 195 000
Water withdrawal: Greenpark (ℓ)	0	5 000 000	215 017 000
Water withdrawal: Port Elizabeth (ℓ)	161 171 000	129 071 000	98 536 000
Water withdrawal: Monis (ℓ)	90 733 000	65 875 000	101 118 000
Water withdrawal: Ecowash (ℓ)	9 916 000	23 068 000	27 302 000
Water withdrawal: Adam Tas (ℓ)	339 704 000	244 583 000	166 515 000

	2021	2020	2019
Water withdrawal: Bergkelder (ℓ)	0	0	29 874 000
Water withdrawal: J.C. Le Roux (ℓ)	17 538 000	16 590 000	15 850 000
Water withdrawal: Worcester (ℓ)	56 326 000	52 690 000	56 077 000
Water withdrawal: Goudini (ℓ)	104 558 700	92 539 000	105 363 000
Water withdrawal: Wellington (ℓ)	36 442 000	60 771 100	70 197 000
Water withdrawal: Wadeville distillery (ℓ)	5 400 000	4 650 000	7 824 000
Water withdrawal: Van Ryn's (ℓ)	3 484 800	2 865 300	3 489 500
Water withdrawal: Robertson (ℓ)	0	0	218 000
Water withdrawal: Van Ryn's cooperage(ℓ)	418 800	1 812 700	1 262 300
Water withdrawal: Nederburg (ℓ)	68 262 000	64 149 000	63 754 000
Water withdrawal: Plaisir de Merle (ℓ)	530 500	882 100	1 120 500
Water withdrawal: Durbanville Hills (ℓ)	15 451 000	20 297 100	14 995 800
Water withdrawal: Alto (ℓ)	0	1 239 000	1 091 000
Beverage production water intensity (m ³ /ℓ)	0,003201	0,003386	0,003141
Effluent load (gCOD/ℓ)	7,3774	9,8524	10,9034
New glass (tonnes)	230 120	181 694	245 755
Glass recycled (tonnes)	7 605	4 937	6 736
Other packaging and production waste: cartons and paper (tonnes)	1 077	600	1 118
Other packaging and production waste: plastic (tonnes)	783	1 019	826
Other packaging and production waste: Tetra Pak (tonnes)	0	0	0,00
Other packaging and production waste: metal, including cans (tonnes)	123,0	157,0	118,0
CDP Climate score	-*	A-	B
CDP Water score	-*	A-	B

* In previous reporting years, the annual CDP submission date was before the end of our financial year. We therefore report our performance against our prior financial year as we are unable to capture all data for the current financial year before the required CDP submission date. Therefore, the CDP performance score featured in this year's sustainability report (and available on our corporate website) is based on the FY20 submission of the FY19 data, with the performance score reported in the FY21 sustainability reporting year.

	2021	2020	2019
Social			
Amount invested in Aware.org.za (R'million)	25,7	22,0	20,0
Total value of E+Scalator Programme (R'million)	32,3	36,8	89,1
Total value of Agri+Gator Programme (R'million)	62,7	68,3	10,8
B-BBEE level	¹	4	3
Spend with black-owned businesses as a % of total procurement spend (%)	25,4	19	-
Spend with black women-owned businesses as a % of total procurement spend (%)	18,2	8	-
Number of employees	4 440	4 845	4 936
Female employees (%)	35,3	32,3	33,2
Number of employees with disabilities participating in learnerships	50	37	83
Employee turnover (%)	21,1	8,8	16,3
South African permanent (%)	81	83,5	82,4
South African temporary (%)	6,5	5,1	6,5
International (%)	12,5	11,4	11,1
Unionised employee base (%)	28,82	25,46	28,97
Employee training spend (R'million)	24,5	24,6	39,2
Learners who are PDIs: learnerships (%)	99,6	97	99
Learners who are PDIs: internships (%)	100	100	100
Learners who are PDIs: leaderships (%)	59,1	84	82
Interns: African (%)	100	82	74
Interns: Coloured (%)	0	18	23
Interns: White (%)	0	0	3
Number of work-related fatalities	1	0	0
Number of injuries resulting in lost time	31	55	74
Number of lost days	546	550	1 015
Number of site incidents	183	274	302
Number of reported occupational diseases	6	1	6
PDIs: top and senior management, appointments (%)	100	56	56
PDIs: top and senior management, promotions (%)	75	94	54
PDIs: middle management, appointments (%)	96	92	81
PDIs: middle management, promotions (%)	83	85	87
PDIs: junior management, appointments (%)	90	94	92
PDIs: junior management, promotions (%)	95	91	93
Value distributed through the Distell Development Trust (R'million)	5,3	10,7	9,9
Number of programmes supported through the Distell Development Trust	12	11	11

¹ Our B-BBEE scorecard for FY21 will be available by end-September 2021. Our B-BBEE level for FY21 will then be updated accordingly.

	2021	2020	2019
Governance			
Board composition: directors	11	12	11
Board composition: non-executive directors	9	10	9
Board composition: independent directors	8	8	8
Number of board meetings	4	4	4
Number of committee meetings	24	16	19
Board member: age (40 – 50) (%)	18,1	27,3	30
Board member: age (51 – 60) (%)	36,4	27,4	20
Board member: age (61 – 70) (%)	36,4	45,4	50
Board member: tenure (0 – 5) (%)	18,2	36,4	40
Board member: tenure (6 – 10) (%)	54,5	27,2	40
Board member: tenure (>10) (%)	27,3	36,4	40
Board gender diversity: male (%)	73	73	70
Board gender diversity: female (%)	27	27	30
Board racial diversity: black (%)	27	27	30
Board racial diversity: white (%)	73	73	70

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.



OUR CARBON FOOTPRINT (TONNES CO₂E)

	2014* ¹	2015 ¹	2016 ¹	2017 ¹	2018 ¹	2019	2020 ²	2021 ⁵
Scope 1 direct emissions								
Stationary combustion	65 287	68 961	70 005	74 434	73 885	71 222	52 983	63 656
Mobile combustion – forklifts	1 152	1 191	1 429	1 305	1 342	1 257	890	1 153
Mobile combustion – vehicle fleet	3 867	5 247	5 153	4 899	5 139	5 479	5 104	4 300
Fertiliser application on farm	306	385	380	339	270	390	290	368
Wastewater treatment				1	0	1	1	1
Generation and consumption of electricity, heat or steam	–	–	–	–	–	0	0	0
Total Scope 1 emissions	70 612	75 784	76 967	80 977	80 636	78 349	59 268	69 478
Purchased electricity – non renewable	81 097	81 598	81 251	80 736	77 082	79 361	77 621	64 893
Purchased electricity – renewable solar PV	0	0	0	865	2 227	1 976	1 761	3 335
Total Scope 2 emissions – location based	81 097	81 598	81 251	81 601	79 309	81 337	79 382	68 228
Purchased electricity – non renewable	81 097	81 598	81 251	80 736	77 082	79 361	77 621	64 893
Purchased electricity – renewable solar PV	0	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	77 621	64 893
Total Scope 1 and 2 emissions – location based	151 709	157 382	158 218	162 578	159 945	159 686	138 650	137 706
Total Scope 1 and 2 emissions – market based	151 709	157 382	158 218	161 713	157 718	157 710	136 888	134 371

	2014* ¹	2015 ¹	2016 ¹	2017 ¹	2018 ¹	2019	2020 ²	2021 ⁵
Purchased goods and services (packaging material)	283 340	297 645	271 897	283 500	306 378	280 800	196 186	269 331
Business travel (commercial airlines)	4 573	5 588	4 741	4 125	4 235	5 517	4 426	368
Third-party transport and distribution (owner driver)	4 466	4 266	3 722	3 231	1 060	1 942	3 950	3 758
Third-party transport and distribution (unbottled product)	34 038	32 040	33 032	33 809	15 998	16 032	11 612	17 656
Third-party transport and distribution (bottled product)	6 851	7 901	11 116	16 828	5 145	5 794	3 196	4 622
Total Scope 3 emissions	333 268	347 440	324 508	341 493	332 816	310 085	222 852	296 909
Total Scope 1, 2 and 3 emissions – market based	484 977	504 822	482 726	503 206	490 534	467 795	359 720	431 060
Non-Kyoto Protocol GHG emissions – Freon R22	18	0	0	0	0	0	0	0
Outside of Scope 1, 2 and 3 – biogas ⁴	0	0	0	788	305	659	833	1 112
Outside of Scope 1, 2 and 3 – biomass (wood chips)	285	0	0	0	0	0	0	0
Total emissions	485 280	504 822	482 726	503 994	490 839	468 455	360 553	432 280
Full-time employees (FTE)	4 629	4 719	4 434	4 314	4 173	4 067	4 046	3 595
Kilowatt hours electricity consumed	81 097 201	79 221 288	78 884 711	80 792 9635	80 110 2075	83 877 0695	75 964 544	62 397 131
kWh per FTE	17 519	16 788	17 791	18 728	19 197	20 624	18 775	17 357
Tonnes CO ₂ e per FTE ³	32,8	33,4	35,7	37,5	37,8	38,8	32,2	37,4
Tonnes CO ₂ e per million litres of packaged product ³	253,9	234,9	240,5	234,6	226,1	227,2	260,7	195,6

* 2014 is our base year as per the ISO 14064-3 standard
¹ Rebased based on divestment s(Sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uitkyk and portion of Groenhof farm in 2018)
² Updated following independent verification of data in 2021
³ Market based scope 1 and 2 only
⁴ Biogas produced as a result of anaerobic wastewater treatment and used for steam production as part of production process and electricity generation
⁵ Data will be externally verified in 2022 as part of the CDP reporting process

APPLICATION OF THE UNGC PRINCIPLES

The UNGC is a strategic initiative that encourages businesses worldwide to adopt socially responsible policies and practices to achieve sustainable development.

We joined the UNGC as a signatory in 2013. In 2020, we strengthened our involvement and increased our level of engagement from signatory to participant. This enables us to engage with the UNGC at a global level as well as nationally, which will accelerate our sustainability efforts and scale up our impact.

“Distell, a participant company in the UNGC, continues to demonstrate its commitment to sustainability and to society. This is evidenced by ongoing work in implementing the UNGC ten principles and the SDGs. Distell was one of the first companies to join national efforts against COVID-19 in 2020 by mobilising its capabilities to make hand sanitiser. We value Distell’s leadership on sustainability and within the community of Global Compact Participants in South Africa”.

DR ACHIENG OJWANG, EXECUTIVE DIRECTOR: GLOBAL COMPACT NETWORK SOUTH AFRICA

RECENT MILESTONES

- Participating in **South Africa’s Voluntary National Review 2019**, a process through which countries assess and present progress made in achieving the SDGs – with Distell featured as a best practice example of private sector support of the SDGs. [↓](#) Read more here.
- Participating in the [SDG Pioneers programme](#) (a Distell employee was recognised as second runner-up in the 2019 UNGC Network/South Africa Young SDG Pioneers programme) and [SDG Innovator Programme](#), a development programme for future business leaders and changemakers designed to accelerate business innovation and unlock new business opportunities.
- As a **UN Women signatory**, we continuously strive to apply the [Women Empowerment Principles](#) throughout our value chain. We used the **WEPs Gender Gap Analysis Tool** in November 2018 to assess gender equality within our business.
- We are committed to **aligning our business activities and outcomes with the SDGs** and we have identified four primary and two foundational SDGs. These SDGs and relevant targets are mapped to business priorities, risks and opportunities and are aligned with a Group-wide STI scorecard ([📄](#) read more on page 14).

THE TEN PRINCIPLES OF THE UNGC ARE INTEGRATED INTO DISTELL’S WAY OF WORKING AND ARE THEREFORE INCORPORATED INTO EITHER A POLICY, PROCESS OR ACTIVITY. WE OUTLINE OUR INTEGRATION OF THE UNGC PRINCIPLES INTO OUR BUSINESS BELOW:

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

- Distell’s global Human Rights Policy is publicly available through our corporate website. This policy outlines the human rights principles that we commit to as the bedrock of our

operations, alongside the implementation, monitoring and remedial systems we have in place to ensure that we adhere to the broad spectrum of rights set out in the principles.

[↓](#) Download our Human Rights Policy

- Informed by the UN Guiding Principles on Business and Human Rights, we work within the framework of the International Bill of Human Rights, the ILO’s Declaration on Fundamental Principles and Rights at Work, and the UNGC, to which we are a participant.

Principle 2: Make sure that they are not complicit in human rights abuses

- Distell’s Responsible Sourcing Policy sets out the minimum standards we expect from our suppliers, as well as the journey towards sustainably embedding responsible business practices into their operations. We are currently revising our Responsible Sourcing Policy for release in FY22.
- Suppliers must comply with all applicable local, national and international laws and regulations. We uphold the highest standards wherever in the world we operate. This means that we defer to international best practice in relation to business conduct and human rights, even in challenging regulatory environments. We work with suppliers to ensure that this approach is taken across our value chain.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- Distell endorses the principle of freedom of association. We recognise that workers are better able to monitor and uphold their human rights in the workplace when they are free to form and join trade unions, and collectively bargain for their mutual interests without fear of intimidation.
- Trade union members and officials have access to facilities at the workplace in accordance with applicable legislation and site policies and procedures.

Principle 4: The elimination of all forms of forced and compulsory labour

- We do not permit any form of forced labour, debt bondage or prison labour within our operations and supply chain.
- Employees chose their employment freely and no original identification documents and/or passports are retained. Employees are not required to pay any deposit before their work commences.
- Distell recognises the fact that any person may work for an employer of his/her choice. At no point in time will Distell or any of its managers/supervisors force any employee to remain in the employ of the Company against their will and/or intention.

[↓](#) Download our Slavery and Human Trafficking Statement

Principle 5: The effective abolition of child labour

- Distell operates as a business that prohibits all forms of child labour and exploitation. In line with international standards, Distell upholds the ILO’s Minimum Age Convention 138 across our operations and supply chain. Distell only employs those who are 18 years old and above, and in all cases take reasonable steps to verify the age of workers upon employment.
- The Company will take appropriate measures to remediate the situation where child labour is found to be present at the workplace

Principle 6: The elimination of discrimination in respect of employment and occupation

- We aim to be a non-racial, non-sexist and democratic organisation dedicated to employee development by creating a culture of inclusivity and promoting equal opportunities for all of our employees. This will enable Distell to reap the benefits of the varied perspectives and approaches that members of different identity groups bring to the workplace.
- Distell takes a zero-tolerance approach to harassment and discrimination. With regards to employment status and treatment, no Distell worker or partner will be discriminated against due to factors such as race, religion, colour, ethnicity, national origin, disability, sexual orientation, gender, gender identity, gender expression, marital status or other arbitrary means.
- Equal opportunities for promotion and training are available without regard to gender or racial identity or other arbitrary grounds.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges

- Distell evaluates the environmental risks and opportunities associated with our manufacturing activities to continuously improve on our environmental performance, according to the principles of the ISO 14001:2015: EMS standard.
- Distell has procedures in place to ensure the integration of legal requirements into business processes, focusing on pollution prevention.

Principle 8: Undertake initiatives to promote greater environmental responsibility

- We are a proud founding member of the Stellenbosch River Collaborative 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.
- Our choice to become a founding member of SA Plastics Pact supports our strong focus on the SDGs, particularly SDGs 8, 12 and 17.
- 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.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

- We monitor performance against our aspirational goals for 2025 related to water, electricity, fossil-fuel-based energy usage, GHG emissions and wastewater discharged.
- We promote the use of renewable electricity at our production sites.
- We reduce 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.

ANTI-CORRUPTION

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

- Distell is committed to doing ethical and sound business and complying fully with local and international anti-bribery and corruption laws. This includes continuously conducting our business with integrity and with proper regard for ethical business practices. Distell has a zero-tolerance approach to acts of bribery and corruption by personnel or anyone acting on its behalf. We expect all of our directors and employees to comply with these principles and to act in the best interest of the Group at all times.
- No Distell employee or associated person may directly or indirectly bribe a government official or any third party. Similarly, no Distell employee or associated person may receive anything of value in exchange for performing their duties disloyally or illegally. Any demand for, or offer of, a bribe must be rejected immediately and reported to the Distell compliance department.
- In respect of gifting, no Distell employee may give, offer, promise or authorise the giving of anything of value to a government official or anyone else, directly or through an intermediary, such as an agent or business partner, to influence official action or to obtain an improper advantage.
- Giving and receiving gifts and entertainment have a role to play in building business relationships. However, the acceptance of gifts or the giving thereof should never create improper influences or obligate the recipient to perform in return. The proposed gift or entertainment should be appropriate in value and nature considering local custom, the position of the recipient and the circumstances.
- All employees and business partners must remain vigilant in preventing, detecting and reporting any suspected illegal, non-compliant or unethical behaviour. Distell provides an Ethics Line which is managed by an independent party to combat this kind of conduct. Reports can be made anonymously.
- Distell undertakes to thoroughly investigate all matters reported and take the necessary legal, civil or disciplinary steps flowing from such investigation.

[↓](#) Download our Anti-fraud and Anti-corruption Policy

[↓](#) Download our Anti-bribery and Corruption Policy