



**DISTELL**  
CRAFTING BRANDS SINCE 1925

**Creating memorable moments. Crafting a better future.**

**SUSTAINABILITY REPORT 2022**



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## NAVIGATING THIS REPORT

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



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### FEEDBACK



Your feedback is important, and we welcome your input to enhance our reporting. Please send your comments to [info@distell.co.za](mailto:info@distell.co.za).

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



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



### APPROVAL

The social and ethics committee reviewed detailed reports on the matters discussed in this report. The committee is satisfied that Distell is fulfilling its social and ethical obligations as a good corporate citizen. The committee reviewed this report and believes it fairly reflects Distell's sustainability performance for FY22.

**Gugu Dingaan**

*Chairperson: Social and ethics committee*

23 September 2022

The products mentioned in this report are not for sale to persons under 18. We appeal to all consumers who choose to drink alcohol to enjoy our products responsibly.





# ABOUT OUR REPORT

Distell is a company with deep roots in South Africa and a growing African and international presence. We are Africa’s leading producer and marketer of ciders, RTDs, spirits and wines, enjoyed responsibly by people across the world. The value we create enriches the lives of our employees, shareholders, customers, consumers and the communities in which we live and operate.

## SUSTAINABILITY REPORT

Our sustainability report provides insight into material sustainability issues we face, including matters vital to our future prosperity. It is aimed at a wide range of stakeholders who influence our business and those interested in our ESG impacts.

## ESG APPENDIX

Our ESG appendix provides a comprehensive set of environmental, social and governance metrics, with a multi-year view – taking guidance from the Global Reporting Initiative’s (GRI) Sustainability Reporting Standards. The appendix also includes an overview of our application of the Ten Principles of the UN Global Compact (UNGC) and insight into our journey to report comprehensively against relevant and credible international frameworks. These frameworks include the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) Standards.

## INTEGRATED REPORT

Our integrated report, which includes our summarised consolidated annual financial statements, is aimed at all our stakeholders but particularly our shareholders and the local and offshore investment community that provides our financial capital.

## SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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).

## COMPLETE ANNUAL FINANCIAL STATEMENTS

Our complete annual financial statements provide a comprehensive report of the Group’s financial performance for the year.

## STATEMENT OF COMPLIANCE WITH THE KING IV REPORT ON CORPORATE GOVERNANCE™

Our statement of compliance with the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) provides an overview of our compliance with King IV.

<sup>1</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

<sup>2</sup> As described by the JSE Sustainability and Climate Disclosure Guidance, ‘double materiality’ requires organisations to report both on how sustainability matters affect the entity, and on the impacts of the activities of the organisation on people and the environment. In terms of ‘double materiality’, risks to the undertaking and the impacts of the undertaking each represent one materiality perspective.

## SCOPE AND BOUNDARY

Our sustainability report covers the non-financial performance of Distell Group Holdings Limited (Distell or the Group) for the financial year ended 30 June 2022 (FY22 or the year). It relates to our South African operations only, unless otherwise indicated. We have an extensive worldwide distribution network supported by local production capability, joint ventures, and associate partnerships.

## HOW WE REPORT TO OUR STAKEHOLDERS

We are committed to reporting transparently on matters that impact our business and how we impact the world around us. This is important to assure our stakeholders that we understand the environmental, social and governance (ESG) risks and opportunities that could affect our ability to execute our strategy effectively.

Our reporting suite aims to provide a comprehensive set of disclosures that meet our stakeholders’ broad and growing information needs. We continually refine our reporting approach to align with the shifting global reporting landscape and better practice.

## OUR MATERIALITY APPROACH

We continue to track emerging ESG reporting developments, such as the launch of the International Sustainability Standards Board, the increasing alignment of ESG reporting frameworks and standards, and the publication of the JSE Sustainability and Climate Disclosure Guidance. We also note discussions around double materiality and determining what sustainability-related information should be disclosed.

When determining content for our sustainability report, we are primarily guided by our strategy and the key areas along our value chain where we believe we have the biggest environmental and social impact. We use the United Nations Sustainable Development Goals (SDGs) to ensure we align our efforts with the global development agenda. We track performance against our foundational and primary SDGs.

Read more in the ‘Our strategy and focus areas’ section on page 10.

In line with increasing interest in information useful to assess enterprise value, we are expanding our disclosure to include more investor-focused information in line with the reporting requirements of the TCFD and SASB.

Refer to our ESG appendix for more information. [Please supply URL for this link](#)

*Looking ahead, we will continue to take steps to ensure that the information we provide to our stakeholders is fit-for-purpose. We welcome the publication of local reporting guidance provided by the JSE and look forward to the opportunities this will create to collaborate with other businesses across South Africa and learn from one another as we advance on our ESG reporting journey.*





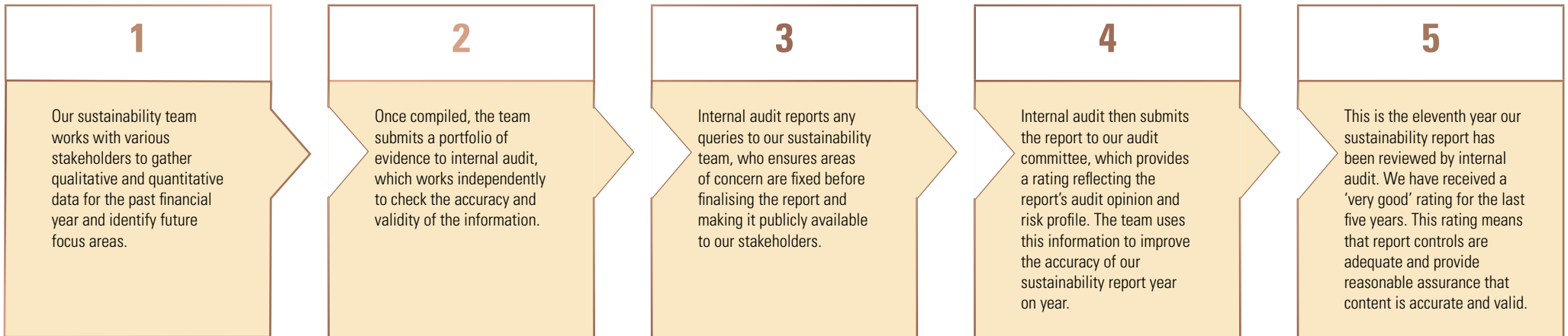
# ABOUT OUR REPORT CONTINUED

**Distell’s internal audit team again collaborated with our sustainability team to review and verify the information contained in key sections of this report – focusing on our five primary focus areas. We are pleased to see that ongoing collaboration between the cross-functional teams, underpinned by a strong methodology and framework, continue to result in improved accuracy and validity of the information reported.**

**Kumeren Pillay**  
*Distell chief audit executive*

## 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:



**This year, Distell’s internal audit team mapped out the controls that support our ESG reporting and formally integrated ESG into the Group’s combined assurance programme.**

👉 Refer to our ESG appendix for more information. [Please supply URL for this link](#)

In addition to our robust internal audit process, we seek third-party assurance on information required for statutory compliance to ensure this information is independently assessed and verified. This includes:

- Our broad-based black economic empowerment (B-BBEE) performance, which 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. [Please supply URL for this link](#)





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# We are Distell

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-



# WE ARE DISTELL

## 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 customers and consumers, 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





# OUR BRAND PORTFOLIO

Our multi-category portfolio of brands offers consumers worldwide a choice for every occasion and provides unique moments of social enjoyment worldwide.

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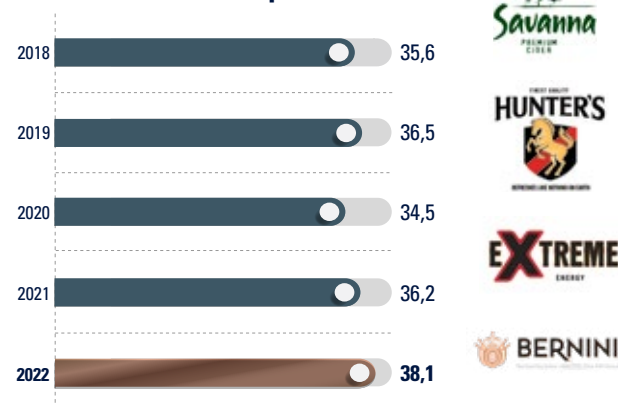
Our brands resonate with a broad spectrum of consumers with different taste profiles. They offer choice across the price continuum, ranging from accessible, scale brands that enjoy wide-ranging popularity, to premium brands crafted with the connoisseur in mind. In addition, our culture of innovation ensures our brands are uniquely adaptive to dynamic consumer trends.

### DISTELL'S BRANDS ARE DIVIDED INTO THREE CATEGORIES:

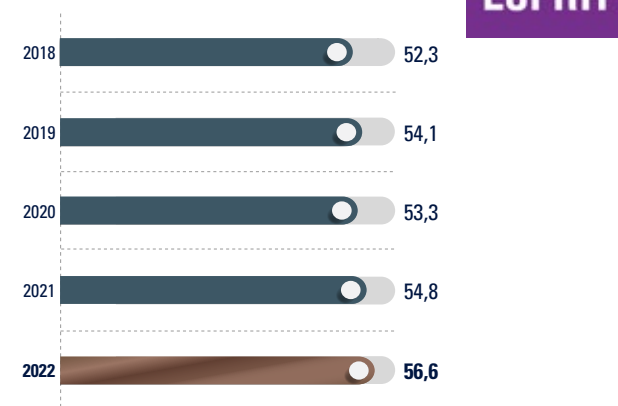
Ciders and RTDS



#### Contribution to Group revenue (%)



#### Volume contribution (%)





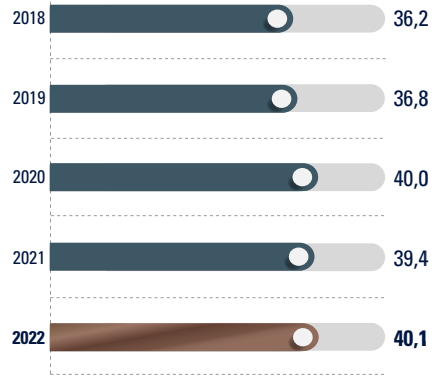


# OUR BRAND PORTFOLIO CONTINUED

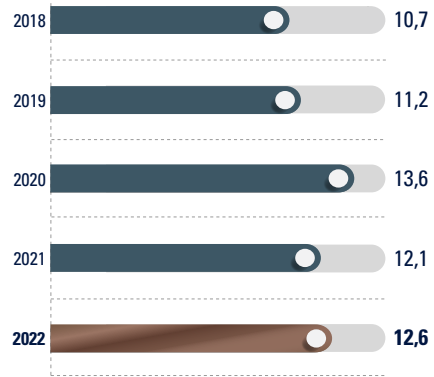
Spirits



### Contribution to Group revenue (%)



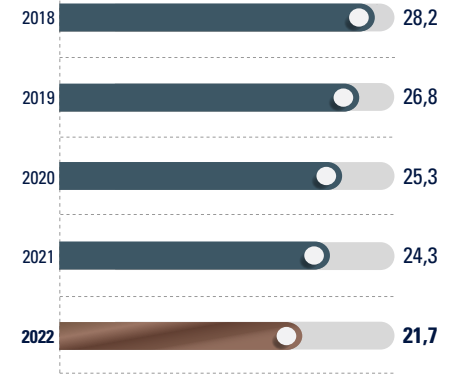
### Volume contribution (%)



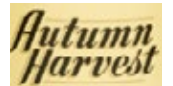
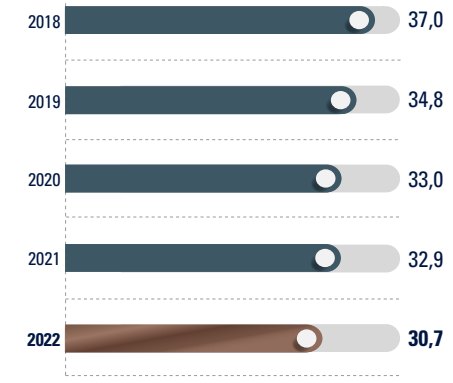
Wines



### Contribution to Group revenue (%)



### Volume contribution (%)





# WHERE WE DO BUSINESS



**“ We are a geographically diverse Group that is building long-term platforms to unlock growth in various markets. ”**





# WHERE WE DO BUSINESS CONTINUED

Our operations are driven through three regional business divisions. Each functions as a decentralised, specialist division, with its own decision-making processes. This enables quick responses to the unique macro-economic conditions and evolving consumer and competitor behaviour in each division's geographic region.



4 609

Employees



3

Dedicated export warehouses



2

Mega Distribution Centres



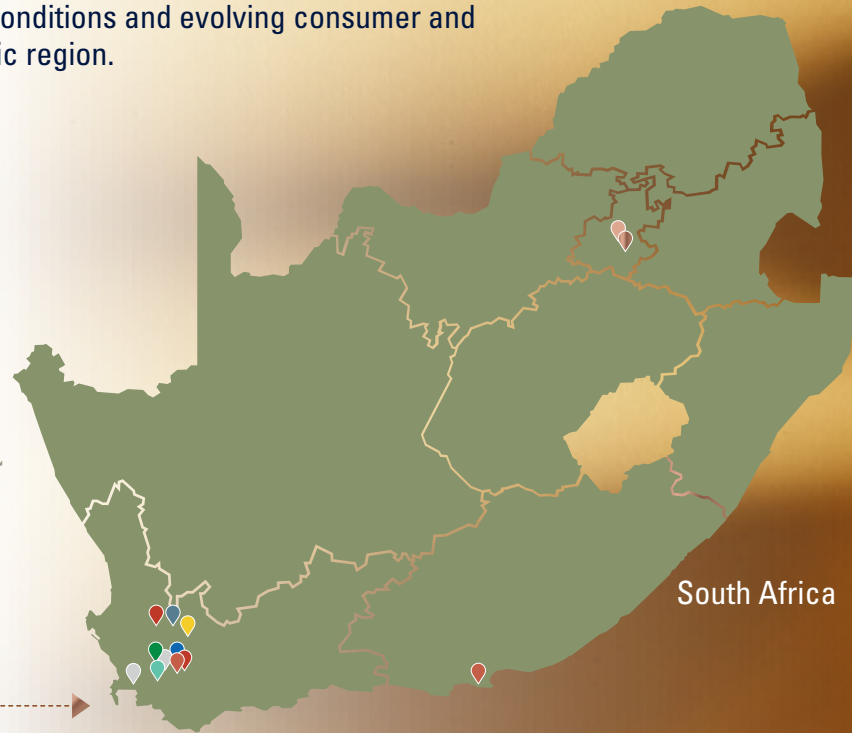
19

Distribution Centres  
(Including four in Namibia)



24

Trade Express Sites  
(Including one in Eswatini)



South Africa

## Distilleries and processing:

### SOUTH AFRICA:

- Worcester
- Goudini
- Van Ryn's, Stellenbosch
- Wellington
- Monis, Paarl

### SCOTLAND:

- Tobermory, Isle 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

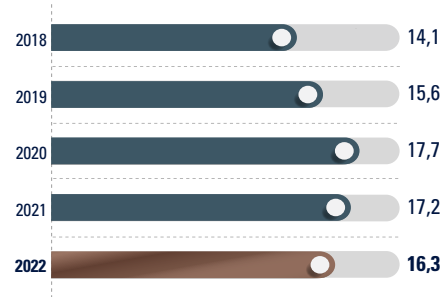
### ANGOLA

### SCOTLAND:

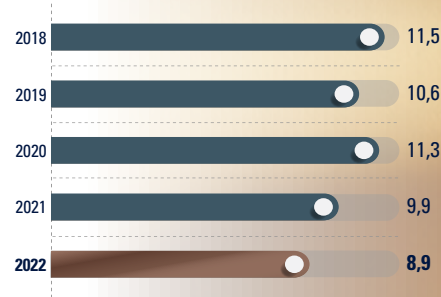
- East Kilbride



### Africa contribution to Group revenue (%)



### Venture business contribution to Group revenue (%)



### South Africa contribution to Group revenue (%)



## Wineries:

### SOUTH AFRICA:

- Nederburg
- Adam Tas
- J. C. Le Roux
- Durbanville Hills





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# Our strategy and focus areas

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  - 14 Embedding shared value along our value chain
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# OUR STRATEGY AND FOCUS AREAS



In the face of an increasingly volatile world and global challenges such as poverty, inequality, climate change and environmental degradation, we are committed to pursuing holistic, sustainable and innovative programmes, processes and policies that drive meaningful change. Our vision is to create shared value in our chosen markets and our success is purpose-led: Creating memorable moments, crafting a better future.

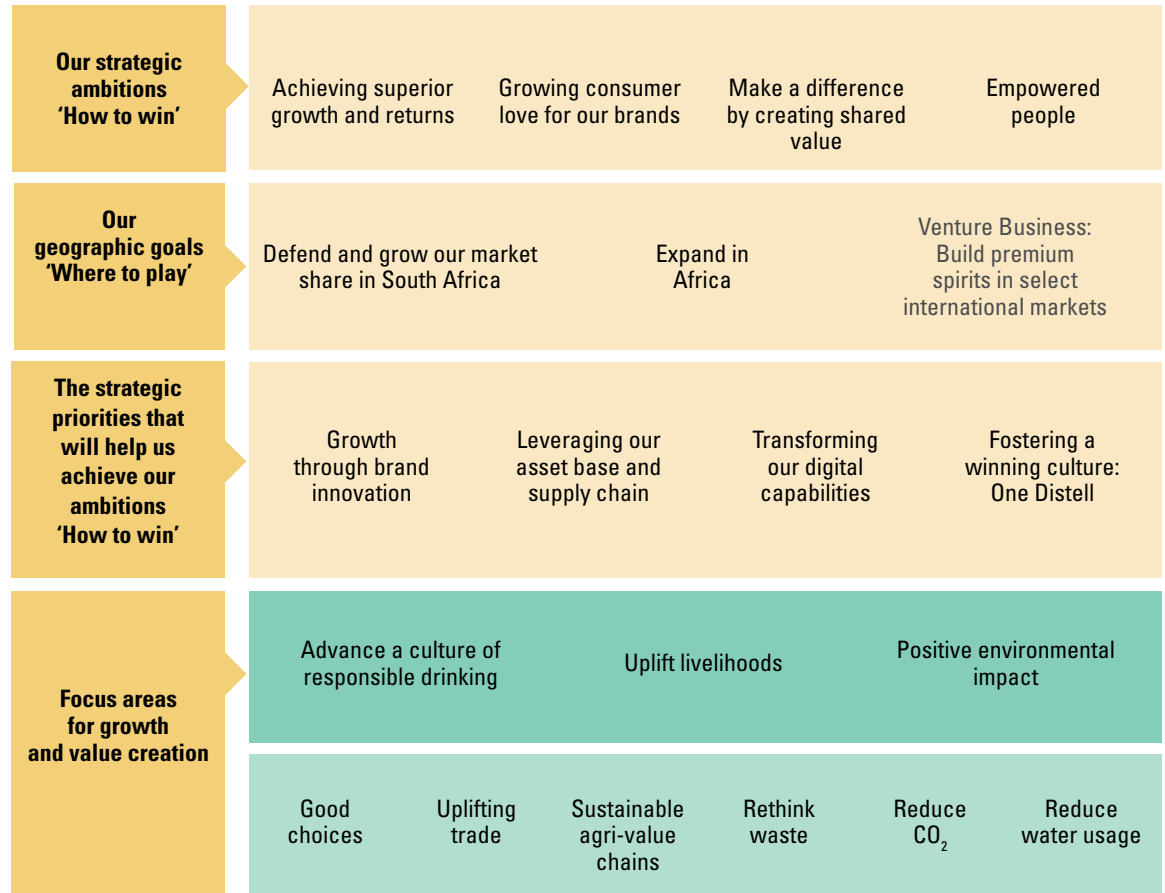
## OUR STRATEGY

In 2018, we defined a seven-year Group strategy with ambitions and goals to 2025. We use proven processes premised on 'where to play' and 'how to win' principles to enable strategic choices.

In 2021, we defined our Group vision to make a difference by creating shared value in our chosen markets. We also bolstered our business strategy by integrating it with the Group's sustainability strategy and including the strategic ambition to create shared value. This recognises that sustainability is central to Distell's growth path and that extending value creation to include communities (societal and environmental value) holds exponential potential to unlock long-term growth.

In 2022, we refined our shared value ambition by prioritising three strategic focus areas and six sub-focus areas for impact along our value chain. We are in the process of shaping a set of core strategic business initiatives that will enable us to have a meaningful impact against these areas. We know that many drivers of poverty, climate change and alcohol abuse are interrelated, and we desire to scale initiatives with synergy potential across our strategic focus areas to support our shared value vision.

Read about our shared value journey on page 13.



We recognise the evolving ESG reporting landscape and the wide-ranging disclosure requirements across our stakeholder ecosystem. We use five focus areas to report on our sustainability journey and address these disclosure requirements:

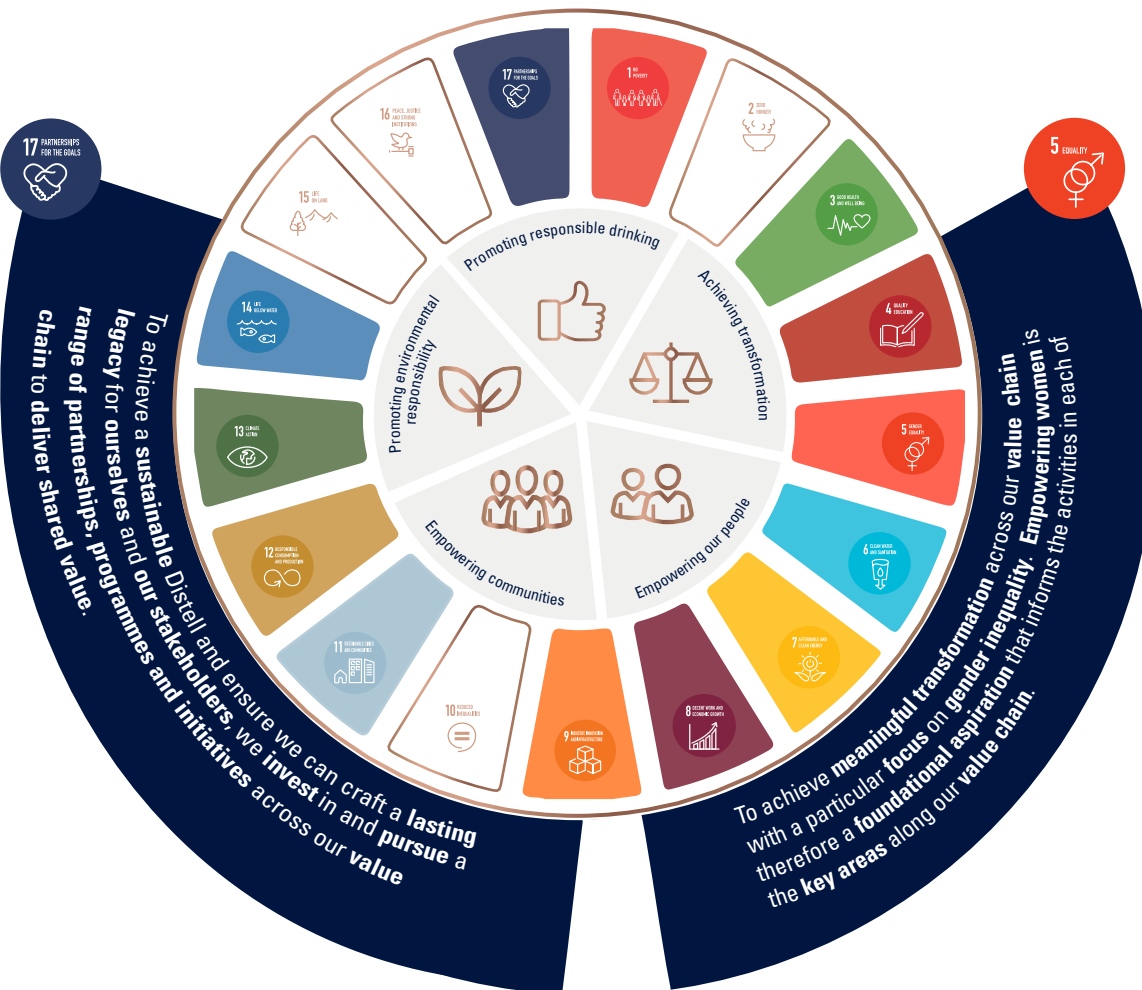




# OUR STRATEGY AND FOCUS AREAS CONTINUED

We are 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.

In this way, the SDGs provide a framework to identify and develop transformational partnerships and programmes that contribute toward addressing social and environmental challenges along our value chain. We recognise that we cannot do this alone, and therefore seek strategic partnerships with a wide network of stakeholders, such as government, civil society and communities, to contribute to these important global goals.



One of our multi-year SDG journey outcomes was identifying the 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 45.

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 strategic plan.

## MEASURING OUR SUSTAINABILITY PERFORMANCE

We track our long-term performance against sustainability targets that support our multi-year strategic plan. In the shorter term, our SDG targets are tracked year on year. To support performance against these targets, our Group-wide short-term incentive (STI) scorecard includes non-financial measures based on our selected SDGs.

Read about our STI scorecard on page 17.

Review our performance against our SDG targets on page 18.

## 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. 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 39.





# OUR SHARED VALUE JOURNEY

At Distell, we believe businesses do well when they do good, which is the foundation of our shared value journey. As a company, we are looking at our value chain for commercial opportunities for our business that also empower communities and increase the environment's resilience.

Our shared value journey began in 2021 when we defined our Group vision to make a difference by creating shared value in our chosen markets. We have since taken action to help us navigate our shared value future.

## 2021

We redefined our **vision to embed shared value** and linked it to our purpose.

We **bolstered our business strategy** by integrating it with our sustainability strategy and including our strategic ambition to create shared value.



## 2022

We **identified six sub-focus areas for shared value innovation**, taking into account:

- 1 **Key ESG risks along our alcohol value chain**
- 2 **Distell's key strategic capabilities**
- 3 **Potential to scale impact for multiple stakeholders, including consumers, customers, employees, shareholders and society**
- 4 **Distell's competitive advantage**

These **six sub-focus areas are grouped under our three key strategic focus areas for growth and value creation**: advance a culture of responsible drinking, uplift livelihoods and positive environmental impact. The six sub-focus areas overlap, with initiatives delivering on multiple outcomes across these themes to support our shared value vision.

Read more about our six sub-focus areas on page 11.

We launched an internal, employee-focused shared value awareness campaign on our Sustainability News Network (SNN). This campaign covered the fundamentals of shared value to ensure our employees gain a deeper understanding of what it means for our business and why it is important – as well as how they can play a role in helping us realise our shared value vision.

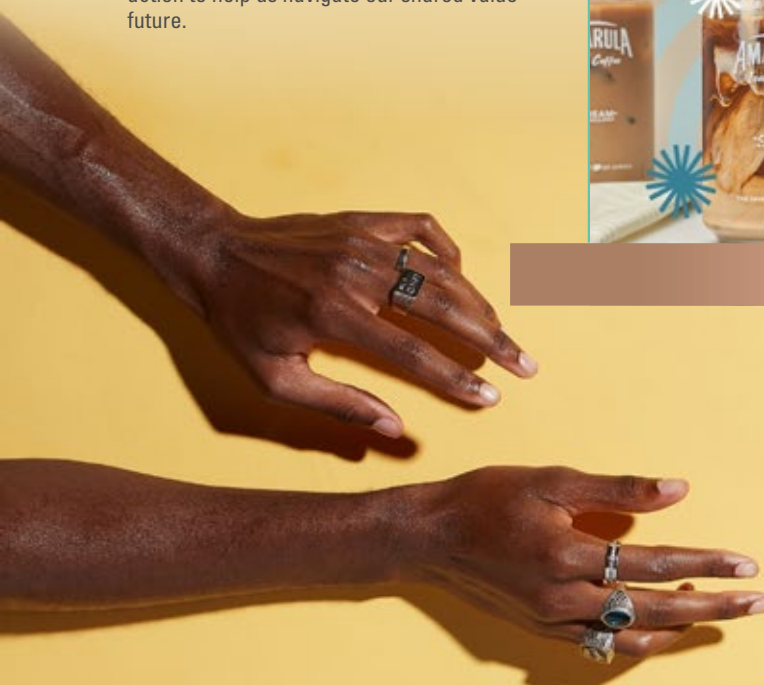
## Looking ahead

In the year ahead, we want to **identify targets and key performance indicators** for each of our six shared value strategic sub-focus areas. We also want to identify and prioritise multi-year programmes and partnerships to deliver on our shared value vision.



## 2022

We conducted **externally facilitated workshops with shared value subject experts** to explore shared value and identify opportunities to **integrate shared value into our strategy and address our key ESG risks and opportunities**.





# OUR SHARED VALUE JOURNEY CONTINUED

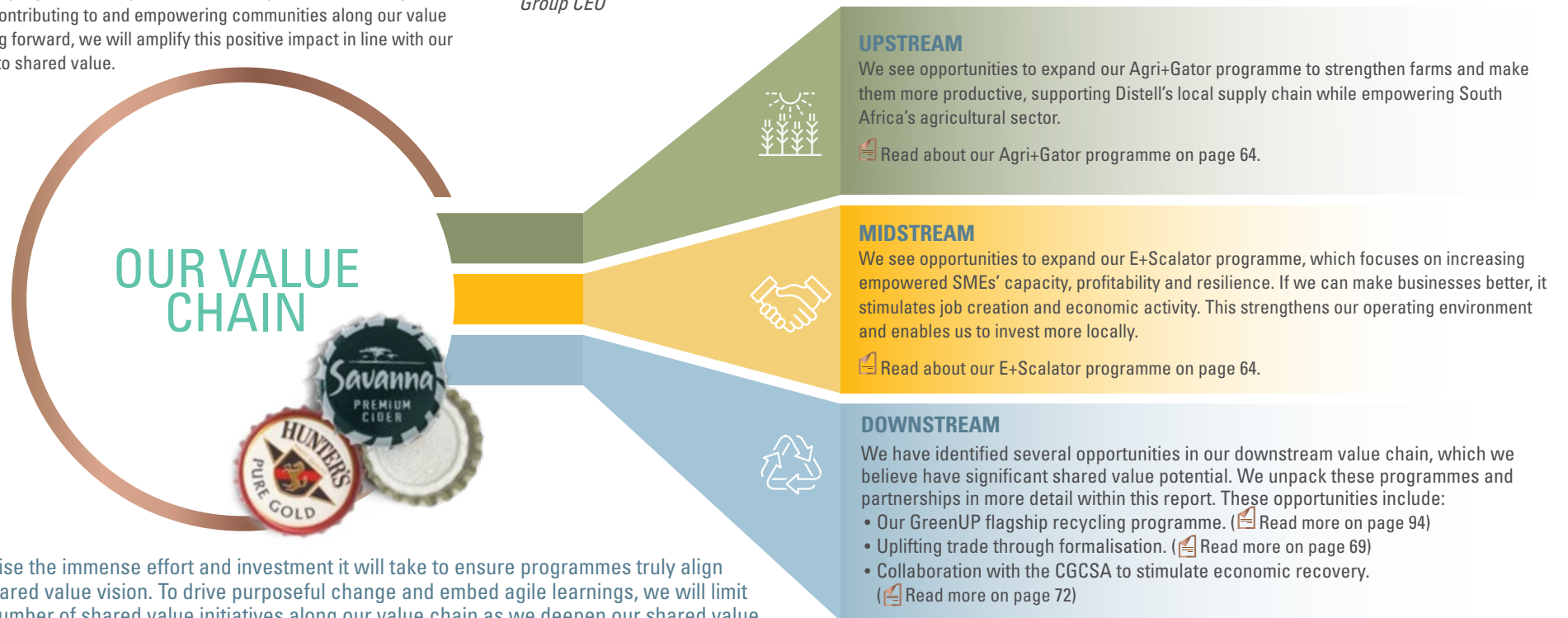
## EMBEDDING SHARED VALUE ALONG OUR VALUE CHAIN

We will look along our value chain to identify programmes and partnerships that will enable us to deliver on our shared value vision. This includes transforming some of our current projects and identifying new opportunities to unlock shared value.

We are in the early stages of our shared value journey but believe we are building off a strong base. Several programmes have long-formed part of our sustainability commitment that we believe have the potential to deliver on our shared value vision. The following graphic provides insight into some of these programmes, in particular how they address challenges and are already contributing to and empowering communities along our value chain. Looking forward, we will amplify this positive impact in line with our commitment to shared value.

**Distell has embraced shared value as a vital part of our sustainable growth strategy and our shared value focus areas are the pathways to bring our vision to life and create memorable moments while crafting a better future. Importantly, this journey provides an opportunity to address ESG risks along our value chain by applying innovative thinking that addresses societal challenges while boosting our bottom line. The combination of purpose and profit is critical as it provides the impetus to scale initiatives for long-lasting impact. This is a proud moment for Distell, as we begin to understand the power of shared value and collectively work together to enhance our business value proposition while doing good.**

**Richard Rushton**  
Group CEO



We recognise the immense effort and investment it will take to ensure programmes truly align with our shared value vision. To drive purposeful change and embed agile learnings, we will limit the initial number of shared value initiatives along our value chain as we deepen our shared value journey. This is part of our commitment to ensure that our chosen programmes are sustainable, scalable, successful and beneficial for all involved.







# OUR SHARED VALUE JOURNEY CONTINUED

**In July 2022, we conducted an externally facilitated workshop that provided practical training on shared value and focused on strategic ESG opportunities for our business.**

The workshop was attended by diverse representatives from various business units across Distell, including teams from sustainability, corporate brand, communications, supply chain, growth and innovation, procurement, marketing, and human resources.



Scan the QR code to learn more about the outcomes of our shared value workshop.

Looking forward, we will build on this single vision to deliver scalable transformational partnerships with society, communities, delivery partners and government that address the need for profit and societal needs.



The workshop allowed us to come together in a fast-moving, practical exploration of key questions to accelerate our shared value journey. This is critical as these workshops provide a platform for our business to collaborate and develop a shared understanding of what we are trying to achieve.





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# Our sustainability performance

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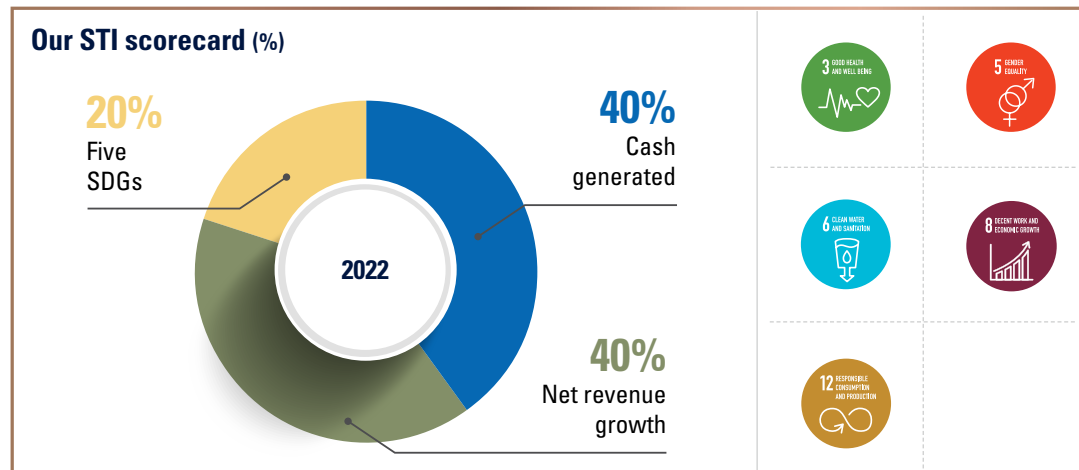


# OUR SUSTAINABILITY PERFORMANCE

We identified targets for our primary SDGs and one of our foundational SDGs (SDG 5) to help us realise our longer-term strategic plan. These targets are annualised but feed into a strategy to 2025, which focuses on improving our performance and increasing our contribution to addressing pressing societal challenges. We will increase our targets year-on-year and set ambitious stretch targets as we mature on our shared value journey and take action to deliver collective impact alongside our strategic partners.

To support performance against these targets, we instituted a Group-wide STI scorecard in 2021 that focuses on two key financial performance indicators (net revenue growth and free cash generation) and 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.

We have aligned the STI scorecard to our strategy detailed on page 11.



**At Distell, we continue to find ways to strengthen our response to the pressing social and environmental challenges we face as a business but also as individuals and communities. Last year, we instituted a Group-wide scorecard with performance measures aligned to our core SDGs. This was an important step to elevate and drive accountability for our sustainability journey. It further demonstrated our commitment to ESG best practice: we firmly believe that our ability to meet non-financial performance targets will decide our long-term success. Never satisfied, we pushed ourselves further this year by using our FY21 performance as our new baseline and set ambitious stretch targets for FY22.**

**Eric Leong Son**

*Acting director: corporate and regulatory affairs*

## REMUNERATION GOVERNANCE

The remuneration committee primarily consists of non-executive directors who review and oversee our 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. The remuneration committee held five meetings during the year.

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
- Ensuring that an appropriate comparator group is selected when comparing remuneration levels
- Reviewing and approving short-term incentive and long-term incentive plans, including applicable hurdle rates and performance conditions targets
- 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 terms of reference. [Please supply URL for this link](#)

Read more about our approach to fair and responsible remuneration on page 42.





# OUR SUSTAINABILITY PERFORMANCE CONTINUED

## 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 FY22		
			Advance a culture of responsible drinking	Uplift livelihoods	Positive environmental impact
 <b>Supported by</b> 	<b>Decrease vehicle accidents attributable to drink driving</b> (SDG target 3.6: halve the number of global deaths and injuries from road traffic accidents)	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 (SAPS)  <b>Target: 10% reduction</b>	-4% reduction achieved. <sup>1</sup> Read more about our road safety campaign on page 57.		
	<b>Decrease the incidence of babies born with FASD</b> (SDG target 3.5: strengthen prevention and treatment of substance abuse)	Decrease the percentage of FASD babies born (on the programme) to:  <b>Target: &lt;35% born with FASD</b>	22% reduction achieved. Read more about FASfacts and FARR from page 58.		
 <b>Supported by</b> 	<b>Decrease the incidence of gender-based violence through a holistic, targeted, multi-layered and multifaceted programme with measurable impact</b> (SDG target 5.2: eliminate all forms of violence against all women and girls in the public and private spheres)	Reach external people through a targeted external campaign  <b>Target: 10 000 external people</b>		11 075 individuals outside our organisation reached through our external gender-based violence awareness and support initiatives. Read more about these from page 58.	
	<b>Reduce water usage intensity (ℓ/ℓ)</b> (SDG target 6.4: increase water use efficiency)*	Improve water usage intensity  <b>Target: 2,9200 (ℓ/ℓ)</b>			We reduced water usage intensity to 2,9176 (ℓ/ℓ) Read more on page 87.
	<b>Reduce wastewater load discharged intensity (gCOD/ℓ)</b> (SDG target 6.3: improve water quality)*	Reduce wastewater load discharged intensity  <b>Target: 7,9600 (gCOD/ℓ)</b>			We reduced wastewater load discharged intensity to 6,0606 (gCOD/ℓ). Read more on page 87.

<sup>1</sup> Target node performance is at -17% average versus a national average of -4%.

Key:  Target achieved  Target missed

\* Target based on the percentage reduction in intensity from a 2014 base year.  
 Read more on page 87.



# OUR SUSTAINABILITY PERFORMANCE CONTINUED

	SDG targets identified by Distell	Distell's internal targets to measure our contribution to our chosen SDG targets	Achieved in FY22		
			Advance a culture of responsible drinking	Uplift livelihoods	Positive environmental impact
	<b>Increase procurement spend with black-owned businesses as a percentage of total procurement spend</b> (SDG target 8.3: promote development-oriented policies)	Increase procurement spend as a percentage of total procurement spend with black-owned businesses  <b>Target: 26% procurement spend</b>		We increased procurement spend as a percentage of total procurement spend with black-owned businesses to 29,3%. Read more on page 67.	
	<b>Increase procurement spend with black women-owned businesses as a percentage of total procurement spend</b> (SDG target 8.3: promote development-oriented policies)	Increase procurement spend as a percentage of total procurement spend with black women-owned businesses  <b>Target: 16,5% procurement spend</b>		Our procurement spend as a percentage of total procurement spend with black women-owned businesses remained flat at 16,3%. Read more on page 67.	
	<b>Create jobs that will support economic growth and community resilience</b> (SDG target 8.2: achieve higher levels of economic activity)	Create jobs along our value chain to support economic growth and community resilience  <b>Target: 1 000 jobs created</b>		We created 3 086 jobs during FY22.	
	<b>Achieve a verified B-BBEE rating of level 4</b> (SDG target 8.3: promote development-oriented policies)	Maintain a B-BBEE rating of level 4  <b>Target: 82 points</b>		We improved our B-BBEE rating to a level 3. Read more on page 68.	
	<b>Reduce non-renewable electricity usage intensity (kWh/ℓ)</b> (SDG target 12.2: achieve the sustainable management and efficient use of natural resources)*	Reduce non-renewable electricity usage intensity  <b>Target: 0,0970 (kWh/ℓ)</b>			We reduced non-renewable electricity usage intensity to 0,0948 (kWh/ℓ). Read more on page 87.

Key:  Target achieved  Target missed

\* Target based on the percentage reduction in intensity from a 2014 base year.  
 Read more on page 87.



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# OUR SUSTAINABILITY PERFORMANCE CONTINUED

## LOOKING BACK ON THE YEAR



- Continued to strengthen and refine our Social Compact, which is undertaken with external stakeholders, civil society and local industry to launch programmes and related campaigns focused on responsible consumption – we invested R47,5 million in our **Social Compact** in FY22
- We **leveraged our 11 brands with purpose** to deliver high-impact social media campaigns that promote the responsible enjoyment of our products, and which encourage South Africans to stand together on societal challenges
- Ongoing support of **Aware.org.za, FARR and FASfacts**



- We **increased our preferential procurement score** from 21,03 to 23,4 points out of a maximum of 29 (as per the amended codes)
- We launched our global **Responsible Sourcing Policy** during the year
- We increased our efforts to **uplift trade and formalise unlicensed liquor traders** – we launched a pilot site in the Western Cape
- We pledged our support for the CGCSA's **nationwide infrastructure delivery and job creation programme**
- We achieved a best-in-class B-BBEE rating of level 3 – up from a level 4
- Distell **maintained its over R100 million portfolio of support** to qualifying SMEs



- We **reached our FY22 non-renewable electricity usage intensity reduction target** achieving 0,095 (kWh/ℓ) against a target of 0,100 (kWh/ℓ)
- We **reached our FY22 fossil fuel-based energy usage intensity reduction target** achieving 0,976 (MJ/ℓ) against a target of 0,996 (MJ/ℓ)
- We **reached our FY22 effluent load discharged intensity reduction target** achieving 6,061 (gCOD/ℓ) against a target of 7,960 (gCOD/ℓ)
- We **reached our FY22 water usage intensity reduction target** achieving 2,918 (ℓ/ℓ) against a target of 2,999 (ℓ/ℓ)
- Leveraging experience gained through GreenUP, we partnered with external stakeholders to **roll out recycling initiatives elsewhere in South Africa**
- Ongoing support of **CoGo** and the **Strategic Water Partners Network**
- While we improved our **year-on-year GHG emissions intensity**, we did not reach our 2022 reduction target achieving 0,218 (tCO<sub>2</sub> e/ℓ) against a target of 0,200 (tCO<sub>2</sub> e/ℓ)

**Key:**

- Value created
- Value sustained
- Value eroded



# OUR SUSTAINABILITY PERFORMANCE CONTINUED



- We refined our employee value proposition for **Distell Africa**, introducing new perks and benefits customised for our regional employees
- R26,1 million invested in **training initiatives**
- We recorded our most improved **lost-time injury frequency rate** of 0,69 – putting us in line with industry best practice (below 1,0)
- We made **great progress on appointments and promotions** on middle and junior management levels
- We are **focused on improving PDI appointments and promotions**



- We leveraged our brands to assist with **South Africa's recovery post-COVID-19** – partnering with various sectors within hospitality, sport, arts and culture to help industries and businesses get back on track
- Ongoing support of **community empowerment programmes**
- Ongoing support of **arts and culture**
- Ongoing support of communities through our **employee volunteer programme Distell ForGood**

Key:

- Value created
- Value sustained
- Value eroded







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# Making a positive impact along our value chain

- 26 Key partnerships and programmes across South Africa
  - 27 Ensuring responsible social compliance practices across our value chain
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-



# MAKING A POSITIVE IMPACT ALONG OUR VALUE CHAIN



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.

At Distell, we look at each stage of our operations for opportunities to make a positive impact. The information that follows outlines 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.

1



## GROWTH AND INNOVATION



We deliver **award-winning, breakthrough brand and product innovations** to the market using research platforms and advanced marketing analytics to gain consumer insights. We innovate and grow our offering to provide our consumers with an **expanded selection of non-alcoholic and low-alcohol products** to inspire responsible enjoyment.

2



## PROCUREMENT



We pursue partnerships to **sustainably source high-quality raw materials and ingredients** in South Africa and other markets where we have production facilities. Our inclusive purchasing strategy creates market opportunities for **small and medium-sized black-owned and black women-owned businesses**. **Responsible social compliance practices** support our employees and our farmworkers and their families.

3



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





# MAKING A POSITIVE IMPACT ALONG OUR VALUE CHAIN CONTINUED

Read more about our multi-year SDG journey and the approach to map our chosen SDGs along our value chain on page 46.



## 4 PACKAGING

We reduce the waste associated with our product packaging and are **increasing waste recycling and reducing waste to landfill**. We are **increasing the number of SMEs within our value chain** to create meaningful employment opportunities. Our packaging strategy includes communicating the dangers associated with alcohol abuse and drinking and driving through health warnings on our product labels.

## 5 DISTRIBUTION, MARKETING AND SALES

We sell our products to various trade customers, which include wholesalers, retailers and tavern owners, with a strong focus on **embedding responsible retailing** and ensuring that our **customers operate in a socially responsible manner** within communities. We develop and distribute ethical and responsible content when marketing and promoting alcoholic beverages to consumers.

## 6 CONSUMPTION

As part of our purpose to create memorable moments and craft a better future for all of our stakeholders, we **promote the responsible consumption of our products**. Our **Social Compact**, undertaken in partnership with external stakeholders, civil society and local industry, drives programmes and campaigns that enable us to take a united stand behind responsible alcohol use.

## 7 MANAGING POST-CONSUMER WASTE

We find innovative ways to **create circular economies along our value chain** and manage post-consumer waste. We are a founding member of **SA Plastics Pact**. **GreenUP** is our flagship recycling programme that aims to formalise an effective value chain for recyclable post-consumer waste in the informal sector. We reduce the impact of glass in our packaging activities by adopting the three Rs of waste management: **reduce, reuse, and recycle**.



# KEY PARTNERSHIPS AND PROGRAMMES ACROSS SOUTH AFRICA

## NATIONAL PROGRAMMES

### Brands with Purpose

### Taverner Training Programme



## EASTERN CAPE

## NORTHERN CAPE



## WESTERN CAPE



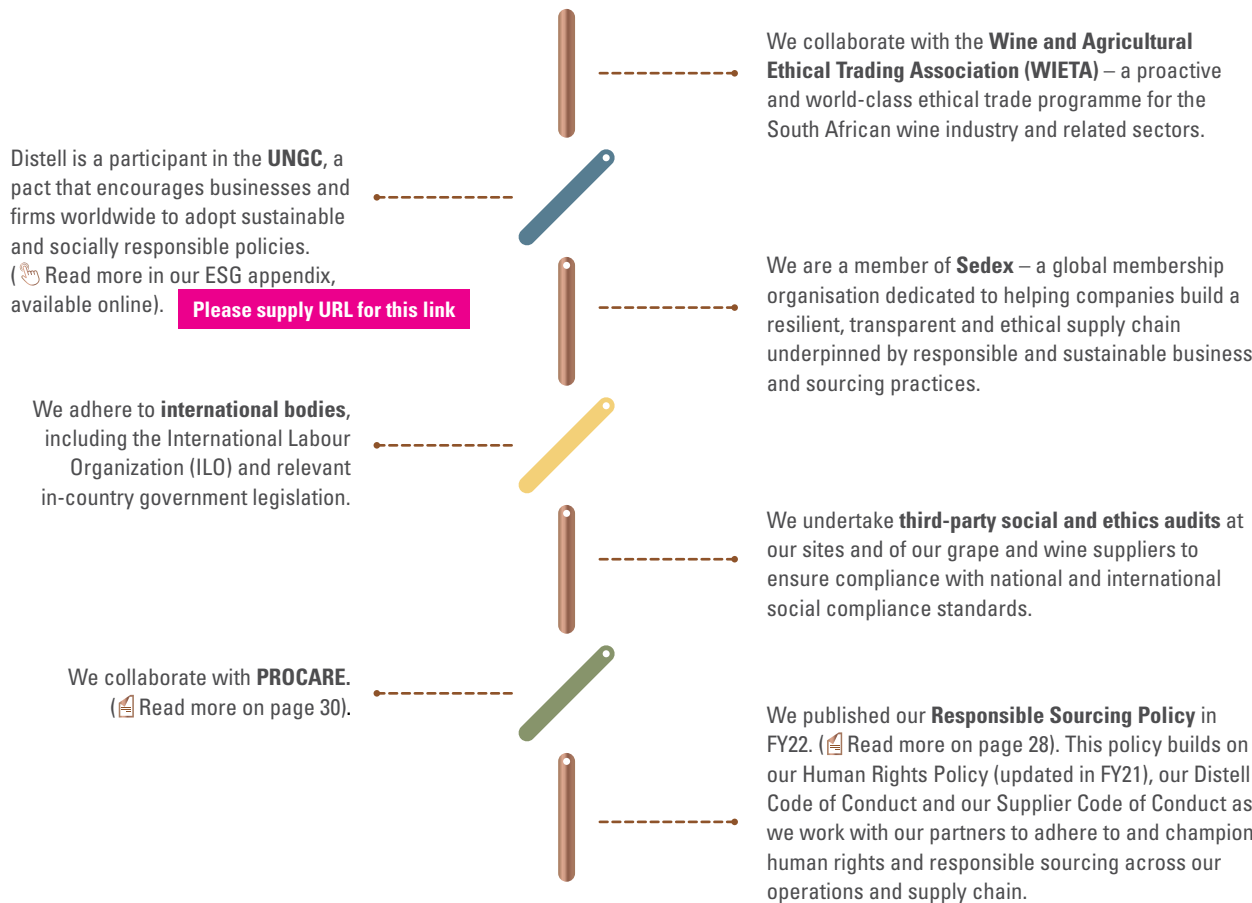
## GAUTENG AND KWAZULU-NATAL





# ENSURING RESPONSIBLE SOCIAL COMPLIANCE PRACTICES ACROSS OUR VALUE CHAIN

Our values are synonymous with our continuous efforts to improve our employees’ health, safety and fundamental rights and 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 labour and social compliance matters.



**The Group’s social compliance approach supports our contribution to our foundational SDGs.**





# ENSURING RESPONSIBLE SOCIAL COMPLIANCE PRACTICES ACROSS OUR VALUE CHAIN CONTINUED

## OUR APPROACH TO RESPONSIBLE SOURCING

We recognise that our long-term sustainability requires a healthy environment and thriving communities and that our success cannot be achieved at the expense of the fundamental rights of the people or the planet.

To deliver on this commitment, we announced the launch of our Responsible Sourcing Policy this year. This policy sets out the minimum standards we expect of our suppliers according to four key principles for social compliance:



### BUSINESS ETHICS AND INTEGRITY

At Distell, we believe that the best outcomes for our employees, business partners and customers are achieved by remaining true to our core values of integrity, honesty and respect. Our partners across our supply chain must uphold the same high standards regarding business ethics and integrity. This means taking a firm stance on matters such as corruption, bribery, fraud and compliance.



### HUMAN RIGHTS AND LABOUR STANDARDS

We are committed to improving working conditions across our supply chain and ensuring that human rights are promoted and respected. Our suppliers must comply with core human rights principles such as a zero-tolerance approach to child labour, forced labour and discrimination. They are also expected to have a grievance mechanism that workers can use to report and remedy human rights and labour breaches. We trained our sourcing managers to ensure that they are properly equipped to monitor and mitigate supplier risks related to responsible sourcing and human rights.



### HEALTH AND SAFETY STANDARDS

We are committed to the highest health and safety standards throughout our operations and supply chain. We prioritise the health and well-being of our workers and their families, communities, suppliers and business partners. We work within a framework of zero harm and strive to mitigate and remedy risk wherever we find it. We engage with our suppliers to ensure this same level of commitment and require systems to be implemented to assess and manage health and safety risks.



### ENVIRONMENT AND SUSTAINABILITY

We believe that protecting the environment is a collective responsibility, involving all elements of our business and engagement with local communities to ensure that our operations do not negatively impact their livelihoods or human rights. In addition to the ambitious environmental targets we have set for ourselves, we aspire to work with our suppliers to ensure regulatory compliance and provide additional support to help them implement environmental policies and best practice.





# ENSURING RESPONSIBLE SOCIAL COMPLIANCE PRACTICES ACROSS OUR VALUE CHAIN CONTINUED

We encourage our suppliers and stakeholders to speak up against ethical breaches to foster a responsible and ethical sourcing culture. We also cascade our Whistleblowing Policy throughout our operations and those of our suppliers. We have a dedicated website, email address and in-country phone numbers where suppliers and their employees can report ethical and human rights breaches. Suppliers and their employees are encouraged to discuss concerns or risks with their Distell key contact at local or facility level.

Contact us if you have any concerns: [distell@ethics-line.com](mailto:distell@ethics-line.com)

**We recognise that driving up standards throughout our supply chain starts with us. Therefore, rather than simply communicating our expectations to suppliers, we are committed to building sustainable partnerships and providing appropriate and ongoing support to our suppliers within a framework of continuous improvement.**

## Looking forward

- We are **developing a supplier self-assessment questionnaire process** that we will use to acquire data that will enable us to determine the level of risk within our supply chain
- We are **determining a list of suppliers where we will conduct on-site assessments** based on their significance to our business and level of risk, with high-risk sites being prioritised

Download or scan the QR code to learn more about our Responsible Sourcing Policy. [Please supply URL for this link](#)



## 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.

Our Human Rights Policy 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 [Please supply URL for this link](#)

**To embed an understanding of the importance of human rights within Distell and to promote responsible behaviour and business accountability, we are undertaking the following activities:**

- We launched **two internal human rights awareness campaigns** to evoke change management, drive a responsible culture across our operations, and uplift our employees. The campaigns leveraged creative elements to embed meaningful engagement and an understanding of our ten human rights principles. Looking forward, we will continue these campaigns and feature them on our SNN.
- We **trained our employees on our Human Rights Policy** to embed it as a key business imperative. Looking forward, we are investigating including this training in our employee onboarding process and making it available on our online learning and management system to increase access and scale. In FY22, 1 217 employees were trained on our Human Rights Policy.
- We will include our Human Rights Policy as a **standing agenda item** at our employment equity and union forums, with additional feedback provided to our social and ethics committee.

**To highlight our commitment to upholding basic human rights and to show support for our Human Rights Policy, we launched a Human Rights Employee Volunteer Project during the year.**

Employees identified non-profit organisations in their communities that advocate for the principles reflected in our policy. These principles include, among others, workplace health and safety, freedom of association, access to water and sanitation, and no harassment or discrimination. Employees identified ways to support these organisations, with additional financial support provided by Distell.



# ENSURING RESPONSIBLE SOCIAL COMPLIANCE PRACTICES ACROSS OUR VALUE CHAIN CONTINUED

## 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 employees on our farms and their families and to help make a difference in their broader communities. Activities include need assessments, informal talks, the distribution of monthly themed posters and pamphlets, and training and life skill programmes with employees, family members and children. PROCARE also offers confidential face-to-face counselling and trauma debriefing to our employees on our farms and their families.

This year, PROCARE focused on the following activities:

- **Ongoing psychosocial support and interventions** on Distell farms, with a focus on training on gender-based violence, substance abuse and underage drinking, financial wellness and emotional health.
- **Youth interventions** at our Nederburg farm to support youths and equip their parents with the skills to help their children develop emotionally and intellectually. These interventions included individual and group-based therapeutic and educational sessions.
- **Training interventions** at four local economic development farms.
- **Substance abuse and gender-based violence interventions** at three shared value sites in Soweto, Alexandra and Khayelitsha.
- **Substance abuse and gender-based violence interventions** at Distell member cellars and producer farms.

Find out more about PROCARE [Please supply URL for this link](#)







# BRANDS WITH PURPOSE

Social and environmental responsibility is part of our DNA, and this commitment extends to our brands. We are on a journey to embed purpose into our brands as we move forward to create shared value and pave the way for a purpose-led future.



**Brand:** Savanna  
**Purpose:** 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 its launch, the platform has supported more than 100 South African comedians, and we have invested more than R6 million in South Africa's local comedy scene. In 2022 we launched our brand campaign Sipport Can and donate towards rebuilding South Africa's comedy scene with every can sold.



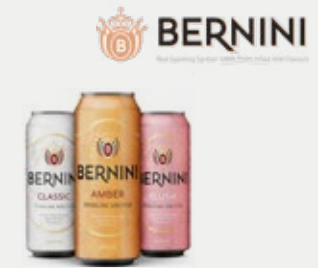
**Brand:** Hunter's  
**Purpose:** Creating new platforms for creative expression  
 Hunter's is a long-time supporter of South Africa's music scene. We partnered with Jacquel Culture House to provide a platform for young talent to make waves in the local music scene. Hunter's Jacquel Culture House is an accessible empowerment platform for the local music industry. This collaboration lowers barriers and opens doors for young talented musicians to create their own sustainable success, underpinned by real-world learnings, mentorship and digital content platforms.



**Brand:** 4th Street  
**Purpose:** Connecting communities  
 4th Street is uplifting communities by giving them the tools, connections, collaborations and inspiration to go 4th and connect. This includes providing branded Wi-Fi hot spots and solar lights in community spaces and taverns, thereby creating access to safe and connected social spaces.



**Brand:** Amarula  
**Purpose:** Inspiring generosity of Spirit  
 As a brand with purpose, we'll do everything we can to protect the elephants, strengthen communities and build a sustainable future within our marula fruit ecosystem and beyond. We demonstrate this commitment and resonate with conscious consumers to grow our Amarula brand initiatives and champion the greater good.  
[Read more about Amarula on page 82.](#)



**Brand:** Bernini  
**Purpose:** Realising the unbound potential of women  
 In 2020, Bernini launched the Squadcast; a female empowerment series focused on personal stories of success in the face of challenges. This series ran for six seasons and reached around three million South African women. In 2021, Bernini partnered with a women-owned initiative called 'One Voice South Africa' to empower women with entrepreneurship and workplace preparedness skills to enable financial freedom and social upliftment.





# BRANDS WITH PURPOSE CONTINUED

Globally and locally, we have noticed consumers shifting towards brands with purpose and things consumers care about. Our marketing activities and brands provide a powerful platform to make a positive difference in the lives of our employees, consumers and communities – particularly as we work hard to create purposeful brands. We are therefore focused on looking for opportunities to make an authentic contribution to society and believe we are making good progress on this important journey.

## Natasha Maharaj

Director: marketing southern Africa



**Brand:** Bain's  
**Purpose:** Advancement through fuelling curiosity  
Through curiosity and experimentation, we are continuing our efforts to reduce, reuse and recycle waste at the James Sedgwick Distillery.



**Brand:** Esprit  
**Purpose:** Celebrate authentic  
Sustainable fashion goes beyond eco-friendly textiles and recycling. It's also about people, and skills development in South Africa. Esprit is supporting 42 students as they study to create a sustainable local fashion industry, and will leverage opportunities to assist top students to grow within the fashion industry and commercialise their designs and businesses.



**Brand:** Extreme  
**Purpose:** Harnessing the power of positive energy  
Extreme partnered with the SboNdaba Dance NPC to uplift and empower aspiring South African street dancers through community-based training and job creation.



**Brand:** Three Ships  
**Purpose:** Inspiring South African excellence  
Three Ships Whisky inspires South African excellence by evoking a spirit of determination and providing a platform for exceptional South Africans to share their stories of homegrown ingenuity, passion and excellence.



**Brand:** Viceroy  
**Purpose:** Building character through culture and tradition  
Viceroy aims to guide and impart knowledge about past cultures and traditions to help inform the present and become a partner in creating a progressive, tolerant and empowered society.



**Brand:** Klipdrift  
**Purpose:** Inspiring deeper connections for fuller lives  
Friends step up and help one another – Klipdrift wants to inspire these connections in communities across South Africa.





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# Messages from our leadership

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-



## A MESSAGE FROM THE CHAIRPERSON OF OUR SOCIAL AND ETHICS COMMITTEE



### **Distell continues to embed itself meaningfully in society and acts as a partner to the communities within which it operates.**

Despite facing unprecedented disruption in recent years, Distell once again found opportunities to move forward as a business after starting the year with a focus on rebuilding and restoring performance to pre-COVID-19 levels. This was never going to be easy considering the rising number of social and environmental issues along its value chain, such as social instability, civil unrest, floods, drought and increasing local inequality and unemployment.

However, Distell remained committed to deepening its partnerships with stakeholders and finding new and innovative ways to increase its positive impact at scale. This commitment is reflected in Distell's shared value journey, which commenced in 2021 and gained impetus over the last financial year. As the social and ethics committee, we believe this journey is a testament to the fact that the Group recognises its responsibility to act as a conscientious corporate citizen. We are particularly encouraged by the Group's actions to leverage its position as a leading South African alcoholic beverages company to benefit its stakeholders, customers and communities.

### **PURSUING COLLABORATION TO SUPPORT RESILIENT AND INCLUSIVE SOCIETIES**

As a committee, it remains of utmost importance to us that Distell acknowledges its role in encouraging the safe consumption of its products and plays its part in addressing social harm such as FASD, drink driving and interpersonal violence. Even more important, these efforts must be measurable and scalable to deliver true societal benefit instead of serving as a mere tick-box exercise.

The manner in which Distell has approached its Social Compact, which is underpinned by science-based data and empirical evidence, affirms our belief that the business recognises its role in building a better South Africa. We have been able to track the impact of Distell's programmes and gain insight into how many lives have been touched, jobs created, or livelihoods sustained.

Another important element that bolsters the strength of Distell's Social Compact is its focus on local and global multi-stakeholder collaboration. Combating alcohol-related harm requires an inclusive approach and the support of government and other relevant stakeholders to bring about meaningful change. Distell's Social Compact presents a bold step forward in encouraging ownership of South Africa's social problems by multiple players.

Overall, partnerships remain essential to deliver on the transformational changes required by the SDGs. 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 in living its purpose and supporting its vision of making a difference by creating shared value in its chosen markets.





# A MESSAGE FROM THE CHAIRPERSON OF OUR SOCIAL AND ETHICS COMMITTEE CONTINUED

## TRANSFORMATION AND EMPOWERMENT

**Transformation and empowerment are critical to Distell's success and remain pivotal to its long-term strategy.**

In recent years, Distell has developed and entrenched business processes that support transformation. This includes taking a focused approach to B-BBEE and its related elements.

After maintaining a B-BBEE level 4 for the past years, FY22 was an incredible year for Distell as the Group improved its B-BBEE score to a level 3. This was thanks to an exceptional performance by preferential procurement and maintaining full scores for enterprise and supplier development and socio-economic development.

There is certainly room for improvement – for example, there is still work to be done to improve Distell's workforce profile at top and senior levels. The Group recognises these challenges and has implemented programmes and initiatives to address them. This is underpinned by targeted investment and concerted effort to ensure employees are well-developed and world-class.

Looking forward, we believe that Distell's commitment to B-BBEE positions it well to increase access and participation and enhance the livelihoods of all South Africans equitably and sustainably.

## ONGOING MONITORING OF DISTELL'S ESG PERFORMANCE

Distell's stakeholders increasingly expect evidence of progress tracked against metrics and targets. It is encouraging that the Group has embraced this responsibility and monitors performance against a multi-year strategic plan. This is supported by its Group-wide STI scorecard that includes non-financial measures based on four primary SDGs. This was an important step to elevate and drive accountability for the Group's sustainability journey and demonstrates a commitment to take a leadership position on ESG in South Africa.

Distell achieved a record-high lost-time injury frequency rate of 0,69 this year – putting the Group in line with industry best practice of below 1,0. This achievement reflects the Group's reinforced commitment to ensure that every employee returns home safely at the end of each day and is particularly pleasing considering the significant health and safety risks that employees continue to face due to COVID-19.

While the Group achieved its stated FY22 targets against water usage, non-renewable energy usage, fossil fuel-based energy usage and wastewater discharged, it unfortunately missed its GHG emissions reduction target. This was due to high production volumes across all sites, which pushed up electricity consumption. The high frequency of loadshedding further impacted GHG emissions as it increased the Group's reliance on non-renewable energy sources such as diesel.

This missed target is unfortunate. However, Distell has made considerable progress over the years to improve efficiency and unlock potential across its value chain. Specific initiatives include, among others, supporting sustainable agricultural value chains, increasing procurement from black-owned and black women-owned businesses, investment in enterprise and supplier development initiatives through its E+Scalator and Agri+Gator programmes, waste management, CO<sub>2</sub> reduction and reduced water usage. In the supply chain environment, gender equity can be challenging. It is therefore also impressive to see the deep bench of women in Distell's supply chain who will transition into management roles in the medium term.

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

**Distell's leadership embraced the committee's guidance during the year, and initiatives were consistently undertaken with the higher purpose of Distell being a good corporate citizen and positively impacting stakeholders.**

## A NOTE OF APPRECIATION

We were all shocked and deeply saddened by the sudden passing of our colleague André Opperman. André was appointed to the executive team in early 2019 and was with the Group for six years in various human resources leadership roles. His contribution to the Group, Distell's people, and in particular the Group's culture change journey and response during the pandemic were invaluable. He is greatly missed. Our sincere condolences to his family, friends, and colleagues.

## OUTLOOK

**Distell is on the brink of something new, and the prospects for growth are exciting. This includes the career prospects of its people and the significant potential economic contribution the Heineken transaction can bring to South Africa.**

As the business looks forward to an era of transition, change and opportunity, we are confident that the investments made in fostering an ethical, accountable and entrepreneurial culture and sustainable and best-in-class manufacturing and distribution platforms have set the business up for long-term success.

The Group is on the right track, as seen by Distell retaining its certification as a constituent company in the FTSE4Good Index Series. We look forward to seeing how the Group will leverage opportunities in the year ahead, alongside its strategic partners and stakeholders, to create and preserve value for future generations.

**Gugu Dingaan**

*Chairperson of the social and ethics committee*

23 September 2022





# A MESSAGE FROM OUR GROUP CEO



**Distell continues to demonstrate its resilience and agility in the face of many challenges, and we are proud to remain competitive and thrive – while acting with care.**

I am proud to present Distell’s 2022 sustainability report. This is a great opportunity to reflect on and share with our stakeholders what we have collectively achieved as a business and the significant and sustained improvements we continue to make across our value chain.

The investments we have made – in our brands, people, environmental and social sustainability, supply chain and route-to-market capabilities, including our digital transformation journey – are yielding positive results, both in terms of financial performance and shared value creation for the benefit of our stakeholders.

### EMBEDDING SHARED VALUE IN OUR STRATEGY

Our business has long recognised that our success is closely linked with the prosperity of our communities, consumers and the responsible use of natural resources. This balance is at the core of our sustainability commitment. It is on this premise that we have invested significantly in partnerships and programmes along our value chain, for many years, to address societal and environmental issues. Notwithstanding the amount of work that still needs to be done, we are proud of the positive impact we have made.

One of the most exciting shifts along our sustainability journey in the last two years has been the move away from corporate social responsibility towards a shared value approach. In our view, this is the right move. Shared value connects our success with that of society and has the potential to unlock significant opportunities for the Group while positioning us as a force for good in our communities.

We are certainly not shared value experts, and this is new terrain for us. We have embraced this principle and are working together with our stakeholders and partners to understand how we can address our





# A MESSAGE FROM OUR GROUP CEO CONTINUED

## EMBEDDING SHARED VALUE IN OUR STRATEGY CONTINUED

biggest ESG challenges while driving scalable, high-impact projects that bring our vision to life. You can read more about our shared value journey on [page 13](#).

Looking forward, we will review existing business opportunities and programmes (operational, human resources and sustainability-focused) with a view to better aligning them with our shared value journey. This includes developing a comprehensive plan of action, which clearly highlights our objectives and the outcomes that we want to achieve.

## DRIVING SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

**We remain firmly committed to advancing a better world for all. Promoting the responsible enjoyment of our products is one way we can achieve this objective.**

In this respect, I am immensely proud of our Social Compact. While this compact was officially launched last year, it is the outcome of many years of tireless work to understand how we can play a meaningful role in helping South Africans foster a positive relationship with alcohol. Similar to our shared value journey, our Social Compact is a game-changer for Distell. It has created opportunities for us to work alongside partners, external stakeholders and industry bodies to develop scalable, high-impact change management programmes that encourage consumers to make safe and healthy choices when consuming alcohol. This includes raising awareness about and taking concrete action against health and societal problems such as drink driving, FASD and interpersonal and gender-based violence.

Significantly, our Social Compact is founded on our firm belief that we cannot act alone to build a better and more resilient South Africa. We need to work together and find opportunities to leverage learnings, investment, resources and skills to deliver true societal impact. While our Social Compact primarily aims to promote responsible consumption, we also use it to find opportunities to empower South African communities and help them thrive economically. We believe this is one of the most important ways to address the challenges South Africans are facing.

For example, our Social Compact includes a programme to uplift unlicensed taverns through formalisation or convert them to alternative, viable businesses where licensing is not possible. Not only does this create economic opportunities for these businesses, but it also

positions them as safer spaces for communities to gather. This programme demonstrates the potential of taking a shared value approach, and we want to increase its scale and scope in the year ahead.

We have also pledged our support for the CGCSA's nationwide infrastructure delivery and job creation programme. Led by the CGCSA and supported by members, this programme promotes partnerships and collaboration between government, businesses and communities to achieve four key outcomes through a series of interventions. These outcomes include reliable electricity and water supply, well-maintained roads and safe and secure communities.

Beyond our Social Compact, we continue to invest significantly in programmes to uplift livelihoods across our value chain, focusing on empowering black owned and black women-owned businesses, young people and small to medium-sized enterprises. We remain committed to developing transformational partnerships within South Africa's agricultural sector that generate long-term value for the national economy. This is part of our ambition to contribute meaningfully to land transformation and food security challenges in South Africa, which remain a priority concern for business, society and government.

Distell's strong focus on social responsibility is supported by tangible commitments and targets to preserve scarce natural resources. This is a journey we began a few years back, and I am proud of the actions we have taken to safeguard the resources on which we and our stakeholders rely.

Further to our commitment to promoting environmental responsibility, we continue to identify new opportunities to develop circular economies and minimise the impact of our products on the environment. This includes taking an active role in response to the EPR regulations announced last year.

In particular, we must recognise the traction gained through GreenUP, our flagship recycling programme that aims to formalise an effective value chain for recyclable post-consumer waste in the informal sector. We have increased the scale of this programme, which is now being rolled out across three provinces in South Africa. We have also established strong local and international partnerships to help us drive this programme forward in the years ahead.

We are mindful that we work alongside and rely on key partners and suppliers and are responsible for ensuring that they uphold the same standards of social and environmental compliance as we do. During the

year, we launched our Responsible Sourcing Policy, which sets out the minimum standards we expect from our suppliers. To support them on this journey, we have committed to providing ongoing support within a framework of continuous improvement.

Ultimately, we remain firm in our belief that collaboration is critical to success. This belief is reflected in our commitment to the SDGs and the many long-standing and rewarding partnerships we have across our value chain, many of which are featured throughout this report. We look forward to building on past successes and applying our learnings as we find new ways to work together to do good in our communities.

## OUTLOOK AND APPRECIATION

We are cautiously optimistic about the future but also fully aware that many of the challenges we faced in the past year, which include global supply constraints, raw material shortages and the risk of COVID-19 flaring up, will remain for the foreseeable future. That said, together with my executive management team, we have every confidence in our company's resilience and Team Distell's ability to navigate these challenges.

My deepest appreciation to the board and executive management team for their support. To every employee, Distell's resilience and agility are in no small part thanks to your dedication, drive and hard work. I am proud that our people demonstrated determination to overcome what sometimes seemed like insurmountable challenges.

We remain cognisant of the challenges in our operating environment and know that we can always do better. With this in mind, we are excited about the opportunities for synergies, learning and growth that could arise from the transaction involving Distell, Heineken and Namibia Breweries Limited, upon final completion anticipated to be by the end of 2022.

The year ahead will no doubt be interesting, exciting and challenging. We look forward to finding new opportunities to be better as a business and to continue doing more for our people, communities and stakeholders.

**Richard Rushton**  
Group CEO

23 September 2022





**DISTELL**  
CRAFTING BRANDS SINCE 1925

# Governing sustainability

46 Oversight and accountability of  
our SDG journey

Please suppl





# GOVERNING SUSTAINABILITY

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

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.

URL for this link

Read more about our board (including detail on board diversity, skills and experience), the key topics addressed by the board in FY22 and our governance systems and structures in our **integrated report**.

The SEC is the ultimate custodian of sustainability at Distell. 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.

**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**.

Please supply URL for this link

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.

“Distell’s social and ethics committee plays a role of paramount importance and has a responsibility to ensure the Group remains alert to issues at hand and responds in the best interests of its stakeholders. This responsibility will only increase as the world faces a growing list of social, environmental and governance challenges that require an urgent and considered response by business, grounded in ethical, sustainable and agile practices. As the social and ethics committee, we are encouraged by Distell’s commitment to track its ESG performance and report on its achievements and challenges in a transparent way. This includes enhancing its ESG disclosures in line with reporting best practice and local and international reporting guidance.”

**Dr Prieur du Plessis**

Member of Distell’s social and ethics committee





# GOVERNING SUSTAINABILITY CONTINUED

## ALIGNING TO RELEVANT ESG STANDARDS AND INITIATIVES

Across our sustainability and integrated reports, we unpack the social, environmental and governance-related issues that are strategically important to Distell. We are committed to ensuring that the information we disclose is fit-for-purpose and provides our stakeholders with a comprehensive and comparable response to ESG issues and opportunities along our value chain. We are therefore tracking local and global developments in ESG reporting and taking steps to expand our disclosures in line with the reporting requirements of the TCFD and SASB. We have also provided an expanded set of non-financial metrics in our ESG appendix, taking guidance from the GRI's Sustainability Reporting Standards to increase transparency on our performance.

Refer to our ESG appendix for more information.

Please supply URL for this link

## 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. We continue to apply this methodology to the various programmes along our value chain and leveraged this approach when developing our Social Compact, focusing on ensuring that we deliver meaningful behaviour-change programmes informed by accurate and transparent data and empirical evidence.

## 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 39, 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 social and ethics committee, which comprises four members of our board.

Refer to our ESG appendix for more information.

Please supply URL for this link

## 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.

Download our Tax Strategy.

Please supply URL for this link

## 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. Any such attempts are not tolerated.

- Download our Anti-fraud and Anti-corruption Policy.
- Download our Anti-bribery and Corruption Policy.

Please supply URL for this link





# GOVERNING SUSTAINABILITY CONTINUED

## HOW WE GOVERN AND MANAGE RISK

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.

Read more about how we govern and manage risk in our **integrated report**. [Please supply URL for this link](#)

## INFORMATION GOVERNANCE AND CYBER SECURITY

Improving and fostering a digital risk culture remains a priority for Distell, ensuring stakeholders are aware of the hidden risks in the cyber world and how intangible assets like data/information can have a significant impact on conducting modern-day business. Distell is aware that the rewards of a digital transformation journey can only be fully realised if the associated digital risks are managed. Our response to our key IT-related risks include, among others, implementing continuous security awareness training and self-phishing simulations, monitoring and remediating system vulnerabilities and misconfigurations and investing in strong authentication for internet-facing systems as well as advanced email protection.

Read more about our digital risk landscape and response to our key IT-related risks in our **integrated report**. [Please supply URL for this link](#)

## REPORTING UNETHICAL BEHAVIOUR

We provide an Ethics Line which is managed by an independent party. The Ethics Line is a confidential 24/7 whistle-blowing service that operates 365 days a year. Actions to ensure effective ethics management during 2022 included formulation of an ethics training programme and materials, phased implementation of the training programme focusing on high-risk areas and communication to employees regarding whistle-blowing statistics and investigation outcomes.

Contact our Ethics Line. [Please supply URL for this link](#)





# GOVERNING SUSTAINABILITY CONTINUED

## OUR APPROACH TO FAIR AND RESPONSIBLE REMUNERATION

We are committed to the principle of fair and responsible remuneration at Distell. We consider the fairness of executive remuneration in the context of the remuneration of all employees and undertake continual assessments to ensure that we address any concerns regarding gender or race pay gaps.

When assessing our approach to remuneration, it is important that our stakeholders consider our industry, geographical footprint and operating model. Our employees have widely different pay levels and structures based on the nature of our operations, which include farms, distilleries and sales forces operating in different territories around the world. While there are challenges, we are committed to identifying and addressing any unjustifiable remuneration disparities within Distell.

## ONGOING INITIATIVES TO ENSURE RESPONSIBLE AND FAIR REMUNERATION PRACTICES

- **To ensure fair compensation, we undertook an exercise to ensure the basic salary that a temporary employee received was equal to that of a permanent employee when undertaking the same activities.**
- **We commissioned an independent Equal Pay for Work of Equal Value audit across our various functions and job grades to identify unjustifiable disparities in gender, race, tenure, region and more. No unjustifiable disparities were identified during this process.**
- **We commissioned an independent assessment of our remuneration that provided a statistical analysis of income distribution across management grades. No unjustifiable disparities were identified during this process.**
- **We contracted an independent assessment of our remuneration for gender and race across our markets globally. No unjustifiable disparities were identified during this process.**

**We recognise and are sensitive to the significant wage gap in South Africa between top managers and the lowest-level employees. We continuously monitor these multiples to determine how Distell compares to benchmarks in this regard.**

**The remuneration committee, and ultimately the board, reviews and approves the remuneration of executive directors and executive management reporting to the CEO, ensuring independence and transparency.**

**We invest in the growth and development of our employees to facilitate career advancement and bolster remuneration.**

**All variable pay is subject to the achievement of stretch performance conditions, carefully calibrated and selected by the remuneration committee, ensuring a close alignment with shareholder value creation over the long term.**

**We publicly disclose the link between pay and performance in our remuneration report.**

**We have collective agreements with recognised trade unions on a fair and responsible minimum wage.**





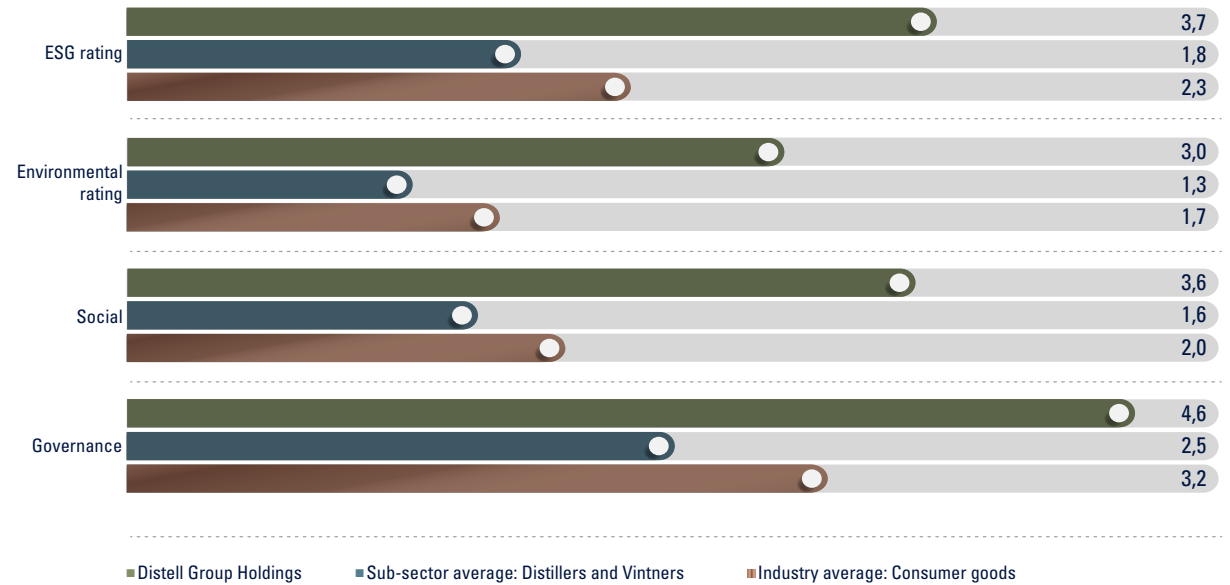
# GOVERNING SUSTAINABILITY CONTINUED



## Distell is a constituent company in the FTSE4Good Index Series

In 2022, 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 3,7 out of 5, with outstanding decile performances related to social and governance practices.

### Distell Group Holdings vs subsector and industry averages (rating)





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# OVERSIGHT AND ACCOUNTABILITY OF OUR SDG JOURNEY CONTINUED

1

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.

4

In 2019, we **identified key internal performance indicators** that will be used to track our contribution to our chosen SDGs. Read more on page 18. Once we agreed on the internal performance indicators, we investigated resourcing for success. This included a better understanding of the time, investment and internal action plans required to deliver on our commitments.

7

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.

2

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.

5

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.

8

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. Read more about our scorecard on page 17.

3

We undertook several **benchmarking exercises** to assess our progress against our peers and worked alongside the National Business Initiative to better understand how our journey and associated outcomes compared with local and global best practice.

6

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.**

9

In 2021 we **developed the Distell Sustainability News Network (SNN)** and launched the platform in 2022. Read more about this on page 13.



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# OVERSIGHT AND ACCOUNTABILITY OF OUR SDG JOURNEY CONTINUED

## OUR SDGS HAVE BEEN ALLOCATED TO OUR EXECUTIVE MANAGEMENT TEAM



“Inclusive economic growth requires the ongoing economic empowerment of women. Both society and business lose greatly by not untapping the full potential of women, and we are clear in our commitment to eradicating barriers and promoting the full participation of women in the economy. In South Africa, we are scaling up our efforts to incubate black women-owned businesses within our supply chain and have increased our procurement spend with these businesses by 154% over the last three years. We also create opportunities to empower women through transformational community partnerships and by working with strategic business partners along our value chain. This includes supporting women’s empowerment through our Taverner Training Programme and our GreenUP recycling initiative. Internally, we are advancing the role of women in the workplace, and I am particularly proud of the fact that Distell employs some of the best women in the industry. Looking ahead, we remain committed to ensuring that women have opportunities to thrive.”

**Kate Rycroft**

*Managing director: venture business*



**Foundational**

“To build a better world, we cannot act alone. Rather, we need strong, integrated, multi-stakeholder partnerships at all levels to enable us to find effective solutions to complex societal and environmental issues. Within Distell, we have established long-standing partnerships with a wide range of stakeholders that include academia, suppliers, industry associations, organised labour, NGOs, government and civil society. The value of these partnerships has never been clearer as we look to work together to deliver on our commitment to the SDGs and the UN’s 2030 Agenda for Sustainable Development.”

**Eric Leong Son**

*Acting director: corporate and regulatory affairs*



“We continued to deliver on the programmes and commitments outlined in our Social Compact, which serves as a promise to South Africa to play our part in promoting the responsible enjoyment of our products. This we do while finding opportunities to empower, grow and uplift our communities. Our Social Compact is delivered in partnership with key government departments and valuable stakeholders that includes the South African National Council on Alcoholism and Drug Dependence (SANCA), the National Liquor Traders Council (NLTC), Aware.org.za and many others who are working side-by-side with Distell. I am proud of the progress we’ve made in leading a positive alcohol narrative that reduces the harmful consumption of alcohol and allows us to build a better and prosperous South Africa”

**Wim Bührmann**

*Managing director: southern Africa*



**Primary**







# OVERSIGHT AND ACCOUNTABILITY OF OUR SDG JOURNEY CONTINUED



“As Africa’s leading producer and marketer of ciders, RTDs, spirits and wines, we are responsible for leading the way and demonstrating innovation and thought-leadership on how we carefully and sustainably manage water use. We recognise that this is critical as water is a finite resource on which all life depends. In addition to the work we are doing to optimise water consumption in our operations, we partner with leading organisations to implement best practices. These partnerships include, for example, being a funding member of the Strategic Water Partners Network, which provides an excellent opportunity to collaborate with a wide group of stakeholders to address South Africa’s water challenges. We will continue to invest in these partnerships and practices as we go further on our journey to be an even more sustainable and responsible corporate citizen.”

**Johan van Zyl**  
*Director: supply chain*

“Our commitment to making a real difference is reflected in our purpose and vision to create shared value in our chosen markets. This approach ensures that our success does not come at the expense of the well-being, safety or prosperity of our partners, stakeholders or communities. I am proud of Distell’s ongoing investment in talent development, employment security, localisation, enterprise and supplier development and job creation that contribute to economic growth and development of the regions we operate in. This commitment remains core to who we are as a business, and we look forward to finding even more opportunities to scale up our impact and be a strong partner for growth along our value chain.”

**Richard Rushton**  
*Group CEO*

“We embrace shared value in the way we design and evaluate business opportunities to boost sustainability. We are advancing a culture of responsible drinking, underpinned by our Social Compact and strong partnership network to implement behaviour change interventions. We seek to address poverty and inequality as a foundational context of alcohol abuse. At the same time increasing the resilience of our value chain through trade upliftment and uplifting livelihoods through programmes such as E+Scalator and Agri+Gator. We are also focused on having a positive environmental impact throughout our value chain via innovative business models, products and packaging. This includes finding enterprising ways to create circular economies, of which our flagship GreenUP recycling programme is a great example.”

**Donovan Hegland**  
*Director: growth and innovation*



Primary





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# Engaging with our stakeholders

49 Our stakeholder universe

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# ENGAGING WITH OUR STAKEHOLDERS

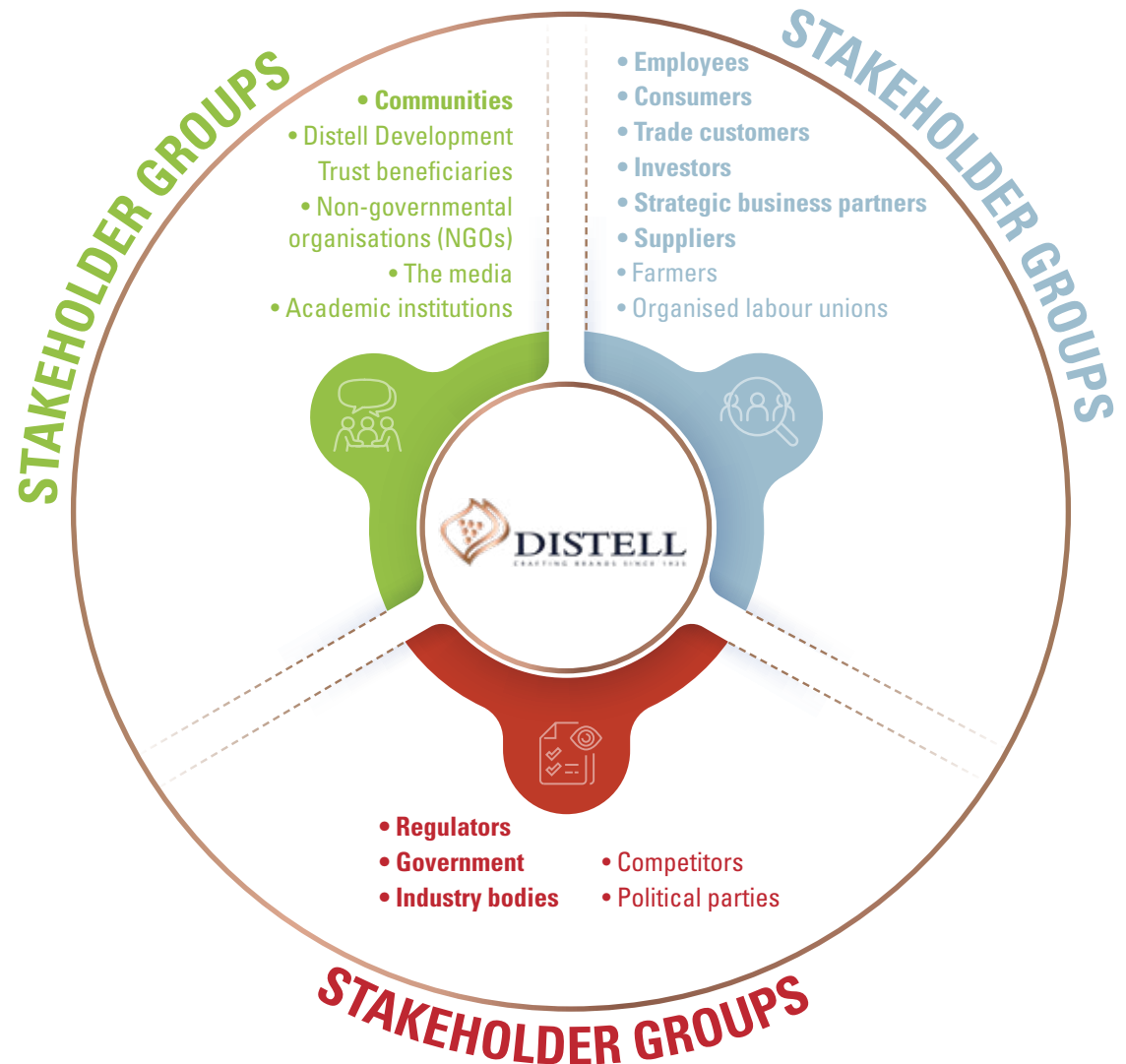
## OUR STAKEHOLDER UNIVERSE

We are committed to maintaining sound, transparent relationships with all our stakeholders and to understand and respond to their interests and expectations.

The social and ethics committee is responsible for oversight of effective stakeholder engagement on behalf of the board. The committee oversees and monitors the implementation of the Group Stakeholder Management framework, which outlines our philosophy and guides our stakeholder relationships through a stakeholder segmentation strategy.

We engage with a variety of stakeholders, and in 2022, we remapped and expanded our stakeholder universe. The highlighted groups remain those that have the most material 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.

For a high-level profile of each material stakeholder group and a summary of our stakeholder management approach for each, refer to our **integrated report**.





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# Our operating context

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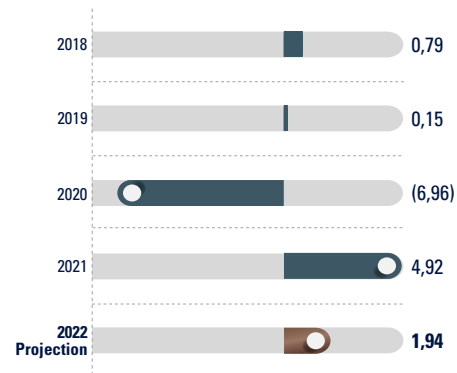
# OUR OPERATING CONTEXT

We identified the following material external drivers that impact our strategy. We consider them when addressing challenges and trade-offs, and to assist focused decision-making from board oversight to strategic management and the allocation of capital, to our everyday operations.

## MACRO-ECONOMIC AND GEOPOLITICAL VOLATILITY IN OUR COUNTRIES OF OPERATION

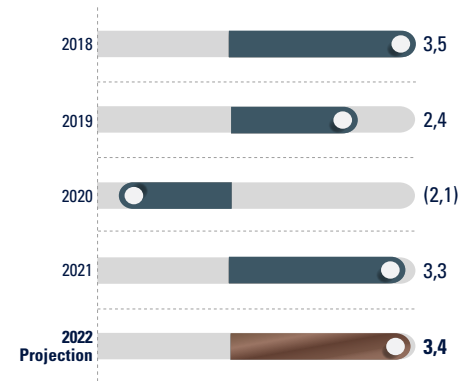
In terms of consumers' disposable income, the macro-economic and severe geopolitical challenges across the globe – and particularly in South Africa – presented significant headwinds. The South African economy has long been characterised by high unemployment levels, rising household costs, restricted consumer spending, low growth and muted investor confidence. In 2022, this recessionary environment was exacerbated by lingering COVID-19 restrictions, riots and unrest in KwaZulu-Natal and Gauteng, devastating floods, global supply chain challenges, electricity constraints, and rising inflation in an already tough economy.

### South African annual gross domestic product (GDP) growth (%)<sup>1</sup>



Africa has a young population, fast-growing cities and increasing disposable income. As such, our strategic expansion in Africa provides access to high-growth markets. Our strategy of prudently investing in diverse markets where we can establish local partnerships has provided excellent results over the past years, despite volatility across the continent.

### Annual GDP growth in Africa (%)<sup>2</sup>



### Our response

These challenges are severe, but they are not new. Our geographic footprint includes a mix of high- and low-growth markets. We remain confident that by maximising the advantage of our wide range of brands through targeted investment, and by leveraging our extensive South African and African routes-to-market, we are still positioned for growth. In addition, by pursuing our shared value vision, we can help solve the socio-economic problems in our core markets, which will lead to future profits.

## SHIFTING CONSUMER BEHAVIOURS AND NEEDS

Our consumers' lives have changed over the past few years, giving rise to trends that are enduring even as the world moves on from COVID-19.

- Since disposable income remains under pressure, people have become more discerning in how and where they spend their money.
- The lingering effects of COVID-19 restrictions mean many people still prefer to socialise at home or in smaller groups.
- People are increasingly health-conscious and consume less alcohol. In addition, more consumers look to purchase brands that demonstrate the values they resonate with.

### Our response

Distell's brand portfolio includes a mix of high- and low-growth categories, so while some of our brands may decline because of changing consumer preferences, others will grow. We always aim to deliver quality products and good value, and we enhance the quality of our products by including healthier ingredients and less alcohol. Our dedicated data analytics and growth and innovation teams closely monitor consumer trends to ensure we can respond timeously. Our focus in terms of innovation is to create memorable, customised experiences.

## RESPONDING TO CONSTRAINTS AND DISRUPTIONS IN GLOBAL SUPPLY CHAINS

The supply and demand mismatch caused by COVID-19 restrictions to movement and alcohol bans in various geographies has not yet stabilised. Because of the unpredictability of demand for glass during the alcohol bans in the earlier COVID-19 lockdown levels, South African glass suppliers depleted their reserve stock early in 2022.

### Our response

We developed a sophisticated supply chain risk assessment methodology, which enables us to assess these risks down to market and product levels. We have also invested in integrated business planning and forecasting software, including an end-to-end demand planning platform.

1 Source: Statista  
2 Source: African Development Bank.



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# OUR OPERATING CONTEXT CONTINUED

## THE IMPACTS OF CLIMATE CHANGE

Climate change poses a risk to both apple and grape yields, the quality of yield and the availability of certain cultivars in the future. Included with climate risk is the ability or inability of producers to mitigate against climate change, including whether they have the available financial resources to fund adaptation practices. The potential areas of impact on Distell's business could include higher costs of wine due to lower yield, reduced levels of supply, changes in cultivars impacting our portfolio and our own wine brands that are tied to specific geographical territories, like Durbanville Hills, could face reduced supply or have to change their portfolio.

### Our response

We have engaged with stakeholders across our value chain to sketch possible future scenarios and plan mitigating actions. These engagements are ongoing and include, for example, crop impact analysis (climate projection data will be used to model the impact on yield, cultivar and quality per district level for the South African industry and Distell) and financial impact analysis (crop impact analysis will feed a financial evaluation of impact on producers at district level). Wine industry scenarios will be developed using two pivotal uncertainties: low vs high temperature ranges on climate change forecasts and the ability of producers to mitigate climate change impacts. We also commissioned local sustainability consultants to conduct a climate change assessment on wine and apple producing areas in South Africa. Their forecast included an outlook by producer district until 2040 and 2060 respectively, indicating a significant rise in temperature which could impact our source crops.

Read more about our response to climate change from page 88.

## SUPPORTING OUR PEOPLE THROUGH CHANGE

Attracting and retaining talent to pursue our growth strategy is crucial, specifically to accelerate digital transformation. Our employees require a more flexible employment model and new and innovative ways of engagement and communication to increase morale.

### Our response

We are designing a flexible employment model for implementation where appropriate, keeping work-life balance and digital wellness in mind. Our various training programmes at all levels of the business help employees develop their skills and careers.

Read more about what we are doing to support our people through change from page 101.





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# Advancing a culture of responsible drinking

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# PROMOTING RESPONSIBLE DRINKING

“ Consistent with our purpose to create memorable moments and craft a better future for all our stakeholders, we promote the responsible consumption of our products. ”

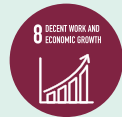
Our responsibility to promote responsible drinking extends into the communities where our products are consumed. We pursue multi-stakeholder collaboration to bring about meaningful change, recognising our role within a broader ecosystem that requires an inclusive approach to combat alcohol-related harm. Alongside key strategic partners, we have developed a range of responsible drinking initiatives to encourage consumers to make responsible choices when it comes to alcohol consumption. We invest in programmes that help consumers stay safe and strive to create a culture of responsible drinking that prioritises health, well-being, and bringing communities together.



## Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development



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.

## 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 promoting responsible drinking. The SEC’s specific focus areas that relate to promoting responsible drinking include:

- Consumer relationships
- Stakeholder relationships
- Good corporate citizenship and 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. This is supported by our corporate and regulatory affairs department, which works alongside our marketing and human resources departments to operationalise our commitments to alcohol harm reduction.

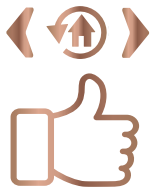
Supporting internal policies, systems and controls:

- 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).







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# PROMOTING RESPONSIBLE DRINKING CONTINUED

## OUR SOCIAL COMPACT TO PROMOTE RESPONSIBLE CONSUMPTION

Our Social Compact outlines our commitment to work together with our strategic partners to promote responsible consumption through science-based, behaviour-led change management programmes and related campaigns that create sustainable, high-impact avenues to work towards a better South Africa. 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 focus areas are summarised below and unpacked in more detail on the following pages of this report.

1 BINGE AND HEAVY DRINKING	<b>Behavioural science research</b> Soweto Pilot Project. Understanding the behaviour behind binge and heavy drinking 		<b>Drink IQ Campaign</b> Online training programme in partnership with Ciogeo	<b>Alcohol Abuse Rehabilitation</b> Identified individuals with alcohol abuse challenges to attend clinical rehabilitation
	2 RESPONSIBLE TRADING	<b>Awareness and education</b> COVID-19 safety protocols and licence conditions 	<b>Bansela and amplify rewards system</b> Points awarded based on customers meeting minimum compliance standards 	<b>Community Policing</b> Auditing compliance based on responsible trading principles. C-19 protocols and GSV measures with partners 
3 NO UNDER-AGE DRINKING		<b>Self-regulation through Enforcement</b> 100 community partners across 22 key notes 	<b>Wi-Fi in school and youth centres</b> Free Wi-Fi implemented in top 5 schools with high underage drinking 	<b>Youth Educational Programmes</b> 500 learners educated on the dangers of underage drinking 
	4 ROAD SAFETY	<b>365 Days Arrive Alive</b> Action agenda in partnership with Department of Transport 		<b>SANTACO</b> Taxi drivers and pedestrian safety partnership 
5 GENDER-BASED VIOLENCE		<b>Tavern Dialogues</b> Dialogues across four provinces 	<b>Men's Lounges</b> in partnership with government	<b>Dignity Packs</b> Distributed to CSV shelters 
	6 FASD PREVENTION	<b>Awareness and education</b> Training education and mentorship programmes to support prevention and innovation	<b>Implementation partner:</b> We support FARR's Healthy Mother, Healthy Baby programme in the Northern Cape 	<b>Implementation partner:</b> We support FASfacts' pregnant women mentoring programme in the Western Cape and Eastern Cape 
			<b>Implementation partner:</b> We partnered with them to implement the pregnant women mentoring programme in the Eastern Cape	

*“Public-private partnerships enable us to achieve our strategic ambitions while helping address South Africa’s complex sustainable development challenges. Our Social Compact recognises that in order to deal with alcohol abuse we need an ‘all of society approach’. Our approach reflects this understanding and prioritises collaboration with government, civil society and other stakeholders in order to bring about change. It further recognises that instilling a culture of responsible alcohol consumption is a shared responsibility requiring engagement, innovation, interventions and proportionate policies and regulations. We are encouraged by the responses of our stakeholders, as well as their energy, commitment and willingness to come together – and we look forward to seeing what can be achieved when we are united around a single purpose.”*

### Pravashini Govender

Group head: regulation and policy

*“At Distell, we feel passionate about promoting a culture of responsible alcohol consumption and are actively tackling harm related to alcohol abuse. Our 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 in partnership with players in the alcohol value chain. Our approach is informed by accurate data, which is transparent and based on science and empirical evidence.”*

### Clarence Sibiya

Campaign manager





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# PROMOTING RESPONSIBLE DRINKING CONTINUED

## Binge and heavy drinking

We are pursuing several targeted interventions to promote a culture of responsible alcohol consumption, with a primary focus on moderate alcohol consumption.

### Key activities

- Public information campaigns as well as leveraging Diageo's online training programme, DRINKiQ
- Educate and empower consumers through a behavioural change pilot programme and rehabilitation programme
- Encourage tavern and outlet owners to ensure food is available to patrons, supported by public information campaigns to increase awareness of the importance of eating while consuming alcohol

### Measuring our impact

- 4 622 consumers educated via one-on-one engagements
- 1 102 online educational quizzes completed
- 21 rehabilitation programmes completed, with 633 participating consumers
- 2 269 outlets engaged and audited for food serving



## Responsible trading

Our responsible trading programme is focused on improving retail compliance with liquor licence regulations and COVID-19 safety protocols to ensure the safety of patrons at outlets. The programme focuses on embedding responsible principles and practices surrounding the serving of liquor and recognises alcohol traders and retailers who are making a concerted effort to encourage responsible drinking.

Our responsible trading programme has two key focus areas:

### Responsible trading awareness and education

We target 20 000 outlets across South Africa, and our sales force works with these liquor traders to ensure compliance with the basic principles of the liquor licence regulations. To encourage compliance, the sales force conducts monthly audits on liquor traders' adherence to liquor licence conditions and COVID-19 safety protocols. Points are awarded to liquor traders based on their level of compliance. These points can be used as part of our long-standing Bansela and Amplify rewards programmes.

19 877

SURVEYS COMPLETED

R2,4 million

VALUE OF PROGRAMME REWARDS ISSUED TO QUALIFYING CUSTOMERS

### Self-regulation through enforcement

We target key nodes across the country identified as priority areas due to a high incidence of poverty, crime, underage drinking and gender-based violence. We partnered with community safety organisation MeMeZa to introduce community policing patrollers into these targeted communities. These patrollers conduct weekly visits to outlets to monitor compliance with liquor licence regulations and COVID-19 safety protocols. Where non-compliance is observed, the patrollers escalate it to SAPS.

2 269

OUTLETS AUDITED

89%

COMPLIANCE WITH LIQUOR LICENCE REQUIREMENTS

95%

ACTION TAKEN BY SAPS WHEN NON-COMPLIANCE IS REPORTED





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## PROMOTING RESPONSIBLE DRINKING CONTINUED

### No underage drinking

**We are running targeted education programmes to reduce underage drinking by creating awareness among youth, alcohol retailers and communities and empowering youth with access to other activities.**

#### Key activities

- Community policing patrollers conduct monthly site visits to outlets to monitor and ensure alcohol is not sold to any person under 18
- Helping young students understand the causes and consequences of alcohol consumption to break the culture of underage drinking
- Undertaking pre- and post-assessment consumption surveys
- An alcohol rehabilitation programme supports students who need to recover from alcohol abuse

#### Measuring our impact

- 2 269 outlets visited monthly by 100 patrollers
- 18 schools participating in our integrated youth behaviour change programme
- 4 300 learners completed our underage drinking assessment and 3 914 completed our online education programme

### Road safety

**We are running targeted interventions that include enforcement visibility in high drinking and driving nodes; pedestrian safety education and awareness campaigns; home ride services; taxi industry partnership programmes; and a broad-based 'Home Safe' media campaign. Our road safety programmes target the top 15 drinking and driving nodes across the country, where pedestrian safety is also a high risk.**

We have several programmes in place to encourage road safety and responsible consumption:

#### Road safety enforcement and visibility

Through this programme, and in partnership with Alpha Alarms, we deployed 60 additional enforcement officers at the top 15 identified drinking and driving hot spots across the country. The officers conducted weekly roadblocks to monitor for drinking and driving and poor road safety. Where officers identify an incidence of drink driving, they escalate the offender to SAPS. The programme also deployed officers at the top five high pedestrian fatality zones across the country to monitor conduct and assist intoxicated pedestrians where necessary.

3 718

NUMBER OF DRINK DRIVING CASES ESCALATED TO SAPS

62

NUMBER OF ROADBLOCKS CONDUCTED

1 226

NUMBER OF DRINK DRIVING ARRESTS

#### Road safety education and awareness campaigns

Our targeted driver and pedestrian education and awareness campaign aims to amplify messages on no drinking and driving, always buckling up, ensuring vehicle roadworthiness and the importance of pedestrian visibility. Programme ambassadors were also deployed to taxi ranks within the targeted nodes to educate pedestrians on proper road safety and how to prevent pedestrian fatalities.

#### Taxi industry road safety programmes

The programme focuses on customer care and giving commuters confidence in taxi drivers' commitment to providing a safe, efficient, reliable and affordable service. The programme aims to help reduce road accidents by checking and monitoring taxi vehicles at check points and working with traffic officials to promote road safety, the responsible consumption of alcohol and to eliminate improper conduct by taxi drivers and operators.

#### Safely at Home reward programme

This is a reward programme that incentivises the use of ride-hailing services when individuals are away from home and consuming alcohol. The programme targeted consumers at liquor outlets, taverns and bars within the top 15 identified high pedestrian fatality and drink driving nodes. Vouchers were distributed to consumers to provide them with alternative ways of getting home safely.

#### No drink driving awareness campaign

This is an integrated multi-media campaign that promotes no drinking and driving and encourages consumers to drink responsibly. Messages are delivered via internal and external channels and through our key brands that include Savanna, Klipdrift, Hunter's and Viceroy. The campaign also utilises influencers to communicate the message to consumers.

2 432

AWARENESS ACTIVATIONS COMPLETED

52 596

ROAD USERS REACHED

5 999

TRAVEL VOUCHERS DISTRIBUTED





# PROMOTING RESPONSIBLE DRINKING CONTINUED

## Gender-based violence

**We are committed to being part of the solution and helping South Africans drink safely and responsibly while prioritising health, well-being and togetherness. This includes having zero tolerance for any acts of gender-based violence.**

### Key activities

- Community patrollers conduct weekly checks to ensure compliance with basic safety procedures and to assess the general safety of consumers, with a particular focus on women's safety
- Partnered with the Department of Social Development, National Liquor Traders and MeMeZa to distribute personalised alarm systems to vulnerable women within targeted nodes
- Support victims of gender-based violence through the provision of care packs that include things such as a toothbrush, toothpaste, deodorant, underwear and sanitary towels
- Educate men on the causes, definition and consequences of gender-based violence, targeting taverns across the country and with an emphasis on gender-based violence hot spots

### Measuring our impact

- 2 269 outlets visited monthly by 100 patrollers
- 2 500 personalised alarms distributed to vulnerable women
- 2 500 care packs distributed to victims of gender-based violence
- 100 tavern dialogues conducted, reaching 2 961 male attendees

**To combat gender-based violence, we launched our Never In Our Name (NION) campaign in 2021. This campaign encourages men and women in our business to become a force for social change and take a stand against gender-based violence within their families, among their friends or within their communities.**

## FASD prevention

### 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) community capacity development, support and management, and awareness programmes in Upington.

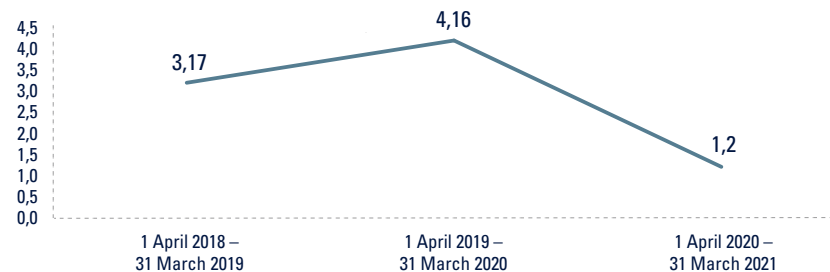
### FARR's HMHB® programme

The HMHB® programme supports pregnant women in vulnerable communities around Upington and Keimoes in the Northern Cape (among other provinces) irrespective of whether they use alcohol or not. The programme provides individual risk assessments, individual therapeutic and information sessions, 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.

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. Only 1,2% of these babies were born with FASD, demonstrating the impact of FARR's HMHB® programme<sup>1</sup> and other supporting programmes. During April 2021 and March 2022 the project closed due to reduced funding. The project reopened in May 2022.

The community capacity development programme reached 113 direct beneficiaries while the support and management programme reached 40 direct beneficiaries. Approximately 1 000 indirect beneficiaries were reached through these programmes. The prevention and awareness programmes are in the beginning phases and will be finalised in 2023.

### % FASD diagnosis

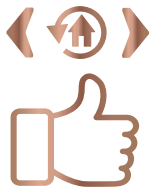


<sup>1</sup> In areas where there are no intervention programmes (such as the HMHB programme) Upington's FASD prevalence rate is 7,4%. In surrounding areas, the prevalence rate can be as high as 12%.

*"The support provided by Distell over the years has enabled FARR to increase the knowledge and skills of community members in Upington and help them make better informed decisions regarding their alcohol consumption. This is particularly relevant among women of childbearing age and their partners. By raising awareness and developing capacity, community responsibility and accountability increase, which ultimately leads to communities taking action and standing together to combat FASD and promote healthy pregnancies."*

**Dr Leana Olivier**  
CEO FARR





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## PROMOTING RESPONSIBLE DRINKING CONTINUED

### 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, 1 248 pregnant women have benefited from the PWMP, and 269 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, 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.

**31 mentors successfully supported 108 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 1 347 members of the public.**

#### Collaborating with FASfacts in the Eastern Cape

Owing to the success of the PWMP in the Western Cape, we entered 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.

**Since 2018, 280 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 100 pregnant women<sup>1</sup>. FASfacts also reached 1 990 members of the public through educational talks presented at health facilities, community radio stations, community centres and schools in the East London area.

*"FASfacts has a vision that no babies will be born with FASD. Distell has supported this vision for the past thirteen years through our programmes. Without Distell's support, it would not be possible for FASfacts to make a difference in the lives of these unborn babies, pregnant women, new mothers, the families involved or the broader community. We are therefore thankful for Distell's valuable contribution, which enabled us to extend our programme and build stronger relationships with communities and stakeholders. By supporting FASfacts, Distell demonstrates its commitment to recognise its responsibility to take action to safeguard the health and well-being of unborn babies, families and communities."*

**Francois Grobbelaar**  
CEO FASfacts

<sup>1</sup> Sixty of these women completed the programme during FY22 while the remaining 40 women will complete the programme by the end of the 2022 calendar year.

*"For more than a decade, Distell has supported and been a valued partner to FARR and FASfacts – two of the country's leading organisations that seek to find innovative and meaningful ways to address FASD in communities around South Africa. These organisations provide a critical service that aligns with our corporate responsibility to empower individuals with information on how to reduce the harmful impact that alcohol abuse can have on health and well-being. We have seen what can be achieved when we work together and are immensely proud of the positive impact FARR and FASfacts have had on people, families, and communities across the country. We remain committed to building on the strength of our long-lasting relationships with FARR and FASfacts and working with other stakeholders and strategic partners along our value chain to promote responsible consumption through targeted programmes and interventions."*

**Eric Leong Son**

Acting corporate and regulatory affairs director

**We leveraged the strength of our Savanna brand to drive targeted on-the-ground awareness campaigns that promoted no alcohol consumption while pregnant. The campaign was rolled out across South Africa, including Limpopo, Mpumalanga, KwaZulu-Natal, the Eastern Cape and the Western Cape.**





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## PROMOTING RESPONSIBLE DRINKING CONTINUED

### OUR PARTNERSHIP WITH AWARE.ORG.ZA

Established in 1989, Aware.org.za acts as the alcohol industry's response to concerns regarding the problems caused by alcohol misuse and abuse.

Since 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 focuses on five key focus areas:

#### DRINK 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.

**Over the 2020/2021 period, Aware.org.za provided 'on-the-ground' support including nine mobile alcohol evidence centres, 200 hand-held, calibrated breathalysers and law enforcement officer support, among other support.**

#### BINGE DRINKING

Underage drinking is a focus of Aware.org.za's mandate to drive social change, promote a culture of responsibility and reduce the effects of the harmful consumption of alcohol.

**In 2020, Aware.org.za launched its 'INBTWN a drink and a better tomorrow is a choice' campaign, which aimed to create conversations and content around mindful alcohol consumption and responsible drinking choices.**

#### 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.

**Over the 2020/2021 period, 1 392 outlets were onboarded to Aware.org.za's RTF programme across five provinces. 36% of these outlets were within SAPS hot-spot areas.**

#### 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.

**In partnership with the Human Science Research Council (HSRC), Aware.org.za conducted a three-year baseline study of more than 1 000 participants aged between 14 and 17 in the Eastern Cape, Free State and Mpumalanga to gain a better understanding of learners' perceptions, attitudes and behaviours related to underage drinking.**

#### FASD

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

**In partnership with key stakeholders, Aware.org.za has reached 7 891 participants through FASD awareness interventions and provided training to 195 professionals since 2016.**

*"As the custodian for responsible drinking in South Africa, Aware.org.za has invested in excess of R460 million, since inception, to not only create awareness and understanding of what responsible drinking means, but to drive targeted interventions that meaningfully shift individual and societal behaviour – ensuring that alcohol is used responsibly. In 2022 we embark on a refreshed strategy underpinned by data and behavioural science, ensuring that we address the drivers behind the misuse of alcohol to uplift communities and positively impact lives. This work would not be possible without the support of our industry partners. We thank Distell for truly embracing Aware.org.za as a partner – proactively engaging and supporting the work we do while further complementing it with their own programmes to encourage the responsible use of alcohol."*

#### Carmen Mohapi

Chief executive officer of Aware.org.za

Wim Bührmann (managing director: southern Africa) and Jolene Henn (head of corporate affairs southern Africa) sit on Aware.org.za's 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.

### We continue to work alongside Aware.org.za to provide meaningful support and investment to address alcohol misuse and abuse.

Find out more about Aware.org.za

*"We have stepped up our responsible drinking focus to cultivate a culture of responsible alcohol consumption that ultimately changes behaviour. We have done this by developing a range of initiatives and programmes that encourage and educate consumers to make positive choices when it comes to alcohol consumption. Instilling a culture of responsible alcohol consumption is also a shared responsibility requiring engagement, innovation and interventions and we will continue working with our key partners and the alcohol industry to make a positive difference throughout southern Africa. I am very proud to work with exceptional Brandcrafters that are authentic in leading the charge to change perceptions on alcohol abuse and to make our communities safe and prosperous."*

#### Jolene Henn

Head of corporate affairs southern Africa





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# PROMOTING RESPONSIBLE DRINKING CONTINUED

## OFFERING OUR CONSUMERS MORE CHOICE

Our consumers love balance and discovering interesting new experiences. In response, we innovate boldly to differentiate Distell brands from the competition, shaping our brand portfolio to dynamically play to key consumer trends.

### Our growing portfolio of non-alcoholic and low alcohol brands

While there is an increasing call from 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. In response, we continue to grow our portfolio of non-alcoholic and low-alcohol brands, supporting our ambition to inspire responsible enjoyment.



2019

**Savanna non-alcoholic:** our first non-alcoholic cider, staying true to the dry and distinctive Savanna taste



2020

**4th Street Sparkling non-alcoholic** (in Nigeria): a non-alcoholic extension of the established 4th Street brand

**Vawter hard seltzer**, an alternative light range of spirit coolers: sparkling water with a dash of vodka and infused natural fruit flavours

**Hunter's Chilled non-alcoholic:** stays true to the distinctive crisp refreshment that Hunter's Cider offers



2021

**Durbanville Hills** low alcohol wines: striking the right balance between keeping the integrity of taste while lowering the alcohol and calories



2022

**Three Ships** Mash Tun whisky-based spirit aperitif with additional flavourings offering mixability, lower alcohol at 24% alcohol by volume, and a sweeter taste profile

### Making sure we advertise responsibly

We use our marketing expertise to encourage responsible consumption 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.

**During FY22, Distell had no material incidents of non-compliance with industry or regulatory labelling and/or marketing codes nor any significant monetary losses because of legal proceedings associated with marketing and/or labelling practices.**





**DISTELL**  
CRAFTING BRANDS SINCE 1925

# Uplifting livelihoods

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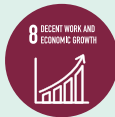
# ACHIEVING TRANSFORMATION

**To achieve meaningful transformation along our value chain, we are accelerating lasting socio-economic growth in the key markets in which we operate – from agriculture to procurement, B-BBEE and local economic development.**

Our approach to achieving transformation is underpinned by collaboration with strategic partners along our value chain, with a strong focus on promoting the full participation of women and PDIs in the economy. Enterprise and supplier development is also a critical component of local economic development as businesses create jobs and wealth creation opportunities in society. We are therefore focused on playing our part and providing businesses with the services and support they need to grow and stimulate job creation.



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.

## 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
- 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.

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:

- Distell Code of Conduct
- Human Rights Policy
- Responsible Sourcing Policy





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# ACHIEVING TRANSFORMATION CONTINUED

## ENTERPRISE AND SUPPLIER DEVELOPMENT

In South Africa, entrepreneurship and the growth of SMEs are widely recognised as critical to achieve inclusive economic growth and stimulate job creation. We 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 operating 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.

### Agri+Gator



Agri+Gator aims to provide structured engagement and direct support to improve the yield, output, access to market and growth of empowered apple and grape farmers within our value chain.

**The total value of our Agri+Gator programme is R46,9 million.**

The Handwork Hub, a black women-owned enterprise that supplies the tassels for our Amarula bottles, was developed in partnership with our E+Scalator programme in 2017. Supported by Distell and other key stakeholders, the Handwork Hub has continued to thrive despite the challenging operating environment in recent years. This year, the Handwork Hub became the first beneficiary of our E+Scalator programme to fully repay its loan – demonstrating the success and stability of its operations.



### E+Scalator



To boost the inclusion of SMEs, including exempt micro enterprises (EMEs) and qualifying small enterprises (QSEs), in our core business value chain we take a collaborative approach with our E+Scalator programme.

E+Scalator was launched in 2016, underpinned by six key objectives:

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 R58,1 million.**





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# ACHIEVING TRANSFORMATION CONTINUED

## HELPING SMALL BUSINESSES THRIVE

Like Distell, our suppliers and enterprise development beneficiaries have been severely impacted by COVID-19. As part of our efforts to rebuild the industry and the economy, we have invested in helping farmers start and/or expand alternative crop/mixed crop farming models and activities that provide alternative income streams. This demonstrates our commitment to support the growth of black apple and grape farmers by empowering them with comprehensive business development programmes that facilitate the expansion of their existing business operations.

### Stellar Agri

Stellar Agri is a development project created to help Stellar Winery (South Africa's largest producer of organic fair trade wines) meet market demand for high-quality organic fair trade wine. This is achieved by empowering the black employees of Stellar Winery and supporting local, emerging farmers.

In 2020 we launched our mixed crop pilot project with Stellar Winery in Vredendal in the Western Cape. This project has since helped Stellar Agri, a majority black-owned company, create over 100 seasonal jobs. It has also significantly increased Stellar Agri's revenue through the production, sale and export of vegetable crops into the European Union and the sale of vegetables to local retailers.



### Nederburg aquaponics

In 2022, we launched a pilot project to establish a majority black-owned, commercial aquaponic mixed crop farming enterprise on Nederburg Wine Estate. Aquaponics, which refers to the farming of fish and plant crops in the same system, offers a sustainable, innovative alternative for fish and crop production.

We are rolling out this pilot project in two phases:

**Phase 1:** develop a 500 m<sup>2</sup> aquaculture facility alongside a custom-built 1 000 m<sup>2</sup> hydroponic greenhouse to establish a mixed crop, aquaponic farming facility. This facility will farm trout, salad crops and high-value herbs such as basil, coriander, garlic and ginger. The project includes offtake agreements with retailers, restaurants, and distributors. We completed phase 1 in September 2022.

**Phase 2:** expand the Nederburg aquaponics facility to c.2 500 m<sup>2</sup> and identify other sites in the region to establish similar facilities and stimulate job creation. As part of phase 2, we will identify local majority-black owned businesses to co-fund, co-own and operate the facility. This includes identifying empowered farmers.

This initiative is a pilot project between Distell and Mi-Crop Holdings SA (MH). MH is a 52% majority black-owned, special-purpose vehicle that was established to act as a strategic empowerment partner, co-investor and technology provider to set up the new facility.

*“Over the past few years, Mi-Crop has built the capacity, competence and skills to establish organic, water-wise and sustainable hydroponically grown veggies, salads and fresh herbs for commercial sale. We decided to partner with Distell to co-fund a proof of concept pilot aquaponics hub and research facility on the Nederburg farm that would complement and support Nederburg’s objective of furthering local flavours and tastes through local, low-carbon footprint foods. At the same time, we are creating jobs, a sustainable black-owned business and creating a model for replication at other grape and apple farms. We believe the partnership with Distell can help us build a platform that can result in further black economic empowerment, individual development, job creation and the creation of additional income streams for distressed apple and grape farmers.”*

### Avril van der Rheede

Chairperson Mi-Crop Group Holdings





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## LOUFONTEIN FARM

In 2022, we entered into an agreement with Loufontein farm to initiate a mixed cropping farming project that will support income generation and job creation.

Loufontein Farm is a 100% black-owned fruit farming business near Villiersdorp in the Western Cape with adequate arable land and water supply to establish supplementary vegetable farming operations.

To ensure the long-term success and sustainability of this project, we are assisting Loufontein Farm with the development and implementation of a business plan as well as access to key strategic partners within our value chain, including specialist service providers and support organisations. We are also assisting with securing offtake agreements and markets for the finished crops.

*“Apple farming is a long-term business. You wait many years before you reap the benefits of investments and decisions made in previous years. We were therefore particularly pleased to work with Distell at the establishment of a pilot cash crop/mixed cropping project that could help us generate short-term income that could help us through the ‘financial drought’ between planting, harvesting. The mixed cropping project, although a small-scale pilot project at this stage, is helping us to create a model and methodology for helping emerging farmers to work with cash crops whilst continuing with their primary apple and grape farming activities.”*

### Sewis van der Horst

Managing director, Loufontein Farm

## DEFYNNE NURSERY

DeFynne Nursery is a 100% black-owned, 50% women-owned nursery in Wellington in the Western Cape. Owners Elton Jefthas and Jackie Goliath started DeFynne Nursery in 2001, specialising in propagating and cultivating fynbos species for sale. In 2017 they expanded into the propagation and cultivation of deciduous fruit trees.

In 2019, Elton and Jackie 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.



*“Distell provided us with an interest-free loan to help expand our nursery into growing apple tree seedlings for their apple-farmer support programme. When market conditions changed, we agreed to focus on other short-term crops for which we could secure markets. When we experienced cash flow difficulties last year, Distell agreed to adapt the terms of our loan agreement to help us through that period. This flexibility and responsiveness to our business conditions is what we enjoy the most in working with the Distell enterprise and supplier development team.”*

### Jackie Goliath

Owner of DeFynne Nursery

The Business Day Supplier Development Awards recognise and celebrate supplier development best practice that encourages learning and collaboration to drive economic growth and recovery.

In 2021, we received the COVID-19 Recovery Award in recognition of our continued support and investment in our enterprise and supplier development initiatives despite the pandemic’s impact on the alcohol industry (including extended periods of shut down).



Our partnership with Stellar Wine and Stellar Agri was also recognised. Stellar Agri received the Small Supplier Award in recognition of the great strides this business has made in recent years, supported by our continued investment in expanding its operations and building capacity.



*“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. From an entrepreneur’s perspective, when approaching a corporate with an innovative idea, the appetite for innovation is receptive when a corporate can see the potential difference an innovative idea could make in their clients’ lives – how it would save costs, improve services or deliver on social or corporate benefits. We work with our beneficiaries and with prospective entrepreneurs to help them maximise impact and realise their potential.”*

### Charles Wyeth

Group manager: local economic development at Distell





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## Ferial Closet Makeover (FCM) is a 100% black women-owned lifestyle agency which focuses on conceptualising and executing bespoke designs, events and promotional items.

This niche service is rendered to exclusive brands, which are carefully conceptualised according to each brand's corporate identity. Distell partnered with FCM shortly after its first year of operation in 2016. Since listing with Distell, FCM has grown tremendously and had other great opportunities knocking on its doors.

## Women business partners Lesego Phiri and Veli Khumanda launched their logistics company Maeto Holdings in December 2019.

The duo were granted the opportunity to pitch their presentation to Distell's head of supply chain management. Following this, they became a supplier to Distell in March 2020. Maeto describes their experience as a supplier of Distell as "nothing short of amazing". The company is most appreciative of the treatment they have received from Distell as they were never made to feel like a small player within the industry. This has helped them mature early in their entrepreneurial journey which has greatly aided their growth. Maeto has received support from Distell in all areas where it was needed.

## 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 21,03 to 23,4 points out of a maximum of 29 (as per the amended codes). We also increased the spend in black-owned and black women-owned enterprises in our supply chain.

Our Responsible Sourcing Policy 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.

## 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*





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## 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. 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, our level dropped in 2020 and we returned to level 4. We maintained a level 4 in 2021, despite the challenges associated with COVID-19, which reduced our expenditure on various programmes related to the elements of our B-BBEE scorecard. FY22 was an incredible year for Distell as the Group improved its B-BBEE score to a best-in-class level 3. This was thanks to an exceptional performance by preferential procurement and maintaining full scores for enterprise and supplier development and socio-economic development.

The various elements of the B-BBEE scorecard 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 continent



Our value chain



The manufacturing sector

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



We drive gender equality and empower women



We collaborate to create value through public and private partnerships

**Below is an outline of our FY22 performance against the elements of the B-BBEE scorecard. We have indicated areas where we are satisfied with our performance and those where we need to do better.**

	Maximum points available	Distell's verified score for FY21	Distell's verified score for FY22*	
<b>EQUITY OWNERSHIP</b>	25	25	25	The Distell Development Trust contributes to our B-BBEE ownership. <a href="#">Read more from page 111.</a>
<b>MANAGEMENT CONTROL</b>	19	7,09	7	We support inclusive transformation to realise South Africa's full potential. Our revised National Employment Equity Plan 2020 – 2024 sets key workforce transformation milestones. <a href="#">Read more from page 107.</a>
<b>SKILLS DEVELOPMENT</b>	25	13,59	13,06	We have a range of skills development programmes in place to support and develop our employees. <a href="#">Read more from page 104.</a>
<b>PREFERENTIAL PROCUREMENT</b>	29	21,03	23,4	Distell's inclusive purchasing strategy grows our preferential procurement pool and creates market accessibility. <a href="#">Read more from page 67.</a>
<b>ENTERPRISE AND SUPPLIER DEVELOPMENT</b>	17	17	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. <a href="#">Read more from page 64.</a>
<b>SOCIO-ECONOMIC DEVELOPMENT</b>	5	5	5	We create value for the communities in which we operate by leveraging strategic partnerships across South Africa. <a href="#">Read more from page 73.</a>
<b>TOTAL</b>	<b>118</b>	<b>88,71</b>	<b>90,46</b>	

\* Our B-BBEE Scorecard Certificate was issued on 20 September 2022 for FY22. This scorecard is valid until 19 September 2023.

Key:  Performance on track  Performance lagging





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## TRANSFORMING OUR VALUE CHAIN THROUGH TRADE UPLIFTMENT

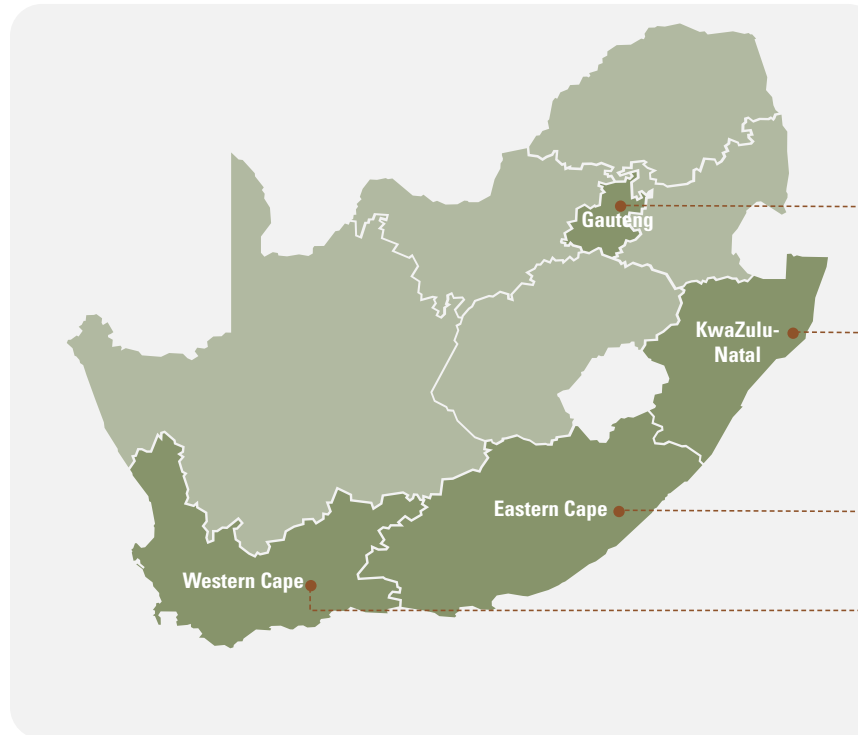
We are committed to supporting responsible trade to ensure safe drinking environments. We are working closely with liquor traders and tavern owners to empower them to operate in a socially responsible manner within communities.

Trade upliftment is a key programme aligned with our shared value journey as it positions us to make a positive and lasting impact on the lives and livelihoods of individuals, while unlocking commercial opportunities along our value chain. New research shows that South Africa's legal alcohol industry makes a net positive contribution to society to the estimated value of R62 billion. Research further indicates that relieving poverty and inequality is foundational in advancing a culture of responsible drinking.

Through this programme, we are collaborating with partners to empower informal liquor traders to become legally compliant and create safe drinking environments that promote the responsible trading and consumption of alcohol. Another core element of the programme is converting outlets that do not have licensing potential to viable businesses that are relevant and can contribute to their communities.

**The programme not only promotes responsible consumption in safe drinking environments but also plays a valuable role in formalising employment and promoting job creation, which are vital to empowering local communities and contributing to their economic resilience.**

### Our programme target nodes



#### Target nodes

##### GAUTENG

- Soweto
- Sebokeng
- Everton
- Palm Spring

##### KWAZULU-NATAL

- Inanda
- KwaMashu
- Umlazi
- Lamontville

##### EASTERN CAPE

- Mount Ayliff
- Umthatha
- East London

##### WESTERN CAPE

- Khayelitsha
- Philippi
- Nyanga
- Delft

*"I used to sell alcohol illegally and I tried to apply for a liquor licence, but I was declined. I was then approached by Distell and SupplyPal who spoke to me about starting a food serving business rather. They supported me with equipment to start making food and I am now selling hot chips, burgers and vetkoek and I have stopped selling illegal alcohol. I am now making almost three times more profit than I did when I was serving alcohol illegally. I am very grateful to Distell because my business has improved a lot. Now I have a legal income that I can use to raise my children and support my family."*

### Cynthia Matrose

Owner of Kwa Thobza Fast Food in Khayelitsha





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## THE CHALLENGE

Research conducted on behalf of the liquor industry has shown there are about 50 000 unlicensed liquor outlets in South Africa, mostly in townships and rural areas. As many as 80% of these shebeen owners survive from hand-to-mouth and show limited adherence to liquor regulations and responsible trading practices.

Obtaining a liquor licence is an expensive and complex process that many shebeen owners struggle to manage. This results in a mushrooming of unlicensed outlets, increasing the risk of non-compliance to liquor regulations and regular trading hours. These shebeens also lack the guidance and incentives provided by the liquor industry to promote responsible trading practices, such as not selling to under-aged persons, pregnant women and clearly intoxicated patrons, as well as keeping noise levels down.

## THE OPPORTUNITY

Formalising shebeens and assisting those that are eligible to obtain a licence can help to improve safety and compliance, while enabling the industry to monitor responsible trading practices and eliminate irresponsible behaviour. It also helps to ensure adherence to health and safety regulations, as well as tax compliance, contributing to more sustainable township economies and businesses that are more accountable to their communities.

**Our research and experience in piloting a formalisation process in the Western Cape has shown that obtaining a licence can unlock significant growth for the outlet.**

Being a registered business opens up access to credit, commercial terms, and marketing and sales support, which also allows the owner to increase storage capacity and refrigeration and upgrade their premises to make for a safer trading environment.

This leads to a 160% increase in revenue on average and the creation of a potential three additional jobs per outlet.

**Our research shows the significant employment creation potential of the formalisation process, as well as growth opportunities in township economies that can stimulate further localised development, while improving community safety and outlet compliance.**

## OUR APPROACH

**We assist illegal liquor traders with applying for a new liquor licence to formalise and uplift trade**

We do this in three ways:

1. We provide support with liquor licensing applications so that illegal traders can trade legally.
2. We invested in these small businesses, focusing on what they need most. This includes assisting them by improving their product mix or providing storage, refrigeration and entertainment.
3. We enable access to critical support that they may not be able to access on their own. This includes commercial support, like funding and grants, sales and credit support and distribution and marketing assistance.

**We assist with converting unlicensed outlets to other businesses**

This programme helps unlicensed outlets that do not have licensing potential convert to other viable businesses that are relevant and necessary in their communities.

Examples of viable business alternatives include, among others, food serving outlets, internet cafes, bakeries and tuck shops.

Through this programme, Distell assists potential business owners with completing the necessary business application forms and getting access to appropriate funding through loans or grants from responsible and trustworthy financial service providers.

## WHAT OUR TRADE UPLIFTMENT PROGRAMME AIMS TO ACHIEVE:

- Empower liquor traders with awareness and education of provincial liquor licensing processes
- Combat the illegal liquor trade
- Replace illegal outlets with viable businesses that support job creation and cater to the needs of communities
- Obtain data and insights from unlicensed outlets converted into other potential businesses to identify how this process can be enhanced and improved

**Our programme aims to create 4 200 micro enterprise jobs across a total of 1 400 outlets, across KwaZulu-Natal, Gauteng and the Eastern Cape, following the pilot phase in the Western Cape.**

## OUR KEY PARTNERS







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## 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 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 offered on two platforms: classroom-based as well as online training. The online training includes a series of short videos that touch on topics such as responsible retailing, COVID-19 compliance and gender-based violence.

**In 2022, 618 retailers participated in the classroom-based training programme. The programme delivered on its primary objective to empower women taverners, with 84% of attendees being women. Online training reached an average of 12 864 retailers.**



### Comments from retailers who took part in the programme

“Very interesting – I wish to come back again to gain more and more.”

“The training was good. I learned a lot and I know it’s going to bring change to my business. I really enjoyed myself and I hope we will have more programmes like this in the future.”

“This training is good for us as business owners. It can teach us how to run and improve our businesses.”

“I learned a lot from this programme and I’m going to implement what I learned into my business.”





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## ACHIEVING TRANSFORMATION CONTINUED

### CRAFTING A COLLABORATION MODEL THAT SUPPORTS A NATIONWIDE INFRASTRUCTURE DELIVERY AND JOB CREATION PROGRAMME TO BOOST THE ECONOMY

It is estimated that South Africa's retail and manufacturing sector is one of the largest sources of employment in the country – employing approximately 16% of the national labour force and contributing roughly 25% towards economic production.


The Consumer Goods Council of South Africa (CGCSA) is an industry association representing member companies from South Africa's retail and manufacturing sector. The CGCSA provides a powerful platform for advocacy and collaboration across this important sector, with the ultimate ambition of finding ways to positively transform South Africa.

**Distell has been a member of the CGCSA since 1984. In 2022, we strengthened our commitment to the CGCSA by pledging our support for a nationwide infrastructure delivery and job creation programme.**

Led by the CGCSA, and supported by members, this programme aims to promote partnerships and collaboration between government, businesses and communities to address service delivery challenges. The programme is focused on promoting four key outcomes through a series of interventions:

- Reliable electricity supply
- Reliable water supply at sufficient pressure
- Well-maintained roads
- Safety and security within communities

The programme will be piloted in the Ekurhuleni Metropolitan Municipality and then replicated across the country. Ultimately, this programme aims to find sustainable solutions to service delivery problems, with a key focus on the development of local enterprises, skills transfer and job creation while retaining business investment. Our contribution to this important programme will be led by our formalisation programme, which aims to transform taverns and outlets into viable small businesses that stimulate township economies.

 Read more about our formalisation programme on page 69.

*"This programme looks to resolve service delivery challenges across South Africa, which are increasingly affecting businesses operating in dysfunctional municipalities. These challenges include water and electricity outages, which affect the effective running of business operations. Through this programme, we want to work together with stakeholders, including government, to understand how we can support municipalities to do things better for their communities, businesses and South Africa more broadly. We believe that it is critical to create an enabling environment for business to continue investing to uplift the communities, create employment and further stimulate business activity. What's more, we believe that this is a critical programme to restore pride among communities. Ultimately, this programme recognises the fact that we need a multi-stakeholder approach that includes government, businesses and communities, in order to safeguard the future of South Africa. We thank Distell for their commitment to this programme and for their willingness to work together to find opportunities to create shared and sustainable value."*

**Zinhle Tyikwe**

Chief executive officer of CGCSA

*"We are proud to be an initiating partner for this very important programme, which we believe can act as a catalyst to create shared value. The programme creates a powerful platform to collaborate and deepen efforts to strengthen South Africa's social fabric through improved and sustainable service delivery, while stimulating job creation. This programme therefore supports our shared value ambition, as it will contribute to stronger, empowered communities while supporting improved productivity and efficiency for local business."*

**Richard Rushton**

Group CEO



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# EMPOWERING COMMUNITIES

**“In everything that we do, we look for opportunities to work alongside our stakeholders and key strategic partners to develop and support programmes and platforms for change. In our approach to empowering communities, 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.”**



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.

## 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 community empowerment include:

- Stakeholder relationships
- 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.





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# EMPOWERING COMMUNITIES CONTINUED

## 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 Development Programme changed the trajectory of my business and future. It equipped me with new skills to better my business, particularly marketing and financial skills which I have been able to implement to preserve and grow my business. The programme also exposed me and my business to networking opportunities that I did not think were possible."*

#### Nocawe Mpako

Alatha Day-care Centre

Nocawe Mpako started her business Alatha Day-care Centre in 2016. Situated in her house in Tembani, Khayelitsha, the centre offers day-care services for children up to the age of five. Nocawe also offers English, IsiXhosa and digital studies as well as nutritious meals. Her vision is to create a safe, clean and inspiring environment that prioritises the early childhood development of children around Khayelitsha.

*"I attended the Development Programme to gain networking opportunities and a better financial understanding of my business. Through this programme, I improved my presentation and business language skills. Because of the confidence I gained my business is growing, and we have brought various stakeholders on board to support this growth. We also developed additional business avenues because the course helped refine our strategy and identify different business opportunities. All of these factors have helped ensure my business is sustainable, now and in the future."*

#### Sheleen Cloete

Likamva Hospitality

Sheleen Cloete founded Likamva Hospitality in 2018 when she recognised the need for customised and client-specific cleaning services. Likamva Hospitality provides a variety of cleaning services to individuals, corporates and offices, as well as the hospitality industry. Employees are empowered with ongoing training, mentoring and individual skills development. Likamva Hospitality is a level 1 B-BBEE contributor.



[Find out more about the University of Stellenbosch Business School's Small Business Academy](#)

Please supply URL for this link





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# EMPOWERING COMMUNITIES CONTINUED

## Ranyaka Community Transformation

Ranyaka Community Transformation uses urban planning methodologies to implement a collaborative community development model and bring 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.

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

#### Building Business: Chicago's first Market Day

In September 2021 Chicago hosted its first Market Day, which was arranged by 15 local small businesses and attended by 350 community members. The Market Day was a direct outcome of intensive workshoping facilitated by Ranyaka around ideas to promote business, encourage collaboration among business owners and boost social cohesion in the area. Looking forward, the Market Day will be hosted in the year ahead and participating businesses will be supported by ongoing training and capacity building.

#### Fix Your Space: Reimagine Chicago – an interactive experience

In April 2022 over 450 community members participated in the first Reimagine Chicago event. This event aims to provide residents and stakeholders with the opportunity to reimagine a better, safer and cleaner Chicago by working together. The first event focused on improving road safety and access, with community members sharing ideas on where they believe security could be improved and additional lighting installed as well as where sections of road should be cleaned. Looking forward, more stakeholders will be encouraged to come on board to reimagine and positively transform spaces within the community.

#### Community Safety: Donation of safety equipment

Neighbourhood watch groups have proven to be highly effective in reducing crime rates in communities. During the year, Distell donated reflective vests, torches and two-way radios to the Chicago Neighbourhood Watch. The hand-over followed a community safety meeting that underscored the importance of working together to make the community a safer place.



Find out more about Ranyaka Community Transformation

Please supply URL for this link





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## EMPOWERING COMMUNITIES CONTINUED

### Distell Inter Hotel Challenge

The Distell Inter Hotel Challenge has mentored rising talent in the hospitality industry since 2013, and we have been a proud sponsor of this initiative for the past ten years.



The Distell Inter Hotel Challenge develops and promotes cuisine and dining skills with the ambition to create and sustain a strong national base of young, top-quality chefs, wine stewards, bakers, baristas, mixologists and concierges.

An important aspect of this programme is exposure to the local and international hospitality industries and trends, including the opportunity to travel abroad for several weeks and work alongside world-renowned members in their field. This ensures that the programme is underpinned by strong mentorship, learning and inspiration from seasoned professionals. The development and transfer of skills is critical and skilled professionals form the lifeblood of a sustainable and growing hospitality industry.

Winners in the various categories are also awarded opportunities to study through bursaries that enable them to further their education.

**This year, we saw a 39% increase in the number of competing establishments that entered the Distell Inter Hotel Challenge, which shows growing optimism and confidence in South Africa's hospitality industry.**



*"We are very encouraged by the gradual recovery of South Africa's hospitality industry and the overwhelming interest in the Distell Inter Hotel Challenge. We believe this speaks to the value and importance of this platform in developing the skills that are key to the growth of the hospitality industry. The Distell Inter Hotel Challenge is ideally placed to create opportunities for rising talent so that they become well-rounded and can expand their horizons in their chosen craft. In addition, the Distell Inter Hotel Challenge is a great platform to celebrate top talent through mentorship and training. It's an incredible honour for us as Distell to be the main sponsor of this annual event. 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."*

**Lizelle Malan**  
Distell Company Secretary



Scan the QR code to learn more about the Distell Inter Hotel Challenge.





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# EMPOWERING COMMUNITIES CONTINUED

## 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 22 years and exposes youth between the ages of 18 and 25 to a challenging but exciting learning environment.

**In 2022, 399 students graduated from the Academy and were placed in one-year internships to gain work experience. This was supported by 492 counselling sessions.**

The Academy launched its first social entrepreneurship project during the year in response to South Africa's high youth unemployment rate. The project helps youth grow their small businesses by providing mentorship and coaching, marketing advice and business start-up kits.

*"South Africa is experiencing a deep social and economic crisis, with many affected by the high unemployment rate, COVID-19 pandemic, an increase in food and fuel prices and, sadly, an increase in mental health challenges. Distell's support of the Chrysalis Academy has a direct impact on the lives of young people in the Western Cape who are determined to steer their lives onto a trajectory of active citizenship, meaningful employment and joy. Partnerships and relationships that can weather crises like these are to be harnessed and nurtured, as they make a lasting impact on the lives of people. No organisation can do it alone. Our deep appreciation to Distell for this mutuality, collaboration and sustainable partnership."*

**Dr Lucille Meyer**  
CEO of Chrysalis Academy

Find out more about Chrysalis Academy

Please supply URL for this link





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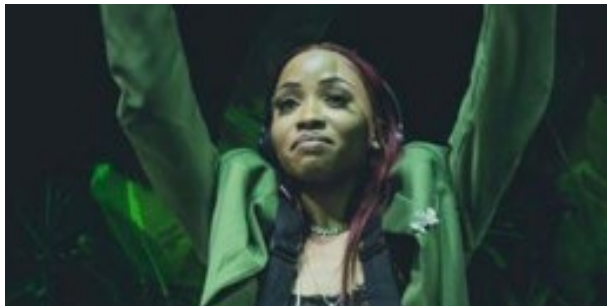
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## EMPOWERING COMMUNITIES CONTINUED

### GETTING BEHIND SOUTH AFRICA BY LEVERAGING BRANDS THAT BUILD

During the year we leveraged our brands to assist with South Africa’s recovery post-COVID-19 – partnering with various sectors within hospitality, sport, arts and culture to help industries and businesses get back on track.



#### Hunter’s hosted a #MusicNeedsYou concert in Johannesburg in November 2021

The concert was aimed at helping the South African music industry and its artists kick-start live music events after nearly 19 months of hard restrictions on public gatherings. #MusicNeedsYou was held in solidarity with the national vaccination roll-out to curb the negative impact that COVID-19 has had on the arts and entertainment sector. Hunter’s also donated 50% of the value of tickets sold to the Music in Africa Foundation – a leading pan-African arts organisation with a mandate to support the South African music sector.



#### Cruz partnered with SA Fashion Week

During the year, Cruz partnered with SA Fashion Week to host a show dubbed the Cruz Collective, which featured the styles, designs and creations of a group of young, local fashion stylists. Through this partnership Cruz aimed to support the recovery of South Africa’s fashion industry by supporting up-and-coming talent.



#### Klipdrift’s Friends with Purpose campaign inspires deeper connections that lead to fuller lives

Klipdrift’s Friends with Purpose campaign profiles friends who have started initiatives centred on giving back to society and their communities. This is something that is desperately needed as South Africa starts to recover from the impacts of COVID-19. The first story featured 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. This is one of many stories that Klipdrift will share to show how deeper connections can lead to fuller lives.







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# EMPOWERING COMMUNITIES CONTINUED

## GIVING BACK TO COMMUNITIES THROUGH OUR EMPLOYEE VOLUNTEER PLATFORM

Through our employee volunteer platform Distell ForGood, our employees can volunteer time, goods or funds to a community cause that is important to them or find other ways to make a lasting difference in their communities. We ran various campaigns in 2022 where employees could lend a hand within their communities.



**Mandela Month national food drive** in 2021 created an opportunity for employees to drop off food at our sites, including tinned food, maize meal, pasta and more. The food was then donated to non-profit organisations. Close to 30 sites participated in the food drive, and 24 non-profit organisations were supported with food donations.



**A crisis fundraising drive** was held over the months of July and August 2021 to help employees who were affected by the civil unrest and looting that took place in KwaZulu-Natal. Just over R44 220 was raised by employees to assist their colleagues, with Distell matching this donation.



**International Mandela Day** was celebrated on 18 July. The day provides an opportunity to take action and inspire change. This year, we focused on food security as this remains one of the greatest challenges in South Africa and beyond our borders. A team from our Head Office partnered with the non-profit organisation Stellenbosch Feeding-In-Action, which provides meals and food supplies to local communities. Employees prepared sandwiches that were handed out at a community station in Devon Valley.



**Time for Giving** was held in collaboration with South Africa's 16 Days of Activism against Gender-based Violence. Employees connected with shelters in their local communities to identify how Distell can support victims, including providing blankets, clothes, food, sanitary products and more. Employees then collected and donated these items during Time for Giving.



**A human rights employee volunteer project** was rolled out from April to June 2022 as part of our commitment to demonstrate our respect for human rights and the importance of our human rights policy.

Read more about this project on page 29.

**We supported communities impacted by the devastating floods that occurred in KwaZulu-Natal in April 2022. Alongside key partners, we supported 564 families with food hampers and donated 54 000 litres of drinking water to 1 407 families.**



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# EMPOWERING COMMUNITIES CONTINUED

## EMPOWERING COMMUNITIES THROUGH ARTS AND CULTURE

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. We therefore continue to support cultural and creative industries to fuel South Africa's economy and benefit community upliftment at large.

"Distell's long-standing 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

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 2022

283

WOMEN BENEFICIARIES

337

BLACK BENEFICIARIES

Find out more about the Zabalaza Theatre Festival

Please supply URL for this link





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## EMPOWERING COMMUNITIES CONTINUED

### Body of Evidence

Using the arts as a communication platform, the Body of Evidence movement aims to help keep South Africans alive to the issue of gender-based violence and femicide (GBV+F).

Under the directorship of acclaimed theatre director Mandla Mbothe, a select group of respected and talented South African artists lend their authentic voices to initiate powerful conversations. Through this creative body of work, artists share statements of honesty, creative expression, music and dance that form the catalyst for dynamic debate that contributes to the real change needed. Driven primarily by sharing content on social media platforms, the artists' and celebrities' platforms and community events and festivals, the programme hopes to achieve the following:

- be the catalyst to URGENT conversations
- highlight the extreme presence of GBV+F in South Africa
- provide a channel for no-holds-barred dialogue
- direct those in need to a safe place

The website [bodyofevidence.co.za](http://bodyofevidence.co.za) contains pertinent information including access to a GBV hotline as well as information from the programme's NGO partner PROCARE. The initiative is further amplified through a partnership with the Uyinene Mrwetyana Foundation.



Find out more about Body of Evidence

Please supply URL for this link

### Fleur du Cap Theatre Awards

The Fleur du Cap Theatre Awards are among the most coveted within South Africa's performing arts fraternity and have been honouring theatre excellence since 1965. Support for the theatre also has broader significance as it provides powerful and challenging insights and helps to transform the public consciousness.

Every year, Fleur du Cap winners are chosen following an intense, audited voting and evaluation process of productions staged at multiple venues in and around Cape Town. The judging process is undertaken by an expert panel comprising local critics, journalists, writers and drama educators, and includes shortlisting productions across multiple categories. Theatre practitioners are recognised for acting, directing, staging and technical abilities. Outstanding contributions to South Africa's theatrical development and excellence are also celebrated.

After two years of digital celebrations, the 2022 Fleur du Cap Theatre Awards were hosted in person at a gala event at Nederburg Wine Estate. It was the first time the event was hosted at this iconic location. The event was particularly significant as it recognised the impact that COVID-19 has had on the performing arts and local entertainment industry.

*"It's been a rough, tough two years for the theatre world, so we were delighted to be celebrating in person and in full. I cannot overstate the significance of this for our whole fraternity. For many, it has been an utterly isolating, traumatic and overwhelming period. To be face to face with each other again is a coming together in a spirit of unity and solidarity, and an affirmation of the entertainment sector's revitalisation. The standard of entries this year was exceptional. It underscored the huge wellspring of talent in our midst as much as it does the resilience, tenacity and endurance of local directors, performers, stage, set and costume designers."*

### Africa Melane

Fleur du Cap judging panel chairperson



Find out more about the Fleur du Cap Theatre Awards

Please supply URL for this link





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## EMPOWERING COMMUNITIES CONTINUED

### Amarula: safeguarding our heritage

Amarula is the product of an ecosystem of good business – from the setting in which the fruit flourishes to the distance elephants travel to feast as well as the communities who gather the fruit for every bottle.

The Amarula Trust was established in 2008 and leverages the power of the Amarula brand to bring the global community together to protect Africa’s elephants, empower her people and strengthen her communities. The Amarula Trust has three main focus areas:

#### Protecting the elephants

Alongside our conservation partners, which include HERD and WildlifeDirect, the Amarula Trust works to protect African elephants. This includes nurturing orphaned elephants, bringing lone elephants into herds, conserving and protecting elephant herds and training game rangers from local communities to protect elephants.



#### Empowering people

We work alongside our empowerment partners, the Handwork Hub. This is a black women-owned enterprise that supplies the tassels for our Amarula bottles sold around the world. Through this initiative, informal handwork was converted into formal employment.



#### Strengthening communities

We are committed to strengthening the communities who work alongside us to sustain the marula ecosystem. In partnership with Mirma Products Development, we have various initiatives in place that include food tunnel planting as well as outreach projects within the Phalaborwa area.



**The Amarula Trust is powered by everyone who buys Amarula – it’s as simple as buying a bottle!**



**DISTELL**  
CRAFTING BRANDS SINCE 1925

# Having a positive environmental impact

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# 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.





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## PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

### 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 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 FY22, we submitted our twelfth annual carbon footprint and water reports to the CDP. More detail on our performance is available within this chapter.

*"Our SHERQ strategy clearly articulates our commitment to Zero Defect, Zero Harm and Zero Waste and we continue to work together in the pursuit of SHERQ perfection that delights our customers and consumers. I remain extremely encouraged by the passion for continuous improvement that is lived by each Distell employee, and it is wonderful to see the outcomes of this energy and commitment. Among the many significant improvements noted in F22, this year we achieved our lowest ever Disabling Injury Frequency Rates (DIFR), creating a safer working environment, and we also celebrated the lowest ever product packaging Defects per Million Opportunities (DPMO), ensuring superior quality products in trade. These are great milestones that we can celebrate as we look forward to further improvement."*

#### Anthony Jagessur

Group manager: SHERQ at Distell

*"We continued to work hard to realise the full benefits of our sustainable programmes and projects developed to date. This was despite challenges and setbacks during the year such as coal quality issues, a high incidence of loadshedding and delays both expanding and recovering water at our Springs waste water treatment facility. We recognise how important these programmes and projects are in helping us achieve our aspirational targets to 2025 as well as setting the foundation for our longer-term vision, including achieving net zero carbon emissions. To help us better understand our potential environmental impact and develop a more comprehensive view of climate-related risks and opportunities throughout the life cycle of our operations, we continue to expand our environmental performance scope across our operations outside South Africa. We remain committed to contributing to a more sustainable future."*

#### Victoria Mposi

Group manager: environmental sustainability





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

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 2022****	Actual 2022	% reduction achieved	2022 target achieved	Target 2023***	Target 2025*****	Target 2025 on track
Reduce water usage intensity by 50% (ℓ/ℓ)**	3,893	2,999	2,918	↓ 2,4%	✓	2,947	1,946	✓
Reduce non-renewable electricity usage intensity by 30% (kWh/ℓ)	0,129	0,100	0,095	↓ 4,3%	✓	0,095	0,090	✓
Reduce on-site fossil fuel-based energy usage intensity by 20% (MJ/ℓ)	1,23	0,996	0,976	↓ 1,9%	✓	0,988	0,988	✓
Reduce GHG emissions intensity by 22% (tCO <sub>2</sub> e/ℓ)	0,254	0,200	0,218	↑ 9,2%	✗	0,210	0,198	✓
Reduce effluent load discharged intensity by 60% (gCOD/ℓ) ***	11,482	7,960	6,061	↓ 20,4%	✓	6,398	4,593	✓

ℓ: Litre  
 kWh: One kilowatt hour  
 MJ: One megajoule  
 tCO<sub>2</sub>e: 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, Uityk and portion of Groenhof Farm in 2018).  
 \*\*\*\*\* Aspirational goals have been revised for 2025.







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## PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

OUR 2025 ASPIRATIONAL GOALS ARE 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

#### We reached our stated 2022 target

We started operations at our Worcester waste water treatment plant and our Springs waste water treatment plant also became operational during the year after experiencing operational delays in FY2021. Our Adam Tas waste water treatment plant was stable throughout the year, and we recovered 14 692 m<sup>3</sup> of water.

[Read more from page 90.](#)

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

#### We reached our 2022 reduction target

We increased the total kWh of renewable electricity used and increased the percentage of renewable electricity usage out of the total electricity usage to 20,6% (2021: 6,3%). We completed four solar PV installations at our production sites during the year. Through our five solar PV plants we generated 16 084 000 kWh. We generated 25 679 kWh through the 20 kWp solar PV installation at our Group engineering facility. The biogas/methane-based electricity generation unit at our Springs wastewater treatment facility generated 2 977 948 kWh in FY2022. [Read more from page 88.](#)

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

#### We reached our 2022 reduction target

The reporting year saw a return to pre-COVID-19 production volumes. We struggled with coal quality issues at our operations during the reporting year. However, we managed to remediate these issues towards the end of the financial year and were therefore able to reach our target. [Read more from page 88.](#)

### ✗ Reduce greenhouse gas emissions intensity by 22% by 2025

#### We did not reach our 2022 target

Greenhouse gas emissions were negatively impacted by a reliance on poor quality coal during the year as well as increased reliance on diesel due to the high frequency of load shedding. These issues were compounded by high production volumes, which led to greater electricity consumption, as well as the intermittent functioning of our biogas/methane-based electricity generation unit at our Springs facility. [Read more from page 88.](#)

### ✓ Reduce effluent load discharged intensity by 60% by 2025

#### We reached our 2022 target

This was due to the continued treatment benefits obtained from the Adam Tas effluent treatment plant, our Springs waste water treatment plant being fully operational and the benefits from the new Worcester effluent treatment plant that started treating effluent in mid-May 2021. Water recycling was also initiated at our Gqeberha plant, and we commissioned effluent buffering plants at Monis and Wadeville during the year. [Read more from page 90.](#)

### Impact of COVID-19 on performance

Performance during FY22 returned to pre-COVID-19 production volume levels, despite further alcohol sales bans in December 2021. As a result, production volumes for FY22 were 106,5% of the original budget. This positively impacted performance against our intensity-based sustainability targets. The details of this impact are unpacked further on the following pages.





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

**We track 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)	2,9176 (2021: 3,2001)	4,0168 (2021: 5,0138)	18,2451 (2021:12,4403)	3,0563 (2021: 3,3592)
Non-renewable electricity usage intensity (kWh/ℓ)	0,0948 (2021: 0,1011)	0,0827 (2021: 0,0466)	0,2388 (2021: 0,1798)	0,0936 (2021: 0,1004)
On-site fossil fuel-based energy usage intensity (MJ/ℓ)	0,9761 (2021:1,0331)	0,9103 (2021: 3,5400)	27,6506 (2021: 18,3468)	1,1883 (2021: 1,3111)

\* Angola and Kenya Wine Agency Limited.

\*\* Based on total East Kilbride production litres.

## CURBING 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 2022

Market-based direct emissions increased by 25,6% to 168 820 tCO<sub>2</sub>e (2021: 134 371 tCO<sub>2</sub>e). Total GHG emissions, including Scope 3 and out of scope emissions, amounted to 489 251 tCO<sub>2</sub>e (2021: 432 280 tCO<sub>2</sub>e). This is a 13,1% increase.

Renewable electricity was sourced from our Springs 1 400 kWp, Wadeville 1 340 kWp, Adam Tas 1 350 kWp, Nederburg 675 kWp and Monis 400 kWp solar PV electricity generation plants. We bought the generated 16 084 000 kWh of solar power (2021: 1 875 364 kWh). The biogas/methane-based electricity generation unit at the Springs wastewater treatment facility generated 2 977 948 kWh (2021: 1 402 664 kWh). We also generated 25 679 kWh through the 20 kWp solar PV installation at our Group engineering facility in Stellenbosch (2021: 26 690 kWh through a power purchase agreement).

We reduced our non-energy-related GHG emissions by capturing, purifying and using the CO<sub>2</sub> released during the fermentation of apple juice for cider production and fermentation of grain for whisky production to carbonate our products. This reduced our CO<sub>2</sub> purchases. CO<sub>2</sub> captured increased by 26,9% to 12 380 tonnes. This was due to the increase in production volumes during the reporting year.





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

Fossil fuel usage was compounded by higher coal usage due to poor quality coal being received from our suppliers. This issue was remediated, and we reached our target. Greenhouse gas emissions were negatively impacted by a reliance on poor quality coal during the year as well as increased reliance on diesel due to the high frequency of load shedding. These issues were compounded by high production volumes, which led to greater electricity consumption.

Our Scope 1 and 2 carbon footprint (tCO <sub>2</sub> e)	Achieved
2014 (base year)*	151 709
2020	130 299
2021	134 371
2022	168 820

GHG emissions (kgCO <sub>2</sub> e/ℓ)	Achieved	Target
2014 (base year)*	253,9	–
2020	260,7	225,1**
2021	195,6	244,7
2022	218,0	199,8
2023	–	210,0

Fossil fuel-based energy usage (MJ/ℓ)	Achieved	Target
2014 (base year)*	1,2349	–
2020	1,1381	1,1230**
2021	1,0331	1,0983
2022	0,9761	0,9960
2023	–	0,9882

Electricity usage (kWh/ℓ)	Achieved	Target
2014 (base year)*	0,1290	–
2020	0,1248	0,1089
2021	0,1011	0,1179
2022	0,0948	0,0995
2023	–	0,0951

\* Rebased based on divestment (sale of Le Bonheur and Stellenzicht in 2017 and Neethlingshof, Uityk 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.

<sup>1</sup> 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 FY21 submission of the FY20 data, with the performance score reported in the FY22 sustainability reporting year.

In FY22, we submitted our eleventh annual carbon footprint report to the CDP<sup>1</sup>. 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 FY20 disclosure figures. Our FY21 report received a BB performance score (2020: A-) 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. [Please supply URL for this link](#)

Refer to our ESG appendix for our carbon footprint. [Please supply URL for this link](#)

## Distell's net zero journey

### In June 2022, we appointed Carbon Calculated to assist us with developing Group-wide near-term emissions reduction targets and long-term net zero targets. These targets will be submitted to the SBTi for formal approval.

We will follow a multi-phased approach to develop these targets and play our part to ensure we remain within the 1,5°C warming of global temperatures that the scientific community state is needed to prevent catastrophic impacts of climate change. This is an important step on our journey to take action in response to one of the world's most pressing environmental and social issues challenging us today.

The SBTi is a global collaboration that develops methodologies and resources to enable companies to set emission reduction targets in line with what climate science says is necessary. SBTi acts as a verification body reviewing whether company targets are in line with the SBTi criteria and best practice.

Science-based targets guide companies in how much and how quickly they need to reduce their GHG emissions to prevent the worst effects of climate change. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1,5°C above pre-industrial levels.





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

## 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.**

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.

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 FY22, we submitted our ninth annual CDP Water report. Our FY21 report, based on the FY20 disclosure figures, was assessed by CDP Water and received an A- performance score (2020: A-) 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.](#)

<sup>1</sup> 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 FY21 submission of the FY20 data, with score reported in the FY22 sustainability report.

## How we performed in 2022

In 2021, we approved further capital investment to expand the treatment capacity of our Springs water recovery plant to allow the water recovery process to restart during the first half of FY23.

Water recovery at the Adam Tas facility was operational in FY22, recovering 14 692 m<sup>3</sup> of water in FY22. This was after it was stopped in April 2022 in response to the anaerobic treatment process that arose from changes in the effluent composition due to altered manufacturing at the site.

Water usage (ℓ/ℓ)	Achieved	Target
2014 (base year)*	3,8926	–
2020	3,3863	3,3087**
2021	3,2001	3,0250
2022	2,9176	2,9995
2023	–	2,9473

\* 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 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 2022

The absolute volume of wastewater and effluent from our sites increased by 20,4%, while our wastewater intensity decreased to 6,0606 litres of effluent per litre of packaged product.

Construction of our wastewater treatment facility at our Worcester production plant was completed and operational from 1 July 2021. We completed the water reuse infrastructure at our Worcester distillery site during the year. Our Springs water recovery plant was not operational in FY22 due to plant overload and yeast in the effluent stream. Water recovery will restart in FY23.

Effluent characterisation studies were completed at our Wadeville, Monis and Port Elizabeth production plants. We further completed the commissioning of new effluent buffering and pH correction plants for our Monis and Wadeville facilities during the year.

During the year, we experienced a challenge of high pH effluent at our Wadeville site. We investigated the cause of this high pH, which was primarily due to bottle washers and washing lines. We investigated installing tanks to collect caustic washing water and treat or reuse this water.

Effluent load (gCOD/ℓ)	Achieved	Target
2017 (base year)*	11,4815	–
2020	9,8524	9,8021**
2021	7,3774	8,5985
2022	6,0606	7,9600
2023	–	6,398

\* 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.





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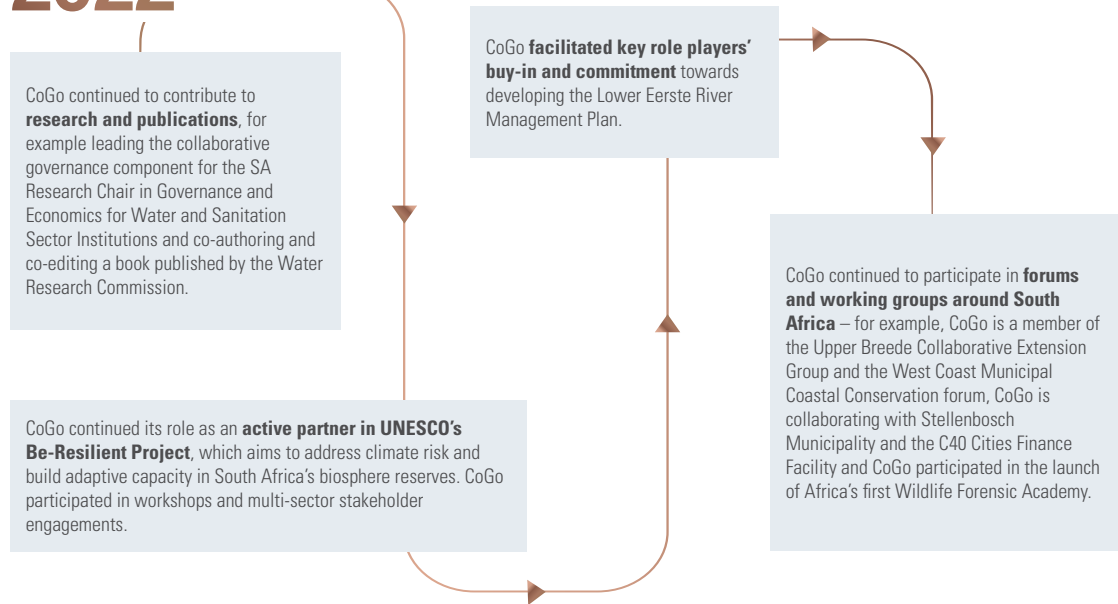
## COGO: NAVIGATING COLLABORATIVE GOVERNANCE FOR INCLUSIVE WATER SECURITY AND PROSPERITY

We are an active participant in CoGo, a collaborative governance cooperative working towards water security by mediating cooperation between civil society, the public sector and research institutions, and using a participatory and trans-disciplinary research approach.

CoGo'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.

### Key activities in 2022

# 2022



**CoGo continues to weave and connect relevant partners in the local and wider landscapes, changing attitudes and actions appreciating good water governance – because it matters.**

## STRATEGIC WATER PARTNERS NETWORK: CREATING SHARED VALUE THROUGH INNOVATIVE PARTNERSHIPS

Distell is a funding partner of the Strategic Water Partners Network (SWPN), a multi-stakeholder partnership (primarily between the Department of Water and Sanitation, the private sector and civil society) working cooperatively to close a 17% gap between water supply and demand that is anticipated to manifest by 2030 in South Africa.

The underlying driver of the SWPN is the commitment by the partners to find solutions for South Africa's water challenges. We work collectively to identify, design, and implement innovative, cost-effective and scalable solutions and programmes that address shared water challenges and are aligned with South Africa's National Water and Sanitation Master Plan. For example, Distell shared insight into our response to the severe drought and threat of Day Zero in 2018. This included sharing our approach to water saving and water reuse to enable other partner organisations to leverage these learnings and apply them to their own operations.

The SPWN consists of working groups that collaborate around four key priority areas:

- Municipal water demand management
- Sanitation services and wastewater treatment and reuse
- Irrigation water use efficiency
- Water stewardship

"Our funding partners play a critical role in supporting the SWPN as we look to collaborate and bring stakeholders together to close the water supply and demand gap. Distell demonstrated a leadership position in its approach to water reuse and keenly shared these learnings with other partners to enable improved water management that benefits all. We look forward to finding more opportunities to collaborate with Distell to address shared water challenges and deliver a meaningful impact for South Africa in the years to come."

### Michelle Proud

Strategic Water Partners Network (SWPN) Programme Officer



Find out more about the Strategic Water Partners Network  
Find out more about the National Water and Sanitation Master Plan

Please supply URL for this link





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

## 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 2022

We bought 302 575 tonnes of new glass, a 31,5% increase compared to 2021 (230 120 tonnes). This increase can be attributed to our increase in volumes during the reporting year. [Read more about this shortage and its impact on our products and production, as well as our response, in our integrated report.](#)

Please supply URL for this link

Through the Give back, Get back initiative we reused a total of 69 706 tonnes (2021: 96 193 tonnes) of glass. This amounts to 129,2 million bottles (2021: 179,8 million) and represents 28,2% (2021: 24,5%) of our total glass requirements. The volume of glass recycled decreased to 6 040 tonnes (2021: 7 605 tonnes). 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.

During the year we appointed Enviroserve to manage on-site waste collection, separation and removal for recycling and disposal at all manufacturing sites (excluding Springs). RRR Ram Holdings was appointed for our Springs site only.

The key focus of the appointments was to:

- Improve waste separation to increase the Group's recycling rate and reduce waste to landfill, with view of reducing waste to landfill.
- Ensure all waste recyclers and composting and landfill sites are compliant.
- Ensure robust waste management systems are in place to ensure a reliable and auditable waste trail from generation to end of life.

Looking forward, we will work alongside Enviroserve and RRR Ram Holdings to further improve waste management per site and ensure we optimise these processes in line with our strategy of Zero Waste.

Other packaging and production waste (tonnes)	2017	2018	2019	2020	2021	2022
Cartons and paper	1 490	1 118	1 118	600	1 077	1 394
Plastic <sup>1</sup>	1 040	818	826	1 019	783	792
Tetra Pak	–	–	–	–	–	–
Metal (including cans)	276,5	244,1	118,0	157,0	123	114

<sup>1</sup> 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 – less than 1% of our total packaging by weight is plastic!

We are proud to report that less than 1% of our total packaging by weight is plastic. This 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.

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.





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

## 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.

EPR regulations were published in South Africa in 2021. 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.

### Actions taken in 2021

As we prepared to be fully compliant, we defined the scope of our activity for 2022. This included:

- agreeing on the scope of relevant products or materials covered under the EPR regulations;
- establishing an estimate of our packaging footprint, 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.

### Actions taken in 2022

- Through our memberships with different producer responsibility organisations, we ensured compliance with the EPR regulations by declaring tonnages and waste produced.
- We are working closely with the CGCSA, GreenCape and the SA Plastics Pact on the EPR Regulation Amendment.

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.

## 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.

### SA Plastics Pact targets to 2025

Taking action on problematic or unnecessary plastic packaging through redesign, innovation or alternative (reuse) delivery models

100% of plastic packaging to be reusable, recyclable or compostable

70% of plastic packaging to be effectively recycled

30% average recycled content across all plastic packaging



Unpack the detailed 2025 targets and Roadmap to 2025  
Find out more about SA Plastics Pact

Please supply URL for this link

*"The SA Plastics Pact, led by GreenCape, has refined our focus areas for 2022 and 2023 based on our first report on performance relative to the four Pact targets for 2025. Two of the focus areas are scaling reuse/refill models in South Africa and supporting informal sector integration for the development of an inclusive circular economy for plastics in South Africa. We are very pleased to have Distell champions on board to continue sharing their expertise and learnings in these key elements of a circular economy for plastics, and we are looking forward to greater impact from our partnership."*

### Dr Kirsten Barnes

Project Lead: SA Plastics Pact, GreenCape





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# PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

## CONTRIBUTING TO A CIRCULAR ECONOMY CONTINUED

### 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.

Leveraging the information, abilities and ideas gained through our flagship programme in Khayelitsha (launched in July 2019), we have since partnered with more stakeholders to roll out recycling initiatives elsewhere in South Africa. This demonstrates the positive, scalable impact of this programme.

**GreenUP's success has been supported by the many strong partnerships we have formed. This includes our delivery partners, such as Kudoti and Greenway Africa, as well as the commitment of our BBCs and waste pickers. Success is also being driven by the collective impact of our strategic partners, which include local municipalities and private sector partners, including Heineken and ENS Africa. These partnerships have been critical in enabling us to ramp up this programme throughout South Africa and we are proud of their commitment to join us on this important journey.**

### GREENUP WESTERN CAPE: CREATING A WOMEN-LED CIRCULAR ECONOMY

We continue to make good progress on our GreenUP initiative in the Western Cape, leveraging our ongoing and strong strategic partnership with the City of Cape Town:

- We have increased the number of women EAs – 85% of our waste entrepreneurs are women
- Through ongoing support and by leveraging strategic partnerships, we have increased the volume of waste being collected by EAs and enabled sustainable income streams for new entrants. Support includes, for example, the provision of custom built, robust collection trolleys that enable EAs to collect more waste material and therefore earn more income
- We have established bottle collection facilities within the BBCs
- We partnered with ENS Africa to offer EAs business training

150

JOBS SUSTAINED

6

BUY-BACK CENTRES ENABLED

ENS Africa  
City of Cape Town

KEY PARTNERS

### GREENUP KWAZULU-NATAL: SUPPORTING SMMEs IN THE GLASS VALUE CHAIN

We introduced two new pilot sites in KwaZulu-Natal at the end of 2021 in Durban and Newcastle. Our focus in KwaZulu-Natal is to look for opportunities to expand the value chain by repurposing the non-returnable glass bottles 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 strengthened our collaboration with eThekweni Municipality and Heineken to support existing and create new SMMEs that focus on repurposing glass – creating opportunities for more than 300 waste reclaimers in the glass value chain

361

JOBS SUSTAINED

2

REPURPOSING CENTRES SUPPORTED

Heineken  
eThekweni Municipality

KEY PARTNERS

### GREENUP GAUTENG: SUPPORTING THE EFFICIENT COLLECTION OF DISTELL RETURNABLE BOTTLES

In December 2020 we introduced a GreenUP pilot project in Soweto and we extended the programme to a new site in Alexandra during the year. Our approach in Gauteng includes supporting the efficient collection of Distell returnable bottles:

- We have continued tracking and collecting Distell returnable bottles in Soweto and Alexandra and have seen an increase in the collection rate by connecting bottle dealers to local distribution centres
- We have increased the registration of bottle entrepreneurs

83

JOBS SUSTAINED

7

BUY-BACK CENTRES ENABLED

Greenway Africa

KEY PARTNER







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## PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

### Creating a circular economy

GreenUP is an important example of how we are finding innovative and enterprising ways to create circular economies along our value chain.

1

EAs gather and collect recyclable materials from the street, informal dumps and households. GreenUP helps grow the capacity of EAs by registering them on the software platform, providing trolleys, bags and protective gear, and pairing them with BBCs and taverns.

2

The EAs sell their materials to one of the registered BBCs, where GreenUP helps secure better pricing and offtake agreements. This helps the EAs grow their businesses, manage their finances and have sustainable income streams.

3

Through the provision of support in the form of transport and materials, BBCs can grow and hire more people, thereby encouraging more of the surrounding community to become EAs.

4

Partnering recycling processors can source extra recyclable materials from the BBCs and EAs. This helps them to meet their targets and provide packaging manufacturers with recycled materials.

5

Recycled materials are then manufactured back into product packaging and the cycle starts again.



**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.**

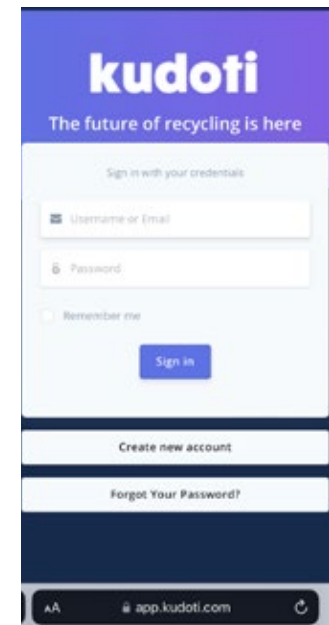
EAs use paper to track all business transactions, such as the frequency of their visits to BBCs, weekly income and the receipt of personal equipment. The digital platform digitises and automates waste management operations from start to finish so that efforts may be better rewarded. We worked closely with BBCs and EAs to support them on this digital journey and ensure they understand the benefits of the platform.

**GreenUP is an important milestone on our journey to unlock shared value 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.**

*“As a non-profit organisation, we want to create new jobs within our organisation and communities. Distell’s GreenUP programme has impacted the bottle dealers in a positive way as it cut out the middleman and ensured that the dealers get the full value of the bottles they have collected. Bokamoso Youth Centre was also able to offer more services to beneficiaries as a result of our partnership with Distell and we created employment opportunities for two of these beneficiaries.”*

**Palesa Mpiti**

*Chairperson of Bokamoso Youth Centre*





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## PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

### CONTRIBUTING TO A CIRCULAR ECONOMY CONTINUED

#### Environmental responsibility in our international operations

Like the rest of the Group, our international operations put environmental, social and ethical considerations at the heart of its business.

Our sustainability journey is delivering tangible results. Our distilleries and manufacturing facilities are industry leaders when it comes to environmental responsibility and are leading the conversation when it comes to:

- Supporting Distell to help meet its resource efficiency and carbon reduction targets
- Beating the Scotch Whisky Association net zero target of 2040

The Deanston distillery is right on the banks of the River Teith in Doune, Scotland. The Teith is the second-fastest flowing river in Scotland, and the distillery has always been powered by sustainable energy in the form of large water wheels. These have been upgraded over the years, but we still generate all of our own electricity for use in the distillery, and we actually generate so much that we give back to the grid as well.

Bunnahabhain is on track to become Islay's first distillery to have a net zero emission distillation process. This is following the installation of a biomass energy centre, powered entirely by forest biomass sourced on the island and spent malt, which is a by-product of distillation. In addition to pursuing the net zero targets, this also supports the island's forests and economy. The combination of wood chippings from low-value timber felled on Islay and spent malt helps to nurture the island's forests and promote sustainability and biodiversity as existing conifer forests are replanted with mixed hardwood and softwood.

**The £6,5 million biomass system was funded by and will be owned and managed by AMP Clean Energy and has been operational since June 2022. The facility will save approximately 3 500 tonnes of carbon per year.**

#### 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. Adam Tas, Nederburg, Monis and Durbanville have all submitted IPW data and have been awarded with compliance certificates.





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## PROMOTING ENVIRONMENTAL RESPONSIBILITY CONTINUED

### Environmental compliance

**We believe that protection of the environment is a collective responsibility that involves working with our suppliers and communities to ensure that no aspect of our operations negatively impacts livelihoods or human rights. We therefore work with suppliers to ensure environmental compliance, alongside providing support to implement further environmental policies and practices.**

#### Supplier requirements:

- **Certification:** Suppliers must comply with all local and international environmental regulations. In certain regions where Distell operates, further compliance is required, most specifically in South Africa where all of our wine and grape suppliers must be IPW certified.
- **Environmental targets:** When required, suppliers are expected to disclose their company environmental targets. Suppliers are further encouraged to measure and drive improved performance.
- **Environment management systems:** We encourage suppliers to develop their own environmental management system framework and commit to relevant ISO standards.

#### Measuring compliance

- To do business with Distell, all suppliers must adhere to our Responsible Sourcing Policy. (📄 Refer to page 28).
- We aim to undertake due diligence across our supply chain and suppliers through self-assessment questionnaires, supported by third-party audits. Distell then works closely with suppliers to ensure corrective actions are actioned where necessary.

#### Continuous improvement

Distell engages with suppliers within a framework of continuous improvement. We work with suppliers to at a minimum ensure legal compliance, and beyond that work towards industry good practice. We also encourage our suppliers to work towards other industry certifications, where appropriate.

### Distell's certification schemes maintained

We conducted annual external surveillance certification audits across all sites against internationally recognised standards. No significant incidences of major non-conformances were identified. Where minor non-conformances were reported, these were swiftly addressed and corrected.

#### Distell's certification scope:

**ISO 14001 (Environmental Management):** Durbanville Hills; Nederburg; Adam Tas; J. C. Le Roux; Monis; Worcester; Wellington; Goudini; Van Ryn; Wadeville and Gqeberha. In the recommendation process: Springs

**ISO 9001 (Quality Management):** Durbanville Hills; Nederburg; Adam Tas; J. C. Le Roux; Monis; Worcester; Wellington; Goudini; Van Ryn; Wadeville; Gqeberha; Springs and all Distribution Centres

**ISO 45001 (Occupational Health and Safety Management):** Worcester.  
In the recommendation process: Adam Tas; Goudini and Gqeberha

**FSSC 22000 (Food Safety Management):** Durbanville Hills; Nederburg; Adam Tas; J. C. Le Roux; Monis; Goudini; Wadeville; Gqeberha and Springs

**Organic:** Nederburg; Adam Tas Export

**Fairtrade:** Distell Limited and Distell International as traders with Adam Tas and Nederburg facilities as sub-contractors

**Vegan:** Amarula Coconut Liqueur

**Wine Industry Ethical Trade Association (WIETA):** All Distell farms, Durbanville Hills; Nederburg; Adam Tas and J. C. Le Roux





# Empowering our people

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## EMPOWERING OUR PEOPLE

“Talent is a critical driver of business performance, and our ability to attract, develop, deploy and retain best-in-class talent. This remains our key competitive advantage, which will continue to position Distell as an employer of choice.”

We will continue to focus on fostering a positive and safe working environment with opportunities for career development as well as building a diverse and sustainable talent pipeline, which is reflective of global, regional and local business realities. Our approach is underpinned by robust engagement and a commitment to continuously evaluate the skills and capabilities required to accelerate our talent and provide meaningful and purposeful employment for our people.

The SDGs promote sustained economic growth, higher levels of productivity and technological innovation. To achieve this, we need to promote full and productive employment and decent work for all. 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.

### 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, employee relations and employment practices to ensure fairness. Our human resources department supports our employees and partners 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 Basic Conditions of Employment Act.

“In recent years we have had to shift gears as an organisation – responding to COVID-19, new ways of work and a changing employer-employee relationship. It has been critical that we take our people along with us on this journey. However, inspired by our beautiful portfolio of brands and diverse Brandcrafters, we rose to the challenge to build an African champion that can compete with global players. We are embedding new skills and capabilities and accelerating our talent and bench strength. Led by our refreshed purpose, we are creating opportunities for our employees to engage in meaningful and purposeful work. This year, we saw the benefits of our investment in our people and culture, as our employees flourished and came together to deliver an outstanding financial performance as well as one of the most impactful years in terms of our social and environmental contribution to communities.”

**Natasha Moller**

Acting director: human resources





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# EMPOWERING OUR PEOPLE CONTINUED

## OUR EMPLOYEE COMPOSITION

Employees	Men				Women				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	1	1	9			1	3	16
Senior management	9	12	12	57	3	5	4	21	123
Professionally qualified <sup>1</sup>	53	52	18	114	29	39	11	114	430
Technically skilled <sup>2</sup>	331	216	20	171	135	167	19	160	1 219
Semi-skilled <sup>3</sup>	658	390	7	28	195	121	6	34	1 439
Unskilled <sup>4</sup>	159	65		2	139	51			416
Total permanent	1 211	736	58	381	501	383	41	332	3 643
Temporary employees <sup>5</sup>	134	27	4	20	99	33	5	50	372
Offshore	167	14	1	216	41	19		136	594
Total	1 512	777	63	617	641	435	46	518	4 609

<sup>1</sup> Professionally qualified and experienced specialists and mid-management.

<sup>2</sup> Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents.

<sup>3</sup> Semi-skilled and discretionary decision-making.

<sup>4</sup> Unskilled and defined decision-making.

<sup>5</sup> Temporary employees include those employees who only work for a period on contract.





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# EMPOWERING OUR PEOPLE CONTINUED

## ENHANCING OUR EMPLOYEE VALUE PROPOSITION

### Our employee proposition

Our employee value proposition ensures we 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.



#### 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.



#### OUR REWARD OFFERING

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



#### 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 employee value proposition also offers enhanced employee perks that include, for example:

- 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 selected hotel accommodation and discounts on dining out and pairings at our brand homes
- 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 (1 For The Road) is offered to all our employees

### During the year, we engaged with our Distell Africa employees to ensure that we craft a fit-for-purpose employee value proposition.

As an outcome of this engagement, we introduced employee perks and benefits customised for Africa to ensure we offer an enhanced employee experience. These perks included, for example, a newly revised and regionally benchmarked leave policy aligned to each market's nuances, flexible retirement and medical aid benefits. Our enhanced employee value proposition for Distell Africa is part of our Africa People Plan.

We recognise the importance of including each employee on our culture journey. This year we introduced the AfriChat@Workplace platform to facilitate continued connection, communication and collaboration across Distell Africa. This platform plays an important role in supporting our culture change journey in the Africa business unit.





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# EMPOWERING OUR PEOPLE CONTINUED

## OUR CULTURE EVOLUTION: ONE DISTELL

We began our culture change journey in 2016, with the aim of shifting from a hierarchical, siloed structure with a centralised decision-making function, to develop an open-minded, innovative mindset and become more agile and adaptive in a rapidly changing world.

This required a carefully considered shift in company processes, management routines, desired behaviours and performance indicators, all of which were interlinked to support Distell's vision and purpose.

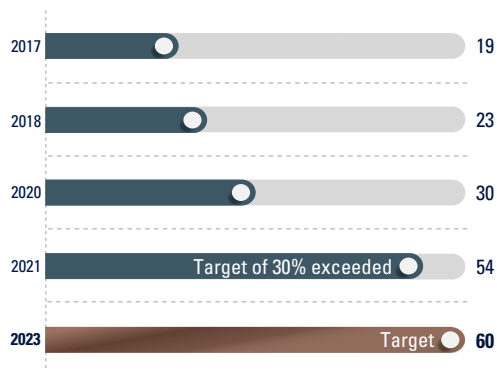
Such a transition requires buy-in and robust employee engagement, as this is the only way it will succeed. Supported by the board, executive management was steadfast in the implementation of the culture journey, and employee confidence grew in the merits of Distell's new direction.

We crafted a culture roadmap using the META framework (mobilise, execute, transform with agility) and re-evaluated the skills and capabilities needed to take the Group on this journey. We invested time and funds to ensure our Brandcrafters are empowered with the necessary skills needed for the future world of work. We made sure that the right talent is selected for the right roles to match organisational requirements and to enhance the employee experience.

The culmination of this journey – One Distell – speaks to the deep appreciation Distell has for individual employees, and how this has translated into a cross-functional, collaborative ethos. The proof of how powerful One Distell can be has been evident in the operational shifts we have been able to make in response to the unprecedented challenges we faced over the past few years.

Since 2017, we have conducted a culture survey – an organisational assessment that allows us to measure culture quantitatively, through a digital questionnaire – every two years. Our overall score has improved from 19% in 2017, to 54% in 2021, with the intention to conduct another survey in 2022/2023 with a target of 60%.

### Culture survey results (%)

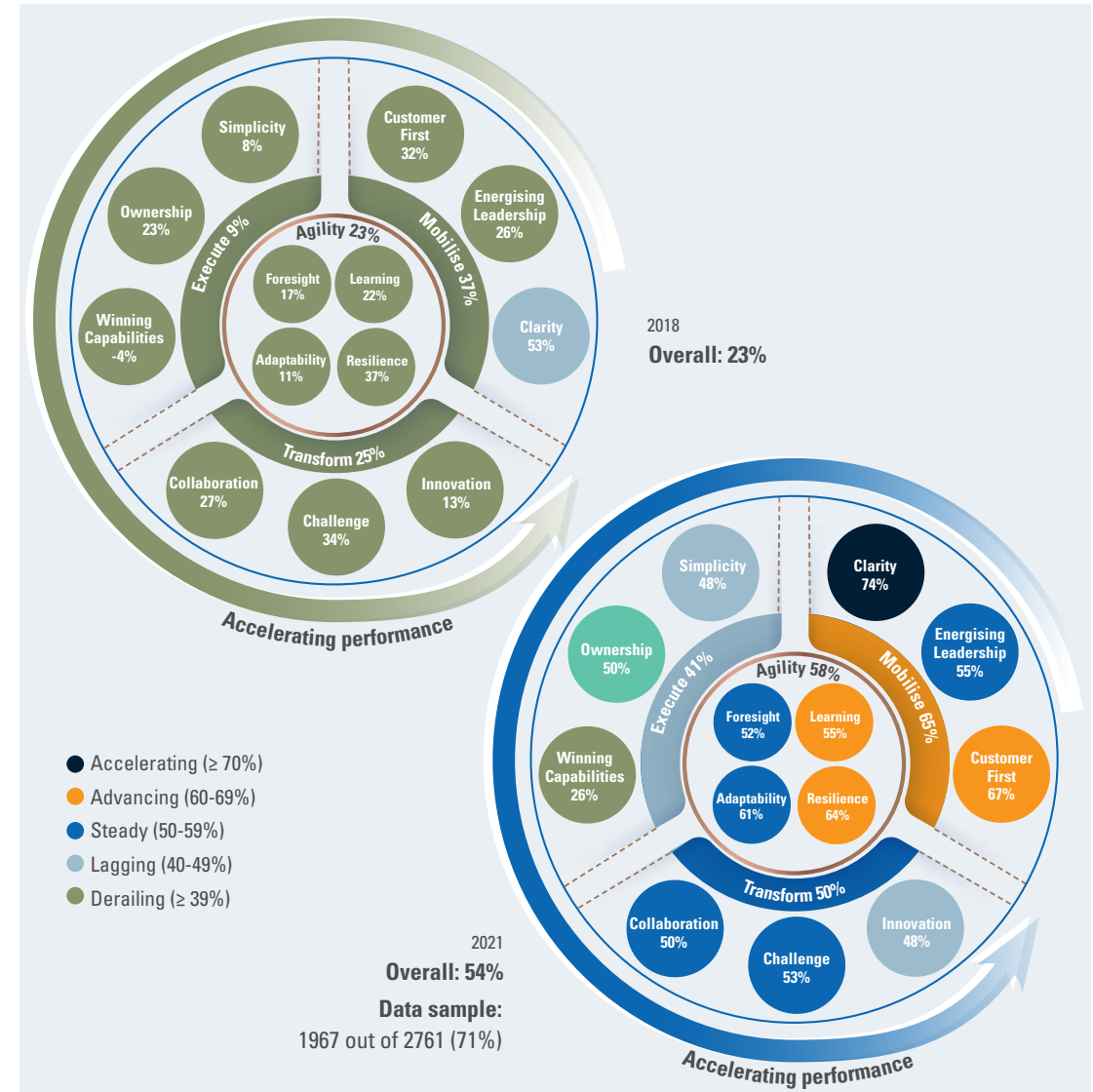


*“As we navigate a period of constant change and disruption, we are focused on supporting our Brandcrafters by focusing on employee well-being, engagement, culture, change readiness and strategic talent management. At the same time, our culture journey continues to evolve. We will maintain our focus 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.”*

### Jeannine du Toit

Acting global lead: talent and culture

The below graphic provides a snapshot of the evolution of Distell's culture profile and demonstrates that we are progressing significantly on our journey towards a culture of clarity, resilience and collaboration.







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## EMPOWERING OUR PEOPLE CONTINUED

### OUR CULTURE EVOLUTION: ONE DISTELL CONTINUED

#### Responding to the new world of work as part of our culture shaping journey

It has been two years since we embarked on a hybrid model and successfully instituted remote work (working from home) in response to the COVID-19 pandemic. We are proud of how our employees have shown up and contributed to Distell's success in the past year, whether working in the office, at home or on site.

To ensure our business remains aligned to the Future World of Work Practices, we remain focused on:

- **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.
- **Future-fit organisations:** Leadership, culture and digital transformation remain key focus areas to ensure we build a sustainable, purpose-led and future-fit business. We are therefore committed to crafting meaningful work experiences through leader led interventions.
- **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.
- **Change readiness:** We recognise that our employees are dealing with change and disruption. We therefore launched a Change Journey in 2022 that delivers a customised change management programme to upskill and reskill our employees. This programme will further ensure that our employees are equipped with change management capabilities to help them navigate this change transformation process.

We recognise that employee well-being is critical to individual and organisational performance. This is more important than ever considering the impact of prolonged anxiety, fatigue and uncertainty caused by COVID-19 and the tough socio-economic times employees are facing.

We are therefore committed to implementing purpose-fit employee well-being initiatives that boost morale and motivation, promote employee retention and belonging and sustain high-performance while ensuring Distell remains a great place to work.

#### How we supported employee well-being in 2022

- We **invested more than R1,37 million in holistic well-being interventions** that range from financial, career, physical, emotional and digital well-being and health and safety programmes.
- We **launched an online Well-Being Hub** for our employees, which includes a robust range of resources for employees to access.
- We **introduced wellness Wednesdays** – a series of webinars on a broad range of topics including change management, digital detoxing, good sleeping habits and more.
- We **conducted a well-being survey** to obtain data from our employees on how they feel they are coping in terms of holistic well-being, and where there is room for Distell to offer more support. 81,6% of employees said that Distell supports their well-being.
- We saw a **marked year-on-year improvement in the Net Promoter Score** to 75% of employees saying they will definitely recommend Distell as an employer of choice.
- In partnership with knowledgeable programme facilitators, we **created a bespoke well-being programme**, Staying Strong. This programme was launched in 2020 and we have continued to offer the programme to our employees in the years since. The programme provides tools to build employees' emotional fitness, resilience, optimism, ownership and flexibility – allowing them to persevere during tough times. A total of 538 employees attended Staying Strong sessions across our South African operations in 2022.





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## EMPOWERING OUR PEOPLE CONTINUED

### LEARNING AND DEVELOPMENT

Our commitment to driving a high-performance and continuous learning culture requires intentional purpose and focus. Ultimately, we aim to embed a learning and development framework that is agile and globally competitive.

Learning and development remain a key element of our growth strategy and an integral component of our employee value proposition.

As we navigated the disruption of COVID-19, we took the opportunity to refocus our learning and development approach. This included, for example, repurposing and adapting our learning and development offering for the business as well as elevating a blended learning approach that encourages self-directed learning.

We continue to implement skills development initiatives that provide meaningful opportunities to grow our talent pipeline. We also aim to unlock prospects that will improve the future of our youth who otherwise would not have had the opportunity to optimise their potential. Digital transformation remains a key development area for Distell, underpinned by leadership development and learning initiatives and programmes to equip our employees to lead and thrive in a digital world.

#### We continue to shape and embed a high-performance culture with learning programmes that:

- Are fit-for-purpose and support our business realities and strategic capabilities
- Implement and drive a digital learning approach for behavioural, leadership and technical capabilities
- Build leadership capabilities and increase employee effectiveness at a global level
- Deepen the diversity of our talent pipeline and optimise our talent acquisition and retention model
- Align collective and recognition agreements to strategic change
- Embed employee well-being throughout the organisation
- Accelerate workforce transition and integration for major projects

### Programme highlights in 2022

This year we implemented our curated Flagship Leadership Programme for our executive and senior leadership team. This programme aims to set the tone from the top and enhance our collective leadership capability. To support this programme, we launched a Visionary Leadership Module that aims to help shift the mindsets of our leaders towards crafting solutions for complex business challenges.

In addition, we supported our Flagship Leadership Programme with cross-functional coaching circles to help embed the concepts introduced through the programme. This Distell Coaching Capability Journey aims to entrench coaching as an agile leadership practice that helps our leaders lead self, teams, and the business. Going forward, this is an important capability that we will align with our change journey to ensure teams are capable of leading people through transition.

### Strengthening our digital learning and development capabilities

As we continue our pursuit to craft our tomorrow, future fit ourselves and evolve, we are embarking on a digital learning journey.


We have partnered with various internationally recognised providers of curated online learning content to enhance our digital fluency. The content will enhance our current development offering to further build winning capabilities required to sustain our competitive advantage. Since inception, we have seen a great response among our employees with over 67 000 visits to our online learning content during 2022.

### Ensuring a holistic approach to learning and development

Throughout Distell, we are focused on rolling out programmes that create awareness and ownership for diversity, equity, inclusion and belonging.

#### Highlights for the year:

- We provided our leaders with an awareness toolkit to drive diversity and inclusion in the business.
- Twenty-four of our leaders across Distell Africa completed a Leading Inclusively leadership programme linked to our Distell Africa diversity and inclusion strategy.
- Aligned to this strategy, the Ela Lidera (She Leads) programme empowered 24 women from Distell Africa with the skills to impact, influence and flourish in the face of the complexity they experience as women leaders.
- Eighteen of our senior leaders enrolled in Oxford University's Women's Leadership Development Programme, which helps women employees overcome gender barriers and grow as leaders within their careers and within Distell. An additional 31 middle managers commenced a curated leadership development programme in July 2022.
- We provided talented youth with practical training that supports the development of suitable career paths through learnership, internship and apprenticeship programmes. Such programmes build a skills pipeline and enable transformation within Distell.

 Read more about what we are doing to accelerate diversity, equity and inclusion across Distell on page 108.

**In 2022, we spent R26,1 million on training initiatives. (2021: R24,5 million)**





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## EMPOWERING OUR PEOPLE CONTINUED

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

### ENHANCING EMPLOYEE HEALTH AND SAFETY

We have a deliberate focus on health and safety through the implementation of our **Zero Harm Strategy**. We drive this strategy through behaviour-based safety programmes co-developed through employee participation and consultation.

We have a focused and well-maintained **employee safety, health and wellness programme** at Distell. Established health and safety committees and emergency team members are located throughout the business to assist and mitigate any risk that should arise.

We have a **comprehensive occupational health and safety strategy** that emphasises the documentation and monitoring of health and safety risks. We conduct comprehensive risk assessments routinely as triggered by our health and safety management framework. 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, 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. 18 525 consultations were carried out during the year, consisting of 10 736 occupational health consultations and 7 789 primary health consultations. In addition, we completed 2 737 medical surveillances, 2 097 health evaluations and 3 888 consultations to assess occupational fitness.

Continuous personal development is imperative to ensure employees remain highly productive in the workplace. Through health education, we strive to equip employees with relevant information and tools that can be applied in their personal capacity and in the workplace. We conduct **annual education sessions** that cover different wellness topics possibly affecting our employees. Multiple training sessions were held during the year and addressed topics such as ergonomics, first aid, stress and change management, awareness on responsible alcohol use, hearing conservation, and emotional intelligence, among others.

While we believe that the most significant impacts of COVID-19 are behind us, we still see the effect the pandemic had on employees and the industry alike. Our **employee assistance programme** provides services to employees with personal difficulties that may be impacting their work. These issues can include, for example, substance abuse and work-related stress. The employee assistance programme includes a disease and disability management programme, helping affected employees return to work as quickly as possible after injury.

### Reflecting on our lost-time injury frequency rate

**Our lost-time injury frequency rate (LTIFR) has continued to improve over the last five years. Based on the number of lost-time injuries in FY22, we recorded our most improved LTIFR of 0,69. This puts Distell in line with industry best practice (below 1,0).**

The improvement in our LTIFR is due to our focus on embedding our health and safety culture, driven by our Zero Harm Strategy, and leadership's commitment to invest capital and resources to foster a safe working environment. While we are pleased with this improvement, we remain committed to pushing ourselves even further. Our focus for FY23 is therefore to drive our LTIFR target towards world-class practice (a LTIFR of below 0,5).

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 operations. To further improve safety when performing high-risk activities, we reviewed and implemented an improved Safety Framework when working at heights, linked to our existing Permit to Work safety practice. We also partnered with industry leaders and will continue to identify partnerships that can positively influence our way of work.





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## EMPOWERING OUR PEOPLE CONTINUED

### Our response to key health and safety risks in 2022

We align with industry best practice to manage risk and drive an integrated risk management system aligned to the global ISO 45001 standard<sup>1</sup>.

The pandemic significantly impacted our operations as well as employee health in 2022. Our most significant health and safety risk for the past financial year has been the management of COVID-19 in the workplace. To mitigate this risk, we implemented several controls:

- **Elimination:** we eliminated the traditional way of work by implementing rotational and remote-working patterns.
- **Substitution:** where processes were identified as high risk, we converted our standard manual processes to digital. 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 for swift identification and response 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 Incon, our health service provider, to equip our on-site clinics with the facilities to perform rapid COVID-19 screening.

- **Personal protective equipment:** at planned intervals, we supplied all employees with face masks, face shields and an alcohol-based sanitiser.
- **COVID-19 care packs:** we distributed care packs to all our employees to boost their immune systems through vitamin supplementation.
- **Distell vaccination centres:** we successfully implemented four vaccination sites across South Africa. Vaccination centres were open to family members of our employees as well as the public.
- **Antigen testing at Distell events:** employees attending Distell events can opt for an antigen test before attending the event as an additional safety measure.

As several sites are registered as major hazardous installations (MHI), the risk of fire is present. While all these sites hold valid MHI certificates and are assessed every five years (as required by law), fire remains an inherent risk and a key health and safety focus. We therefore partnered with fire design specialists, the local fire department and our insurance 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

<sup>1</sup> 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.





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## EMPOWERING OUR PEOPLE CONTINUED

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.

### SOUND EMPLOYEE RELATIONS AND FAIR EMPLOYMENT PRACTICES



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, 30% (2021: 28,82%) 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).

### BUILDING A DIVERSE WORKING ENVIRONMENT

As a leading South African manufacturer and distributor of alcoholic beverages, we recognise our role and contribution towards building 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 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. 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 a concerted effort to recruit diverse talent with rare skills. There was a decline in the appointments and promotions of the targets for PDIs due to the moratorium on vacancies.

[Read more about our appointments and promotions on page 110.](#)





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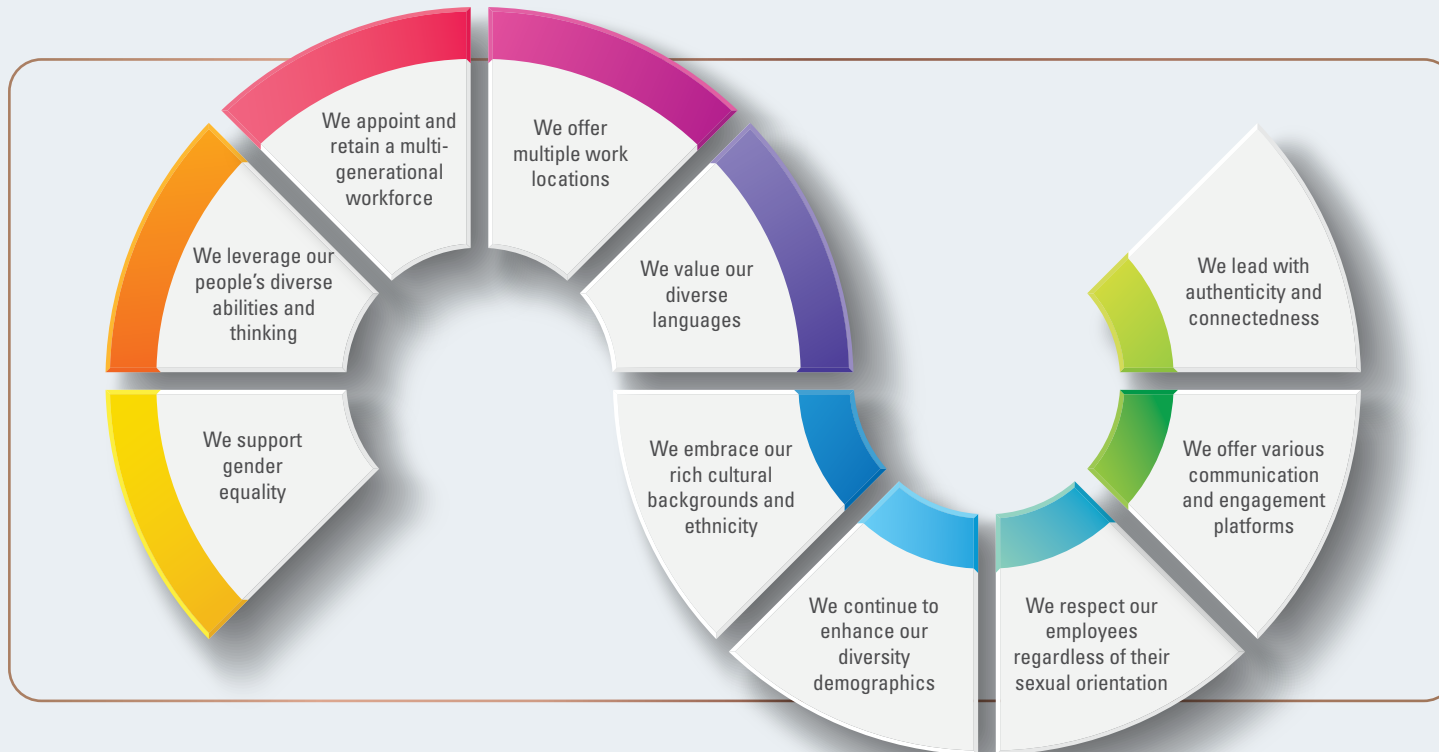
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# EMPOWERING OUR PEOPLE CONTINUED

## BUILDING A DIVERSE WORKING ENVIRONMENT CONTINUED

### We build a diverse and inclusive business by embracing difference:



### Diversity, equity and inclusion initiatives in FY22

- Executed a Disability Awareness Campaign to foster inclusion, create awareness and encourage disclosure
- Celebrated International Women's Day to acknowledge women's achievements and raise awareness about women's equality
- Celebrated Pride Month in support of the LGBT+ communities around the world
- Celebrated Africa Day to acknowledge the successes of the Organisation of African Unity in the fight against colonialism and apartheid
- Established Diversity, Equity and Inclusion Community of Practice in partnership with key stakeholders that include Africa and International operations to co-create programmes with a global lens





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## EMPOWERING OUR PEOPLE CONTINUED

### BUILDING A DIVERSE WORKING ENVIRONMENT CONTINUED

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.

### Increasing representation of employees with disabilities

41 learners (2021: 50) are participating in our learnership programme for people with disabilities in the following categories:

**33 learners**

END-USER COMPUTING

**7 learners**

PROFESSIONAL COOKERY

**1 learner**

WELDING APPRENTICESHIP

### Composition of learners with disabilities in 2021

**100%**

PDI's (2021: 100%)

**49%**

WOMEN (2021: 53%)

**51%**

MEN (2021: 47%)

### Accelerating the role of women in the workplace

We celebrate the progress made while acknowledging the need to accelerate the role of women in the workplace. We remain fully committed to attaining our aspiration of 50% gender representation across all management occupational levels. We therefore continue to track promotions and appointments, creating robust women in leadership development programmes and understanding the barriers.

### Supporting our women in leadership

**We continuously strive to create an environment where our women leaders thrive.**

Improving gender diversity is a key strategic imperative for Distell. To facilitate this, we launched a multi-layered initiative in FY22 to:

- Develop women in leadership across different levels of the business.
- Create a strong network and culture of mentorship to enhance support, acceleration, and sponsorship for women in leadership roles.
- Drive broader awareness of the importance of gender diversity and conscious inclusion across the broader Distell business.

### Initiatives to create a more diverse and inclusive workplace

- We celebrated Women's Month during August by hosting webinars with keynote speakers and Distell women leaders on topical gender equality issues.
- We launched Successful Women Connect Sessions.
- We launched a campaign to support 16 Days of Activism Against GBV+F, with keynote speakers and a clinical psychologist empowering our employees with tools and tips on how to overcome GBV+F issues.
- We continued to encourage our employees to take the NION Pledge against GBV+F.
- We compiled and launched a Distell GBV+F Support Toolkit for employees.
- We successfully commemorated Africa Day and celebrated Pride month.
- We successfully launched nursing rooms at two of our production sites (Adam Tas and Wadeville).





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## EMPOWERING OUR PEOPLE CONTINUED



### PROGRESS AGAINST OUR EMPLOYMENT EQUITY TARGETS

Between 1 July 2021 and 30 June 2022, we made notable progress against our employment equity targets for appointments and promotions within the business:

Percentage of PDIs – top and senior management	FY18	FY19	FY20	FY21	FY22	FY22 Target
Appointments	69%	56%	56%	100%	67%	75%
Promotions	56%	54%	94%	75%	57%	95%

Percentage of PDIs – middle management	FY18	FY19	FY20	FY21	FY22	FY22 Target
Appointments	89%	81%	92%	96%	90%	95%
Promotions	78%	87%	85%	83%	88%	95%

Percentage of PDIs – junior management	FY18	FY19	FY20	FY21	FY22	FY22 Target
Appointments	95%	92%	94%	90%	93%	95%
Promotions	89%	93%	91%	95%	94%	95%

We made great progress on appointments and promotions on middle and junior management levels. We are now focused on improving our performance on PDIs appointments and promotions at both top and senior levels.







**DISTELL**  
CRAFTING BRANDS SINCE 1925

# The Distell Development Trust

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(with a focus on disadvantaged women and youth)
  - 113 Education, training, work-readiness programmes and entrepreneurship
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# THE DISTELL DEVELOPMENT TRUST

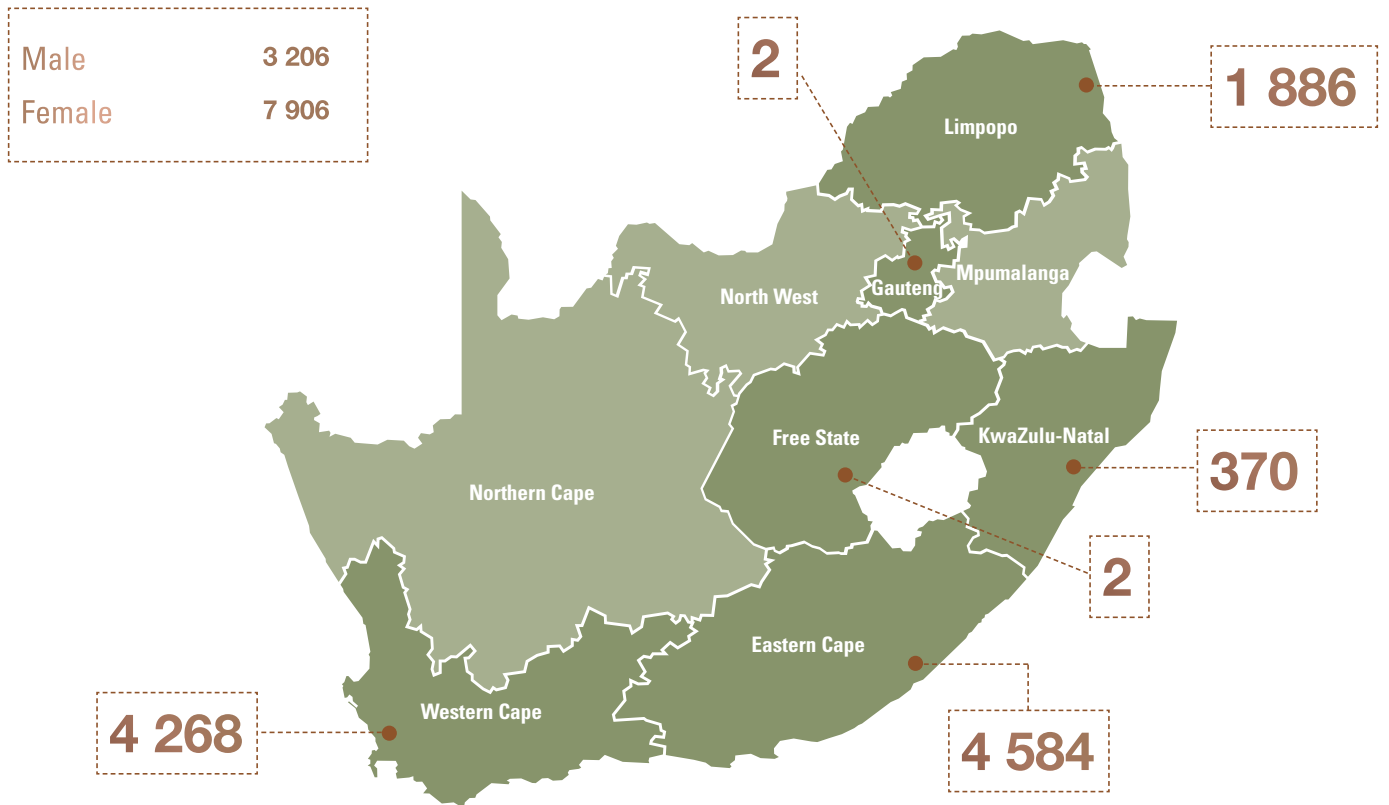
**“The Distell Development Trust’s objective is to identify opportunities to advance black economic empowerment in the interest and benefit of beneficiaries and to holistically empower the disempowered. This is achieved by improving socio-economic equality and significantly increasing employment and 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)
- Empowerment of peri-urban communities (with a focus on disadvantaged women and youth)
- Education, training, work readiness programmes and entrepreneurship (tools used to pursue the empowerment)

During the year, the Trust disbursed R5,3 million (2021: R5,3 million) to 10 programmes.

The Distell Development Trust reaches 11 112 individual beneficiaries:





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## THE DISTELL DEVELOPMENT TRUST CONTINUED

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

**Vikispan Proprietary Limited:** Based in Malmesbury, Western Cape, this organisation is developing an alternative economy where rural farm women are empowered, educated and equipped with the skills to become financially independent. This is done by developing sustainable businesses focused on five main agricultural activities, including olive, grape, vegetable and sheep farming.

**Inspire Children and Youth:** Based in Malmesbury, Western Cape, this organisation is an incubator for innovative rural development programmes. In particular, the organisation is focused on women empowerment by equipping them with the skills needed to participate in alternative economies on rural farms – with the ultimate ambition of restoring human dignity and achieving social justice.

**Thanda:** Based in Mtwalume, KwaZulu-Natal, this organisation supports rural small-scale farmers (primarily women) by providing training in organic farming methods, infrastructure support and market access. This training not only helps the farmers improve their yields, thereby improving household nutrition and income generation, but also instils a sense of empowerment and decreased dependency on social grants.

**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. This is done by helping improve the beneficiaries’ technical skills, assisting with new purchasing and management skills, and improving access to market information.

### EDUCATION, TRAINING, WORK-READINESS PROGRAMMES AND ENTREPRENEURSHIP

**Rural Education Access Programme (REAP):** Based across South Africa’s various universities, 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, underpinned by life skills and psychosocial support.

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

**Usiko Stellenbosch:** Based 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 provides educational programmes for primary and high school learners focused on increasing the uptake of and academic performance for mathematics and physical and life sciences. This will increase the number of learners eligible for higher education and training.

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

**Ray Mhlaba Skills Training Centre:** 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 (72% were women in FY22). 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.

*“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 Mankahla

Head: Distell Development Trust





# ADMINISTRATION

## **DISTELL GROUP HOLDINGS LIMITED**

Incorporated in the Republic of South Africa  
(Registration number: 2016/394974/06)  
JSE share code: DGH  
ISIN: ZAE000248811

## **COMPANY SECRETARY**

L Malan

## **REGISTERED OFFICE**

Aan-de-Wagenweg, Stellenbosch 7600  
PO Box 184, Stellenbosch 7599  
Telephone: 021 809 7000  
Facsimile: 021 886 4611  
Email: [info@distell.co.za](mailto:info@distell.co.za)

## **TRANSFER SECRETARIES**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196  
Private Bag X9000, Saxonwold, 2132  
Telephone: 011 370 5000

## **AUDITOR**

PricewaterhouseCoopers Inc.  
Stellenbosch

## **LISTING**

JSE Limited  
Sector: Consumer Staples – Food, Beverage and  
Tobacco – Beverages – Distillers and Vintners

## **SPONSOR**

Rand Merchant Bank (a division of FirstRand Bank Limited)

## **WEBSITE**

[www.distell.co.za](http://www.distell.co.za)



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[www.distell.co.za](http://www.distell.co.za)