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Supplier initials:

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1. Introduction

- 1.1. At Distell we centre quality as a driver of excellence throughout our operations. We know that true quality cannot be achieved at the expense of the fundamental rights and wellbeing of people and planet.
- 1.2. Informed by the UN Guiding Principles on Business and Human Rights¹, we work within the framework of the International Bill of Human Rights², the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work,³ and the UN Global Compact⁴, to which we are a signatory.
- 1.3. We also have firm commitments to the Sustainable Development Goals, aiming to make positive change in the communities in which we operate.
- 1.4. This vision of quality rooted in dignity extends to our relationship with suppliers.
- 1.5. We take a sustainable value approach to our procurement lifecycle and practices; aiming to build lasting partnerships with our suppliers that set out the standards for social compliance, alongside an ongoing dialogue around ethical quality service provision.

2. The scope of this policy

- 2.1. This policy applies to the entirety of the Distell supply chain. It is our intention that our supplier need to make their suppliers, including all vendors, suppliers, agents and subcontractors, aware of the principles and practice within this policy.
- 2.2. It sets out the minimum standards we expect from our suppliers, as well as the journey towards sustainably embedding responsible business practices into their operations.
- 2.3. Our Responsible Sourcing Policy outlines expectations for suppliers around our 4 key principles for social compliance.
 - a. Business Ethics & Integrity
 - b. Human Rights & Labour Standards
 - c. Health & Safety Standards
 - d. Environment & Sustainability
- 2.4. Alongside the Distell Human Rights Policy, all Distell suppliers are required to sign this Responsible Sourcing Policy and demonstrably commit to its implementation.
- 2.5. This means, at a minimum, communicating the policy across company management and to its workforce and subcontractors, as well as legal compliance in the areas of business ethics, human rights, health and safety and the environment.

3. Our commitment to suppliers

- 3.1. We know that driving up standards throughout our supply chain starts with us. Distell commits to building sustainable relationships with our suppliers to not just communicate our expectations as outlined in this Policy, but to provide the appropriate on-going support to our suppliers within a framework of continuous improvement.

¹ https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf

² <https://www.ohchr.org/documents/publications/factsheet2rev.1en.pdf>

³ <https://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm>

⁴ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

- 3.2. We believe that wherever we operate in the world, communities should be better off because we are there. We support sustainable economic development initiatives that seek to build enterprising communities and support local economies. When it comes to purchasing practices, Distell supports localisation as a component of its overall procurement strategy, with the objective of increasing local sourcing of production inputs in specific markets.
- 3.3. As a proudly South African company, Distell takes its role and responsibility within the country's alcoholic beverage industry seriously. To this end, Distell strives to ensure that all suppliers comply with high social and ethical standards and use reputable accreditation entities such as WIETA⁵, SEDEX⁶ and IPW⁷ to assess such compliance.
- 3.4. All our suppliers are also encouraged to promote the responsible consumption of alcohol amongst employees and their families within the context of the broader industry community.
- 3.5. Committed to the same high standards through our own relevant certifications, Distell works closely with our local alcoholic beverage suppliers to support them in their social compliance journey.
- 3.6. Further information on our community initiatives, and commitment to the Sustainable Development Goals, can be found at www.distell.co.za/sustainability/

4. Distell's Responsible Sourcing Principles

4.1. Principle 1: Business Ethics & Integrity

- 4.1.1.1. At Distell, we believe that the best outcomes- for our employees, business partners and customers- are achieved by centring our core values of integrity, honesty and respect. This means that we work with partners across our supply chain that uphold the same high standards when it comes to business ethics and integrity.
- 4.1.1.2. Our expectation for Distell employees is that they adhere to and champion the Distell Code of Conduct; which also applies to all agents, intermediaries, consultants, distributors, sub-contractors, suppliers, and joint venture partners working on Distell's behalf anywhere in the world. Distell's priority areas when it comes to business ethics and integrity are outlined in this Policy, and are also included in supplier Contracts, Terms and Conditions. These priorities must be agreed to in advance by any business wishing to complete our supplier registration process.

4.1.2. Compliance with Applicable Laws & Regulations

- 4.1.2.1. Suppliers must comply with all applicable local, national, and international laws and regulations. Wherever in the world we operate, Distell upholds the highest standards. This means that we refer to international best practice in relation to business conduct and human rights, even in challenging regulatory environments. We work with suppliers to ensure that this approach is taken across our value chain.

4.1.3. Anti-Bribery & Corruption

- 4.1.3.1. Suppliers must fully comply with local and global anti-bribery and corruption laws. They must not engage in corruption such as bribery, or any form of improper or unlawful payment under any circumstances, including financial fraud, money laundering, and extortion or facilitation payments.
- 4.1.3.2. No supplier or associated person may directly or indirectly bribe a government official or any third party. Similarly, no supplier or associated person may receive anything of value in exchange for performing their duties disloyally or illegally. Any demand for, or offer of, a bribe must be rejected immediately and reported to the Distell Compliance Department.

⁵ <https://wieta.org.za/>

⁶ <https://www.sedex.com/>

⁷ <https://www.ipw.co.za/>

- 4.1.3.3. Further information on requirements and how suppliers can act to ensure compliance with our anti-corruption standards can be found in Distell's Anti-Bribery and Fraud & Anti-Corruption Policies.

4.1.4. Transparency & Gift-giving

- 4.1.4.1. Distell is committed to fostering healthy, mutually beneficial relationships with our suppliers. Whilst the giving and receiving of gifts and entertainment have a role to play in building business relationships, the acceptance of gifts or the giving thereof should never create improper influence or obligate the recipient.
- 4.1.4.2. The proposed gift or entertainment should be appropriate in value and nature considering local custom, the position of the recipient and the circumstances. We also expect our suppliers to have appropriate procedures in place to ensure that gift giving or entertainment in relation to government officials does not amount to unethical practices and bribery.

4.1.5. Conflict of Interests

- 4.1.5.1. At Distell, we expect our suppliers to disclose any present or past relationship between themselves and Distell employees that would be construed as a conflict of interest.

4.1.6. Books & Records

- 4.1.6.1. Suppliers must be able to disclose to Distell sources and country of primary origin associated with the materials supplied to Distell.
- 4.1.6.2. Likewise, we expect our suppliers to keep accurate accounting records and maintain supporting documents to describe and reflect the true nature of underlying transactions.

4.2. Principle 2: Human Rights & Labour Standards

- 4.2.1.1. Distell is committed to improving working conditions across our supply chain, and as such works with suppliers to ensure that human rights are both promoted and respected.
- 4.2.1.2. Our full human rights commitment is outlined in Distell's Human Rights Policy, and at a minimum, suppliers are required to show compliance with the core human rights principles areas outlined here.
- 4.2.1.3. Suppliers must also have in place a grievance mechanism, that is clearly communicated to workers, to allow for reporting and remedy of breaches to workers' rights and safety.

4.2.2. Harassment & Discrimination

- 4.2.2.1. At Distell we place diversity at the heart of what we do, building a work environment and company culture that celebrates tolerance and difference. In turn, Distell expects its suppliers to take a zero-tolerance approach to Harassment & Discrimination.
- 4.2.2.2. Suppliers should ensure that no employee or business partner is discriminated against due to factors such as race, religion, colour, ethnicity, national origin, disability, sexual orientation, gender, gender identity, gender expression, marital status or other arbitrary means.

4.2.3. Forced Labour & Modern Slavery

- 4.2.3.1. Suppliers must not permit any form of forced labour, debt bondage or prison labour within their operations or supply chain.
- 4.2.3.2. Work must always be freely chosen and remunerated fairly. Likewise, no one should ever have to pay to work, and suppliers should ensure there is no evidence of excessive and unfair salary deductions and employment agency fees.

Supplier initials:

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4.2.4. Child Labour

- 4.2.4.1. We respect the rights of young people as stated in the UN Convention on the Rights of the Child, whereby all children have the right to an education, play and to have their basic needs met. In line with international standards, Distell upholds the ILO's Minimum Age Convention 138, across our operations and supply chain.
- 4.2.4.2. To this end, business partners must prohibit all forms of child labour and exploitation within their own and subcontracted operations and take reasonable steps to verify the age of workers upon being offered employment.

4.2.5. Decent Wages & Standard of Living

- 4.2.5.1. Work should always allow employees to earn decent livelihoods, where at a minimum the basic needs of workers and their families are met.
- 4.2.5.2. We also believe that a healthy workforce has entitlement to breaks during work hours, paid leave, and working hours within the legal limit and local overtime regulations.
- 4.2.5.3. Suppliers are expected to take the same approach, complying with local labour and minimum wage laws where they exist, and with the highest market standards where there is no minimum wage legislation, or it is insufficient to meet the cost of living.

4.2.6. Access to Water & Sanitation

- 4.2.6.1. Acknowledging and providing for the inherent dignity and basic needs of our workforce is vital to wellbeing, and we work with our sites, and those of our suppliers, to ensure safe and easily accessible clean water, sanitation, and hygiene facilities.
- 4.2.6.2. Suppliers should ensure that all workers, and those within their supply chain, have access to safe and clean water and sanitation facilities at their respective work sites.

4.2.7. Land Rights

- 4.2.7.1. Suppliers must comply with all local legislation regarding land rights and natural resources, as well as sensitivity in respect to local communities.
- 4.2.7.2. Suppliers are expected to conduct due diligence in relation to land rights and impact when developing new business opportunities, securing partners, and land acquisition for their own operations and activities.

4.2.8. Security

- 4.2.8.1. Suppliers should have in place measures to ensure workers, premises and equipment are secure. Any security measures in place must not harm the safety or security of local community members and other third parties or undermine respect for the human rights of workers and third parties.

4.2.9. Freedom of Association

- 4.2.9.1. Distell endorses the principle of Freedom of Association⁸ and recognises that workers are better able to monitor and uphold their human rights in the workplace when they are free to form and join trade unions, and collectively bargain for their mutual interests without fear of intimidation. Suppliers must ensure that the right to freedom of association is respected across their activities and supply chain.
- 4.2.9.2. Where local legislation restricts the right to freedom of association and collective bargaining, suppliers should develop alternative mechanisms for meaningful workplace communication and consultation. Distell has a zero-tolerance policy throughout its supply chain regarding harassment or discrimination of workers based on their membership, or

⁸ https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_632659.pdf

not, of trade unions and other worker forums, and does not tolerate intimidation of worker representatives.

4.3. Principle 3: Health & Safety Standards

- 4.3.1.1. Health & Safety are core human rights. We are committed to the highest standards of health and safety throughout our operations and supply chain. This means that we prioritise the health and wellbeing of our workers and their families, our communities, our suppliers and business partners. We work within a framework of zero harm, and strive to mitigate and remedy risk wherever we find it.
- 4.3.1.2. Through its SQM onboarding⁹ and monitoring process Distell engages with suppliers to ensure this same commitment to safe workplaces, requiring a series of systems to be put in place to assess and manage risk.

4.3.2. Privacy and Protection of Personal Information

- 4.3.2.1. Distell respects the privacy of data subjects and takes the protection of their personal information very seriously.
- 4.3.2.2. Suppliers should comply with, and only process personal information in accordance with relevant data protections laws. Suppliers must have reasonable and appropriate technical and organisational measures in place to prevent unauthorised access to personal information.
- 4.3.2.3. All information provided or made available by Distell may only be used as expressly authorised by Distell in writing.
- 4.3.2.4. You can read about Distell's approach to privacy in the Privacy policy available at <https://www.distell.co.za/home/privacy-policy/>

4.3.3. Supplier Requirements

- 4.3.3.1. Suppliers must adhere to local occupational health and safety regulatory requirements and maintain all certification as stipulated by their local bylaws.
- 4.3.3.2. They are to be guided by an appropriate Workplace Safety Legal framework. Beyond legal compliance, suppliers are expected to have a series of internal systems in place, to check compliance.
- 4.3.3.3. Suppliers should have the following systems in place.

4.3.4. Risk Management Framework:

- 4.3.4.1. Should be led by a Risk Matrix to identify hazards and their associated risks, and an accompanying process for measuring and reducing risk.
- 4.3.4.2. This should include provision for adequate training of workers, to ensure all on-site personnel are aware of workplace hazards and know how to operate any specialist machinery or equipment.

4.3.5. An Incident Management & Reporting Framework:

- 4.3.5.1. Outlining a clear reporting mechanism that is communicated to and can be easily used by all employees and subcontracted workers.

⁹ Part of supplier registration to establish aligned supplier quality management processes.

4.3.6. High Risk Work:

- 4.3.6.1. Should be managed by an appropriate risk management process that includes safe work procedures.
- 4.3.6.2. This process should identify areas of high risk and ensure there are systems in place to ensure that they are adequately mitigated and communicated to those exposed. It is also strongly advised that suppliers undertake a Permit to Work (PTW) system where high-risk tasks are performed.
- 4.3.6.3. Lastly, suppliers are required to commit adequate funding towards providing appropriate personal protective equipment (PPE) where any risk cannot be removed, substituted, engineered, or administratively managed.
- 4.3.6.4. Areas of high risk that Distell has identified throughout its supply chain and that should be taken into consideration by suppliers include:
 - a. Operation & maintenance of machinery
 - b. Working at heights
 - c. Working in confined spaces
 - d. Working at high temperatures
 - e. Handling and storage of chemicals

4.4. Principle 4: Environment & Sustainability

- 4.4.1.1. We believe that protection of the environment is a collective responsibility, involving all elements of our business, as well as engagement with local communities to ensure that our operations do not negatively impact on their livelihoods and human rights.
- 4.4.1.2. Distell works with suppliers to ensure regulatory compliance, alongside support to implement further environmental policies and practices.

4.4.2. Supplier Requirements

4.4.2.1. Certification:

- 4.4.2.1.1. Suppliers must comply with all local and international environmental regulations.
- 4.4.2.1.2. 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.

4.4.2.2. Environmental Targets:

- 4.4.2.2.1. When required suppliers are expected to disclose their company environmental targets.
- 4.4.2.2.2. Further to that, suppliers are encouraged to measure and drive improved performance based on their agreed set targets in relation to their applicable natural resource usage and environmental emission and discharges

4.4.2.3. Environment Management Systems:

- 4.4.2.3.1. At Distell we believe that an Environmental Management System¹⁰ is a vital tool in reducing environmental impact, and as such encourage suppliers to develop their own framework and commit to relevant ISO standards.

4.4.3. Working together on sustainability

- 4.4.3.1. At Distell we have set ourselves ambitious environmental targets, with the aim of reducing our impact on the planet's resources and building a business that is rooted in long term sustainability.

¹⁰ an Environmental Management System (EMS) is a framework that helps an organization achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance.

- 4.4.3.2. We know that Distell must work across its supply chain to ensure that these environmental obligations and targets are met. We aim to build lasting relationships with our suppliers, and as such work closely with actors across our supply chain to integrate our environmental areas of focus into their operations and as a key indicator of performance.
- 4.4.3.3. Distell requests awareness raising initiatives and targeted collaboration from suppliers around its key areas of environmental focus.
 - 4.4.3.3.1. **Natural Resource Usage:** Distell requests suppliers to monitor and reduce water, electricity & fossil fuel usage.
 - 4.4.3.3.2. **Environmental Emissions & Discharge:** Distell requests suppliers to monitor and reduce GHG emissions, wastewater production, increase solid waste recycling, with a specific focus on reducing waste to landfill.
 - 4.4.3.3.3. **Packaging:** Distell works with suppliers on multiple initiatives to decrease plastic usage and packaging waste, alongside an encouragement to increase the level of recycled content in the brand's packaging. Distell's largest packaging suppliers are also engaged through our Green Supplier Programme, that works with business partners to identify opportunities to reduce packaging raw material usage and waste.

5. Measuring Compliance

- 5.1. To do business with Distell, all suppliers must acknowledge and sign this Responsible Sourcing Policy and agree to adhere to the minimum standards outlined within it.
- 5.2. This includes a requirement to make their own workforce aware of the Policy in a meaningful manner and ensuring that it is adhered to by businesses across their own supply chain.
- 5.3. This Policy will be made available to suppliers during the sourcing process.
- 5.4. Distell undertakes due diligence across its supply chain, engaging suppliers through self-assessment questionnaires throughout the procurement life cycle and reserves the right to request Distell led or third-party audits at any time. Suppliers are expected to cooperate with all social compliance auditing processes and work with
- 5.5. Distell to put in place any corrective actions that are identified. If Distell has reasonable grounds for believing that this Policy has been breached, or if a supplier repeatedly fails to remediate corrective actions, it reserves the right to limit or terminate the business relationship.

6. Continuous improvement

- 6.1. Wherever possible, Distell engages with suppliers within a framework of continuous improvement.
- 6.2. We work with suppliers to at a minimum ensure legal compliance, and beyond that work towards industry good practice.
- 6.3. Distell is a member of SEDEX¹¹ and is in the process of directly engaging with suppliers to become SMETA¹² compliant as a standard across our supply chain. We also encourage our suppliers to work towards other industry certifications, such as IPW¹³, WIETA,¹⁴ BSCI¹⁵, the Forest Stewardship Council¹⁶ and Amfori, as well as ISO Standards where appropriate.

¹¹ <https://www.sedex.com/>

¹² Sedex Members Ethical Trade Audit

¹³ <https://www.ipw.co.za/>

¹⁴ <https://wieta.org.za/>

¹⁵ <https://www.amfori.org/content/amfori-bsci>

¹⁶ <https://fsc.org/en>

7. Reporting Ethical & Human Rights Risk

- 7.1. Whilst we strive through our policies and procedures to identify breaches of responsible sourcing practices throughout our supply chain, we also rely on our managers, employees, business partners and other stakeholders to bring to our attention evidence of risk or infringement.
- 7.2. We foster a culture of safety and empowerment around speaking up against ethical breaches, and cascade our Whistleblowing Policy throughout our operations and those of our suppliers. Distell has a dedicated website, email address and phone number where suppliers and their employees can report ethical and human rights breaches, and our full Whistleblowing Policy can be found on our website. Suppliers and their employees are also encouraged to be in dialogue with their Distell key contact at the local or facility level, to raise concerns or report risk.

DISTELL ETHICS LINE CONTACT PER COUNTRY	NUMBER
Angola (Toll Free)	+244 941 022 880
Ghana	544315491 (local number) +27 11 929 3332 (call back)
Kenya (Toll Free)	0800722626
Namibia Landline (Toll Free)	0800 003 313
Namibia MTC (Toll Free)	081 91847
South Africa (Toll Free)	0800 004 822
Taiwan (Toll Free)	00801-13-6885
United Kingdom (Toll Free)	0808 189 1196
From any other International Location	+27 31 571 5657
OTHER CONTACT WAYS	
Email	distell@ethics-line.com
Website	www.tip-offs.com
Free Post (South Africa)	KZN 138, Umhlanga Rocks, 4320, South Africa
Free facsimile (South Africa):	0800 00 77 88

Supplier initials:

Date:

8. Contact

- 8.1. All suppliers and business partners of Distell are required to comply with this Policy and the specific rules and procedures dealt with in the Policy, whenever such persons are involved with the business of Distell (in any way). If any person is unsure of whether this Policy applies and/or how a particular rule or procedure should be applied, such person should contact the Sustainability Team of Distell on +2721 809 8920, or by email: humanrights@distell.co.za

9. Audit and Termination of supply agreement

- 9.1. Distell reserves the right to verify our suppliers' compliance with this policy. We will engage our suppliers at an early stage in our procurement process to assess their practices against this policy using self-assessment questionnaire and third-party on-site audits, where possible. Distell seeks to provide guidance for suppliers to support the effective implementation of the policy.
- 9.2. We expect our business partners to undertake the following steps:
 - Communicate the code to their employees and cascade throughout their supplier chain.
 - Report any gaps or breaches to the code to Distell either via your Distell contact, whistleblowing lines or Distell information details.
- 9.3. In instances where Distell becomes aware of any actions or conditions not in compliance with this policy, Distell reserves the right to demand corrective actions or measures based on a 60 days grace period to complete a mitigation plan. Failure to do so could result in termination of the contract.
- 9.4. Acknowledgement of this policy and agreeing to abide by the standards set forth herein is a prerequisite in every Distell contract for supply. This policy will be made available to all suppliers during the sourcing process and can be accessed on our website <https://www.distell.co.za/corporate-governance/>.
- 9.5. Supplier are required to initial each page and sign the policy and load it in the supplier's profile on supplier portal or send sign copy to procurement team member that has been working with your company.

Supplier Signature:

Print name (in full):

Position:

Supplier initials:

Date: